



**VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010-2011



Dave Yost • Auditor of State

**VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village 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 years ended December 31, 2011 and 2010, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, 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, 2011 and 2010, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 and 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets and changes in net assets. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

June 1, 2012

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)

This discussion and analysis of the Village of Westfield Center, Medina County, Ohio, (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2011 and 2010, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2011 are as follows:

- Net assets of governmental activities increased \$347,924, or 44 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized this increase due to the Village stopping all major capital projects (including the construction of the new Village park) in order to increase the cash balance in 2011. In 2011, the Village no longer employed the Westfield Fire and Rescue Department, having transferred all employees to Westfield Township in October, 2010.
- The Village's general receipts were primarily property taxes and municipal income taxes. These receipts represented respectively 9 percent and 76 percent, respectively, of the total cash received for governmental activities during the year. Property and municipal income tax receipts for 2011 decreased slightly compared to 2010 due to the overall economic conditions such as unemployment (less income tax) and decreased property values.
- The Sewer Fund, the Village's only business-type activity, net assets increased \$22,903 due to additional funds transferred in from the General Fund.

Key highlights for 2010 are as follows:

- Net assets of governmental activities decreased \$504,805, or 39 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund and Other Capital Projects Fund due to the construction costs of the new Village park project.
- The Village's general receipts were primarily property taxes and municipal income taxes. These receipts represented respectively 8 percent and 68 percent, respectively of the total cash received for governmental activities during the year. Property and municipal income tax receipts for 2010 changed very little compared to 2009.
- The Sewer Fund, the Village's only business-type activity net assets decreased \$27,766 due to increased personal service costs, utility and operational (including fuel) costs. The Sewer Fund paid for engineering services in preparation of a sewer line repair project. The Sewer Fund also had substantial costs for sewer equipment repairs.

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)

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 the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the 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.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The Statements of Net Assets and the Statements of Activities reflect how the Village did financially during 2011 and 2010, within the limitations of cash basis accounting. The Statements of Net Assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The Statements 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 or business-type activity 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.

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
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In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities: Most of the Village's basic services are reported here, including police, fire, streets, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity: The Village has one business-type activity accounting for sewer services. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

In 2011 and 2010, the Village's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one enterprise fund, the Sewer Fund.

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 has one fiduciary fund, the Mayor's Court agency fund.

VILLAGE OF WESTFIELD CENTER
 MEDINA COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
 (UNAUDITED)

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 and 2009 on a cash basis.

(Table 1) Net Assets

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	2011	2010	2009	2011	2010	2009
Assets:						
Cash and Cash Equivalents	\$1,131,121	\$783,197	\$1,288,002	\$161,000	\$138,097	\$165,863
Net Assets:						
Restricted For:						
Other Purposes	156,730	101,541	133,713			
Unrestricted	974,391	681,655	1,154,289	161,000	138,097	165,863
Total Net Assets	\$1,131,121	\$783,197	\$1,288,002	\$161,000	\$138,097	\$165,863

As mentioned previously, net assets of governmental activities increased \$347,924 or 44 percent during 2011 and decreased \$504,805 or 39 percent in 2010. The primary reasons contributing to these changes in cash balances are as follows:

- 2011; net assets increased because the village made major cuts in overall spending and halted all construction on the new park.
- 2010; assets decreased due to the construction of the new park.

VILLAGE OF WESTFIELD CENTER
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 2 reflects the changes in net assets on a cash basis in 2011, 2010 and 2009 for governmental activities and business-type activities.

(Table 2)
Changes in Net Assets

	Governmental Activities			Business-Type Activities		
	2011	2010	2009	2011	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$42,867	\$166,744	\$121,836	\$268,327	\$244,139	\$233,490
Operating Grants and Contributions	59,855	59,816				
Capital Grants and Contributions				165,133	199,875	227,440
Total Program Receipts	<u>102,722</u>	<u>226,560</u>	<u>121,836</u>	<u>433,460</u>	<u>444,014</u>	<u>460,930</u>
Property and Other Local Taxes	123,652	128,569	131,190			
Municipal Income Taxes	1,067,731	1,129,970	1,124,429			
Grants and Entitlements Not Restricted to Specific Programs	60,574	63,446	170,094			14,097
Interest			547			
Rentals	50,657	48,631				
Miscellaneous	1,615	54,542	69,886		169	20
Total General Receipts	<u>1,304,229</u>	<u>1,425,158</u>	<u>1,496,146</u>	<u> </u>	<u>169</u>	<u>14,117</u>
Total Receipts	<u>1,406,951</u>	<u>1,651,718</u>	<u>1,617,982</u>	<u>433,460</u>	<u>444,183</u>	<u>475,047</u>
Disbursements:						
Security of Persons and Property:	229,098	238,292	381,511			
Public Health Services	1,280	1,919	2,430			
Leisure Time Activities	5,627	5,168	7,192			
Community Environment	7,486	6,703	4,290			
Transportation	177,039	163,227	173,995			
General Government	279,148	308,752	270,081			
Capital Outlay	292,308	1,399,456	869,389			
Principal			200,423			
Interest and Fiscal Charges			2,025			
Other		6				
Sewer				477,598	504,949	502,531
Total Disbursements	<u>991,986</u>	<u>2,123,523</u>	<u>1,911,336</u>	<u>477,598</u>	<u>504,949</u>	<u>502,531</u>
Excess (Deficiency) Before Transfers and Extraordinary Items	414,965	(471,805)	(293,354)	(44,138)	(60,766)	(27,484)
Transfers	<u>(67,041)</u>	<u>(33,000)</u>	<u> </u>	<u>67,041</u>	<u>33,000</u>	<u> </u>
Increase (Decrease) in Net Assets	347,924	(504,805)	(293,354)	22,903	(27,766)	(27,484)
Net Assets, January 1	<u>783,197</u>	<u>1,288,002</u>	<u>1,581,356</u>	<u>138,097</u>	<u>165,863</u>	<u>193,347</u>
Net Assets, December 31	<u>\$1,131,121</u>	<u>\$783,197</u>	<u>\$1,288,002</u>	<u>\$161,000</u>	<u>\$138,097</u>	<u>\$165,863</u>

