

**Village of Westfield Center  
Medina County, Ohio**

\* \* \*

*Financial Statements*

*December 31, 2004*





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Village of Westfield Center, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 24, 2006

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**Village of Westfield Center, Medina County**  
*For the Fiscal Year Ended December 31, 2004*

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 25, 2006

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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Westfield Center, Medina County, Ohio, (the Village) as of and for the year ended December 31, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Westfield Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Westfield Center, Medina County, Ohio, as of December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2006 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Rea & Associates, Inc.*



**Village of Westfield Center, Medina County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
(Unaudited)

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The discussion and analysis of the Village of Westfield Center, Medina County, Ohio (the Village's) financial performance provides an overall review of the Village's financial activities for the fiscal year ended December 31, 2004, within the limitations of the Villages' modified cash basis of accounting. The intent of this discussion and analysis is to look at the Village's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

The Management's Discussion and Analysis (the "MD&A") is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments" issued in June of 1999. Since this is the first year of financial presentation under GASB Statement No. 34, some analyses with the prior year data is not available. Future analyses will be comparative.

***Financial Highlights***

Key Financial Highlights for 2004 are as follows:

- q General receipts accounted for \$1,527,802 or 67 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$759,548 or 33 percent of total receipts of \$2,287,348.
- q Total program disbursements were \$1,344,447 in Governmental Activities and \$657,915 in Business-Type Activities.
- q In total, net assets of Governmental Activities increased \$250,400, which represents a 16 percent increase from 2003.
- q Outstanding debt decreased from \$3,635,152 to \$3,328,535 through principal payments.

***Using the Basic Financial Statements***

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

**Report Components**

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

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

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

**Village of Westfield Center, Medina County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
(Unaudited)

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**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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

***Reporting the Village as a Whole***

*Statement of Net Assets and the Statement of Activities*

The statement of net assets and the statement of activities reflect how the Village did financially during 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes. The statement of net assets and the statement of activities reflect how the Village did financially during 2004, within the limitations of modified cash basis accounting.

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

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

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

**Village of Westfield Center, Medina County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
(Unaudited)

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

*Fund Financial Statements*

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

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

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

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village as a Whole**

Recall that the statement of net assets provides the perspective of the Village as a whole. Table 1 provides a summary of Village's net assets for 2004. Since the Village did not prepare financial statements in this format in 2003, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 1 Net Assets**  
**December 31, 2004**

|                           | Governmental<br>Activities | Business-Type<br>Activities | Total        |
|---------------------------|----------------------------|-----------------------------|--------------|
| <b>Assets</b>             |                            |                             |              |
| Cash and Cash Equivalents | \$ 1,797,066               | \$ 320,975                  | \$ 2,118,041 |
| <b>Net Assets</b>         |                            |                             |              |
| Restricted for:           |                            |                             |              |
| Capital Projects          | \$ 48,247                  | \$ 0                        | \$ 48,247    |
| Debt Service              | 125,563                    | 0                           | 125,563      |
| Other Purposes            | 82,858                     | 0                           | 82,858       |
| Unrestricted              | 1,540,398                  | 320,975                     | 1,861,373    |
| Total Net Assets          | \$ 1,797,066               | \$ 320,975                  | \$ 2,118,041 |

**Village of Westfield Center, Medina County**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended December 31, 2004  
(Unaudited)

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2004, the Village's net assets totaled \$2,118,041, with the Business-Type Activities accounting for \$320,975 of this balance.

Table 2 reflects the changes in net assets for fiscal year 2004. Since the Village did not prepare financial statements in this format in 2003, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 2 - Changes in Net Assets**  
**Period Ending December 31, 2004**

