



**Auditor of State
Betty Montgomery**

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	\$0	\$49,484	\$0	\$49,484
School Breakfast Program	045047-05PU-02/03	10.553	40,033		40,033	
National School Lunch Program	045047-LLP4-02/03	10.555	469,874		469,874	
Total U.S. Department of Agriculture - Nutrition Cluster			509,907	49,484	509,907	49,484
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Smaller Learning Communities	N/A	84.215L	174,889		160,113	
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	045047-6BSG-02/03	84.010	366,950		410,252	
Special Education Cluster:						
Special Education_Grants to States	045047-6BSF-02/03	84.027	1,024,128		1,018,957	
Special Education_Preschool Grant	045047-PGS1-02/03	84.173	34,461		35,513	
Total Special Education Cluster			1,058,589	-	1,054,470	-
Safe and Drug-Free Schools and Communities_Na	045047-T4S1-03	84.184C	5,256		4,978	
Safe and Drug-Free Schools and Communities_St	045047-DRS1-02/03	84.186	40,516		11,406	
Goals 2000_State and Local Education Systematic Improvement Grants	045047-G2S3-01	84.276	6,242		17,242	
Eisenhower Professional Development State Grant	045047-MSS1-02	84.281	4,671		24,980	
Innovation Education Program Strategies	045047-C2S1-02/03	84.298	67,921		140,403	
Education Technology State Grants	045047-TJS1-03	84.318	10,588		8,769	
Class Size Reduction	045047-CRS1-02	84.340	(21,054)		-	
School Renovation Grants	045047-ATS3-02	84.352A	36,452		31,043	
English Language Acquisition Grants	045047-T3S1-03	84.365	53,255		54,528	
Improving Teacher Quality State Grants	045047-TRS1-03	84.367	335,000		376,741	
<i>Passed Through Columbus City School District:</i>						
Vocational Education - Basic Grants to States	N/A	84.048	93,874		96,209	
Total U.S. Department of Education			2,233,149	-	2,391,134	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance - Discretionary Gr	045047-T1S1-02/03	93.576	7,500		9,416	
<u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed Through Upper Arlington School District:</i>						
Learn and Serve America - School and Community Based Programs	N/A	94.004	5,000		1,630	
Total Federal Awards Receipts and Expenditures			\$2,755,556	\$49,484	\$2,912,087	\$49,484

The accompanying notes to this schedule are an integral part of this schedule.

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B—CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C—TRANSFERS BETWEEN GRANT YEARS

During fiscal year 2003, the grant periods changed to agree with the fiscal year of school districts. The grant periods were changed from a 27 month period ending in September 30 to a 12 month period ending in June 30. Transfers were made between the 2002 and 2003 grant years for CFDA 84.010 in the amount of \$3,965 and for CFDA 84.186 in the amount of \$7,869.

NOTE D—TRANSFERS BETWEEN GRANTS

CFDA No. 84.340 was eliminated due to the creation of CFDA No. 84.367. The following transfer was made between CFDA's:

From:	To:	Amount:
CFDA 84.340	CFDA 84.367	\$21,054



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Westerville City School District
Franklin County
336 South Otterbein Avenue
Westerville, Ohio 43081

To the Board of Education:

We have audited the basic financial statements of Westerville City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 19, 2003, wherein we noted the District restated beginning net assets of the governmental and business type activities and beginning fund balance of other governmental funds. 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.

Compliance

As a part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated December 19, 2003.

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www.auditor.state.oh.us

Westerville City School District
Franklin County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 19, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAMS, INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Westerville City School District
Franklin County
336 South Otterbein Avenue
Westerville, Ohio 43081

To the Board of Education:

Compliance

We have audited the compliance of Westerville City School District, Franklin County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Receipts and Expenditures

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Westerville City School District, Franklin County, Ohio as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2003, wherein we noted the District restated beginning net assets of the governmental and business type activities and beginning fund balance of other governmental funds. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 19, 2003

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – CFDA #10.550, 10.553 and 10.555; Innovative Education Program Strategies – CFDA #84.298; Smaller Learning Communities – CFDA #84.215L; Improving Teacher Quality State Grants – CFDA #84.367
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)**

JUNE 30, 2003

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED	Not corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain:
2002-10625-001	Authorization of expenditures by the District's purchasing agent	Yes	

Westerville City School District

Mission: To produce creative, confident, and independent citizens.

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2003



Board of Education
Westerville City School District
Westerville, Ohio

Westerville City School District

Westerville, Ohio



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2003

Issued By:

Office of the Treasurer

Prepared By:

Daniel D. Shively

Treasurer/CFO

Laura A. Hendricks, CPA

Assistant Treasurer

Westerville City School District

Westerville, Ohio



WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Comprehensive Annual Financial Report
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For the Fiscal Year Ended June 30, 2003

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Westerville City School District

Westerville, Ohio



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Introductory Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio



George E. Tombaugh, Ed.D.
Superintendent of Schools

336 South Otterbein Avenue, Westerville OH 43081

(614) 797-5700 Fax (614) 797-5701

Daniel D. Shively
Treasurer, Board of Education

WESTERVILLE CITY SCHOOLS

December 19, 2003

To the Board of Education and Residents of the Westerville City School District:

As the Superintendent and Treasurer of the Westerville City School District (the District), it is a pleasure to present the second Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR, for the year ended June 30, 2003, contains financial statements, supplemental statements, and statistical information, providing complete and full disclosure of all material financial aspects of the District for the 2003 fiscal year.

The District is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with financial reporting standards established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

The Comprehensive Annual Financial Report is presented in three sections:

- The **Introductory Section** includes a title page, the table of contents, this transmittal letter, a list of principal officials, and the District's organizational chart.
- The **Financial Section** includes the independent auditor's report on the financial statements, management's discussion and analysis, basic financial statements, and the combining and individual fund financial statements and schedules that provide detailed information relative to the basic financial statements.
- The **Statistical Section** includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

The District provides a full range of traditional and non-traditional educational programs, services, and facilities. These include elementary and secondary curriculum offerings at the general, college preparatory, and vocational levels; a broad range of co-curricular and extracurricular activities; and special education programs. In addition to providing these general activities, the District has the administrative responsibility for state funds distributed to private schools located within district boundaries; therefore, in accordance with GASB Statement 24, this responsibility is included in the reporting entity as a special revenue fund. While these organizations share operational and service similarity with the District, all are separate and distinct entities. Because of their independent nature, none of these organizations' financial statements are included in this report.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Copies of this report will be widely distributed throughout the District. A copy will be sent to all school buildings, the Chamber of Commerce, major taxpayers, the Westerville Public Library, financial rating services, and any other interested parties.

THE DISTRICT AND ITS FACILITIES

The Westerville City School District (the District) is located in Central Ohio, immediately northeast of the City of Columbus. Encompassing 52 square miles, the District includes land in the City of Westerville, Village of Minerva Park, City of Columbus, Franklin County, and Delaware County. Westerville is a rapidly growing residential suburb with a school district enrollment of 14,043 (ninth largest in Ohio), and the District's estimated population is 76,680 (Mid-Ohio Regional Planning Commission). The District is currently comprised of 23 schools: 16 elementary schools, four middle schools, and three high schools. The District is culturally and economically diverse, and its residents are well educated and expect a high quality education for their children. Many residents are area leaders in business, the professions, and the arts. Westerville is the home of Otterbein College, a 4-year liberal arts institution.

Pupils in the District continue to meet or exceed the average passing rates for both Franklin County and the State on the Ohio Proficiency Tests. The District provides academic coaches, advanced placement, post secondary options, interactive video courses, resource centers for students identified as "able and talented," elementary language arts/technology and math/science magnet schools, peer mediation training, school-age before and after school childcare, active business partnerships, and programs for more than 1,400 special needs children. The District is committed to the development and expansion of technology, and every school is connected to the Internet and is internally wired and equipped with up-to-date computers and software. The District's emphasis on learning is reflected in the general operating budget: approximately 62.1 cents of every General Fund dollar is invested in instruction.

The District has a statewide reputation as a high performing, exemplary public school district. The Westerville tradition of excellence is based on collaboration between students, staff, administrators, parents, and the community.

The District is an independent political subdivision of the State of Ohio and operates subject to the provisions of the Ohio Constitution and various sections of the Ohio Revised Code. Under such laws, there is no authority for the District to have a charter or adopt local laws. The District is not a part of, nor under the control of, the City of Westerville. The territory of the District is considerably larger than the territory of the City of Westerville.

ECONOMIC DEVELOPMENT AND OUTLOOK

The City of Westerville is located in the northeast quadrant of Ohio's fastest growing metropolitan area and is a vital city of 36,000 residents within 12.97 square miles that abut the City of Columbus, Ohio's capital. The City has immediate access to I-71 and I-270. Settled in 1806, Westerville's historic legacy serves as a constant backdrop to its steady residential and corporate growth. New and existing businesses enjoy the character of the cobblestone streets in Uptown Westerville and a business climate poised for the 21st century. Residents enjoy 335 acres of parkland in 26 different locations plus the family recreational activities along the nine-mile Hoover Reservoir, just east of the city.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

The City is home to major national corporations such as Bank One, Exel Corp., inChord Communications, Liebert Global Services, American Family Insurance, Worthington Industries, Cheryl's Cookies and more. Over the last several years, the City has enjoyed more success than any other central Ohio suburb in attracting major companies and employees. During the last four years, the City has attracted more than 30 major companies and 4,000 new employees. During this time the City has also helped other existing companies retain nearly 700 employees. Much of this job growth as occurred in the Westar Center of Business, one of the fastest growing and most premier office developments in the Midwest. In addition to the first class Westar Center of Business, other factors that have helped the City attract jobs are its 1.25% income tax rate (among the lowest municipal income tax rates in Central Ohio), and its own municipal operated divisions of electricity and water.

The City and District's financial operations continue to benefit from the strength of the local economy. Taxable resources, including assessed property valuations and income levels, have shown considerable and consistent growth in recent years. The continued economic growth and expansion of the District's commercial tax base is almost certain. The District has an excellent relationship with the City of Westerville, which assures that development projects selected by the City are also highly desirable for the school district. When the City of Westerville uses an incentive to attract a business, it primarily uses Community Reinvestment Areas (CRAs) or Tax Increment Financing (TIF) areas. In either case, the District is reimbursed for property taxes it would have collected through an income tax sharing agreement with the City of Westerville. In almost every case, the reimbursement is significantly more than the district would have collected without the incentive being in place. The District and City maintain a strong working relationship to attract desirable development to the community.

Ohio's seasonally adjusted unemployment rate decreased to 5.4% in August 2003 from 6.4% in August 2002. The national unemployment rate in August 2003 was 6.1%. The August 2003 employment in the State of Ohio numbered 5.9 million (Ohio Department of Job and Family Services). Specific employment figures for the Westerville City School District are not available, but the seven-county region's workforce in August 2003 was 922,900. The unemployment figure for Franklin County was 4.5% in August 2003, compared to 4.6% in August 2002. The Delaware County unemployment figure for August 2003 was 3.4%, up slightly from the 3.3% in August 2002 (Ohio Department of Job and Family Services).

The City of Westerville is also home to Otterbein College, ranked among the top ten liberal arts colleges in the Midwest by *U.S. News and World Reports*. Westerville residents and visitors continually enjoy Otterbein's world-renowned theater and music programs. Columbus State Community College and Franklin University have branch classes in the City of Westerville. In 2002, the Hennen's American Public Library Ratings (HAPLR) named the Westerville Public Library as No. 2 in U.S. cities with a population of less than 100,000 people.

ORGANIZATION OF THE DISTRICT

The Board of Education of the Westerville City School District (the Board) is a five-member body politic and corporate, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars, and approves the annual appropriation resolution and tax budget.

Board members are elected at large for staggered four-year terms. The Board meets regularly on the second and fourth Monday of each month. At the first meeting of each year, the Board elects one of its members as president and one as vice-president to serve as such for one year. The Board members on June 30, 2003, were as follows:

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Board Member	Service as a Board Member		
	Began	Expires	
Nancy Nestor-Baker, Ph.D.	08/27/91	12/31/05	President
Cindy Crowe	01/01/00	12/31/03	Vice-President
Michael Collins	01/01/02	12/31/05	Member
Jeffrey Copeland	04/28/03	12/31/03	Member
Kevin Hoffman	01/01/02	12/31/05	Member

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all education and support operations. Dr. George E. Tombaugh was appointed as Superintendent on September 1, 2000. Dr. Tombaugh has been in the education profession for 38 years as an administrator, serving as superintendent, assistant superintendent, and treasurer of school districts.

The Treasurer is the chief financial officer of the District and is responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, and investing idle funds as specified by Ohio Law. Daniel D. Shively was appointed as Treasurer on August 2, 1999. Mr. Shively has been in the government finance profession for 11 ½ years, serving 6 years as a school district treasurer, 4 years as an assistant treasurer, and 1 ½ years as a financial associate.

EMPLOYEE RELATIONS

The District currently has approximately 1,700 full-time and part-time employees. Four organizations represent District employees. For collective bargaining purposes, the Westerville Education Association (WEA) represents certificated employees, which include teachers and educational specialists. Classified employees are divided into three bargaining unions: the bus drivers and mechanics are represented by Ohio Association of Public School Employees (OAPSE #719); the custodial/maintenance staff and food service staff are represented by Ohio Association of Public School Employees (OAPSE #138); and the clerical staff is represented by the Westerville Education Support Staff Association (WESSA). The Board successfully negotiated with all labor organizations on multi-year agreements for wages and fringe benefits. The WEA wage agreement for the period August 1, 2001, through July 31, 2004, included raises of 3.5% each year, effective August 1, 2001, August 1, 2002, and August 1, 2003. The OAPSE #719 & OAPSE #138 wage agreements for the period July 1, 2000, through June 30, 2003 included raises of 3%, 3% and 3.5%, effective July 1, 2000, July 1, 2001, and July 1, 2002, respectively. The WESSA wage agreement for the period of January 1, 2002, through June 30, 2005, included raises of 5.25%, 3.5% and 3.5%, effective January 1, 2002, July 1, 2003, and July 1, 2004, respectively.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

DISTRICT MAJOR INITIATIVES AND EVENTS

The Westerville City School District is a school district that has a clear direction for its future. Every year, a Continuous Improvement Plan is developed that encompasses the District's vision, mission, goals, strategies, and performance measures. Focused on results for students, the District's goals are:

- Improve student achievement;
- Increase family, business, and community involvement;
- Provide a safe and positive learning environment;
- Increase Character Education opportunities;
- Deliver renovations and new construction on time and within budget; and
- Achieve the Ohio Award for Excellence.

Goal #1: Improve Student Achievement

In Westerville, students, parents, staff and the community work together to improve student achievement, our number one goal. This collaborative effort is paying off.