VILLAGE OF WESTFIELD CENTER
 MEDINA COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
 (UNAUDITED)

For 2011 and 2010, governmental activities program receipts represent only 7 percent and 13 percent, respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, and charges to Westfield Township for fire services provided under contract.

For 2011 and 2010, General receipts represent 93 percent and 87 percent, respectively, of the Village's total receipts, and of these amounts 91 percent and 88 percent, respectively, are local income and property taxes. State and federal grants and entitlements and miscellaneous revenues make up the balance of the Village's general receipts.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of the Mayor's Office, Council, the fiscal officer, and income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection and emergency medical services; Leisure Time Activities are the costs of maintaining the parks and playing fields; Transportation is the cost of maintaining the roads; and Capital Outlay primarily represents the costs associated with the acquisition and improvements to the Village's facilities and infrastructure.

Governmental Activities

If you look at the Statements of Activities on pages 12-13 and 22-23, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities include security of persons and property, transportation, general government and capital outlay. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service, and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
 Governmental Activities

	2011		2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Security of Persons and Property	\$229,098	\$199,520	\$238,292	\$153,898	\$381,511	\$317,988
Public Health Services	1,280	(2,320)	1,919	419	2,430	2,119
Leisure Time Activities	5,627	4,135	5,168	3,169	7,192	6,280
Community Environment	7,486	7,081	6,703	6,333	4,290	3,740
Transportation	177,039	117,184	163,227	103,411	173,995	151,837
General Government	279,148	271,356	308,752	301,509	270,081	235,699
Capital Outlay	292,308	292,308	1,399,456	1,328,218	869,389	869,389
Other			6	6		
Principal Retirement					200,423	200,423
Interest and Fiscal Charges					2,025	2,025
Total Expenses	\$991,986	\$889,264	\$2,123,523	\$1,896,963	\$1,911,336	\$1,789,500

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(UNAUDITED)

The dependence upon property and municipal income tax receipts is apparent as 90 percent and 89 percent of governmental activities are supported through these general receipts in 2011 and 2010, respectively.

Capital Outlay disbursements increased in 2010 due to the village park project. Principal retirement decreased to \$0 in 2010 due to two loan balances being paid in full.

Business-type Activities

The Sewer Fund of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

Governmental Funds

2011

Total governmental funds had receipts of \$1,406,951 and disbursements and transfers out of \$1,059,027. The greatest change within governmental funds occurred within the General fund. The fund balance of the General Fund increased \$292,736 as the result of halting construction of the new Village park and overall cuts in spending. The Village also transferred employment of the Westfield Fire and Rescue department employees to the Westfield Township in the last quarter of 2010.

2010

The governmental funds had receipts of \$1,651,718 and disbursements and transfers out of \$2,156,517. The greatest changes within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$472,634 due to construction costs for the new park.

General Fund Budgeting Highlights

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

2011

During 2011, the Village did not amend its budgeted receipts. The original and final budgeted receipts were \$1,299,855 and actual receipts were \$1,319,698. The difference between budgeted receipts and actual receipts was not significant.

The Village's 2011 appropriations were not amended during the year. Original and Final disbursements and other financing sources were budgeted at \$1,827,037. Actual disbursements and other financing uses were \$1,169,104. The result is the increase in unencumbered fund balance of \$150,594 for 2011.

2010

During 2010, the Village did not amend its budgeted receipts. The original and final budgeted receipts were \$1,562,448 and actual receipts were 1,512,892. The difference between budgeted receipts and actual receipts was not significant.

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
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The Village's 2010 appropriations were not amended during the year. Original and Final disbursements and other financing sources were budgeted at \$2,219,790 while actual disbursements and other financing uses were \$1,982,271. The result is the decrease in unencumbered fund balance of \$469,379 for 2010.

Debt Administration

At December 31, 2011, the Village's outstanding debt included an Ohio Water Development Authority Loan in the amount of \$1,218,103 and an Ohio Public Works Commission Loan in the amount of \$33,117. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast does not predict any upcoming deficits. We reviewed our sources of revenue and determined that significant increases were unlikely. We then reviewed the disbursement history of the Village. We have reduced construction planned for the new park. All departments have been asked to reduce their spending for supplies.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to 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, 2011*

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,131,121</u>	<u>\$161,000</u>	<u>\$1,292,121</u>
Net Assets			
Restricted for:			
Other Purposes	156,730		156,730
Unrestricted	<u>974,391</u>	<u>161,000</u>	<u>1,135,391</u>
<i>Total Net Assets</i>	<u>\$1,131,121</u>	<u>\$161,000</u>	<u>\$1,292,121</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, 2011*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Security of Persons and Property	\$229,098	\$29,578		
Public Health Services	1,280	3,600		
Leisure Time Activities	5,627	1,492		
Community Environment	7,486	405		
Transportation	177,039		\$59,855	
General Government	279,148	7,792		
Capital Outlay	292,308			
<i>Total Governmental Activities</i>	991,986	42,867	59,855	
Business Type Activities				
Sewer Operating	477,599	268,327		165,134
<i>Total</i>	<u>\$1,469,585</u>	<u>\$311,194</u>	<u>\$59,855</u>	<u>\$165,134</u>