|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| <b>Receipts</b>                         |                            |                             |                     |
| <i>Program Cash Receipts:</i>           |                            |                             |                     |
| Charges for Services                    | \$ 63,132                  | \$ 642,260                  | \$ 705,392          |
| Operating Grants                        | 54,156                     | 0                           | 54,156              |
| <i>General Receipts:</i>                |                            |                             |                     |
| Property Taxes                          | 107,305                    | 0                           | 107,305             |
| Income Taxes                            | 1,211,738                  | 0                           | 1,211,738           |
| Other Taxes                             | 2,788                      | 0                           | 2,788               |
| Grants and Entitlements, not Restricted | 67,416                     | 0                           | 67,416              |
| Investment Earnings                     | 26,326                     | 0                           | 26,326              |
| Miscellaneous                           | 111,986                    | 243                         | 112,229             |
| <b>Total Receipts</b>                   | <b>1,644,847</b>           | <b>642,503</b>              | <b>2,287,350</b>    |
| <b>Program Disbursements</b>            |                            |                             |                     |
| General Government                      | 239,114                    | 0                           | 239,114             |
| Security of Persons and Property        | 229,511                    | 0                           | 229,511             |
| Public Health Services                  | 665                        | 0                           | 665                 |
| Leisure Time Activities                 | 7,116                      | 0                           | 7,116               |
| Community Environment                   | 3,894                      | 0                           | 3,894               |
| Transportation                          | 92,268                     | 0                           | 92,268              |
| Capital Outlay                          | 513,795                    | 0                           | 513,795             |
| Water Services                          | 0                          | 229,983                     | 229,983             |
| Sewer Services                          | 0                          | 427,932                     | 427,932             |
| <i>Debt Services:</i>                   |                            |                             |                     |
| Principal Retirement                    | 181,660                    | 0                           | 181,660             |
| Interest and Fiscal Charges             | 76,424                     | 0                           | 76,424              |
| <b>Total Disbursements</b>              | <b>1,344,447</b>           | <b>657,915</b>              | <b>2,002,362</b>    |
| <b>Change in Net Assets</b>             | <b>300,400</b>             | <b>(15,412)</b>             | <b>284,988</b>      |
| Transfers                               | (50,000)                   | 50,000                      | 0                   |
| Net Assets, January 1, 2004             | 1,546,666                  | 286,387                     | 1,833,053           |
| <b>Net Assets, December 31, 2004</b>    | <b>\$ 1,797,066</b>        | <b>\$ 320,975</b>           | <b>\$ 2,118,041</b> |

Program receipts represent 33 percent of total receipts in 2004 and consist primarily of charges for services.

**Village of Westfield Center, Medina County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*(Unaudited)*

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General receipts represent 67 percent of the Village's total receipts, and of this amount, over 87 percent are municipal income, property and other taxes. State and federal grants and entitlements make up 5 percent of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of the Mayor's Office, Council, the Finance and Economic Development Office, and other departments.

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

**Governmental Activities**

The first column on the statement of activities on page 11 lists the major services provided by the Village. The next column identifies the costs of providing these services. The most significant program disbursements for governmental activities were for general government, securities of persons and property, capital outlay and principal retirement which account for 18, 17, 38 and 14 percent of cash disbursements for governmental activities, respectively. The next three columns of the statement, entitled charges for services, operating grants and contributions and capital grants and contributions, identify amounts paid by users who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net (disbursements)/receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which draws on the general receipts of the Village, which is primarily made up of property and income taxes assessed on the citizens and business of the Village and other grants and entitlements that are not restricted for particular purposes.

Table 3 summarizes the total cost and net cost of providing services to the residents and local businesses of the Village. Since the Village did not prepare financial statements in this format in 2003, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Village of Westfield Center, Medina County**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended December 31, 2004  
(Unaudited)

**Table 3 Total and Net Costs of Services**

|                                   | Governmental Activities             |                                | Business-Type Activities         |                                |
|-----------------------------------|-------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                   | Total Cost<br>of Service<br>2004    | Net Cost<br>of Service<br>2004 | Total Cost<br>of Service<br>2004 | Net Cost<br>of Service<br>2004 |
|                                   | <b><i>Program Disbursements</i></b> |                                |                                  |                                |
| General Government                | \$ 239,114                          | \$ (238,074)                   | \$ 0                             | \$ 0                           |
| Security of Persons and Property  | 229,511                             | (150,149)                      | 0                                | 0                              |
| Public Health Services            | 665                                 | 1,185                          | 0                                | 0                              |
| Leisure Time Activities           | 7,116                               | (7,116)                        | 0                                | 0                              |
| Community Environment             | 3,894                               | (3,239)                        | 0                                | 0                              |
| Transportation                    | 92,268                              | (57,887)                       | 0                                | 0                              |
| Capital Outlay                    | 513,795                             | (513,795)                      | 0                                | 0                              |
| Water Services                    | 0                                   | 0                              | 229,983                          | 16,907                         |
| Sewer Services                    | 0                                   | 0                              | 427,932                          | (32,562)                       |
| Debt Services:                    |                                     |                                |                                  |                                |
| Principal Retirement              | 181,660                             | (181,660)                      | 0                                | 0                              |
| Interest and Fiscal Charges       | 76,424                              | (76,424)                       | 0                                | 0                              |
| <b><i>Total Disbursements</i></b> | <b><u>\$ 1,344,447</u></b>          | <b><u>\$ (1,227,159)</u></b>   | <b><u>\$ 657,915</u></b>         | <b><u>\$ (15,655)</u></b>      |

The dependence upon general receipts is apparent as over 91 percent of governmental activities are supported through these general receipts.