- 20 National Merit or Commended Scholars
- One National Achievement Scholar, one National Hispanic Scholar, and, for the first time in Westerville, a National Presidential Scholar
- 281 Ohio Award of Merit recipients
- 198 Presidential Awards for Educational Excellence
- One United States Lucent Global Science Scholar
- "Effective" category, 2003 State Report Card
- Perfect scores at the district Ohio Music Education Association Concert Band Contest and high marks in the Ohio Music Educator's Association Solo & Ensemble contest
- PTA *Reflection* award winners in musical composition, photography, literature, and visual arts
- Excellent rating from the Ohio Council Teachers of English Language Arts
- First place in Ohio, Junior High School Division, Ohio Energy Project -- second place, national competition
- Invention Convention grand prize Edison Award recipient, and additional first, second and third place winners
- Only National Trustees Fellowship recipient in Ohio, permitting participation in the prestigious Kennedy Center/National Symphony Orchestra Summer Music Institute
- 18 freshmen participants in *Leadership Today*, a pilot program meeting each month to discuss topics including communication, leadership, time management and community service
- Westerville Area Chamber of Commerce seventh annual Essay Contest winners
- Twenty Westerville Kiwanis Club Academic Varsity scholars
- Martin Essex School for the Gifted participant
- Multiple awards on the National Latin Exam and five scores above 90% on the National German Teacher's Association test
- Seven awards at the regional Business Professionals of America contest
- Two recipients of the Zonta Award for Outstanding Senior High School Women in Central Ohio for 2003
- One finalist and one semi-finalist in the YMCA Future of America Awards competition
- First place, Ohio University American History competition, seventh year in a row
- Student artwork displayed at the Rhodes State Office Tower, the Columbus Museum of Art, and Children's Hospital Health Center
- Multiple honors in the FIRST/LEGO League Robotics Challenge

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- Certificates for superior performance in writing from the National Council of Teachers of English
- Numerous AP Scholar designations by the College Board in recognition of exceptional achievement on college-level advanced placement exams
- Perfect scores, SAT and ACT exams
- All-State student musicians, instrumental and vocal
- Two Mock Trial teams, both of which advanced to the state competition
- Continued success for the In-the-Know team
- State DECA competitors
- District, regional and state awards in the Power of the Pen writing competition
- National Fishing Club recognition
- Outstanding Music Student, Columbus Symphony Junior Orchestra
- State Geography Bee qualifier
- Stewart Scholar award recipients recognizing creativity
- Student guest editorials, books and poetry published
- Multiple *Striving for Excellence* award recipients recognizing special needs students for their efforts towards achieving personal accomplishments
- State House *Ribbons for Freedom* ceremony participant

Goal #2: Increase Family, Business, and Community Involvement

Partnerships are important. In the Westerville school district, we actively encourage parents, community members, and businesses to become involved in our schools. Whether tutoring a first grader, mentoring a high school student at a business site, or working on citizen committees, our volunteers make a real difference in the lives of our students. There are many examples of community involvement such as:

- In October 2001, the WestervilleReads program was initiated. Since that inaugural year, approximately 460 community members have been trained and have served in the WestervilleReads program. These volunteers, after attending a two-hour training workshop, commit an hour a week to help first graders become stronger readers. Working in partnership with the first grade teachers, the tutors provide reading practice as students learn to read for meaning, solve problems, and develop reading independence. In the 2002-2003 school year, 94 new WestervilleReads volunteer tutors were trained. We continue to strive toward our goal of providing a reading tutor for every first grade student.
- The Adopt-A-School program has been in existence since 1985, offering an opportunity for local businesses and individual schools to work together in a collaborative fashion for the benefit of both parties. These long-term partnerships are reciprocal in nature, and both the business partner and the school profit from the relationship. The Westerville Area Chamber of Commerce has another program called PAWS (Partners for Achievement in Westerville Schools). This is designed for businesses with limited time or a small number of employees who would like to share their expertise with the schools.
- School-to-Careers helps provides opportunities for career exploration for students K-12. Students learn to apply and integrate academics solving authentic workplace and classroom problems. They learn not only about careers, but also about the education and training needed to achieve their goals. Students and parents in middle and high schools now have access through the Internet to research careers and colleges through the Ohio Career Information System (OCIS).

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- The WISE program is an example of meaningful community involvement. This program prepares young people for a career in business. Students attend class taught by a Westerville Schools' teacher at Alliance Data Systems in Westerville, while also being trained to work in the New Accounts and Authorization Department. Students have the opportunity to apply for part-time, paid employment beyond the school day and can compete for a \$1,000 scholarship to further their education each semester. Students enjoy the authentic work environment, job opportunities, and working with experts in the field of finance. Alliance Data Systems gets the opportunity to take an active part in preparing tomorrow's workforce.

Goal #3: Provide a Safe and Positive Learning Environment

A safe, orderly, welcoming environment is important for student success. Westerville Schools has implemented numerous services and programs that promote safety and enhance learning.

- Each building in the district has a Safety Plan.
- There is a Safe School Helpline available to anyone who may wish to report a threat of violence.
- The successful School Resource Officer Program places officers in all of our secondary buildings to provide basic law enforcement, crime prevention advice, law-related education and counseling, and mentoring for students and staff.
- The Community and Youth Prevention Program partnership with Concord Counseling promotes the positive aspects of early intervention for youth and their families.
- The Middle and High School Saturday Family Workshop series are a result of our collaboration with the Franklin County Safe and Drug Free Schools Consortium. The High School Saturday Family Workshop has garnered both state and national recognition as an exemplary and innovative program. These programs provide education to both students and parents regarding issues such as the harmful effects of substance use, healthy coping skills, decision-making, and the importance of parent-child communication.
- The Educational Options for Success Alternative High School Program provides high school students with the opportunity to earn academic credit in spite of long-term removal from school due to serious conduct code violations. This successful program is funded partially by a state grant from the Department of Education. The primary goal is to reduce truancy and dropout. Results from the first three full years of operation are promising and plans are underway to seek additional opportunities to expand this program in order to meet a greater number of student academic needs.
- Student Assistance Program counselors, psychologists and others address student issues focusing upon substance use and/or other possible mental health related issues that impact negatively on academic performance.

The initiation and evaluation of TEEN PEP will serve as a peer education program at the high school level to address issues of bullying, suicide prevention, and abuse.

Goal #4: Increase Character Education Opportunities

We believe that fostering good character is an important part of each student's education. That is why The Westerville Way was created. A joint effort of the Westerville Schools, the City of Westerville, and many businesses and organizations in the community, its objective is to "support and nurture the shared values of our community." A character trait is highlighted each month. The word is integrated into school curriculum, displayed in the halls of our schools, and displayed at businesses. Families are encouraged to discuss and reinforce the traits at home. The emphasized traits are respect, citizenship, tolerance, caring, attitude, honesty, perseverance, trustworthy, responsibility, integrity, loyalty, and fairness.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- One of the tools provided for Westerville Schools staff members is "Don't Laugh at Me." Peter Yarrow of Peter, Paul, and Mary, helped develop "Don't Laugh at Me" through his work with Operation Respect. Approximately 400 parents and children attended the community kick-off of the "Don't Laugh at Me" program where Peter Yarrow introduced his songs and video. Music, video, and classroom activities are used to help students build a caring community and practice conflict resolution. Our goal is to integrate "Don't Laugh at Me" into every classroom in Westerville. Last year, every elementary school participated in the program. For example, at Alcott Elementary, parents have volunteered to present these activities to all students in the second grade.
- Complimenting Character Education is "I CAN," a program where local Rotarians team up with high school students to teach the ABCs of life to elementary school youngsters - Attitude, Behavior and Character. The I CAN program is based on the foundational principals of honesty, integrity, character, trust, loyalty and love. I CAN is committed to developing the positive attitudes which will help our nation's young people be successful in their personal and academic endeavors now and professionally in the future.
- Service Learning is a successful method for integrating career education, character education, and our curriculum. Students in all of the Westerville Schools become involved in designing and carrying out community projects. In the process, they are actively involved in learning, reflecting, and evaluating what they have done and its impact.

Community Service is embraced in all our schools. During the 2002-2003 school year, pupils raised more than \$33,000 for Caring & Sharing, and nearly \$22,000 for the American Heart Association. They participated in countless other projects benefiting the environment, the underprivileged, and those stricken with illness.

Goal #5: Deliver Renovations and New Construction On-Time and Within Budget

The opening of Westerville Central High School marks a major milestone in the community. The new facility contains fifty 900-sq.-ft. classrooms divided into four academic neighborhoods that will serve the four grades within – two on the first floor, two on the second floor. Each academic area contains three science labs, classrooms, restrooms and a teacher workroom. They share access to art and special education classrooms on the first floor, and a media center, computer labs and life-skill classrooms on the second floor.

Funded by a bond issue approved by school district voters in 2000, the \$36-million construction project encompasses 320,680 square feet of air-conditioned, handicapped-accessible interior areas, including the academic wings, a media center, a 750-seat theater, an 1,800-seat gymnasium, an auxiliary gymnasium, a school store, two elevators, eight locker banks, a 962-space parking lot, and extensive athletic fields. Central's kitchen serves as a satellite for seven of the district's elementary schools. Many areas of the building, which are flooded with natural light, are flexible and functional to accommodate a variety of student needs.

Firestone Jaros Mullin Inc. was the Architect of Record and TMP Associates, Inc. served as their design consultants. Construction Manager was the Quandel Group, Inc.

Central High School, located at 7118 Mt. Royal Ave., opened its doors to approximately 800 freshmen and sophomores on September 2, 2003. Building capacity is 1,600 students. School colors are silver and black, and the mascot is the Warhawk.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

It is our goal for each student to grow academically, socially and emotionally every day at all three of our high schools. Our collective expectation is to provide academic excellence in a collaborative and supportive school climate.

Goal #6: Achieve Ohio Award for Excellence

To help us focus on our improvements more efficiently, Westerville City Schools is using the Education Criteria for Performance Excellence from the Baldrige National Quality Program. We use specific, measurable criteria to assess our effectiveness in the classroom, at the building level, at the district level, in the learning environment, and in our business environment. In accordance with the Baldrige framework, we address our performance through seven categories: Leadership; Strategic Planning; Student, Stakeholder and Market Focus; Information and Analysis; Faculty and Staff Focus; Process Management; and Organizational Performance Results.

The Westerville City School District was one of 29 organizations that received an Ohio Award for Excellence in 2002. Modeled after the Malcolm Baldrige National Quality Award, and endorsed by Governor Bob Taft, the Ohio Award for Excellence has four levels of recognition. Our district received a Level 1 recognition, The Pledge Toward Excellence, given to those organizations beginning their quality journey. In the spring of 2004, the district will be evaluated on the full set of OAE/Baldrige standards. The awards are presented annually, and are based on criteria which covers the areas of leadership, strategic planning, customer focus, information and analysis, workforce development, process management and the organizational results achieved.

Our Continuous Improvement Plan (CIP) details the strategic goals, targets, and measures for the district and is linked to the strategic goals for the State of Ohio. In December of 2002, the Executive Committee reviewed the CIP for 2002-2003. Following the Plan-Do-Study-Act process, the committee revised the document after soliciting feedback on the data from more than 300 community members, parents, school personnel, union members, and students in various group meetings. The Board of Education endorsed the new three-year CIP in the spring of 2003, which includes eight goals, along with short- and long-term measures for improvement. The revised vision now states "The Westerville Schools will work with the parents and community to be rated 'Excellent' among the largest school districts in the State of Ohio by 2006." In the fall of 2003, schools modified their CIPs based on the district's CIP goal and measures.

To further develop the continuous improvement framework, the district provided several training and study opportunities for employees. During the school year, more than 70 teachers participated in monthly Baldrige forums to develop classroom tools and concepts for continuous improvement, and administrators in Baldrige schools participated in monthly study groups to learn how to apply Baldrige concepts at the building level. In the summer of 2003, more than 125 teachers participated in Baldrige training, which was designed and led by K-12 Westerville Baldrige teacher-facilitators. In addition, during an early release day in February, 300 middle-school teachers received core training in basic strategic planning concepts and tools for classroom improvement.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records are maintained during the fiscal year on a budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of "reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives.

Federal and State Assistance

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District. The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds are included in the annual appropriation resolution. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by object for general fund and the food service fund and by fund for all other funds. The District has chosen to present budgetary information at the object level in the basic financial statements and at the fund level in the individual fund statements.

The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are verified prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding fiscal years and are not re-appropriated.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. As with the financial section, all amounts presented in the remainder of this letter are expressed in rounded dollar amounts.

Financial Condition

This is the second year that the District has prepared financial statements following *GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."* *GASB Statement No. 34* created new basic financial statements for reporting on the District's financial activities as follows:

- **Government-wide financial statements** – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- **Fund financial statements** – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

- **Statement of budgetary comparisons** – This statement presents a comparison of actual information to the legally adopted budget for the general fund. The budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this new reporting model, management is responsible for preparing Management's Discussion and Analysis of the District. This discussion is located in the financial section of this report, following the audit opinion, and provides an assessment of the District's finances for 2003.

Cash Management

It is the policy of the Westerville City School District, that with due regard to the safety and risk of investments, all available funds shall be invested in conformance with existing legal requirements and Board-adopted policy guidelines, to the maximum extent possible, at the highest rates obtainable at the time of investment. Effective cash management is recognized as essential to good fiscal management. An investment policy has been formulated to take advantage of investment interest as a viable and material source of revenue to all funds involved. The District's investments are designed and managed in a manner responsive to public trust and consistent with state and local laws.

Risk Management

The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss, and boiler and machinery coverage are purchased from insurance companies licensed to do business in the State of Ohio.

For fiscal year 2003, the District participated in the Ohio School Boards Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

OTHER INFORMATION

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Westerville City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the first year that the District has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report (CAFR) continues to meet the high standards required by the Certificate of Achievement program, and we are submitting it to GFOA to determine its eligibility for a certificate.

ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence on Financial Reporting to the Westerville City School District for the fiscal year ended June 30, 2002. This was the first year that the District has achieved this prestigious award.

This award certifies that the Comprehensive Annual Financial Report (CAFR) conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials.

A Certificate of Excellence is valid for a period of one year only. We believe this current Comprehensive Annual Financial Report meets the high standards required by the Certificate of Excellence program, and we are submitting it to ASBO to determine its eligibility for a certificate.

Independent Audit

State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District's 2003 fiscal year audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

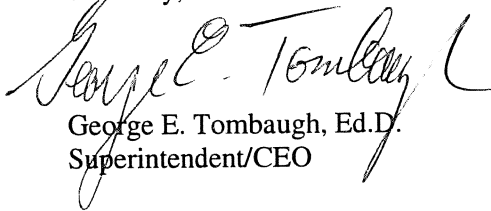
For the Fiscal Year Ended June 30, 2003

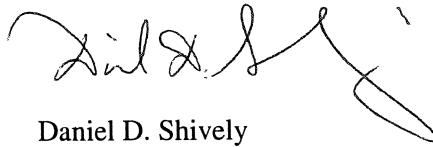
Acknowledgments

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis would not have been possible without the cooperation of the entire Treasurer's Department. A special note of appreciation is extended to the District's Assistant Treasurer, Laura A. Hendricks, CPA, whose countless hours and dedication made this document a reality.

Finally, this report would not have been possible without the continued support of the Westerville Board of Education who values quality financial information with which to help make decisions. Without their leadership and commitment to excellence, this report would not be possible.