General Receipts

Property Taxes & Other Local Taxes
Income Taxes
Grants and Entitlements not Restricted to Specific Programs
Rent
Miscellaneous
Total General Receipts

Transfers

Total General Receipts & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$199,520)		(\$199,520)
2,320		2,320
(4,135)		(4,135)
(7,081)		(7,081)
(117,184)		(117,184)
(271,356)		(271,356)
(292,308)		(292,308)
(889,264)		(889,264)
	(\$44,138)	(44,138)
(889,264)	(44,138)	(933,402)
123,652		123,652
1,067,731		1,067,731
60,574		60,574
50,657		50,657
1,615		1,615
1,304,229		1,304,229
(67,041)	67,041	
1,237,188	67,041	1,304,229
347,924	22,903	370,827
783,197	138,097	921,294
<u>\$1,131,121</u>	<u>\$161,000</u>	<u>\$1,292,121</u>

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Other Governmental Funds	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$974,391	\$156,730	\$1,131,121
Fund Cash Balance, December 31			
Restricted		156,730	156,730
Committed	256,319		256,319
Assigned	8,403		8,403
Unassigned	709,669		709,669
<i>Fund Cash Balance, December 31</i>	\$974,391	\$156,730	\$1,131,121

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, 2011*

	General	Other Governmental Funds	Total
Receipts			
Municipal Income Taxes	\$1,067,731		\$1,067,731
Property Taxes	120,280	\$3,372	123,652
Intergovernmental	62,649	59,855	122,504
Charges for Services	11,469	24,026	35,495
Fines, Licenses and Permits	5,297		5,297
Rentals	50,657		50,657
Miscellaneous	1,615		1,615
Total Receipts	1,319,698	87,253	1,406,951
Disbursements			
Current:			
Security of Persons and Property	227,033	2,065	229,098
Public Health Services	1,280		1,280
Leisure Time Activities	5,627		5,627
Community Environment	7,486		7,486
Transportation	177,039		177,039
General Government	279,148		279,148
Capital Outlay	262,308	30,000	292,308
Total Disbursements	959,921	32,065	991,986
Excess of Receipts Over Disbursements	359,777	55,188	414,965
Other Financing Uses			
Transfers Out	(67,041)		(67,041)
Net Change in Fund Balances	292,736	55,188	347,924
Fund Balances Beginning of Year	681,655	101,542	783,197
Fund Balances End of Year	\$974,391	\$156,730	\$1,131,121

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, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Municipal Income Taxes	\$1,040,383	\$1,040,383	\$1,067,731	\$27,348
Property Taxes	131,158	131,158	120,280	(10,878)
Intergovernmental	61,044	61,044	62,649	1,605
Charges for Services	11,175	11,175	11,469	294
Fines, Licenses and Permits	5,161	5,161	5,297	136
Rent	49,360	49,360	50,657	1,297
Miscellaneous	1,574	1,574	1,615	41
<i>Total receipts</i>	<u>1,299,855</u>	<u>1,299,855</u>	<u>1,319,698</u>	<u>19,843</u>
Disbursements				
Current:				
Security of Persons and Property	254,284	254,284	227,033	27,251
Public Health Services	2,950	2,950	1,280	1,670
Leisure Time Activities	26,300	26,300	5,627	20,673
Community Environment	7,479	7,479	7,486	(7)
Transportation	201,083	201,083	177,038	24,045
General Government	306,664	306,664	279,587	27,077
Capital Outlay	853,277	853,277	404,012	449,265
<i>Total Disbursements</i>	<u>1,652,037</u>	<u>1,652,037</u>	<u>1,102,063</u>	<u>549,974</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(352,182)</u>	<u>(352,182)</u>	<u>217,635</u>	<u>569,817</u>
Other Financing Uses				
Transfers Out	(75,000)	(75,000)	(67,041)	7,959
Other Financing Uses	(100,000)	(100,000)		100,000
<i>Total Other Financing Uses</i>	<u>(175,000)</u>	<u>(175,000)</u>	<u>(67,041)</u>	<u>107,959</u>
<i>Net Change in Fund Balance</i>	(527,182)	(527,182)	150,594	677,776
<i>Unencumbered Cash Balance Beginning of Year</i>	328,634	328,634	328,634	
Prior Year Encumbrances Appropriated	230,442	230,442	230,442	
<i>Unencumbered Cash Balance End of Year</i>	<u>\$31,894</u>	<u>\$31,894</u>	<u>\$709,670</u>	<u>\$677,776</u>

See accompanying notes to the basic financial statements

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
Statement of Fund Net Assets - Cash Basis
Proprietary Fund
December 31, 2011

	Sewer Enterprise Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$161,000</u>
Net Assets	
Unrestricted	<u><u>\$161,000</u></u>

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 Fund
For the Year Ended December 31, 2011