***The Village's Funds***

Total governmental funds had receipts of \$1,644,847 and disbursements of \$1,344,447. The greatest change within governmental funds occurred within the general fund where the fund balance increased by \$174,109 or 13 percent as the result of increased collections of municipal income taxes during 2004.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2004, there were minor amendments to the Village's total general fund budget. The Village uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual receipts exceeded the final budgeted revenues and other financing sources by \$36,660. The primary factor contributing to this were income tax and intergovernmental receipts along with investment earnings exceeding expectations.

Actual disbursements and other financing uses of the general fund were \$983,962 below the final budgeted amount of \$2,412,497. The primary factor contributing to this was disbursements for capital outlay being \$697,811 below budgeted amounts.

**Village of Westfield Center, Medina County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended December 31, 2004*  
*(Unaudited)*

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***Capital Assets and Debt Administration***

**Capital Assets**

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

**Debt**

At December 31, 2004, the Village had \$3,328,535 in outstanding debt. During fiscal year 2004, \$306,617 of general obligation debt was retired. Table 4 summarizes the Village's long-term obligations outstanding as of year end.

**Table 4 Long-Term Obligations**  
**December 31, 2004**

|                                       | 2004         | 2003         |
|---------------------------------------|--------------|--------------|
| <b>Governmental Activities:</b>       |              |              |
| First Merit Bank Loan                 | \$ 623,902   | \$ 716,731   |
| OWDA Loans                            | 425,856      | 514,687      |
| <i>Total Governmental Activities</i>  | 1,049,758    | 1,231,418    |
| <b>Business-Type Activities:</b>      |              |              |
| OWDA Loan                             | 2,214,749    | 2,335,290    |
| OPWC Loan                             | 64,028       | 68,444       |
| <i>Total Business-Type Activities</i> | 2,278,777    | 2,403,734    |
| <i>Total Primary Government</i>       | \$ 3,328,535 | \$ 3,635,152 |

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

***Current Issues***

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely heavily on local taxes, especially those paid by the Village's main commercial resident, Westfield Group. Other than Westfield Group the Village has very little other industry to support the tax base. The early financial forecast predicts a surplus for 2006, as Westfield Group is also predicting another profitable year.

***Contacting the Village's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Susan Ewers, Clerk-Treasurer, Village of Westfield Center, P.O. Box 750, Westfield Center, Ohio 44251.

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**Village of Westfield Center, Medina County**

*Statement of Net Assets - Cash Basis*

*December 31, 2004*

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|  | <u>Governmental<br/>Activities</u> | <u>Business - Type<br/>Activities</u> | <u>Total</u>        |
|--|------------------------------------|---------------------------------------|---------------------|
| <b>Assets</b>                              |                                    |                                       |                     |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 1,797,066</u>                | <u>\$ 320,975</u>                     | <u>\$ 2,118,041</u> |
| <b>Net Assets</b>                          |                                    |                                       |                     |
| Restricted for:                            |                                    |                                       |                     |
| Capital Projects                           | \$ 48,247                          | \$ 0                                  | \$ 48,247           |
| Debt Service                               | 125,563                            | 0                                     | 125,563             |
| Other Purposes                             | 82,858                             | 0                                     | 82,858              |
| Unrestricted                               | <u>1,540,398</u>                   | <u>320,975</u>                        | <u>1,861,373</u>    |
| <i>Total Net Assets</i>                    | <u>\$ 1,797,066</u>                | <u>\$ 320,975</u>                     | <u>\$ 2,118,041</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, 2004*

|                                      | Program Cash Receipts      |                                      |  |
|--------------------------------------|----------------------------|--------------------------------------|--|
|                                      | Cash<br>Disbursements      | Charges<br>for Services<br>and Sales | Operating<br>Grants and<br>Contributions |
| <b>Governmental Activities</b>       |                            |                                      |  |
| General Government                   | \$ 239,114                 | \$ 1,040                             | \$ 0                                     |
| Security of Persons and Property     | 229,511                    | 59,587                               | 19,775                                   |
| Public Health Services               | 665                        | 1,850                                | 0  |
| Leisure Time Activities              | 7,116                      | 0                                    | 0  |
| Community Environment                | 3,894                      | 655                                  | 0  |
| Transportation                       | 92,268                     | 0                                    | 34,381                                   |
| Capital Outlay                       | 513,795                    | 0                                    | 0  |
| Principal                            | 181,660                    | 0                                    | 0  |
| Interest and Fiscal Charges          | 76,424                     | 0                                    | 0  |
| <i>Total Governmental Activities</i> | <u>1,344,447</u>           | <u>63,132</u>                        | <u>54,156</u>                            |
| <b>Business Type Activity</b>        |                            |                                      |  |
| Water                                | 229,983                    | 246,890                              | 0  |
| Sewer                                | 427,932                    | 395,370                              | 0  |
| <i>Total Business Type Activity</i>  | <u>657,915</u>             | <u>642,260</u>                       | <u>0</u>                                 |
| <b>Total</b>                         | <u><u>\$ 2,002,362</u></u> | <u><u>\$ 705,392</u></u>             | <u><u>\$ 54,156</u></u>                  |