Sincerely,

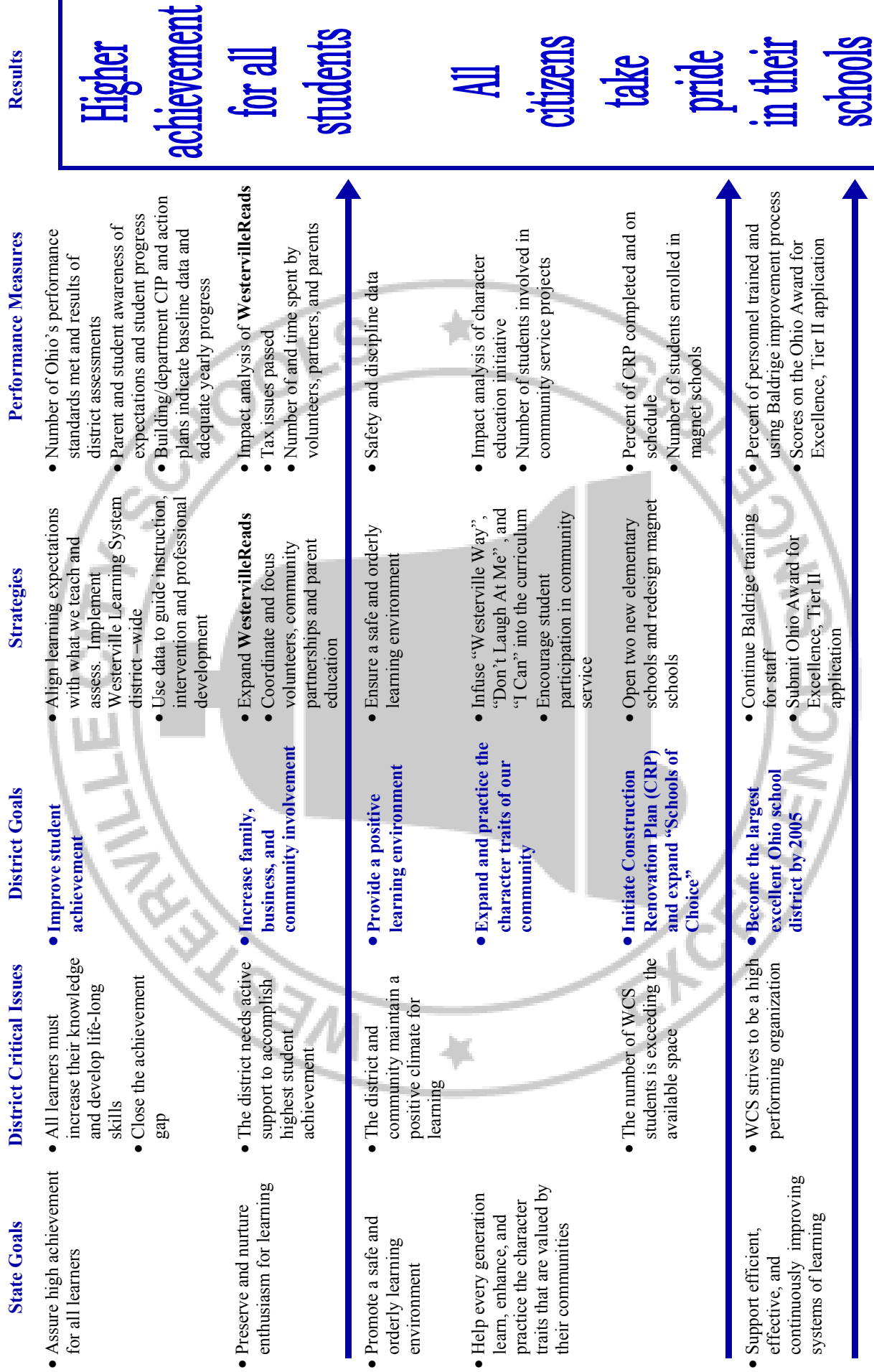

George E. Tombaugh, Ed.D.
Superintendent/CEO


Daniel D. Shively
Treasurer/CFO

CONTINUOUS IMPROVEMENT PLAN 2002-2003

Vision: *The Westerville Schools will work with the parents and community to become the largest excellent school district in the state of Ohio by 2005; provide a progressive educational program in a safe, inviting and nurturing environment; and use a variety of instructional strategies, utilizing current technology to acquire and expand the knowledge, to meet the needs of all students.*

Mission: *To produce creative, confident, and independent citizens*



WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Elected Officials and Administrative Staff

As of June 30, 2003

BOARD OF EDUCATION

President

Nancy Nestor-Baker, Ph.D.

Vice President

Cindy Crowe

Member

Michael Collins

Member

Jeffrey Copeland

Member

Kevin Hoffman

APPOINTED OFFICIALS

Superintendent

George E. Tombaugh, Ed. D.

Treasurer

Daniel D. Shively

ADMINISTRATIVE STAFF

Assistant Superintendent/Human Resources (Certificated)

Michael Kabler, Ph. D.

Executive Director of Secondary Curriculum and Instruction

Todd Meyer

Executive Director of Elementary Curriculum and Instruction

Diane Conley

Executive Director of Business Services

Jeff LeRose

Executive Director of Special Education

Glenna Cameron

Executive Director of Student Services

Reene Sterling

Executive Director of Student Activities, Safety and
Communications

Mark Hershiser

Executive Director of Labor Relations and Human
Resources (Classified)

Christopher Wanner, Ph. D.

Director of Assessment & Planning

Mary Peters, Ph.D.

Director of Career Vocational Education

Ginger Rose, Ph. D.

Director of Special Education

Carole Kowaluk, Ph. D.

Director of IMS

Greg Lewis

Director of Facilities

Fred Ray

Principal, Westerville North High School

Jim McCann

Principal, Westerville South High School

Joy Rose

Principal, Blendon Middle School

Sam Dorff

Principal, Genoa Middle School

Ralph Collins

Principal, Heritage Middle School

Bob Schultz

Principal, Walnut Springs Middle School

Greg Sampson

Principal, Annehurst Elementary School

Howard Baum

Principal, Central College Elementary School

Steve Petercsak

Principal, Cherrington Elementary School

Debbie Kozlesky

Principal, Emerson Elementary School

Beverly Good, Ph. D.

Principal, Hanby Elementary School

Jan Fedorenko

Principal, Hawthorne Elementary School

Machelle Kline, Ph. D.

Principal, Huber Ridge Elementary School

Barbara Wallace

Principal, Longfellow Elementary School

Steve Petercsak

Principal, Mark Twain Elementary School

Scott Ebbrecht

Principal, McVay Elementary School

Phil Roe

Principal, Pointview Elementary School

Brian Blum

Principal, Robert Frost Elementary School

Karen McClellan

Principal, Whittier Elementary School

Suzanne Kile

Principal, Wilder Elementary School

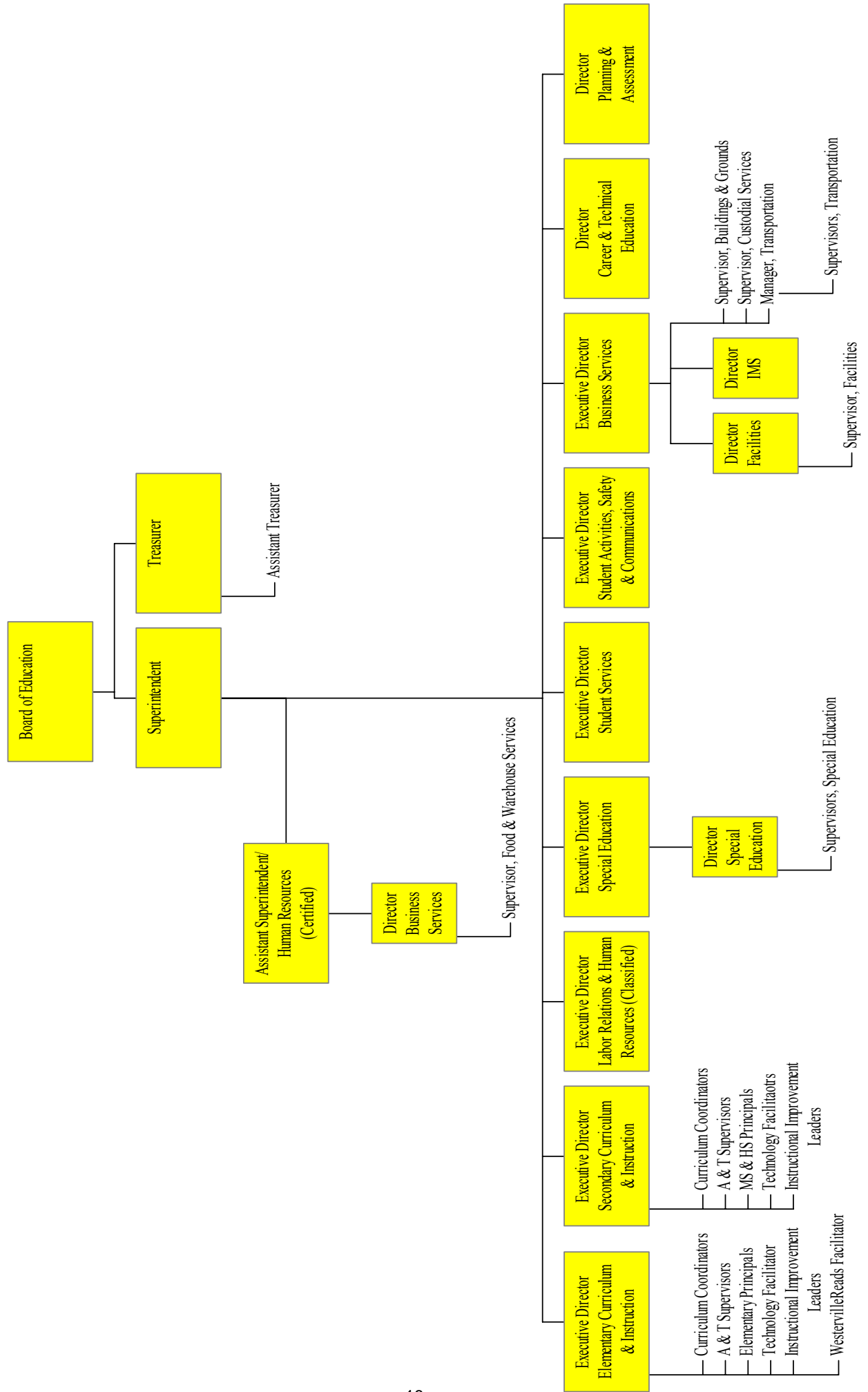
Bob Hoffman



WESTERVILLE CITY SCHOOL DISTRICT, OHIO



*Table of Organization for Administrators
For Fiscal Year Ended June 30, 2003*



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Westerville City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

WESTERVILLE CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2002

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program


President


Executive Director

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Financial Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Westerville City School District
Franklin County
336 South Otterbein Avenue
Westerville, Ohio 43081

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Westerville City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Westerville City School District, Franklin County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the District restated beginning net assets of the governmental and business-type activities due to an error of not reporting the accreted value of its capital appreciation bonds and to report capital assets in the appropriate activity. The District also restated beginning fund balance in other governmental funds as described in Note 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 19, 2003

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The management of the Westerville City School District offers the readers of the District's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities for the year ended June 30, 2003. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's net assets decreased by \$339,553 or .75%. Program revenues accounted for \$9.5 million or 7.77% of total revenues, and general revenues accounted for \$112.8 million or 92.23%.

The general fund reported a positive fund balance in excess of \$11.2 million.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Westerville City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total in one column. The major funds for the Westerville City School District are the general fund, the debt service fund, and the building fund. The District has also selected to present the permanent improvement fund as a major fund.

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Assets and Statement of Activities

While this document contains a large number of funds utilized by the School District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did the District perform financially in 2003?" The Statement of Net Assets and the Statement of Activities help to answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by private sector corporations. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The reader must also consider other non-financial factors such as the District's property tax base, current property tax laws, student enrollment growth, facility conditions and other factors

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2003
Unaudited

in arriving at their conclusion regarding the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- *Governmental Activities* – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service and uniform school supplies operations are reported as business-type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the District's major funds begins on page 27. The fund financial statements begin on page 34 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary and fiduciary use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported utilizing an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities, therefore the statements will essentially match.

Fiduciary Funds

The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement, can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on page 42. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2003
Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$45.2 million at the close of the most recent fiscal year.

A significant portion of the District's net assets (69.6%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. This large percentage is due to the addition of two new elementary schools, major District renovations, 10 building additions, and a partially completed new high school. The District used capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a comparative analysis of fiscal year 2003 to 2002:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current Assets	\$124,534,793	\$177,261,406	\$763,682	\$768,774	\$125,298,475	\$178,030,180
Capital Assets	<u>147,173,815</u>	<u>95,037,612</u>	<u>302,026</u>	<u>279,951</u>	<u>147,475,841</u>	<u>95,317,563</u>
Total Assets	271,708,608	272,299,018	1,065,708	1,048,725	272,774,316	273,347,743
Current Liabilities	84,198,771	79,268,914	268,143	233,972	84,466,914	79,502,886
Long Term Liabilities	<u>142,890,105</u>	<u>148,119,404</u>	<u>186,809</u>	<u>155,412</u>	<u>143,076,914</u>	<u>148,274,816</u>
Total Liabilities	227,088,876	227,388,318	454,952	389,384	227,543,828	227,777,702
Net Assets:						
Invested in Capital						
Assets, net of debt	31,190,176	20,305,841	302,026	279,951	31,492,202	20,585,792
Restricted	9,578,075	13,896,805	-	-	9,578,075	13,896,805
Unrestricted	<u>3,851,481</u>	<u>10,708,054</u>	<u>308,730</u>	<u>379,390</u>	<u>4,160,211</u>	<u>11,087,444</u>
Total Net Assets	<u>\$44,619,732</u>	<u>\$44,910,700</u>	<u>\$610,756</u>	<u>\$659,341</u>	<u>\$45,230,488</u>	<u>\$45,570,041</u>

An additional portion of the District's net assets (21.2%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing activities. The District is able to report, this year as well as last year, positive balances in all three areas of net assets for both the government as a whole, as well as for its separate governmental activities.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2003
Unaudited

Table 2 shows the changes in net assets for fiscal year 2003 and 2002.