	<u>Sewer Enterprise Fund</u>
Operating Receipts	
Charges for Services	\$268,327
Operating Disbursements	
Personal Services	102,625
Employee Fringe Benefits	35,873
Contractual Services	70,407
Supplies and Materials	45,303
Other	<u>1,800</u>
<i>Total Operating Disbursements</i>	<u>256,008</u>
<i>Operating Income</i>	<u>12,319</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	165,134
Capital Outlay	(1,651)
Principal Retirement	(164,782)
Interest and Other Fiscal Charges	<u>(55,158)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(56,457)</u>
<i>Loss before Transfers and Advances</i>	<u>(44,138)</u>
Transfers In	<u>67,041</u>
<i>Change in Net Assets</i>	22,903
<i>Net Assets Beginning of Year</i>	<u>138,097</u>
<i>Net Assets End of Year</i>	<u><u>\$161,000</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY**
*Statement of Cash Flows – Cash Basis
Proprietary Fund
For the Year Ended December 31, 2011*

	Sewer Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$268,327
Cash Payments to Employees for Services	(102,625)
Cash Payments for Employee Benefits	(35,873)
Cash Payments for Goods and Services	(115,710)
Other Cash Payments	(1,800)
<i>Net Cash Provided by Operating Activities</i>	12,319
Cash Flows from Noncapital Financing Activities	
Transfers In	67,041
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Debt	(164,782)
Interest Paid on Debt	(55,158)
Special Assessments (for capital purposes)	165,134
Payments for Capital Acquisitions	(1,651)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(56,457)
<i>Net Increase in Cash and Cash Equivalents</i>	22,903
<i>Cash and Cash Equivalents Beginning of Year</i>	138,097
<i>Cash and Cash Equivalents End of Year</i>	\$161,000

See accompanying notes to the basic financial statements

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Agency Fund
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$155</u>
Net Assets	
Unrestricted	<u><u>\$155</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY**
*Statement of Net Assets -Cash Basis
December 31, 2010*

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$783,197	\$138,097	\$921,294
Net Assets			
Restricted for:			
Other Purposes	101,542		101,542
Unrestricted	681,655	138,097	819,752
<i>Total Net Assets</i>	\$783,197	\$138,097	\$921,294

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, 2010*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Security of Persons and Property	\$238,292	\$84,394		
Public Health Services	1,919	1,500		
Leisure Time Activities	5,168	1,999		
Community Environment	6,703	370		
Transportation	163,227		\$59,816	
General Government	308,752	7,243		
Capital Outlay	1,399,456	71,238		
Other	6			
<i>Total Governmental Activities</i>	2,123,523	166,744	59,816	
Business Type Activities				
Sewer Operating	504,949	244,139		199,875
<i>Total</i>	<u>\$2,628,472</u>	<u>\$410,883</u>	<u>\$59,816</u>	<u>\$199,875</u>

General Receipts

Property Taxes
Municipal Income Taxes
Grants and Entitlements not Restricted to Specific Programs
Rent
Miscellaneous

Total General Receipts

Extraordinary Items
Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$153,898)		(\$153,898)
(419)		(419)
(3,169)		(3,169)
(6,333)		(6,333)
(103,411)		(103,411)
(301,509)		(301,509)
(1,328,218)		(1,328,218)
(6)		(6)
(1,896,963)		(1,896,963)
	(\$60,935)	(60,935)
(1,896,963)	(60,935)	(1,957,898)
128,569		128,569
1,129,970		1,129,970
63,446		63,446
48,631		
54,542	169	54,711
1,425,158	169	1,425,327
(33,000)	33,000	0
1,392,158	33,169	1,425,327
(504,805)	(27,766)	(532,571)
1,288,002	165,863	1,453,865
<u>\$783,197</u>	<u>\$138,097</u>	<u>\$921,294</u>

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Other Governmental Funds	Total
Assets			
Equity in Pooled Cash and Cash Equivalent	\$681,655	\$101,542	\$783,197
Fund Cash Balance, December 31			
Restricted		101,542	101,542
Committed	345,232		345,232
Assigned	7,789		7,789
Unassigned	328,634		328,634
<i>Fund Cash Balance, December 31</i>	<u>\$681,655</u>	<u>\$101,542</u>	<u>\$783,197</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, 2010*

	General	Other Governmental Funds	Total
Receipts			
Property and Other Local Taxes	\$125,078	\$3,491	\$128,569
Municipal Income Taxes	1,129,970		1,129,970
Intergovernmental	67,494	59,816	127,310
Charges for Services	154,950	4,281	159,231
Fines, Licenses and Permits	3,465		3,465
Rentals	48,631		48,631
Miscellaneous	54,542		54,542
Total Receipts	1,584,130	67,588	1,651,718
Disbursements			
Current:			
Security of Persons and Property	236,068	2,224	238,292
Public Health Services	1,919		1,919
Leisure Time Activities	5,168		5,168
Community Environment	6,703		6,703
Transportation	163,227		163,227
General Government	308,752		308,752
Capital Outlay	1,301,921	97,535	1,399,456
Total Disbursements	2,023,758	99,759	2,123,517
Excess of Receipts Over (Under) Disbursements	(439,628)	(32,171)	(471,799)
Other Financing Uses			
Transfers Out	(33,000)		(33,000)
Other Financing Uses	(6)		(6)
Total Other Financing Uses	(33,006)		(33,006)
Net Change in Fund Balances	(472,634)	(32,171)	(504,805)
Fund Balances Beginning of Year	1,154,289	133,713	1,288,002
Fund Balances End of Year	\$681,655	\$101,542	\$783,197