**General Receipts**

Property Taxes Levied for General Purposes  
Municipal Income Taxes  
Other Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Miscellaneous

*Total General Receipts*

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

Net (Disbursements) Receipts and Changes in Net Assets

| <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|------------------------------------|-------------------------------------|---------------------|
| \$ (238,074)                       | \$ 0                                | \$ (238,074)        |
| (150,149)                          | 0                                   | (150,149)           |
| 1,185                              | 0                                   | 1,185               |
| (7,116)                            | 0                                   | (7,116)             |
| (3,239)                            | 0                                   | (3,239)             |
| (57,887)                           | 0                                   | (57,887)            |
| (513,795)                          | 0                                   | (513,795)           |
| (181,660)                          | 0                                   | (181,660)           |
| (76,424)                           | 0                                   | (76,424)            |
| <u>(1,227,159)</u>                 | <u>0</u>                            | <u>(1,227,159)</u>  |
| 0                                  | 16,907                              | 16,907              |
| 0                                  | (32,562)                            | (32,562)            |
| <u>0</u>                           | <u>(15,655)</u>                     | <u>(15,655)</u>     |
| <u>(1,227,159)</u>                 | <u>(15,655)</u>                     | <u>(1,242,814)</u>  |
| 107,305                            | 0                                   | 107,305             |
| 1,211,738                          | 0                                   | 1,211,738           |
| 2,788                              | 0                                   | 2,788               |
| 67,416                             | 0                                   | 67,416              |
| 26,326                             | 0                                   | 26,326              |
| 111,986                            | 243                                 | 112,229             |
| <u>1,527,559</u>                   | <u>243</u>                          | <u>1,527,802</u>    |
| <u>(50,000)</u>                    | <u>50,000</u>                       | <u>0</u>            |
| <u>1,477,559</u>                   | <u>50,243</u>                       | <u>1,527,802</u>    |
| 250,400                            | 34,588                              | 284,988             |
| <u>1,546,666</u>                   | <u>286,387</u>                      | <u>1,833,053</u>    |
| <u>\$ 1,797,066</u>                | <u>\$ 320,975</u>                   | <u>\$ 2,118,041</u> |

**Village of Westfield Center, Medina County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2004*

|  | <u>General</u>      | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|---|---|
| <b>Assets</b>                              |                     |   |   |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,540,397        | \$ 256,669                              | \$ 1,797,066                            |
| <b>Fund Balances</b>                       |                     |   |   |
| Reserved for Encumbrances                  | \$ 18,568           | \$ 5,867                                | \$ 24,435                               |
| Unreserved, Undesignated, Reported in:     |                     |   |   |
| General Fund                               | 1,521,829           | 0                                       | 1,521,829                               |
| Special Revenue Funds                      | 0                   | 82,858                                  | 82,858                                  |
| Debt Service Fund                          | 0                   | 125,563                                 | 125,563                                 |
| Capital Projects Funds                     | 0                   | 42,381                                  | 42,381                                  |
| <i>Total Fund Balances</i>                 | <u>\$ 1,540,397</u> | <u>\$ 256,669</u>                       | <u>\$ 1,797,066</u>                     |

See accompanying notes to the basic financial statements

**Village of Westfield Center, Medina County**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2004*

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|  |                            |
|--|----------------------------|
| <b>Total Governmental Fund Balances</b>      | <u>\$ 1,797,066</u>        |
| <i>Net Assets of Governmental Activities</i> | <u><u>\$ 1,797,066</u></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, 2004*