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues						
Charges for Services	\$ 1,738,099	\$ 1,711,367	\$ 2,934,582	\$ 3,012,658	\$ 4,672,681	\$ 4,724,025
Operating Grants	4,283,660	3,240,167	542,087	457,399	4,825,747	3,697,566
Capital Grants	<u>6,547</u>	<u>13,375</u>	<u>-</u>	<u>-</u>	<u>6,547</u>	<u>13,375</u>
Total Program Revenues	<u>6,028,306</u>	<u>4,964,909</u>	<u>3,476,669</u>	<u>3,470,057</u>	<u>9,504,975</u>	<u>8,434,966</u>
General Revenues						
Property Taxes	69,678,337	71,694,387	-	-	69,678,337	71,694,387
Grants and Entitlements	40,769,790	40,419,868	-	-	40,769,790	40,419,868
Investment Income	1,385,301	4,849,723	11,703	14,142	1,397,004	4,863,865
Loss of Sale of Assets	-	(267,424)	-	-	-	(267,424)
Miscellaneous	<u>981,987</u>	<u>1,160,909</u>	<u>-</u>	<u>2,681</u>	<u>981,987</u>	<u>1,163,590</u>
Total General Revenues	<u>112,815,415</u>	<u>117,857,463</u>	<u>11,703</u>	<u>16,823</u>	<u>112,827,118</u>	<u>117,874,286</u>
Total Revenues	<u>\$ 118,843,721</u>	<u>\$ 122,822,372</u>	<u>\$ 3,488,372</u>	<u>\$ 3,486,880</u>	<u>\$ 122,332,093</u>	<u>\$ 126,309,252</u>
Expenses						
Program Expenses						
Instruction						
Regular	\$ 51,870,597	\$ 62,211,281	\$ -	\$ -	\$ 51,870,597	\$ 62,211,281
Special	10,330,195	8,728,805	-	-	10,330,195	8,728,805
Vocational	2,550,806	2,120,629	-	-	2,550,806	2,120,629
Other	1,656,434	1,166,761	-	-	1,656,434	1,166,761
Support Services						
Pupil	6,443,665	5,661,710	-	-	6,443,665	5,661,710
Staff	4,826,578	4,144,559	-	-	4,826,578	4,144,559
General Administration	1,397,792	1,265,245	-	-	1,397,792	1,265,245
School Administration	9,249,706	7,784,403	-	-	9,249,706	7,784,403
Fiscal Administration	1,760,511	1,662,225	-	-	1,760,511	1,662,225
Business Operations	1,249,159	865,019	-	-	1,249,159	865,019
Operations & Maintenance	10,614,195	9,536,464	-	-	10,614,195	9,536,464
Student Transportation	5,671,020	5,317,633	-	-	5,671,020	5,317,633
Central Services	1,738,582	1,548,397	-	-	1,738,582	1,548,397
Community Services	649,801	267,166	-	-	649,801	267,166
Extra-curricular Activities	2,024,729	1,969,421	-	-	2,024,729	1,969,421
Interest and Fiscal Charges	7,086,262	8,921,112	-	-	7,086,262	8,921,112
Food Services	14,657	9,112	3,316,818	3,206,846	3,331,475	3,215,958
Uniform School Supplies	<u>-</u>	<u>-</u>	<u>220,139</u>	<u>215,195</u>	<u>220,139</u>	<u>215,195</u>
Total Expenses	<u>\$ 119,134,689</u>	<u>\$ 123,179,942</u>	<u>\$ 3,536,957</u>	<u>\$ 3,422,041</u>	<u>\$ 122,671,646</u>	<u>\$ 126,601,983</u>
Change in Net Assets	<u>\$ (290,968)</u>	<u>\$ (357,570)</u>	<u>\$ (48,585)</u>	<u>\$ 64,839</u>	<u>\$ (339,553)</u>	<u>\$ (292,731)</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2003
Unaudited

Governmental Activities

Net assets of the District's governmental activities decreased by \$290,968, and unrestricted net assets reflects a positive balance of \$3.9 million. The most significant decrease in net assets is investment income, due to the continued low interest rates in the investment market.

The property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. Tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore school districts dependent upon property taxes, as a primary source of revenue, must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues, management of the resources is of paramount concern to District's administration and the voting public. The District utilizes a five-year cash financial forecast to estimate revenues and control expenditures to assure tax levy revenues can maintain operations for a significant period of time. The current forecast does reflect a need for additional operating resources by the end of fiscal year 2005.

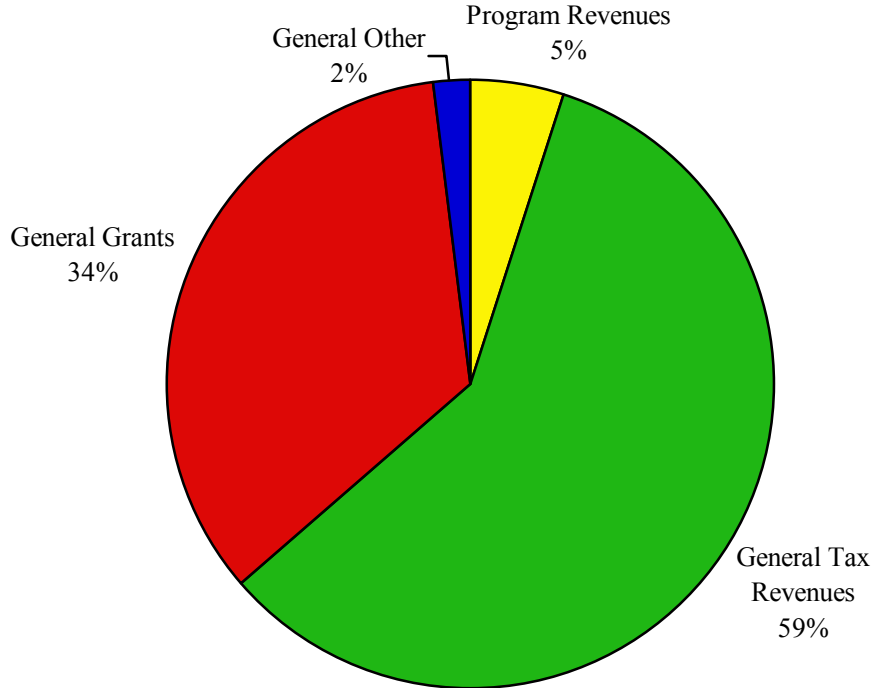
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below (Table 3) reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. The net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted State entitlements.

(Table 3)

	Total Cost of Services 2003	Net Cost of Services 2003	Total Cost of Services 2002	Net Cost of Services 2002
Program Expenses				
Instruction				
Regular	\$ 51,870,597	\$ 50,546,539	\$ 62,238,494	\$ 61,223,245
Special	10,330,195	9,431,060	8,728,805	8,133,483
Vocational	2,550,806	2,043,738	2,120,629	1,748,254
Other	1,656,434	1,656,434	1,166,761	1,166,761
Support Services				
Pupil	6,443,665	6,082,079	5,661,710	5,355,029
Staff	4,826,578	4,037,840	4,144,559	3,466,545
General Administration	1,397,792	1,397,792	1,265,245	1,265,245
School Administration	9,249,706	8,922,867	7,784,403	7,549,252
Fiscal Administration	1,760,511	1,760,511	1,662,225	1,662,225
Business Operations	1,249,159	1,245,013	865,019	864,919
Operations & Maintenance	10,614,195	10,614,195	9,536,464	9,530,074
Student Transportation	5,671,020	5,557,448	5,317,633	5,174,505
Central Services	1,738,582	1,608,117	1,548,397	1,422,509
Community Services	649,801	18,046	267,166	(180,448)
Extra-curricular Activities	2,024,729	1,083,785	1,969,421	932,924
Interest and Fiscal Charges	7,086,262	7,086,262	9,822,508	8,921,112
Food Services	14,657	14,657	9,112	9,112
Miscellaneous	-	-	-	(2,500)
Total Expenses	\$ 119,134,689	\$ 113,106,383	\$ 124,108,551	\$ 118,242,246

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2003
Unaudited

(Graph 1)



The District's reliance upon tax revenues is demonstrated by the graph above indicating 59% of total revenues from local taxes. The other large portion of general revenue support is the State Foundation program as 34% of total revenues. The reliance on general revenues is indicated by the net services column reflecting the need for \$113.1 million of support as well as the graph indicating general revenues comprise 95% of total revenues.

Business-Type Activities

Business-type activities include food service and uniform school supplies. These programs had a decrease in net assets of \$48,585 for the fiscal year. The decrease was due to food service operations.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2003
Unaudited

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 34) reported a combined fund balance of \$35.9 million, which is below last years's total of \$93.3 million. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2003 and 2002.

(Table 4)

	Fund Balance June 30, 2003	Fund Balance June 30, 2002	Increase (Decrease)
General	\$ 11,238,611	\$ 17,664,955	\$ (6,426,344)
Debt Service	5,490,715	7,720,099	(2,229,384)
Permanent Improvement	1,129,939	2,506,929	(1,376,990)
Building	17,171,806	64,217,299	(47,045,493)
Other Governmental	<u>868,330</u>	<u>1,232,416</u>	<u>(364,086)</u>
Total	<u>\$ 35,899,401</u>	<u>\$ 93,341,698</u>	<u>\$(57,442,297)</u>

General Fund

The District's general fund balance decrease is due to many factors. The tables and graphs that follow assist in illustrating the financial activities and balance of the general fund.

(Table 5)

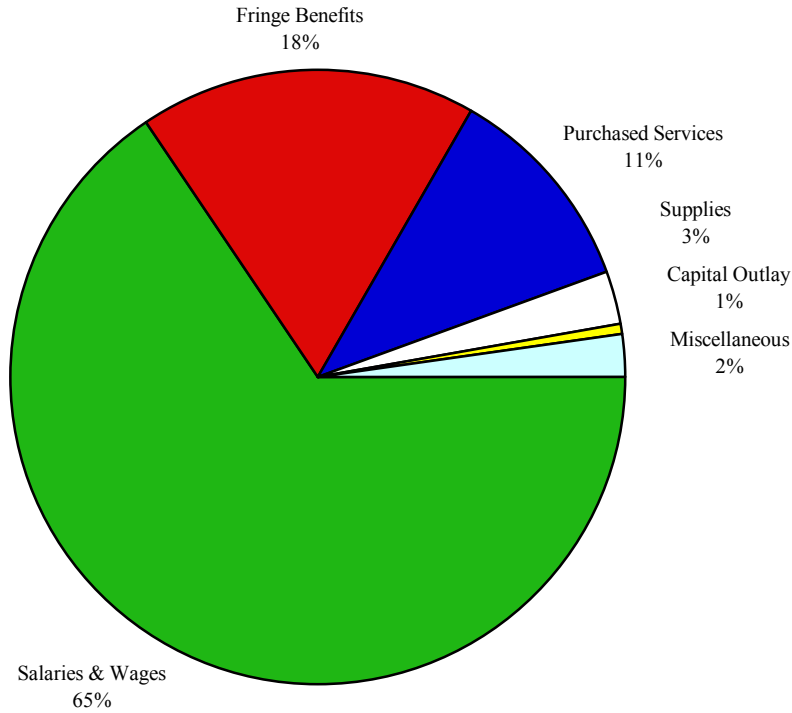
	2003 Amount	2002 Amount	Percentage Change
Revenues			
Taxes	\$ 55,708,798	\$ 57,252,372	-2.70%
Interest Earnings	817,650	1,895,534	-56.86%
Intergovernmental - State	39,661,882	39,304,136	0.91%
Other Revenue	<u>1,445,768</u>	<u>1,283,072</u>	<u>12.68%</u>
Total	<u>\$ 97,634,098</u>	<u>\$ 99,735,114</u>	<u>-2.11%</u>

The property tax revenue has decreased by \$1.54 million due to the difference in real estate tax advances from one fiscal year to the next. Interest earnings have decreased \$1.08 million due to lower interest rate yields. State revenues are higher \$357,746 due to the increased basic aid cost per pupil amount from the state foundation program and also stronger collections in homestead/rollback state reimbursement.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
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As the graph below illustrates, the largest portions of general fund expenditures is for salaries and fringe benefits. The District is a service entity and as such is labor intensive.

(Graph 2)



The effect of capital outlay is nil.

Expenditures by Object	2003 Amount	2002 Amount	Percentage Change
Salaries and Wages	\$ 68,252,462	\$ 63,700,060	7.15%
Fringe Benefits	18,382,855	17,234,017	6.67%
Purchased Services	11,592,221	10,898,396	6.37%
Supplies	2,875,713	3,270,433	-12.07%
Capital Outlay	712,050	555,090	28.28%
Miscellaneous	<u>2,209,141</u>	<u>2,127,539</u>	<u>3.84%</u>
Total	<u>\$104,024,442</u>	<u>\$ 97,785,535</u>	<u>6.38%</u>

The expenditures have increased \$6.24 million or 6.38% over the prior year mostly due to additional FTEs for student enrollment growth, higher health and dental insurance premiums, and additional costs related to regular/special education tuition. For the general fund, the decrease to fund balance indicates the need for additional operating resources of the District.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2003
Unaudited

Other Funds

The District's debt service fund balance decreased \$2.2 million due to increased principal and interest payments in the current year. The revenues of the fund are property taxes, calculated by the county auditor, and state homestead and rollback money computed as a percentage of the tax due to the fund. The expenses of the fund include debt principal and interest payments as well as county auditor and treasurer fees.

The permanent improvement fund decrease in fund balance is a result of spending down resources received from the November 1999 capital improvements issue approved by voters. This is a normal occurrence and not indicative of diminishing financial health. Ultimately, the entire amount of proceeds from this capital improvements issue will be spent.

The building fund decrease in fund balance is a result of spending down resources received from the November 2000 bond issue approved by voters. This is a normal occurrence and not indicative of diminishing financial health. Ultimately, the entire amount of proceeds from this bond issue will be spent.

Other governmental funds consist of special revenue funds and two capital projects funds. The decrease in fund balance of \$364,086 is primarily due to timing of cash receipts and expenditures.

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District amended its revenue estimates to reflect greater than originally anticipated revenues from real estate taxes and state sources, but lesser than originally anticipated revenues from personal property taxes and interest. The appropriations or expenditure portion of the budget required changes in object categories due to spending patterns, with the final budget for expenditures being \$634,622 more than the original budget.

The District utilizes the five-year forecast as the original document from which to form the operating budget. After updating of the forecast for changes in revenue and expenditure assumptions the operating budget begins at the school level. Each school in the district receives a per pupil allocation augmented with resources for special education students in the specific buildings. The departments then receive the remainder of funds to bring the budget into balance with the five-year forecast. The site and department budgets are reviewed periodically to ensure management becomes aware of any significant variations during the year.

Capital Assets

The District has \$147.5 million invested in capital assets net of depreciation, with \$147.2 million attributed to governmental activities. Acquisitions for governmental activities totaled \$55.5 million and depreciation was \$3.4 million. The majority of the acquisitions were for construction-in-progress and furniture/equipment replacement throughout the District.

On November 7, 2000, the District passed a bond issue in the amount of \$99.5 million. This bond issue provided funding for additional facilities, renovations of existing facilities, and land acquisition. The new facilities include the fifteenth and sixteenth elementary schools, a third high school and ten additions to existing facilities.

For more detailed information regarding the District's capital assets, refer to Note 8 in the notes to the basic financial statements.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
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Debt

At June 30, 2003, the District had \$133.2 million in outstanding bonds. The District paid \$6.1 million in principal on bonds outstanding and \$6.8 million in interest during the fiscal year.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2003, the District's general obligation debt was below the legal limit.

For more detailed information regarding the District's debt, refer to Note 9 in the notes to the basic financial statements.

Restrictions and Other Limitations

With the passage of a permanent 9.2 mill replacement operating levy in November 2002 and the November 2000 bond issue, the District is in a good financial position. The operating levy and separate bond issue have provided the necessary funds for the District to manage current growth patterns while maintaining the educational program and the facilities. However, the future financial stability of the District is not without challenges.

The first challenge is for management to ensure resources can be preserved as long as possible. The five-year forecast of the general fund and the five-year capital plan are utilized by management as a tool to manage resources effectively. However, the District opened two new elementary schools and ten additions to existing buildings in the 2002-2003 school year and a new high school in 2003-2004 school year, which were funded from the general fund cash balance. The District returned to the ballot, unsuccessfully, in calendar year 2003 to secure additional resources for these school operations. Thus, the District implemented \$5.7 million of budget reductions in June 2003 to offset future operating deficits.

The second challenge facing the District is based in the local economy. The District has experienced significant growth over the last 10 years. If the growth patterns in student population change so more students enter the District than currently anticipated, we will have to change the financial models upon which our assumptions have been made. Also, an economic slowdown could result in revenue forecasts having to be revised downward. Either of these scenarios could cause the District to scale down the educational program offerings or seek additional resources.

The last challenge facing the District is the future of state funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The District is currently unable to determine what effect, if any, this decision will have on future funding from the State and its financial operations.