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$135,353	\$135,353	\$125,078	(\$10,275)
Municipal Income Taxes	1,161,954	1,161,954	1,129,970	(31,984)
Intergovernmental	69,404	69,404	67,494	(1,910)
Charges for Services	86,081	86,081	83,712	(2,369)
Fines, Licenses and Permits	3,563	3,563	3,465	(98)
Rent	50,007	50,007	48,631	(1,376)
Miscellaneous	56,086	56,086	54,542	(1,544)
<i>Total receipts</i>	<u>1,562,448</u>	<u>1,562,448</u>	<u>1,512,892</u>	<u>(49,556)</u>
Disbursements				
Current:				
Security of Persons and Property	353,880	353,880	236,702	117,178
Public Health Services	4,050	4,050	1,919	2,131
Leisure Time Activities	10,800	10,800	5,168	5,632
Community Environment	6,500	6,500	6,712	(212)
Transportation	222,431	222,431	164,510	57,921
General Government	317,854	317,854	308,991	8,863
Capital Outlay	801,687	801,687	1,175,263	(373,576)
<i>Total Disbursements</i>	<u>1,717,202</u>	<u>1,717,202</u>	<u>1,899,265</u>	<u>(182,063)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(154,754)</u>	<u>(154,754)</u>	<u>(386,373)</u>	<u>(231,619)</u>
Other Financing Sources (Uses)				
Transfers Out	(450,000)	(450,000)	(83,000)	367,000
Other Financing Uses	(52,588)	(52,588)	(6)	52,582
<i>Total Other Financing Sources (Uses)</i>	<u>(502,588)</u>	<u>(502,588)</u>	<u>(83,006)</u>	<u>419,582</u>
<i>Net Change in Fund Balance</i>	<u>(657,342)</u>	<u>(657,342)</u>	<u>(469,379)</u>	<u>187,963</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	609,677	609,677	609,677	
Prior Year Encumbrances Appropriated	188,336	188,336	188,336	
<i>Unencumbered Cash Balance End of Year</i>	<u>\$140,671</u>	<u>\$140,671</u>	<u>\$328,634</u>	<u>\$187,963</u>

See accompanying notes to the basic financial statements

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
Statement of Fund Net Assets - Cash Basis
Proprietary Fund
December 31, 2010

	<u>Sewer Enterprise Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$138,097</u>
Net Assets	
Unrestricted	<u><u>\$138,097</u></u>

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 Fund
For the Year Ended December 31, 2010

	<u>Sewer Enterprise Fund</u>
Operating Receipts	
Charges for Services	\$244,139
Operating Disbursements	
Personal Services	103,131
Employee Fringe Benefits	36,679
Contractual Services	87,459
Supplies and Materials	43,065
Other	2,800
<i>Total Operating Disbursements</i>	<u>273,134</u>
<i>Operating Loss</i>	<u>(28,995)</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	199,875
Miscellaneous Receipts	169
Capital Outlay	(14,083)
Principal Payments	(156,166)
Interest and Fiscal Charges	(61,566)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(31,771)</u>
<i>Loss before Transfers and Advances</i>	(60,766)
Transfers In	<u>33,000</u>
<i>Change in Net Assets</i>	(27,766)
<i>Net Assets Beginning of Year</i>	<u>165,863</u>
<i>Net Assets End of Year</i>	<u><u>\$138,097</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
Statement of Cash Flows – Cash Basis
Proprietary Fund
For the Year Ended December 31, 2010

	Sewer Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$244,139
Cash Payments to Employees for Services	(103,131)
Cash Payments for Employee Benefits	(36,679)
Cash Payments for Goods and Services	(130,524)
Other Cash Receipts	169
Other Cash Payments	(2,800)
	(28,826)
<i>Net Cash Provided by Operating Activities</i>	<i>(28,826)</i>
Cash Flows from Noncapital Financing Activities	
Transfers In	33,000
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Debt	(156,166)
Interest Paid on Debt	(61,566)
Special Assessments (for capital purposes)	199,875
Payments for Capital Acquisitions	(14,083)
	(31,940)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<i>(31,940)</i>
<i>Net Increase in Cash and Cash Equivalents</i>	<i>(27,766)</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>165,863</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$138,097</i>

See accompanying notes to the basic financial statements

VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Agency Fund
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$225</u>
Net Assets	
Unrestricted	<u><u>\$225</u></u>

See accompanying notes to the basic financial statements

Village of Westfield Center, Ohio
Medina County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

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 six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie. The Village provides the following services general governmental services to its citizens: police and fire protection, sewer utilities, and street maintenance, construction, and repairs.

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 the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary fund, 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. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise fund. Following are the more significant of the Village's accounting policies.

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 in nature and those that are considered business-type activities. 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 balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Village of Westfield Center, Ohio
Medina County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. 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 fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds: Governmental funds are those through which most governmental functions of the Village are financed. The following is the Village's major governmental fund:

General: The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Proprietary Funds: The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds: Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the Village's major enterprise fund:

Sewer Fund: The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds: Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village's agency fund accounts for Mayor's Court fine collections and disbursements.

Village of Westfield Center, Ohio
Medina County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

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

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 Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the object level for all funds.

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 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 Village Council during the year.

Cash

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".

Inventory and Prepaid Items

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

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.