|  | General             | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
| <b>Receipts</b>                                      |                     |                                |                                |
| Municipal Income Taxes                               | \$ 1,211,738        | \$ 0                           | \$ 1,211,738                   |
| Property and Other Local Taxes                       | 107,305             | 2,788                          | 110,093                        |
| Charges for Services                                 | 58,371              | 3,066                          | 61,437                         |
| Fines, Licenses and Permits                          | 1,695               | 0                              | 1,695                          |
| Intergovernmental                                    | 67,416              | 54,156                         | 121,572                        |
| Interest   | 25,565              | 761                            | 26,326                         |
| Miscellaneous  | 111,986             | 0                              | 111,986                        |
| <i>Total Receipts</i>                                | <u>1,584,076</u>    | <u>60,771</u>                  | <u>1,644,847</u>               |
| <b>Disbursements</b>                                 |                     |                                |                                |
| Current:   |                     |                                |                                |
| General Government                                   | 239,114             | 0                              | 239,114                        |
| Security of Persons and Property                     | 216,773             | 12,738                         | 229,511                        |
| Public Health Services                               | 665                 | 0                              | 665                            |
| Leisure Time Activities                              | 7,116               | 0                              | 7,116                          |
| Community Environment                                | 3,894               | 0                              | 3,894                          |
| Transportation                                       | 92,268              | 0                              | 92,268                         |
| Capital Outlay                                       | 477,969             | 35,826                         | 513,795                        |
| Debt Service:  |                     |                                |                                |
| Principal Retirement                                 | 92,829              | 88,831                         | 181,660                        |
| Interest and Fiscal Charges                          | 40,396              | 36,028                         | 76,424                         |
| <i>Total Disbursements</i>                           | <u>1,171,024</u>    | <u>173,423</u>                 | <u>1,344,447</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>413,052</u>      | <u>(112,652)</u>               | <u>300,400</u>                 |
| <b>Other Financing Sources (Uses)</b>                |                     |                                |                                |
| Transfers In   | 0                   | 188,943                        | 188,943                        |
| Transfers Out  | (238,943)           | 0                              | (238,943)                      |
| <i>Total Other Financing Sources (Uses)</i>          | <u>(238,943)</u>    | <u>188,943</u>                 | <u>(50,000)</u>                |
| <i>Net Change in Fund Balances</i>                   | 174,109             | 76,291                         | 250,400                        |
| <i>Fund Balances Beginning of Year</i>               | <u>1,366,288</u>    | <u>180,378</u>                 | <u>1,546,666</u>               |
| <i>Fund Balances End of Year</i>                     | <u>\$ 1,540,397</u> | <u>\$ 256,669</u>              | <u>\$ 1,797,066</u>            |

See accompanying notes to the basic financial statements

**Village of Westfield Center, Medina County**  
*Reconciliation of the Statement of Receipts, Disbursements and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended December 31, 2004*

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|   |                   |
|---|-------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b> | <u>\$ 250,400</u> |
| <i>Change in Net Assets of Governmental Activities</i>        | <u>\$ 250,400</u> |

See accompanying notes to the basic financial statements

**Village of Westfield Center, Medina County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2004*

|  | <u>Budgeted Amounts</u> |                   |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>       |   |
| <b>Receipts</b>                                      |                         |                   |                     |   |
| Municipal Income Taxes                               | \$ 1,200,585            | \$ 1,200,585      | \$ 1,211,738        | \$ 11,153   |
| Property and Other Local Taxes                       | 107,400                 | 107,400           | 107,305             | (95)  |
| Charges for Services                                 | 58,050                  | 58,050            | 58,371              | 321   |
| Fines, Licenses and Permits                          | 1,760                   | 1,760             | 1,695               | (65)  |
| Intergovernmental                                    | 59,700                  | 59,700            | 67,416              | 7,716   |
| Interest   | 20,000                  | 20,000            | 25,565              | 5,565   |
| Miscellaneous  | 99,610                  | 99,610            | 111,986             | 12,376  |
| <i>Total Receipts</i>                                | <u>1,547,105</u>        | <u>1,547,105</u>  | <u>1,584,076</u>    | <u>36,971</u>   |
| <b>Disbursements</b>                                 |                         |                   |                     |   |
| Current:   |                         |                   |                     |   |
| General Government                                   | 194,713                 | 256,432           | 240,668             | 15,764  |
| Security of Persons and Property                     | 263,000                 | 282,954           | 227,955             | 54,999  |
| Public Health Services                               | 4,850                   | 4,884             | 679                 | 4,205   |
| Leisure Time Activities                              | 11,000                  | 15,500            | 12,116              | 3,384   |
| Transportation                                       | 150,850                 | 154,381           | 92,744              | 61,637  |
| Community Environment                                | 6,400                   | 6,400             | 3,894               | 2,506   |
| Capital Outlay                                       | 905,000                 | 1,176,122         | 478,311             | 697,811   |
| Debt Service:  |                         |                   |                     |   |
| Principal Retirement                                 | 92,439                  | 93,439            | 92,829              | 610   |
| Interest and Fiscal Charges                          | 40,786                  | 40,786            | 40,396              | 390   |
| <i>Total Disbursements</i>                           | <u>1,669,038</u>        | <u>2,030,898</u>  | <u>1,189,592</u>    | <u>841,306</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(121,933)</u>        | <u>(483,793)</u>  | <u>394,484</u>      | <u>878,277</u>  |
| <b>Other Financing Sources (Uses)</b>                |                         |                   |                     |   |
| Transfers Out  | (445,350)               | (369,099)         | (238,943)           | 130,156   |
| Other Financing Sources                              | 311                     | 311               | 0                   | (311)   |
| Other Financing Uses                                 | (100,000)               | (12,500)          | 0                   | 12,500  |
| <i>Total Other Financing Sources (Uses)</i>          | <u>(545,039)</u>        | <u>(381,288)</u>  | <u>(238,943)</u>    | <u>142,345</u>  |
| <i>Net Change in Fund Balance</i>                    | (666,972)               | (865,081)         | 155,541             | 1,020,622   |
| <i>Fund Balance Beginning of Year</i>                | 1,168,179               | 1,168,179         | 1,168,179           | 0   |
| Prior Year Encumbrances Appropriated                 | 198,109                 | 198,109           | 198,109             | 0   |
| <i>Fund Balance End of Year</i>                      | <u>\$ 699,316</u>       | <u>\$ 501,207</u> | <u>\$ 1,521,829</u> | <u>\$ 1,020,622</u>                                     |