**Westerville City School District
Statement of Net Assets
As of June 30, 2003**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and investments	48,184,224	732,137	48,916,361
Restricted cash	36,389	-	36,389
Cash with fiscal agent	1,120,281	-	1,120,281
Receivables			
Taxes - current	70,170,236	-	70,170,236
Taxes - delinquent	4,236,422	-	4,236,422
Accounts	71,394	6,806	78,200
Accrued interest	84,092	-	84,092
Intergovernmental	311,911	-	311,911
Prepays	262,378	-	262,378
Materials & supplies inventory	57,466	24,739	82,205
Capital assets, non-depreciable	5,813,922	-	5,813,922
Capital assets, net of depreciation	141,359,893	302,026	141,661,919
Total assets	<u>271,708,608</u>	<u>1,065,708</u>	<u>272,774,316</u>
<u>LIABILITIES</u>			
Accounts payable	4,825,563	10,818	4,836,381
Retainage payable	1,120,281	-	1,120,281
Accrued wages and benefits	11,927,306	99,444	12,026,750
Due to other governments	997,608	157,881	1,155,489
Due to others	36,389	-	36,389
Interest payable	578,392	-	578,392
Deferred revenue	64,713,232	-	64,713,232
Long-term liabilities			
Due within one year	5,149,702	2,641	5,152,343
Due in more than one year	137,740,403	184,168	137,924,571
Total liabilities	<u>227,088,876</u>	<u>454,952</u>	<u>227,543,828</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	31,190,176	302,026	31,492,202
Restricted for:			
Debt Service	5,507,171	-	5,507,171
Permanent Improvement	1,382,757	-	1,382,757
Special Revenue	183,398	-	183,398
Other	2,504,749	-	2,504,749
Unrestricted	3,851,481	308,730	4,160,211
Total net assets	<u>\$44,619,732</u>	<u>\$610,756</u>	<u>\$45,230,488</u>

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

**Westerville City School District
Statement of Activities
For the Year Ended June 30, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction				
Regular	\$51,870,597	\$788,755	\$535,303	-
Special	10,330,195	8,400	890,735	-
Vocational	2,550,806	-	500,521	6,547
Other Instruction	1,656,434	-	-	-
Support Services				
Pupils	6,443,665	-	361,586	-
Staff	4,826,578	-	788,738	-
General administration	1,397,792	-	-	-
School administration	9,249,706	-	326,839	-
Fiscal administration	1,760,511	-	-	-
Business operations	1,249,159	-	4,146	-
Operation & maintenance	10,614,195	-	-	-
Student transportation	5,671,020	-	113,572	-
Central services	1,738,582	-	130,465	-
Community services	649,801	-	631,755	-
Food Services	14,657	-	-	-
Extra-curricular activities	2,024,729	940,944	-	-
Interest and fiscal charges	7,086,262	-	-	-
Total governmental activities	<u>119,134,689</u>	<u>1,738,099</u>	<u>4,283,660</u>	<u>6,547</u>
Business-type Activities				
Food Service	3,316,818	2,713,577	542,087	-
Uniform School Supplies	220,139	221,005	-	-
Total business-type activities	<u>3,536,957</u>	<u>2,934,582</u>	<u>542,087</u>	<u>-</u>
Totals	<u>122,671,646</u>	<u>4,672,681</u>	<u>4,825,747</u>	<u>6,547</u>

General revenues

Property taxes levied for:

 General purposes

 Debt service

 Capital Projects

Grants and entitlements not restricted to specific programs

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning of the year (restated, see note 3)

Net assets, end of the year

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

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
(\$50,546,539)	-	(\$50,546,539)
(9,431,060)	-	(9,431,060)
(2,043,738)	-	(2,043,738)
(1,656,434)	-	(1,656,434)
(6,082,079)	-	(6,082,079)
(4,037,840)	-	(4,037,840)
(1,397,792)	-	(1,397,792)
(8,922,867)	-	(8,922,867)
(1,760,511)	-	(1,760,511)
(1,245,013)	-	(1,245,013)
(10,614,195)	-	(10,614,195)
(5,557,448)	-	(5,557,448)
(1,608,117)	-	(1,608,117)
(18,046)	-	(18,046)
(14,657)	-	(14,657)
(1,083,785)	-	(1,083,785)
(7,086,262)	-	(7,086,262)
<u>(113,106,383)</u>	<u>-</u>	<u>(113,106,383)</u>
-	(61,154)	(61,154)
-	866	866
<u>-</u>	<u>(60,288)</u>	<u>(60,288)</u>
<u>(113,106,383)</u>	<u>(60,288)</u>	<u>(113,166,671)</u>
56,040,935	-	56,040,935
9,699,373	-	9,699,373
3,938,029	-	3,938,029
40,769,790	-	40,769,790
1,385,301	11,703	1,397,004
981,987	-	981,987
<u>112,815,415</u>	<u>11,703</u>	<u>112,827,118</u>
(290,968)	(48,585)	(339,553)
<u>44,910,700</u>	<u>659,341</u>	<u>45,570,041</u>
<u>44,619,732</u>	<u>610,756</u>	<u>45,230,488</u>

**Westerville City School District
Balance Sheet
Governmental Funds
As of June 30, 2003**

	General	Debt Service	Permanent Improvement	Building	Other Governmental	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$ 17,147,933	\$ 4,746,159	\$ 1,226,491	\$ 20,649,426	\$ 1,024,824	\$ 44,794,833
Restricted cash and investments	2,504,749	36,389	-	-	-	2,541,138
Cash with fiscal agent	-	-	-	1,120,281	-	1,120,281
Receivables (net of allowances for uncollectibles):						
Taxes - current	56,351,470	9,857,680	3,961,086	-	-	70,170,236
Taxes - delinquent	3,388,756	594,848	252,818	-	-	4,236,422
Accounts	71,394	-	-	-	-	71,394
Accrued interest	41,592	-	-	42,500	-	84,092
Intergovernmental	-	-	-	-	311,911	311,911
Interfund loan receivable	39,903	-	-	-	-	39,903
Prepays	262,378	-	-	-	-	262,378
Inventories	57,466	-	-	-	-	57,466
Total assets	<u>\$ 79,865,641</u>	<u>\$ 15,235,076</u>	<u>\$ 5,440,395</u>	<u>\$ 21,812,207</u>	<u>\$ 1,336,735</u>	<u>123,690,054</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 779,423	\$ -	\$ 402,329	\$ 3,520,120	\$ 121,543	\$ 4,823,415
Retainage payable	-	-	-	\$ 1,120,281	-	\$ 1,120,281
Accrued wages and benefits	12,104,514	-	-	-	304,867	12,409,381
Due to other:						
Governments	327,890	60,090	23,650	-	-	411,630
Other	-	36,389	-	-	-	36,389
Interfund loan payable	-	-	-	-	39,903	39,903
Deferred revenue	55,415,203	9,647,882	3,884,477	-	2,092	68,949,654
Total liabilities	<u>68,627,030</u>	<u>9,744,361</u>	<u>4,310,456</u>	<u>4,640,401</u>	<u>468,405</u>	<u>87,790,653</u>
<u>FUND BALANCES</u>						
Reserved						
Future years' appropriation	4,409,163	804,646	329,427	-	-	5,543,236
Encumbrances	667,109	-	-	11,784,516	304,090	12,755,715
Budgetary stabilization	2,504,749	-	-	-	-	2,504,749
Prepays	262,378	-	-	-	-	262,378
Inventories	57,466	-	-	-	-	57,466
Unreserved, reported in:						
General	3,337,746	-	-	-	-	3,337,746
Debt Service	-	4,686,069	-	-	-	4,686,069
Permanent Improvement	-	-	800,512	-	-	800,512
Building	-	-	-	5,387,290	-	5,387,290
Special Revenue	-	-	-	-	564,240	564,240
Total fund balances	<u>11,238,611</u>	<u>5,490,715</u>	<u>1,129,939</u>	<u>17,171,806</u>	<u>868,330</u>	<u>35,899,401</u>
Total liabilities and fund balances	<u>\$ 79,865,641</u>	<u>\$ 15,235,076</u>	<u>\$ 5,440,395</u>	<u>\$ 21,812,207</u>	<u>\$ 1,336,735</u>	<u>\$ 123,690,054</u>

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

**Westerville City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
For the Year Ended June 30, 2003**

Total Governmental Fund Balances	\$35,899,401
<i>Amounts report for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	147,173,815
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	4,236,422
An internal service fund used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	873,308
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
	Interest payable (578,392)
	Due to other governments (585,978)
	Compensated absences (9,243,399)
	General obligation debt <u>(133,155,445)</u>
Net Assets of Governmental Activities	<u>44,619,732</u>

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

Westerville City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Debt Service	Permanent Improvement	Building	Other Governmental	Total Governmental Funds
REVENUES						
Taxes	\$ 55,708,798	\$ 9,631,913	\$ 3,912,265	\$ -	\$ -	\$ 69,252,976
Tuition	488,196	-	-	-	-	488,196
Extra-curricular	-	-	-	-	940,944	940,944
Investment income	817,650	-	-	550,815	4,964	1,373,429
Other local	308,959	-	-	-	79,255	388,214
Intergovernmental - State	39,661,882	1,191,286	516,813	-	1,182,869	42,552,850
Intergovernmental - Federal	-	-	-	-	2,427,892	2,427,892
Other revenue	648,613	-	172,439	-	160,935	981,987
Total revenues	97,634,098	10,823,199	4,601,517	550,815	4,796,859	118,406,488
EXPENDITURES						
Current:						
Instruction						
Regular	51,147,821	-	-	-	624,651	51,772,472
Special	9,033,986	-	-	-	867,275	9,901,261
Vocational	2,381,696	-	-	-	11,020	2,392,716
Other Instruction	1,607,521	-	-	-	-	1,607,521
Support services						
Pupils	5,711,137	-	-	-	737,816	6,448,953
Staff	3,897,952	-	-	-	873,482	4,771,434
General administration	1,397,792	-	-	-	-	1,397,792
School administration	8,331,068	-	-	-	332,630	8,663,698
Fiscal administration	1,551,145	147,010	-	-	11,000	1,709,155
Business operations	1,051,248	-	-	-	593	1,051,841
Operation & maintenance	10,257,780	-	-	-	500	10,258,280
Student transportation	4,988,906	-	-	-	5,897	4,994,803
Central services	1,522,684	-	-	-	225,165	1,747,849
Food services	-	-	-	-	2,923	2,923
Community services	-	-	-	-	649,801	649,801
Extra-curricular	1,137,547	-	-	-	854,192	1,991,739
Capital outlay	6,159	-	5,978,507	47,596,308	-	53,580,974
Debt service:						
Principal retirement	-	6,115,000	-	-	-	6,115,000
Interest	-	6,790,573	-	-	-	6,790,573
Total expenditures	104,024,442	13,052,583	5,978,507	47,596,308	5,196,945	175,848,785
Excess (deficiency) of revenues over (under) expenditures	(6,390,344)	(2,229,384)	(1,376,990)	(47,045,493)	(400,086)	(57,442,297)
Other financing sources (uses):						
Transfers in	-	-	-	-	36,000	36,000
Transfers out	(36,000)	-	-	-	-	(36,000)
Total other financing sources (uses)	(36,000)	-	-	-	36,000	-
Net change in fund balances	(6,426,344)	(2,229,384)	(1,376,990)	(47,045,493)	(364,086)	(57,442,297)
Fund balances, July 1 (restated, see Note 3)	17,664,955	7,720,099	2,506,929	64,217,299	1,232,416	93,341,698
Fund balances, June 30	<u>\$ 11,238,611</u>	<u>\$ 5,490,715</u>	<u>\$ 1,129,939</u>	<u>\$ 17,171,806</u>	<u>\$ 868,330</u>	<u>\$ 35,899,401</u>

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

**Westerville City School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2003**

Net Change in Fund Balances - Total Governmental Funds (57,442,297)

Amounts report for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (see Note 8). 52,136,203

Tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 425,361

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 6,115,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 16,686

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accretion on Capital Appreciation Bonds	(312,375)
Compensated Absences	(612,837)
Due to other Governments	(585,978)

The internal service funds used by management to charge the costs of insurance and printing to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (30,731)

Change in Net Assets of Governmental Activities (290,968)

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

Westerville City School District
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - General Fund
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Real Estate Taxes	\$ 49,626,022	\$ 49,727,466	\$ 49,612,680	(114,786)
Personal Property Taxes	6,443,591	6,325,591	6,394,213	68,622
State Revenue	33,247,345	33,371,218	33,334,535	(36,683)
Homestead/Rollback	6,137,451	6,327,451	6,327,347	(104)
Tuition, Fess, Interest & Misc	3,155,000	2,242,500	2,171,221	(71,279)
Transfers, Advances, Refund of Prior Year	190,000	340,000	403,256	63,256
Total Revenue and Other Sources	<u>\$ 98,799,409</u>	<u>\$ 98,334,226</u>	<u>\$ 98,243,252</u>	<u>\$ (90,974)</u>
Expenditures:				
Salaries and Wages	69,981,798	69,940,532	69,520,957	419,575
Benefits & Insurance	18,937,557	18,943,986	18,724,507	219,479
Purchased Services	12,506,918	13,201,377	11,807,667	1,393,710
Supplies & Materials	3,460,595	3,435,595	2,929,159	506,436
New & Replacement Equipment	824,991	824,991	725,284	99,707
Other Expenditures	2,359,856	2,359,856	2,250,199	109,657
Total Expenditures and Other Uses	<u>\$ 108,071,715</u>	<u>\$ 108,706,337</u>	<u>\$ 105,957,773</u>	<u>\$ 2,748,564</u>
Net Change in Fund Balance	(9,272,306)	(10,372,111)	(7,714,521)	2,657,590
Fund Balance, July 1	23,032,108	23,032,108	23,032,108	-
Prior Year Encumbrances Appropriated	<u>2,835,289</u>	<u>2,835,289</u>	<u>2,835,289</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 16,595,091</u></u>	<u><u>\$ 15,495,286</u></u>	<u><u>\$ 18,152,876</u></u>	<u><u>\$ 2,657,590</u></u>

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

Westerville City School District
Statement of Net Assets
Proprietary Funds
As of June 30, 2003

	Aggregate Non-Major Business Type Activities	Governmental Activities - Internal Service Fund
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 732,137	\$ 884,642
Receivables:		
Accounts	6,806	-
Materials & supplies inventory	24,739	-
Total current assets	763,682	884,642
Non-current assets:		
Capital assets, net	302,026	-
Total assets	1,065,708	884,642
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	10,818	2,148
Accrued wages and benefits	99,444	9,186
Compensated absences payable	2,641	-
Due to:		
Other governments	157,881	-
Total current liabilities	270,784	11,334
Non-current liabilities:		
Compensated absences payable	184,168	-
Total liabilities	454,952	11,334
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	302,026	-
Unrestricted	308,730	873,308
Total net assets	610,756	873,308

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

Westerville City School District
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year ended June 30, 2003

	Aggregate Non-Major Business Type Activities	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ -	\$ 413,501
Food service sales	2,706,187	-
Class material fees	221,005	-
Other	7,390	-
Total operating revenues	<u>2,934,582</u>	<u>413,501</u>
<u>OPERATING EXPENSES</u>		
Claims	-	246,669
Wages and benefits	1,737,930	40,697
Purchased services	17,692	25,760
Materials and supplies	1,712,247	142,978
Depreciation	50,376	-
Other	18,712	-
Total operating expenses	<u>3,536,957</u>	<u>456,104</u>
Operating income (loss)	(602,375)	(42,603)
<u>NON-OPERATING REVENUES</u>		
Grants:		
State sources	17,735	-
Federal sources	524,352	-
Investment income	11,703	11,872
Total non-operating revenues	<u>553,790</u>	<u>11,872</u>
Change in net assets	(48,585)	(30,731)
Net assets at beginning of year	<u>659,341</u>	<u>904,039</u>
Net assets at end of year	<u>\$ 610,756</u>	<u>\$ 873,308</u>

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

Westerville City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Aggregate Non-Major Business Type Activities	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 2,921,862	\$ -
Cash payments for wages and benefits	(1,676,027)	(31,511)
Cash received from quasi-external transactions with other funds	-	531,108
Cash payments for purchase services	(17,692)	(41,772)
Cash payments for materials and supplies	(1,636,918)	(140,830)
Cash received for other revenues	5,933	-
Cash payments for other expenses	(18,712)	-
Cash payments for claims	-	(363,418)
	<u>(421,554)</u>	<u>(46,423)</u>
Net cash used for operating activities		
Cash flows from noncapital financing activities:		
Cash flows from operating grants	<u>528,072</u>	<u>-</u>
Cash flows from capital financing activities:		
Purchase of capital assets	<u>(72,451)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>11,703</u>	<u>11,872</u>
Net increase (decrease) in cash and investments	45,770	(34,551)
Cash and investments at beginning of year	<u>686,367</u>	<u>919,193</u>
Cash and investments at end of year	<u>\$ 732,137</u>	<u>\$ 884,642</u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (602,375)	\$ (42,603)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	50,376	-
Donated commodities	76,143	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	(6,787)	6,407
Decrease in interfund receivables	-	111,200
Increase in inventory	(1,169)	-
Increase (decrease) in accounts payables	8,971	(13,864)
Increase in accrued wages and benefits	2,877	9,186
Decrease in claims payable	-	(116,749)
Increase in due to retirement system	24,026	-
Decrease in due to other funds	(3,310)	-
Decrease in deferred revenue	(1,703)	-
Increase in compensated absences payable	31,397	-
	<u>\$ (421,554)</u>	<u>\$ (46,423)</u>

The District received \$76,143 in donated commodities.