Village of Westfield Center, Ohio
Medina County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when 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 is reported at inception. Lease payments are reported when paid.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use 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 expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

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

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

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

Village of Westfield Center, Ohio
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Notes to the Basic Financial Statements
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Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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 the proprietary fund. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Village of Westfield Center, Ohio
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Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity

For 2011 and 2010, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:

	General	Other Capital Projects Fund	Other Governmental Funds	Total
Fund Balance at December 31, 2009	\$798,013	\$356,276	\$133,713	\$1,288,002
GASB 54 Change in in Fund Structure	356,276	(356,276)		0
Adjusted Fund Balance at December 31, 2009	<u>\$1,154,289</u>	<u>\$0</u>	<u>\$133,713</u>	<u>\$1,288,002</u>

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

For 2011 and 2010, the General Fund's encumbrances outstanding at year end (budgetary basis) amounted to \$157,143 and \$230,442, respectively.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Village of Westfield Center, Ohio
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Note 5 – 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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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 treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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Note 5 – Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, and December 31, 2010 the Village's bank balances of \$1,378,277 and \$983,547, respectively were covered by Federal Deposit Insurance Corporation.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2011 and 2010, the Village had no investments.

Note 6 – Income Taxes

The Village levies a 1 percent income tax on substantially all income earned in the Village. The Village allows a credit of the lesser of the actual taxes paid to another village or city, but not in excess of the 1 percent levied by the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

The Village's income tax ordinance requires all funds collected to be deposited into the General Fund. Income tax receipts are to be used to pay the cost of general village operations, maintenance of equipment, new equipment, extension, enlargement and improvement of village services and facilities, and capital improvements. In 2011 and 2010, the receipts were allocated to the general fund.

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 and 2010 for real and public utility property taxes represents collections of 2010 and 2009 taxes, respectively.

2011 and 2010 real property taxes are levied after October 1, 2011 and 2010, respectively, on the assessed value as of January 1, 2011 and 2010, respectively, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 and 2010 real property taxes are collected in and intended to finance 2012 and 2011, respectively.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 and 2010 public utility property taxes which became a lien December 31, 2010 and 2009, respectively, are levied after October 1, 2011 and 2010, respectively, and are collected in 2011 and 2010, respectively, with real property taxes.

Village of Westfield Center, Ohio
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Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 7 - Property Taxes (continued)

The full tax rate for all Village operations for the year ended December 31, 2011 and 2010, was \$2.60 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 and 2010 property tax receipts were based are as follows:

	2011	2010
Real Property	\$50,673,180	\$51,275,130
Public Utility Personal Property	\$575,410	577,960
Tangible Personal Property	-	11,627
	\$51,248,590	\$51,864,717

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

Note 8 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011 and 2010, the Village contracted with Selective Insurance Company of America for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Blanket Property: Building Only	\$7,828,075	\$1,000
Blanket Property: Business Personal Property	\$311,215	\$1,000
Inland Marine	200,155	500
General Liability	2,000,000	0
Automobile Liability	1,000,000	500
Public Officials Liability	1,000,000	2,500
Police Professional Liability	1,000,000	2,500
Employers Liability	1,000,000	0
Employee Benefits	2,000,000	1,000
Computer Fraud	1,000	0
Employee Theft - Per Loss	50,000	0
Forgery or Altercation	5,000	100
Public Employee Dishonesty		

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from prior years.

Village of Westfield Center, Ohio
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Notes to the Basic Financial Statements
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Note 8 - Risk Management (continued)

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for workers' compensation (see Note 16 for additional information). The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangements insures that each participant shares equally in the overall performance of the GRP. Comp Management provides administrative, cost control and actuarial services to the GRP.

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan 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, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011 and 2010, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. 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 2011 and 2010, member and employer contribution rates were consistent across all three plans.

Village of Westfield Center, Ohio
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Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 9 - Defined Benefit Pension Plans (continued)

The Village's 2011 and 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.1 percent and 17.87 percent of covered payroll for 2011 and 2010, respectively. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$40,273, \$35,963, and \$32,224, respectively; 100 percent has been contributed for 2011, 2010 and 2009. Contributions to the Member-Directed Plan are available upon request.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Village of Westfield Center, Ohio
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Note 10 - Postemployment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent and 17.87 percent for 2011 and 2010, respectively. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$16,109, \$19,979, and \$20,851, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

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 on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 11 – 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 for these projects' debt are reflected in the debt service and enterprise funds.

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

Village of Westfield Center, Ohio
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Notes to the Basic Financial Statements
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Note 11 – Long Term Obligations (continued)

The changes in the Village’s long-term debt during 2011 were as follows:

	<u>Amount Outstanding 1/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 12/31/2011</u>	<u>Amounts Due in One Year</u>
Business-Type Activities:					
Ohio Water Development Authority Wastewater Treatment Plant Upgrades Interest Rate 4.12%	\$1,378,469		\$160,366	\$1,218,103	\$167,041
Ohio Public Works Commission Wastewater Treatment Plant Upgrades Interest Rate 0%	37,533		4,416	33,117	4,416
Total	<u>\$1,416,002</u>	<u>\$0</u>	<u>\$164,782</u>	<u>\$1,251,220</u>	<u>\$171,457</u>

The changes in the Village’s long-term debt during 2010 were as follows:

	<u>Amount Outstanding 1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 12/31/2010</u>	<u>Amounts Due in One Year</u>
Business-Type Activities:					
Ohio Water Development Authority Wastewater Treatment Plant Upgrades Interest Rate 4.12%	\$1,532,427		\$153,958	\$1,378,469	\$160,366
Ohio Public Works Commission Wastewater Treatment Plant Upgrades Interest Rate 0%	39,741		2,208	37,533	4,416
Total	<u>\$1,572,168</u>	<u>\$0</u>	<u>\$156,166</u>	<u>\$1,416,002</u>	<u>\$164,782</u>