See accompanying notes to the basic financial statements



**Village of Westfield Center, Medina County**

*Statement of Fund Net Assets - Cash Basis*

*Proprietary Funds*

*December 31, 2004*

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|  | <u>Business-Type Activities</u> |                   |                                   |
|--|---------------------------------|-------------------|-----------------------------------|
|  | <u>Water</u>                    | <u>Sewer</u>      | <u>Total<br/>Enterprise Funds</u> |
| <b>Assets</b>                              |                                 |                   |                                   |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 131,513</u>               | <u>\$ 189,462</u> | <u>\$ 320,975</u>                 |
| <b>Net Assets</b>                          |                                 |                   |                                   |
| Unrestricted                               | <u>\$ 131,513</u>               | <u>\$ 189,462</u> | <u>\$ 320,975</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 Funds  
For the Year Ended December 31, 2004*

|   | Business-Type Activities |                   |                           |
|---|--------------------------|-------------------|---------------------------|
|   | Water                    | Sewer             | Total<br>Enterprise Funds |
| <b>Operating Receipts</b>                         |                          |                   |                           |
| Charges for Services                              | \$ 246,890               | \$ 161,898        | \$ 408,788                |
| Special Assessments                               | 0                        | 233,472           | 233,472                   |
| Fines   | 0                        | 0                 | 0                         |
| Other Operating Receipts                          | 45                       | 198               | 243                       |
| <i>Total Operating Receipts</i>                   | <u>246,935</u>           | <u>395,568</u>    | <u>642,503</u>            |
| <b>Operating Disbursements</b>                    |                          |                   |                           |
| Personal Services                                 | 69,502                   | 70,119            | 139,621                   |
| Fringe Benefits                                   | 24,649                   | 25,079            | 49,728                    |
| Contractual Services                              | 75,586                   | 85,115            | 160,701                   |
| Materials and Supplies                            | 47,399                   | 20,198            | 67,597                    |
| Capital Outlay                                    | 12,847                   | 7,481             | 20,328                    |
| Miscellaneous                                     | 0                        | 0                 | 0                         |
| <i>Total Operating Disbursements</i>              | <u>229,983</u>           | <u>207,992</u>    | <u>437,975</u>            |
| <i>Operating Income (Loss)</i>                    | <u>16,952</u>            | <u>187,576</u>    | <u>204,528</u>            |
| <b>Non-Operating Receipts/ Disbursements</b>      |                          |                   |                           |
| Principal   | 0                        | (124,957)         | (124,957)                 |
| Interest & Fiscal Charges                         | 0                        | (94,983)          | (94,983)                  |
| <i>Total Non-Operating Receipts/Disbursements</i> | <u>0</u>                 | <u>(219,940)</u>  | <u>(219,940)</u>          |
| <i>Income (Loss) before Transfers</i>             | 16,952                   | (32,364)          | (15,412)                  |
| Transfers In                                      | 50,000                   | 0                 | 50,000                    |
| <i>Change in Net Assets</i>                       | 66,952                   | (32,364)          | 34,588                    |
| <i>Net Assets Beginning of Year</i>               | 64,561                   | 221,826           | 286,387                   |
| <i>Net Assets End of Year</i>                     | <u>\$ 131,513</u>        | <u>\$ 189,462</u> | <u>\$ 320,975</u>         |