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

**Westerville City School District
Statement of Net Assets
Fiduciary Funds
As of June 30, 2003**

	Private-Purpose Trust	Agency
<u>ASSETS</u>		
Cash and investments	\$23,088	\$265,639
Total assets	23,088	265,639
<u>LIABILITIES</u>		
Accounts payable	314	9,884
Due to students	-	255,755
Total liabilities	314	\$265,639
<u>NET ASSETS</u>	\$22,774	

**Westerville City School District
Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2003**

	Private-Purpose Trust
<u>ADDITIONS</u>	
Gifts and contributions	\$27,300
Investment income	243
<u>DEDUCTIONS</u>	
Scholarships awarded	16,314
Other deductions	268
Change in net assets	10,961
Net assets, beginning of the year	11,813
Net assets, end of the year	\$22,774

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2002

(1) DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Westerville City School District (the District) was organized in the early 1850's and is a fiscally independent political subdivision of the State of Ohio. The District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under a locally elected five-member board and is responsible for the provision of public education to residents of the District. The District encompasses 52 square miles and provides services to approximately 14,043 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the District only (i.e., there are no component units).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected, under GASB No. 20, to apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise and internal service funds, except those that conflict with a GASB pronouncement. The District's significant accounting policies are described below.

(a) *Basis of Presentation*

The District's basic financial statements consist of government-wide 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the governmental activities in the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type, and for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column, and all nonmajor funds are aggregated into one column. Internal Service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. Proprietary fund's operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Food Service enterprise

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

fund and of the District's Internal Service funds are charges for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

(b) Fund Accounting

The District uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund—The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund—The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest, and related costs.

Permanent Improvement Fund—The Permanent Improvement Fund is used to account for financial resources to be used for the maintenance of capital facilities, technology and curriculum, other than those financed by proprietary funds and trust funds.

Building Fund—The Building Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities and/or the acquisition of land, other than those financed by proprietary funds and trust funds.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

Enterprise Funds – The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds—Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

Self Insurance Fund—The Self Insurance Fund is used to account for monies received from other funds as payment for providing medical and dental employee benefits.

Print Shop Fund—The Print Shop Fund is used to account for the monies received for printing and duplicating services provided by the Print Shop to all District departments and various community organizations.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include private-purpose trust and agency funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement and are not available to support the District's own programs. Agency funds are purely custodial and thus do not involve measurement of results of operations.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, investment earnings, tuition, grants, student fees and rentals.

The District reports deferred revenue on its statement of net assets and governmental funds balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available, and for tax receipts the “intended to finance” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of net assets and governmental funds balance sheet and revenue is recognized.

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on governmental long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated rather than in the period earned by employees.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds other than agency funds. The specific timetable for the fiscal year 2003 was as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers’ comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Franklin County Budget Commission for a tax rate determination.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

3. Prior to March 15, the Board of Education accepts by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources (the Certificate), which states the projected revenue for each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for fiscal 2003.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and object level of expenditures for the General fund and Food Service fund and at the fund level for all other funds, which are the legal levels of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or alter object appropriations within the general or food service funds must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds and functions completed the year within the amount of their legally authorized appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, decreased or increased the originally appropriated amounts. All supplemental appropriations were legally adopted by the Board during fiscal 2003.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund and object level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. On the governmental funds balance sheet, encumbrances are reported as

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
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reservations of fund balance, in accordance with GAAP, since they do not constitute expenditures or liabilities.

9. The District prepares its budget on a basis of accounting that differs from GAAP. The actual results of operations are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund in accordance with the budget basis of accounting. The major differences between the budgetary basis of accounting and GAAP are outlined.

	<u>Budget Basis</u>	<u>GAAP Basis</u>
Revenues are recorded	when received in cash	when susceptible to accrual
Expenditures are recorded	when encumbered	when the liability is incurred
Encumbrances are recorded	as the equivalent of an expenditure	as a reservation of the fund balance

(e) Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, except certain general and building fund investments, are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Cash and Investments".

During fiscal year 2003, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, commercial paper, bankers' acceptances, federal agency securities and StarOhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market rates. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Under existing statutes, all investment earnings accrue to the General Fund except earnings specifically related to the Building, Food Service, Self Insurance, Private Purpose Trust and Auxiliary Funds. Interest credited to the General Fund during fiscal year 2003 was \$817,650 which includes \$346,384 assigned from other funds.

Restricted assets in the general fund represent cash and cash equivalents for which use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District to create a reserve for budget stabilization. See note 10 for calculation of year-end restricted asset balance and the corresponding fund balance reserve.

(f) Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

On fund financial statements, inventories of governmental funds are valued at cost while inventories of proprietary funds are stated at lower of cost or market. For all funds, cost is determined using the FIFO method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by fund balance reserve, which indicates they do not represent available spendable resources. Inventories of proprietary funds consist of donated and purchased food.

(g) Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported in both the business-type activities column on the government-wide statement of net assets and in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$2,500 and a useful life of less than 2 years. The District does not maintain any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	not depreciated
Land Improvements	20 years
Buildings & Improvements	10-50 years
Furniture & Equipment	5-15 years
Buses & Vehicles	7-10 years

(h) Compensated Absences

The District follows GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued for sick leave if it is probable that the employee will be compensated through cash payment. Upon retirement, District employees are paid their accumulated balances up to a fixed number of days. This number is determined by negotiated agreements or board policy depending on the employee's classification.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

The entire compensated absence liability is reported in the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent payments come due each period upon the occurrence of employee resignations or retirements. The balance of the liability is not recorded. For proprietary funds, the entire amount of compensated absences is recorded as an expense and liability of the fund.

(i) *Accrued Liabilities and Long-Term Debt*

All accrued liabilities and long-term debt are reported in the entity-wide financial statements as well as the proprietary fund financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion due for payment during the current year. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

(j) *Fund Balance Reserves*

The District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation for expenditures. Unreserved fund balance indicates the portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepaids, inventories, property tax revenue reserved by the Board for future year's appropriations and a reserve for budget stabilization as required by state statute (see note 10).

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

(k) *Interfund Transactions*

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

(l) Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and investments are also considered to be cash equivalents, since they are available to the proprietary funds on demand.

(m) Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

(3) RESTATEMENT OF FUND BALANCE AND NET ASSETS

The District restated fund balance for Other Governmental Funds as of June 30, 2002 due to corrections of errors as follows:

	Other <u>Governmental</u>
Fund balance at June 30, 2002 (as reported)	\$1,014,664
Correction for unrecognized Federal Revenue	39,430
Correction for improper accrual for Due to Others	<u>178,322</u>
Fund Balance at June 30, 2002 (as restated)	<u>\$1,232,416</u>

These restatements would have had the following impact on the net change in fund balance:

	Other <u>Governmental</u>
Net change in fund balance for fiscal year ended June 30, 2002 (as reported)	\$116,756
Correction for unrecognized Federal Revenue	39,430
Correction for improper accrual for Due to Others	<u>178,322</u>
Net change in fund balance for fiscal year ended June 30, 2002 (as restated)	<u>\$334,508</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2002

In addition to the above restatements, which also impact net assets, the District restated net assets to include the accreted value of capital appreciation bonds and to record capital assets in the appropriate activity as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Assets at June 30, 2002 (as reported)	\$45,823,277	\$632,128
Correction for unrecognized Federal Revenue	39,430	
Correction for improper accrual for Due to Others	178,322	
Increase in Bonds Payable for Accreted Value of Capital Appreciation Bonds	(1,103,116)	
Correction to properly record capital assets	<u>(27,213)</u>	<u>27,213</u>
Net Assets at June 30, 2002 (as restated)	<u>\$44,910,700</u>	<u>\$659,341</u>

The effects of these adjustments on the change in net assets of the Governmental Activities for the year ended June 30, 2002, would have been to reduce the change in net assets by \$16,032. These adjustments had no material effect on the change in net assets of Business Type Activities as reported for the year ended June 30, 2002.

(4) CASH AND INVESTMENTS

(a) Cash

State statutes classify monies held by the District into three categories as follows:

Active deposits are public deposits necessary to meet current demands on the treasury.

Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or with drawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the District has identified as not required for use within the current 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 account, including passbook accounts.

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

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

The investment and deposit of the District's moneys is governed by the provisions of the Ohio Revised Code (ORC). In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligation; and STAROhio.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

Under state law, public depositories must give security for all public funds on deposit. For amounts not covered by FDIC, these institutions may either specifically collateralize individual accounts, or may pledge a pool of government securities valued at least 105% of the total value of public moneys 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 District's name.

(b) *Deposits with financial institutions*

At year-end, the District carried account balances at four banks. The carrying amount of all District deposits was \$39,984,449. The total balance at these banks was \$44,801,279 of which \$236,389 was covered by FDIC insurance and \$44,564,890 was uninsured and uncollateralized.

(c) *Investments*

The District's investments are categorized to give an indication of the level of risk assumed by the District. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent, but not in the District's name. The investment in STAROhio is not required to be

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
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categorized since it is not evidenced by securities that exist in physical or book entry form.

<u>Type of investment</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying/ fair value</u>
Federal agency securities	-	\$9,058,390	-	\$9,058,390
StarOhio	-	-	-	\$1,318,919
Total	-	\$9,058,390	-	\$10,377,309

A reconciliation between the classification of cash and investments on the basic financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<u>Cash & Investments Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$50,361,758	\$ -
Investments:		
Federal agency securities	(9,058,390)	9,058,390
StarOhio	(1,318,919)	1,318,919
Total	\$39,984,449	\$10,377,309

(5) PROPERTY TAXES

Property taxes are levied and assessed on a calendar-year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public and tangible (used in business) property located in the District. Taxpayers remit payment to their county, Franklin or Delaware, which then distributes funds to the District on the settlement dates that vary each year. The District, through board resolution, may request that the county advance 90% of amounts collected on a weekly basis through the collection period.

Real property taxes and public utility taxes are levied in April on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. In Franklin County, if paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. In Delaware County, if paid annually, payment is due February 10; if paid semi-annually, the first payment is due February 10 with the remainder payable July 10. Settlement dates for real property taxes generally occur in the months of February and August. Amounts certified by the county auditor prior to June 30 are available to the District as an advance and should therefore be recognized as revenue in the current fiscal year.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
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Public utility property taxes are assessed on tangible personal property at 25 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Public utility property taxes attaches as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Tangible personal property taxes are levied in April on the value listed as of December 31 of the current year. Tangible personal property settlements are 25 percent of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable September 20. Settlement dates for tangible personal property taxes generally occur during the months of October and June.

The assessed values for collection in 2003, upon which the 2002 levies were based, were as follows:

Real Estate		
Agricultural/Residential		\$1,544,459,880
Commercial/Industrial		417,471,270
Personal Property		
General		112,285,078
Public Utility		<u>56,031,920</u>
Total		<u><u>\$2,130,248,148</u></u>

Accrued delinquent property taxes receivable represent taxes outstanding for real property, personal property and public utility taxes, and are offset by a credit to deferred revenue in the fund financial statements. Amounts from the August settlement are not intended to finance current fiscal year operations and, therefore have been recorded as a receivable offset by deferred revenue to the extent these amounts were not available as advances at June 30, 2003.

(6) RECEIVABLES

Receivables and due from other governments at June 30, 2003 consisted of taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items is as follows:

Governmental Activities		
Taxes – Current & Delinquent		\$ 74,406,658
Accounts		71,394
Accrued Interest		84,092
Intergovernmental – State & Federal		311,911
Business-Type Activities		
Accounts		<u>6,806</u>
Total Receivables		<u><u>\$74,880,861</u></u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

(7) INTERFUND TRANSACTIONS

Interfund balances on the fund statements at June 30, 2003 consist of the following receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General	\$39,903	-
Title III	-	3,836
Title V	-	27,067
Miscellaneous Federal	-	9,000
Total	\$39,903	\$39,903

The balances exist as these grants are funded on a reimbursement basis and the monies were not received from the grantor by June 30, 2003.

Interfund transfers on the fund statements at June 30, 2003 consist of the following:

Transfers from General Fund to Other Governmental Funds	\$36,000
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The purpose of the transfer is to provide additional financial support of the Middle School Athletic programs.