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Note 11 – Long Term Obligations (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011, is as follows:

Year	Ohio Water Development Authority Loan		Ohio Public Works Commission Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$167,041	\$48,483	\$4,416	\$0	\$171,457	\$48,483
2013	173,994	41,530	4,416	0	\$178,410	\$41,530
2014	181,237	34,287	4,416	0	\$185,653	\$34,287
2015	188,781	26,744	4,416	0	\$193,197	\$26,744
2016	196,639	18,886	4,416	0	\$201,055	\$18,886
2017-2021	310,411	12,876	11,037	0	\$321,448	\$12,876
Total	<u>\$1,218,103</u>	<u>\$182,806</u>	<u>\$33,117</u>	<u>\$0</u>	<u>\$1,251,220</u>	<u>\$182,806</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The Village did not have any debt during 2011 or 2010 subject to this limitation.

Note 12 – Fund Balances

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

Fund Balances For the Year Ended December 31, 2011	General Fund	Other Governmental Funds	Total
Restricted for			
Road Maintenance and Improvement		\$113,056	\$113,056
Fire and Emergency Services		43,674	43,674
<i>Total Restricted</i>		<u>156,730</u>	<u>156,730</u>
Committed to			
Capital Outlay	\$256,319		256,319
<i>Total Committed</i>	<u>256,319</u>		<u>256,319</u>
Assigned to			
Other Purposes	8,403		8,403
<i>Total Assigned</i>	<u>8,403</u>		<u>8,403</u>
Unassigned:	709,669		709,669
<i>Total Fund Balances</i>	<u>\$974,391</u>	<u>\$156,730</u>	<u>\$1,131,121</u>

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Note 12 – Fund Balances (continued)

Fund Balances For the Year Ended December 31, 2010	General Fund	Other Governmental Funds	Total
Restricted for			
Road Maintenance and Improvement		\$79,829	\$79,829
Fire and Emergency Services		21,713	21,713
<i>Total Restricted</i>		<u>101,542</u>	<u>101,542</u>
Committed to			
Capital Outlay	\$345,232		345,232
<i>Total Committed</i>	<u>345,232</u>		<u>345,232</u>
Assigned to			
Other Purposes	7,789		7,789
<i>Total Assigned</i>	<u>7,789</u>		<u>7,789</u>
Unassigned (deficits):	328,634		328,634
<i>Total Fund Balances</i>	<u>\$681,655</u>	<u>\$101,542</u>	<u>\$783,197</u>

Note 13 - Interfund Transfers

During 2011 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>
	General
Sewer Enterprise Fund	<u>\$67,041</u>

During 2010 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>
	General
Sewer Enterprise Fund	<u>\$33,000</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.

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Note 14 – Construction and Contractual Commitments

As of December 31, 2011 and 2010, the Village had the following contractual commitments outstanding related to the construction of the new Village park project.

	Contractual Commitment	Expended	Balance 12/31/2011
Aaron Landscaping	\$254,131	\$135,391	\$118,740
Fechko Excavating	1,500	0	1,500
Total	\$255,631	\$135,391	\$120,240

	Contractual Commitment	Expended	Balance 12/31/2010
Aaron Landscaping	\$222,653	\$0	\$222,653
Fechko Excavating	372,319	343,721	28,598
Total	\$594,972	\$343,721	\$251,251

Note 15 – Joint Ventures

Westfield Fire Department (the 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, during 2010 some expenses were initially paid by the Township and certain other expenses were initially paid by the Village. The Township and the Village invoiced each other for their portion of the expenses. Effective January 1, 2011, the contract between the Township and the Village was amended and the Township pays all expenses of the Department. The Village is then invoiced for their portion of the expenses.

Note 16 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for workers' compensation (see Note 8 for additional information). The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 17 – Related Party Transactions

Four of the Village's Council members are employed by Westfield Group, Inc. During 2011 and 2010, the Village paid \$1,434 and \$1,299, respectively to Westfield Group, Inc for the use of their postage meter, color copier, and mailer folder and envelope stuffer as related to the Village's sewer bills and Mayor's Newsletter. The Village is invoiced for the actual cost.

Additionally, the Village also paid Westfield Insurance \$252 and \$274 for 2011 and 2010, respectively, for the renewal of their commercial bond policy relating to crime and fidelity.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village 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 Village of Westfield Center, Medina County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 1, 2012, wherein we noted the Village follows the cash accounting bases and adopted Governmental Accounting Standards Board Statement No. 54. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

Internal Control Over Financial Reporting (continued)

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 1, 2012.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Village Council, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

June 1, 2012

**VILLAGE OF WESTFIELD CENTER
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDING NUMBER 2011-001

Material Weakness – Mayor’s Court Procedures

The Village does not record the total activity for the Mayor’s Court on the Village’s books. The Mayor’s Court records are kept separate from the Village’s books, and each month a check is written to the Village for its portion of the fines and fees and a separate check is issued to the State for its portion of the fines and fees. This practice does not report the Village’s entire financial activity on their financial statements, which could result in the Mayor’s Court activity being overlooked and not being reviewed or monitored by Council. Adjustments were made to the financial statements to reflect the Mayor’s Court agency fund cash balance.