See accompanying notes to the basic financial statements

**Village of Westfield Center, Medina County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2004*

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|  | <u>Agency</u> |
|--|---------------|
| <b>Assets</b>                              |               |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 50</u>  |
| <br>                                       |               |
| <b>Net Assets</b>                          |               |
| Unrestricted                               | <u>50</u>     |
| <br>                                       |               |
| <i>Total Net Assets</i>                    | <u>\$ 50</u>  |

See accompanying notes to the basic financial statements

**Village of Westfield Center, Medina County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2004*

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**NOTE 1: REPORTING ENTITY**

The Village of Westfield Center, Medina County, Ohio (the Village) is a body political and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six member Council. The Village provides general governmental services, including water and sewer utilities, police services, fire protection and street maintenance, construction, and repair.

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2 C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from generally accepted accounting principles in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

**Village of Westfield Center, Medina County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2004*

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

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

*Fund Financial Statements*

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

**F. Fund Accounting**

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

*Governmental Funds*

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**Village of Westfield Center, Medina County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

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

*Proprietary Funds*

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

*Enterprise Funds*

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

*Water Fund* – The Water Fund receives charges for services from residents to cover the cost of providing water service to the residents of the Village.

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

*Fiduciary Funds*

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

**C. Basis of Accounting**

The Village's financial statements are prepared using the modified 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 modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Village of Westfield Center, Medina County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Village must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

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

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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

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

**Village of Westfield Center, Medina County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

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

During 2004, the Village did not have any investments.

**F. Capital Assets**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

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

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

**I. Long-Term Obligations**

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.



**Village of Westfield Center, Medina County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

**J. Net Assets**

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

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

**K. Fund Balance Reserves**

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

**L. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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

**NOTE 3: CHANGE IN BASIS OF ACCOUNTING AND ACCOUNTING PRINCIPLES**

In the prior year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2004 the Village has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. The implementation of the modified cash basis of accounting had no impact on the financial statements.

For 2004, the Village has implemented GASB Statement No. 40, "Deposits and Investment Risk Disclosures." GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks; credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits. The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Village, however, an additional note disclosure can be found in Note 4.

**Village of Westfield Center, Medina County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2004*

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**NOTE 4: EQUITY IN POOLED CASH**

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

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

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

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

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

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

**Village of Westfield Center, Medina County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2004*

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**NOTE 4: EQUITY IN POOLED CASH (Continued)**

7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

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

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Village's name. During 2004, the Village and public depositories complied with the provisions of these statutes.

**Deposits with Financial Institutions**

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

At fiscal year-end, the carrying amount of the Village's deposits was \$2,118,091. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2004, \$2,084,710 of the Village's bank balance of \$2,184,660 was exposed to custodial risk as discussed above, while \$100,000 was covered by Federal Deposit Insurance Corporation.

**Village of Westfield Center, Medina County**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2004

**NOTE 4: EQUITY IN POOLED CASH (Continued)**

**Investments**

As of December 31, 2004, the Village had no investments.

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

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

**NOTE 5: LONG TERM OBLIGATIONS**

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

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

A detail of long term obligations is as follows:

|                                       | <b>Balance</b>         |                  |                     | <b>Balance</b>           |
|---------------------------------------|------------------------|------------------|---------------------|--------------------------|
|                                       | <b>January 1, 2004</b> | <b>Additions</b> | <b>Reductions</b>   | <b>December 31, 2004</b> |
| <b>Governmental Activities</b>        |                        |                  |                     |                          |
| First Merit bank loan                 |                        |                  |                     |                          |
| Municipal Building                    |                        |                  |                     |                          |
| Interest Rate 6.00%                   | \$ 716,731             | \$ 0             | \$ (92,829)         | \$ 623,902               |
| Ohio Water Development                |                        |                  |                     |                          |
| Authority - Water                     |                        |                  |                     |                          |
| Interest Rate 7.36%                   | 246,944                | 0                | (48,378)            | 198,566                  |
| Ohio Water Development                |                        |                  |                     |                          |
| Authority - Sewer                     |                        |                  |                     |                          |
| Interest Rate 8.31%                   | 267,743                | 0                | (40,453)            | 227,290                  |
| <i>Total Governmental Activities</i>  | <u>1,231,418</u>       | <u>0</u>         | <u>(181,660)</u>    | <u>1,049,758</u>         |
| <b>Business-Type Activities</b>       |                        |                  |                     |                          |
| Ohio Water Development                |                        |                  |                     |                          |
| Authority - Water                     |                        |                  |                     |                          |
| Interest Rate 7.36%                   | 2,335,290              | 0                | (120,541)           | 2,214,749                |
| Ohio Public Works Commission          |                        |                  |                     |                          |
| Water                                 |                        |                  |                     |                          |
| Interest Rate 0%                      | 68,444                 | 0                | (4,416)             | 64,028                   |
| <i>Total Business-Type Activities</i> | <u>2,403,734</u>       | <u>0</u>         | <u>(124,957)</u>    | <u>2,278,777</u>         |
| <i>Total Long-Term Obligations</i>    | <u>\$ 3,635,152</u>    | <u>\$ 0</u>      | <u>\$ (306,617)</u> | <u>\$ 3,328,535</u>      |