(8) CAPITAL ASSETS

A summary of the changes in the capital assets for the fiscal year follows:

	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u>
<i>Governmental Activities</i>	<u>June 30, 2002</u>	<u>June 30, 2002</u>	<u>June 30, 2002</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>
Land	\$5,813,922	-	-	-	\$5,813,922
Land Improvements	3,923,787	-	-	-	3,923,787
Buildings/improvements	83,219,391	12,553,549	-	15,448,266	111,221,206
Furniture/equipment	3,114,434	617,365	-	-	3,731,799
Buses	5,709,603	910,778	176,904	-	6,443,477
Vehicles	540,315	57,248	-	-	597,563
Construction in Progress	30,810,254	41,397,272 *	-	(15,448,266)	56,759,260
Totals at Cost	\$133,131,706	\$55,536,212	\$176,904	\$-	\$188,491,014
Less Accumulated Depreciation:					
Land Improvements	\$2,293,948	162,598	-	-	\$2,456,546
Buildings/Improvements	30,105,030	2,401,936	-	-	32,506,966
Furniture/Equipment	1,893,190	257,413	-	-	2,150,603
Buses	3,455,104	535,861	176,904	-	3,814,061
Vehicles	346,822	42,201	-	-	389,023
Total Accumulated Depr.	\$38,094,094	\$3,400,009 #	\$176,904	\$-	\$41,317,199
Capital assets, Net	\$95,037,612	\$52,136,203	\$-	\$-	\$147,173,815

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

<i>Business-Type Activities</i>	Balance <u>June 30, 2002</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2003</u>
Furniture/Equipment	\$862,371	\$ 72,451	\$ –	\$934,822
Less Accumulated Depreciation	582,420	50,376	–	632,796
Capital Assets, Net	<u>\$279,951</u>	<u>\$22,075</u>	<u>\$ –</u>	<u>\$302,026</u>

*- Construction in progress represents a new high school and major renovations at several other school buildings, which were under construction at June 30, 2003. The new high school and the majority of Phase III renovations are scheduled to be completed in August 2003.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,942,920
Special	306,399
Vocational	77,887
Other	48,913
Support Services:	
Pupil	2,585
Instructional Staff	1,084
School Administration	275,435
Fiscal Services	1,360
Business Operations	6,165
Operations & Maintenance	124,031
Pupil Transportation	544,560
Central Services	36,604
Food Services	11,734
Extracurricular	20,332
Total Depreciation Expense	<u>\$3,400,009</u>

(9) LONG-TERM OBLIGATIONS

All current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. Long-term obligations currently outstanding are reported below.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate (1)</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Balance at June 30, 2002</u>
Construction and improvements (2)	02/01/87	6.25%	12/01/10	37,000,000	\$12,880,000
Public library (3)	09/15/95	5.69%	12/01/18	6,899,981	5,541,322
Construction and improvements (4)	08/01/96	5.74%	12/01/22	19,984,875	18,554,640
Construction and improvements (5)	03/15/01	5.00%	12/01/27	99,534,632	96,179,484
					\$133,155,446

- (1) Weighted average coupon at time of original issue.
- (2) Constructed new middle school and two new elementary schools. Also completed major renovations at both high schools, one middle school and one elementary school.
- (3) Completed library addition and major renovations.
- (4) Constructed new middle school and completed renovation at one high school.
- (5) Constructing new high school and two new elementary schools. Also, for an addition at middle school and renovations at all other school buildings.

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

<u>Year ending June 30,</u>	<u>Interest rates</u>	<u>Principal</u>	<u>Interest</u>
2004	3.70—6.25	\$4,658,440	\$6,842,248
2005	3.70—6.25	4,697,523	6,600,636
2006	3.70—6.25	4,895,000	6,376,723
2007	3.70—6.25	5,030,000	6,163,383
2008	3.70—6.25	5,165,000	5,943,908
2009-2013	3.70—6.25	23,099,483	25,648,658
2014-2018	3.70—6.25	25,345,000	18,789,518
2019-2023	3.70—6.25	30,535,000	11,377,952
2024-2028	3.70—6.25	29,730,000	3,861,250
Total		\$133,155,446	\$91,604,276

The ORC provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The ORC further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The total voted and non-voted non-exempt debt of the District that could be issued subject to the 9% limitation described above is \$191,722,333. The total District debt (including the Bonds) subject to this limitation is \$133,155,446. The total District unvoted debt that could be issued subject to the 1/10 of 1% limitation is \$2,130,248. The District has no debt subject to such limitation, leaving \$2,130,248 available for unvoted debt. Including the balance in the Debt Service Fund at June 30, 2003, the effects of these debt limitations at June 30, 2003 are a voted debt margin of \$64,057,602 and an unvoted debt margin of \$2,130,248.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with the Westerville Public Library (the Library). As of June 30, 2003, the District and the Library have complied with the requirement that unvoted overlapping debt must not exceed 1% (10 mills) of the assessed property value.

The Library is a school district library created under Chapter 3375 of the Ohio Revised Code and is located in the District. In May 1995, as required by state law, the District approved, on behalf of the Library, general obligation library improvement bonds during a general election of the District voters. On September 15, 1995, these bonds were issued in the amount of \$6,899,981. The bonds bear interest at rates ranging from 3.7% to 5.69% with principal maturities through 2018.

Although the bonds are issued on behalf of the Library and the proceeds of the bonds were transferred to the Board of Trustees of the Library, the bonds constitute indebtedness of the District and are considered in determining the District's debt limitations. Property tax revenues collected to retire the debt are paid directly to the District, and the District pays the principal and interest of the debt.

In the opinion of management, the District has complied with all bond covenants.

Payments of compensated absences are recorded as expenditures in the General Fund, except for those of food service employees, which are recorded in the Food Service - Enterprise Fund.

The following changes occurred in long-term liabilities during the year:

	Balance at			Balance at		Amounts Due
<i>Governmental Activities</i>	<u>June 30, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2003</u>	<u>In One Year</u>	
General Obligation Bonds	\$138,949,070	\$ 321,376	\$6,115,000	\$133,155,446	\$4,658,440	
Compensated Absences	<u>9,170,334</u>	<u>1,294,493</u>	<u>730,167</u>	<u>9,734,660</u>	<u>491,261</u>	
Total Governmental Activities	<u>\$148,119,404</u>	<u>\$1,615,869</u>	<u>\$6,845,167</u>	<u>\$142,890,106</u>	<u>\$5,149,701</u>	
 <i>Business-Type Activities</i>						
Compensated Absences	<u>\$155,412</u>	<u>\$31,397</u>	<u>\$ -</u>	<u>\$186,809</u>	<u>\$2,641</u>	

(10) SET ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

The set aside money requirement for budget stabilization to help protect against cyclical changes in revenues and expenditures was rescinded in fiscal year 2001. The Board has decided to maintain the existing HB412 reserve at this time. They may in the future decide to eliminate this reserve and utilize it as allowable by state law.

The following cash basis information describes the change in year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, July 1, 2002	-	-	\$2,504,749
Required Set-Aside	1,901,723	1,901,723	-
Qualifying Expenditures	(2,709,780)	(3,613,389)	-
Total	(\$808,057)	(\$1,711,666)	\$2,504,749
Balance Carried Forward at June 30, 2003	-	-	\$2,504,749

(11) BUDGET BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the GAAP and the budget basis are as follows:

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	(\$6,426,344)
Increase (decrease):	
Due to revenues	609,154
Due to expenditures	(450,799)
Due to encumbrances	<u>(1,446,532)</u>
Budget basis	<u>(\$7,714,521)</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

(12) EMPLOYEE RETIREMENT SYSTEMS

(a) *School Employees Retirement System*

Plan Description—All noncertified District employees participate in the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215 or by calling (614) 222-5853.

Funding Policy—Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% for employers of annual covered payroll. 8.17% was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The contribution requirements for the years ended June 30, 2003, 2002 and 2001 from the District were \$1,120,811, \$666,799 and \$480,139 respectively, equal to the required contributions for each year. \$565,402 representing the unpaid contribution for fiscal year 2003, is recorded as a liability.

(b) *State Teachers Retirement System*

Plan Description and Provisions—The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of living adjustment, and death and survivor benefits to members and beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan or a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions earned and interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduces level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 9.3% of their annual covered salaries. The District is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's contribution requirement for the years ended June 30, 2003, 2002 and 2001 was \$7,617,142, \$5,203,711 and \$4,895,543 respectively, equal to the required contributions for each year. \$1,292,952 representing the unpaid contribution for fiscal year 2003, is recorded as a liability.

(13) POSTEMPLOYMENT BENEFITS

(a) SERS

The ORC gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. SERS is funded on a pay as you go basis.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2003, the allocation rate is 5.83%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2003, the minimum pay has been established as \$14,500. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$1,033,418.

The surcharge rate, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

\$182.9 million and the target level was \$274.4 million. At June 30, 2002, the Retirement System's net assets available for payment of health care benefits were \$335.2 million. SERS has approximately 50,000 participants receiving health care benefits.

(b) *STRS Ohio*

STRS Ohio provides comprehensive health care benefits to retired teachers and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. STRS is funded on a pay as you go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the ORC, the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the costs of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$585,934 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

(14) CONTINGENCIES

(a) *Grants*

The federal and state grants remain subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based upon prior experience, the District believes such disallowances, if any, would be immaterial.

(b) *Litigation*

There are currently a few matters in litigation with the District as a defendant. It is the opinion of management that the potential claims against the District not covered by insurance would not materially affect the financial statements.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

(15) JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOL

Metropolitan Educational Council (MEC) – The District is a participant in MEC. MEC is an association of public school districts within the boundaries of Franklin, Delaware, Union, Pickaway, Madison and Fairfield counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The governing board of MEC consists of one representative of each of the member districts. Financial information can be obtained from Denise Canfield, who serves as fiscal officer, at 2100 City Gate Drive, Columbus, Ohio 43219-3591.

The District participates in the Ohio School Board Association Worker’s Compensation Group Rating Program (the Program), an insurance purchasing pool. The Program’s business and affairs are conducted by a three member Board of Directors consisting of the President, President-Elect and immediate Past President of the OSBA. The Executive Director of OSBA, or his designee, serves as coordinator of the Program. Each year, the participating districts pay an enrollment fee to the Program to cover its administrative cost.

(16) STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...”. The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

(17) RISK MANAGEMENT

Dental insurance was offered to employees through a self-insurance internal service fund. Effective October 1, 2002, the District changed from a self-insured healthcare plan to a fully insured healthcare plan. Metropolitan Life was chosen as the District’s insurance carrier.

The following is a summary of activity for self-insurance claims liability for the years ended June 30, 2003, 2002 and 2001:

	2003	2002	2001
Claims liability at July 1	\$116,749	\$1,288,711	\$1,137,249
Incurred claims	246,669	1,348,828	7,771,597
Claims paid	(363,418)	(2,520,790)	(7,620,135)
Claims liability at June 30	\$0	\$116,749	\$1,288,711

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool (see Note 15). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participant's in the Program. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to districts that can meet the Program's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Program.

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracts with an insurance carrier for property insurance and general liability insurance. Professional liability is protected by a \$1,000,000 single occurrence limit, \$5,000,000 aggregate limit and no deductible. Vehicles are also covered and have no deductible for comprehensive and a \$1,000 deductible for collision. Automotive liability has a \$1,000,000 combined single limit of liability. Settlements have not exceeded coverage in any of the last three years, and there has been no reduction in coverage from the prior years.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding is required by the District.

The District provides life insurance and accidental death and dismemberment insurance to all employees in an amount related to the employee's position, ranging from \$30,000 to \$273,000.

(18) FUND DEFICITS

The Special Revenue Fund - Preschool Handicapped Grant had a deficit fund balance of \$1,305 at June 30, 2003. The deficit balance is a result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2003

(19) CONTRACTUAL COMMITMENTS

The District has entered into various contracts relating to the construction of the new high school and the renovations at the existing school buildings. At June 30, 2003 the District had remaining contractual commitments in the amount of \$15,304,636. The largest contracts are as follows:

<u>Contractor</u>	<u>Balance June 30, 2003</u>
Corna Kokosing Construction Company	\$1,433,218
Parthenon Group, LLC	1,285,261
Romanoff Electric of Columbus	1,116,986
Sauer Incorporated	897,099
Continental Office Environments	847,317
Dupont Flooring Systems	783,568
Gene's Refrigeration, Inc.	621,277
Kirk Williams Company	571,832
Grinell Fire Protection Systems	480,962
Columbus Micro Systems	468,642
Total	<u><u>\$8,506,162</u></u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Combining Statements and Individual Fund Schedules

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment.

Permanent Improvement Fund

A fund provided to account for transactions related to the acquiring, constructing or improving of permanent improvements and the purchase of textbooks and computers as are authorized by Section 5705, Ohio Revised Code.

Building Fund

A fund used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring and constructing capital facilities including real property.

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service Fund				
Total Revenue and Other Sources	\$ 10,514,646	\$ 10,850,646	\$ 10,824,657	\$ (25,989)
Total Expenditures and Other Uses	<u>\$ 13,015,573</u>	<u>\$ 13,046,573</u>	<u>\$ 13,046,573</u>	<u>\$ -</u>
Net Change in Fund Balance	(2,500,927)	(2,195,927)	(2,221,916)	(25,989)
Fund Balance, July 1	<u>6,968,076</u>	<u>6,968,076</u>	<u>6,968,076</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 4,467,149</u></u>	<u><u>\$ 4,772,149</u></u>	<u><u>\$ 4,746,160</u></u>	<u><u>\$ (25,989)</u></u>
Permanent Improvement Fund				
Total Revenue and Other Sources	\$ 4,518,010	\$ 4,656,633	\$ 4,629,542	\$ (27,091)
Total Expenditures and Other Uses	<u>\$ 5,792,644</u>	<u>\$ 6,327,298</u>	<u>\$ 6,217,749</u>	<u>\$ 109,549</u>
Net Change in Fund Balance	(1,274,634)	(1,670,665)	(1,588,207)	82,458
Fund Balance, July 1	1,323,485	1,323,485	1,323,485	-
Prior Year Encumbrances Appropriated	<u>1,110,564</u>	<u>1,110,564</u>	<u>1,110,564</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1,159,415</u></u>	<u><u>\$ 763,384</u></u>	<u><u>\$ 845,842</u></u>	<u><u>\$ 82,458</u></u>
Building Fund				
Total Revenue and Other Sources	\$ 2,000,000	\$ 1,250,000	\$ 1,175,472	\$ (74,528)
Total Expenditures and Other Uses	<u>\$ 65,671,575</u>	<u>\$ 66,686,470</u>	<u>\$ 65,929,722</u>	<u>\$ 756,748</u>
Net Change in Fund Balance	(63,671,575)	(65,436,470)	(64,754,250)	682,220
Fund Balance, July 1	24,709,501	24,709,501	24,709,501	-
Prior Year Encumbrances Appropriated	<u>45,389,538</u>	<u>45,389,538</u>	<u>45,389,538</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 6,427,464</u></u>	<u><u>\$ 4,662,569</u></u>	<u><u>\$ 5,344,789</u></u>	<u><u>\$ 682,220</u></u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Combining Statements and Individual Fund Schedules

Other Governmental Funds

Other Governmental Funds are established to account for revenues from specific sources, which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the District's Other Governmental Funds follows:

Public School Support – This fund is provided to account for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

Other Local – This fund is used to account for the proceeds of specific revenue sources except state and federal grants that are legally restricted to expenditures for specified purposes.

District Managed – This fund is provided to account for those student activity programs that have student participation in the activity, but do not have student management of the programs. This fund would usually include athletic programs but could also include band, cheerleaders, and other similar types of activities.

Auxiliary Services – This fund is provided to account for State of Ohio monies that provide services and materials to pupils attending non-public schools within the district.

Career Development – This fund is provided to account for monies received and expended in conjunction with the Vocational Education – Career Development projects funded by the State of Ohio, Department of Education, Division of Vocational Education.

Excellence in Education – This fund is provided to account for pupil competency assessment and instructional development in English Composition, Mathematics and Reading as required by the minimum standards for Ohio Schools.

Management Information System – This fund is provided to account for monies received from the State of Ohio for expenses associated with implementation of the requirements of the Educational Management Information System (EMIS).

School Building Incentive – This fund is used to account for monies received from the State of Ohio to provide incentive to individual school building teams for improving performance.

Data Communications – This fund is provided to account for monies received from the State of Ohio for expenses supporting the establishment, maintenance and upgrade of data communication links from the schools to the Metropolitan Educational Council, data acquisition site, and further to the Ohio Department of Education.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Combining Statements and Individual Fund Schedules

School Net Professional Development – This fund is used to account for monies received from the State of Ohio for expenses supporting the professional development of teaching staff with regard to technology issues.

Ohio Reads – This fund is used to account for monies received from the State of Ohio for the purpose of implementing community involvement with students in the elementary grades to supplement and enhance the reading proficiency of students.

Alternative Schools – A fund used to account for monies received from the State of Ohio for alternative educational programs for existing and new at-risk and delinquent youth.