The fines and costs should be originally recorded in an Agency Fund, and then only the portion of fines and costs due to the Village should be recorded as a receipt in the General Fund to clearly account for the portion of court receipts that legally belong to the Village. This amount paid into the General Fund should be allocated among the various Mayor’s Court receipt accounts as required to ensure the money is used only for the intended purpose. The fines and costs due to the state should also be paid from this Agency Fund. This will allow for the entire activity of the Village to be included on the Village’s books, and for Council to review the activity, and will help ensure more accurate financial statements.

Additionally, a necessary step in the internal control over financial reporting is to reconcile the bank balance to the balance of cash in the accounting records. Bank reconciliation means accounting for the differences between the balance of the bank statement and cash balances according to the entity’s records at a specific point in time. The Mayor’s Court did not have bank reconciliations for fiscal years 2010 and 2011. Bank reconciliations were prepared during the audit.

Without complete and accurate monthly reconciliations, the Mayor’s Court internal control is significantly weakened which could hinder timely detection of errors or irregularities. Monthly bank reconciliations of the Mayor’s Court should be completed in a timely manner. Also, copies of the monthly bank reconciliations and listing of outstanding checks and other reconciling items should be provided to the Council or Finance Committee each month for review.

Our testing of the 2011 and 2010 Mayor’s Court activity also revealed the following conditions which increase the risk of errors and/or omissions occurring as well as the potential for the misappropriation of public funds:

- Duplicate pre-numbered receipts were not issued when receipts were collected from individuals;
- Receipts were not always recorded in the year in which they were received and were instead recorded in the subsequent year;
- Two tickets paid in 2010 and two tickets paid in 2011 were for amounts less than the actual amount of fees owed; however, documentation of any fee waivers, dismissals, and/or follow-up procedures performed was not maintained;
- Two tickets issued in 2010, and one ticket issued in 2011 were never paid; however, documentation regarding fee waivers, dismissals, and/or follow-up procedures performed was not maintained.

FINDING NUMBER 2011-001 (continued)

The individuals collecting receipts related to the Mayor's Court should issue pre-numbered duplicate receipts for each receipt collected. Receipts should also be timely recorded to ensure they are recorded in the year in which they were received. Additionally, complete and accurate information should be maintained for each issued ticket and the status of each ticket should be reviewed on a regular basis. All outstanding tickets and fees should be investigated in a timely manner and any necessary actions to obtain outstanding amounts should be taken. If fees are dismissed, documentation of such should be maintained.

These procedures will help ensure all Mayor's Court revenue is properly collected and recorded in the Village's accounting records and financial statements.

Officials' Response: A procedure will be implemented incorporating pre-numbered receipts and tracking unpaid/underpaid tickets as requested.

FINDING NUMBER 2011-002

Noncompliance Finding - Mayor's Court Requirements

Ohio Rev. Code Section 1905.21 indicates, the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket.

Ohio Rev. Code Section 2949.091(A)(1)(b) indicates, all moneys collected pursuant to division (A)(1)(a) of this section during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state.

Ohio Rev. Code Section 733.40 indicates, except as otherwise provided in **Ohio Rev. Code Section 4511.193**, all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due the mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

Ohio Rev. Code 9.38 indicates a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited.

FINDING NUMBER 2011-002 (continued)

Our Mayor's court testing revealed the following:

- An appearance docket required by Ohio Rev. Code Section 1905.21 was not maintained.
- For 13 of 24 months state fines collected were not transmitted to the state treasurer by the twentieth day of the following month contrary to Ohio Rev. Code Section 2949.09(A)(1)(b). These fines were subsequently transmitted to the state in time frames ranging from 1 to 3 months after collection.
- For 19 of 24 months the Mayor's Court did not remit money collected to the Village by the first Monday of the following month contrary to Ohio Rev. Code Section 733.40. These remittances were subsequently made to the Village in periods ranging from 1 to 3 months after collection.
- For 9 of the 24 months, a full statement of all money received, from whom and for what purpose received, and when paid into the treasurer was not reported to Council at the first regular meeting of the following month, contrary to Ohio Rev. Code Section 733.40. Such reports were provided the second following month to council but were not always complete because all receipts were not timely processed.
- For 95 of 95 receipts tested, moneys collected were not deposited with the Village Fiscal Officer or to a properly designated depository on the business day next following the day of receipt contrary to Ohio Rev. Code Section 9.38. We noted that six receipts did not have receipt dates entered. These moneys were subsequently deposited into the Mayor's Court checking account in periods ranging from 1 to 3 months after collection.

The Village should implement policies and practices to ensure the Village's Mayor's court is operated in accordance with the aforementioned requirements. Village Council should periodically monitor Mayor's Court activities and accounting records to help ensure such policies and practices are implemented and consistently followed.

Officials' Response: The Village of Westfield Center issues an average of 43 tickets per month. Most are paid by check without a court appearance; thus a docket is not prepared. A procedure will be implemented whereby a docket will be prepared to document court activity.

Accounting procedures have been adapted to include, but not limited to, depositing monies on the same day received and forwarding monies to the State on a monthly basis.

It is to be noted that Mayor's Court has followed the same procedures for the past fifteen years without recommendations/findings on previous audits. The mayor finds these citations without a reasonable effort to find a resolution through discussions throughout the audit process to be extremely distressing. It is also to be noted that all monies can be accounted for.

Auditor's Conclusion: We believe the Mayor's Court internal control deficiencies increase the risk of misstatement of the financial statements and misappropriation of funds. Therefore, the finding will remain as stated above.

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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 17, 2012