**Village of Westfield Center, Medina County**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2004

**NOTE 5: LONG TERM OBLIGATIONS (Continued)**

A summary of the Village's future long-term debt funding requirements, including principal and interest payments as of December 31, 2004 follows:

| Years     | Ohio Water Department Authority - Water |            | Ohio Water Department Authority - Sewer |           | Ohio Public Works Commission - Sewer |          |
|-----------|---|------------|---|-----------|--------------------------------------|----------|
|           | Principal                               | Interest   | Principal                               | Interest  | Principal                            | Interest |
| 2005      | \$ 177,497                              | \$ 104,580 | \$ 43,815                               | \$ 18,888 | \$ 4,416                             | \$ 0     |
| 2006      | 186,546                                 | 95,531     | 47,456                                  | 15,246    | 4,416                                | 0        |
| 2007      | 196,094                                 | 85,983     | 51,400                                  | 11,303    | 4,416                                | 0        |
| 2008      | 172,899                                 | 75,901     | 55,671                                  | 7,032     | 4,416                                | 0        |
| 2009      | 147,806                                 | 67,719     | 28,948                                  | 2,404     | 4,416                                | 0        |
| 2010-2014 | 836,597                                 | 241,025    | 0                                       | 0         | 22,078                               | 0        |
| 2015-2019 | 695,876                                 | 58,505     | 0                                       | 0         | 19,870                               | 0        |
| Total     | 2,413,315                               | 729,244    | 227,290                                 | 54,873    | 64,028                               | 0        |

| Years     | First Merit Municipal Building |           | Total      |            |
|-----------|--------------------------------|-----------|------------|------------|
|           | Principal                      | Interest  | Principal  | Interest   |
| 2005      | \$ 98,542                      | \$ 34,674 | \$ 324,270 | \$ 158,142 |
| 2006      | 104,638                        | 28,595    | 343,056    | 139,372    |
| 2007      | 111,083                        | 22,142    | 362,993    | 119,428    |
| 2008      | 117,934                        | 15,291    | 350,920    | 98,224     |
| 2009      | 125,208                        | 8,016     | 306,378    | 78,139     |
| 2010-2014 | 66,497                         | 1,141     | 925,172    | 242,166    |
| 2015-2019 | 0                              | 0         | 715,746    | 58,505     |
| Total     | 623,902                        | 109,859   | 3,328,535  | 893,976    |

**NOTE 6: PROPERTY TAX**

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

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

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

**Village of Westfield Center, Medina County**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2004*

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**NOTE 7: INCOME TAXES**

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

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

**NOTE 8: INTERFUND TRANSFERS**

During 2004 the following transfers were made:

|                                 | <u>Transfer In</u> | <u>Transfer Out</u> |
|---------------------------------|--------------------|---------------------|
| <b>Governmental Activities</b>  |                    |                     |
| General Fund                    | \$ 0               | \$ 238,943          |
| Nonmajor Funds                  | 188,943            | 0                   |
| <b>Business-Type Activities</b> |                    |                     |
| Water                           | 50,000             | 0                   |
|                                 | <u>\$ 238,943</u>  | <u>\$ 238,943</u>   |

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The general fund transfers to the other funds were made to provide additional resources for current operations and capital improvements.

**NOTE 9: RETIREMENT SYSTEMS**

**Public Employees Retirement System**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**Village of Westfield Center, Medina County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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**NOTE 10: RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

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

May 25, 2006

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

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

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Village of Westfield Center as of and for the year ended December 31, 2004, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated May 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Westfield Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Village of Westfield Center in a separate letter dated May 25, 2006.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Westfield Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted other matters involving instance of noncompliance that we have reported to management of Village of Westfield Center in a separate letter dated May 25, 2006.

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

*Rea & Associates, Inc.*





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
AUGUST 3, 2006**