Miscellaneous State – This fund is used to account for various monies received from the State of Ohio that are not classified elsewhere.

Title II – This fund is used to account for Federal monies received through the Ohio Department of Education for the purpose of strengthening instruction in science, mathematics, modern foreign languages, English, the arts and computer learning.

IDEA, Part B – This fund is provided to account for Federal monies which assist states in providing an appropriate public education to all children with disabilities.

Vocational Education: Carl D. Perkins – This fund is provided to account for Federal monies received for expenses relating to the development of secondary vocational educational programs.

Title III – This fund is used to account for Federal monies to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Transition Program for Refugee Children – This fund is used to account for Federal monies to provide educational services to meet educational needs of refugee children who are enrolled in public elementary and secondary schools.

Title I – This fund is used to account for Federal monies to provide Local educational agencies to meet the special needs of educationally deprived children.

Title V – This fund is provided to account for Federal monies which assist Local educational agencies in the reform of elementary and secondary education. Funds may be used for various materials, technology, and projects implementing school improvement and parental involvement activities.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Combining Statements and Individual Fund Schedules

Title IV – This fund is provided to account for Federal monies to offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco and drugs, involve parents, and are coordinated with Federal, State, and community efforts and resources.

IDEA Preschool Handicapped – This fund is used to account for Federal monies which addresses the improvement and expansion of services for handicapped children ages three through five.

Goals 2000 – This fund is used to account for Federal monies which support partnerships between school districts and colleges of education to improve teacher education and school instruction.

Title II-A – This fund is used to account for Federal monies to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal - This fund is used to account for various Federal monies that are not classified elsewhere.

Vocational Educational Equipment – This fund is provided to account for receipts and expenditures involved in the replacement or updating of equipment essential for the instruction of students in job skills.

School Net – This fund is used to account for wiring to all classrooms and to provide computers and related technology for every classroom.

Westerville City School District

Westerville, Ohio



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**Westerville City School District
Combining Balance Sheet
Other Governmental Funds
June 30, 2003**

	Special Revenue			
	Public School Support	Other Local	District Managed	Auxiliary Services
<u>ASSETS</u>				
Cash and investments	\$ 261,722	\$ 20,031	\$ 282,217	\$ 211,200
Receivables (net of allowances for uncollectibles)				
Intergovernmental	-	-	-	-
Total assets	\$ 261,722	\$ 20,031	\$ 282,217	\$ 211,200
<u>LIABILITIES</u>				
Accounts payable	6,793	1,435	48,415	13,606
Accrued wages and benefits	-	-	387	46,513
Interfund loan payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	6,793	1,435	48,802	60,119
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	7,017	2,416	1,556	148,599
Unreserved	247,912	16,180	231,859	2,482
Total fund balances	254,929	18,596	233,415	151,081
Total Liabilities and Fund Balances	\$ 261,722	\$ 20,031	\$ 282,217	\$ 211,200

Special Revenue

<u>Career Development</u>	<u>Excellence in Education</u>	<u>Management Information Systems</u>	<u>School Building Incentive</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>
\$ 7,627	\$ -	\$ 20,960	\$ 18,361	\$ 15,641	\$ -
-	-	-	-	-	-
<u>\$ 7,627</u>	<u>\$ -</u>	<u>\$ 20,960</u>	<u>\$ 18,361</u>	<u>\$ 15,641</u>	<u>\$ -</u>
562	-	850	2,152	7,218	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>562</u>	<u>-</u>	<u>850</u>	<u>2,152</u>	<u>7,218</u>	<u>-</u>
2,877	-	8,960	2,371	8,423	-
4,188	-	11,150	13,838	-	-
<u>7,065</u>	<u>-</u>	<u>20,110</u>	<u>16,209</u>	<u>8,423</u>	<u>-</u>
<u>\$ 7,627</u>	<u>\$ -</u>	<u>\$ 20,960</u>	<u>\$ 18,361</u>	<u>\$ 15,641</u>	<u>\$ -</u>

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2003**

	Special Revenue			
	Ohio Reads	Alternative Schools	Miscellaneous State	Title II
<u>ASSETS</u>				
Cash and investments	\$ 11,499	\$ 10,362	\$ 260	\$ -
Receivables (net of allowances for uncollectibles)				
Intergovernmental	-	80	-	-
Total assets	\$ 11,499	\$ 10,442	\$ 260	\$ -
<u>LIABILITIES</u>				
Accounts payable	7,078	90	-	-
Accrued wages and benefits	-	10,352	-	-
Interfund loan payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	7,078	10,442	-	-
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	3,042	16	260	-
Unreserved	1,379	(16)	-	-
Total fund balances	4,421	-	260	-
Total Liabilities and Fund Balances	\$ 11,499	\$ 10,442	\$ 260	\$ -

Special Revenue

IDEA - B	Vocational Education: Carl D. Perkins	Title III	Transition Program for Refugee Children	Title I	Title V
\$ 16,740	\$ 93,779	\$ 2,563	\$ 258	\$ 4,065	\$ 2,353
141,598	-	13,247	64	46,098	37,796
<u>\$ 158,338</u>	<u>\$ 93,779</u>	<u>\$ 15,810</u>	<u>\$ 322</u>	<u>\$ 50,163</u>	<u>\$ 40,149</u>
5,746	6,907	-	-	910	1,069
132,094	-	8,357	322	48,902	-
-	-	3,836	-	-	27,067
-	-	-	-	-	-
<u>137,840</u>	<u>6,907</u>	<u>12,193</u>	<u>322</u>	<u>49,812</u>	<u>28,136</u>
5,616	86,872	2,563	-	665	1,242
14,882	-	1,054	-	(314)	10,771
<u>20,498</u>	<u>86,872</u>	<u>3,617</u>	<u>-</u>	<u>351</u>	<u>12,013</u>
<u>\$ 158,338</u>	<u>\$ 93,779</u>	<u>\$ 15,810</u>	<u>\$ 322</u>	<u>\$ 50,163</u>	<u>\$ 40,149</u>

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2003**

	Special Revenue			
	Title IV	Preschool Handicapped	Goals 2000	Title II-A
<u>ASSETS</u>				
Cash and investments	\$ 1,238	\$ 829	\$ -	\$ 6,837
Receivables (net of allowances for uncollectibles)				
Intergovernmental	6,445	4,092	-	42,416
Total assets	\$ 7,683	\$ 4,921	\$ -	\$ 49,253
<u>LIABILITIES</u>				
Accounts payable	-	678	-	6,932
Accrued wages and benefits	5,712	3,456	-	39,287
Interfund loan payable	-	-	-	-
Deferred revenue	-	2,092	-	-
Total liabilities	5,712	6,226	-	46,219
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	848	-	-	(3,420)
Unreserved	1,123	(1,305)	-	6,454
Total fund balances	1,971	(1,305)	-	3,034
Total Liabilities and Fund Balances	\$ 7,683	\$ 4,921	\$ -	\$ 49,253

<u>Special Revenue</u>	<u>Capital Projects</u>		
<u>Miscellaneous Federal</u>	<u>Vocational Educational Equipment</u>	<u>School Net</u>	<u>Total Other Governmental Funds</u>
\$ 36,282	\$ -	\$ -	\$ 1,024,824
<u>20,075</u>	<u>-</u>	<u>-</u>	<u>311,911</u>
<u>\$ 56,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,336,735</u>
11,102	-	-	121,543
9,485	-	-	304,867
9,000	-	-	39,903
-	-	-	2,092
<u>29,587</u>	<u>-</u>	<u>-</u>	<u>468,405</u>
24,167	-	-	304,090
2,603	-	-	564,240
<u>26,770</u>	<u>-</u>	<u>-</u>	<u>868,330</u>
<u>\$ 56,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,336,735</u>

Westerville City School District
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds
For the Year Ended June 30, 2003

	Special Revenue			
	Public School Support	Other Local	District Managed	Auxiliary Services
<u>REVENUES</u>				
Extra-curricular	\$ 249,180	\$ -	\$ 691,764	\$ -
Investment income	-	-	-	4,964
Other local sources	-	79,255	-	-
Intergovernmental - State	-	-	-	596,753
Intergovernmental - Federal	-	-	-	-
Other revenue	75,743	-	85,192	-
Total revenues	<u>324,923</u>	<u>79,255</u>	<u>776,956</u>	<u>601,717</u>
<u>EXPENDITURES</u>				
Current:				
Instruction				
Regular	963	17,961	-	-
Special	-	57,578	-	-
Vocational	-	3,000	-	-
Support services				
Pupils	289,707	-	-	-
Staff	-	14,861	-	-
School administration	-	-	-	-
Fiscal administration	-	-	-	11,000
Business operations	-	-	-	-
Operation & maintenance	-	500	-	-
Student transportation	-	1,188	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	-	-	-	617,959
Extra-curricular	-	-	854,192	-
Total expenditures	<u>290,670</u>	<u>95,088</u>	<u>854,192</u>	<u>628,959</u>
Excess (deficiency) of revenues over (under) expenditures	34,253	(15,833)	(77,236)	(27,242)
Other financing sources:				
Operating transfers in	-	-	36,000	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>-</u>
Net change in fund balances	34,253	(15,833)	(41,236)	(27,242)
Fund balances, July 1	220,676	34,429	274,651	178,323
Fund balances, June 30	<u>\$ 254,929</u>	<u>\$ 18,596</u>	<u>\$ 233,415</u>	<u>\$ 151,081</u>

Special Revenue

Career Development	Excellence in Education	Management Information Systems	School Building Incentive	Data Communications	School Net Professional Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
15,000	-	51,045	-	70,000	10,500
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,000</u>	<u>-</u>	<u>51,045</u>	<u>-</u>	<u>70,000</u>	<u>10,500</u>
-	365	-	11,756	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,088	-	-	18,474	-	14,359
-	-	-	-	-	-
-	-	-	-	-	-
367	-	-	-	-	-
-	-	-	-	-	-
703	-	-	-	-	-
-	-	89,825	-	126,020	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,158</u>	<u>365</u>	<u>89,825</u>	<u>30,230</u>	<u>126,020</u>	<u>14,359</u>
842	(365)	(38,780)	(30,230)	(56,020)	(3,859)
-	-	-	-	-	-
-	-	-	-	-	-
842	(365)	(38,780)	(30,230)	(56,020)	(3,859)
6,223	365	58,890	46,439	64,443	3,859
<u>\$ 7,065</u>	<u>\$ -</u>	<u>\$ 20,110</u>	<u>\$ 16,209</u>	<u>\$ 8,423</u>	<u>\$ -</u>

(Continued)

Westerville City School District
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds, Continued
For the Year Ended June 30, 2003

	Special Revenue			
	Ohio Reads	Alternative Schools	Miscellaneous State	Title II
<u>REVENUES</u>				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	97,361	82,633	46,750	-
Intergovernmental - Federal	-	-	-	15,135
Other revenue	-	-	-	-
Total revenues	<u>97,361</u>	<u>82,633</u>	<u>46,750</u>	<u>15,135</u>
<u>EXPENDITURES</u>				
Current:				
Instruction				
Regular	43,456	108,686	10,536	-
Special	-	-	1	-
Vocational	-	-	-	-
Support services				
Pupils	-	18,608	90	-
Staff	47,740	909	89,122	15,336
School administration	2,500	-	-	-
Fiscal administration	-	-	-	-
Business operations	-	-	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	-	-	-
Central services	3,720	-	5,600	-
Food Services	2,923	-	-	-
Community services	(314)	-	11,770	533
Extra-curricular	-	-	-	-
Total expenditures	<u>100,025</u>	<u>128,203</u>	<u>117,119</u>	<u>15,869</u>
Excess (deficiency) of revenues over (under) expenditures	(2,664)	(45,570)	(70,369)	(734)
Other financing sources:				
Operating transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,664)	(45,570)	(70,369)	(734)
Fund balances, July 1	7,085	45,570	70,629	734
Fund balances, June 30	<u>\$ 4,421</u>	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ -</u>

Special Revenue

IDEA - B	Vocational Education: Carl D. Perkins	Title III	Transition Program for Refugee Children	Title I	Title VI
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,038,230	93,874	66,502	7,564	413,048	105,717
-	-	-	-	-	-
<u>1,038,230</u>	<u>93,874</u>	<u>66,502</u>	<u>7,564</u>	<u>413,048</u>	<u>105,717</u>
-	-	-	-	-	-
302,785	-	58,809	9,738	399,780	-
-	1,473	-	-	-	-
298,761	66,061	-	-	-	-
191,262	29,390	4,076	-	15,190	113,511
264,376	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,006	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(22)	-	-	-	1,000	11,058
-	-	-	-	-	-
<u>1,057,162</u>	<u>100,930</u>	<u>62,885</u>	<u>9,738</u>	<u>415,970</u>	<u>124,569</u>
(18,932)	(7,056)	3,617	(2,174)	(2,922)	(18,852)
-	-	-	-	-	-
-	-	-	-	-	-
(18,932)	(7,056)	3,617	(2,174)	(2,922)	(18,852)
39,430	93,928	-	2,174	3,273	30,865
<u>\$ 20,498</u>	<u>\$ 86,872</u>	<u>\$ 3,617</u>	<u>\$ -</u>	<u>\$ 351</u>	<u>\$ 12,013</u>

(Continued)

Westerville City School District
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds, Continued
For the Year Ended June 30, 2003

	Special Revenue			
	Title IV	Preschool Handicapped	Goals 2000	Title II-A
REVENUES				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	-	-	-	-
Intergovernmental - Federal	73,964	36,461	6,242	318,895
Other revenue	-	-	-	-
Total revenues	<u>73,964</u>	<u>36,461</u>	<u>6,242</u>	<u>318,895</u>
EXPENDITURES				
Current:				
Instruction				
Regular	2,689	-	-	221,916
Special	-	(34)	-	-
Vocational	-	-	-	-
Support services				
Pupils	46,167	18,422	-	-
Staff	30,994	-	17,241	117,250
School administration	-	19,743	-	-
Fiscal administration	-	-	-	-
Business operations	-	-	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	-	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	2,839	-	-	-
Extra-curricular	-	-	-	-
Total expenditures	<u>82,689</u>	<u>38,131</u>	<u>17,241</u>	<u>339,166</u>
Excess (deficiency) of revenues over (under) expenditures	(8,725)	(1,670)	(10,999)	(20,271)
Other financing sources:				
Operating transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,725)	(1,670)	(10,999)	(20,271)
Fund balances, July 1	10,696	365	10,999	23,305
Fund balances, June 30	<u>\$ 1,971</u>	<u>\$ (1,305)</u>	<u>\$ -</u>	<u>\$ 3,034</u>

<u>Special Revenue</u>	<u>Capital Projects</u>		
Miscellaneous Federal	Vocational Educational Equipment	School Net	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 940,944
-	-	-	4,964
-	-	-	79,255
-	6,547	206,280	1,182,869
252,260	-	-	2,427,892
-	-	-	160,935
<u>252,260</u>	<u>6,547</u>	<u>206,280</u>	<u>4,796,859</u>
43	-	206,280	624,651
38,618	-	-	867,275
-	6,547	-	11,020
-	-	-	737,816
140,679	-	-	873,482
46,011	-	-	332,630
-	-	-	11,000
226	-	-	593
-	-	-	500
-	-	-	5,897
-	-	-	225,165
-	-	-	2,923
4,978	-	-	649,801
-	-	-	854,192
<u>230,555</u>	<u>6,547</u>	<u>206,280</u>	<u>5,196,945</u>
21,705	-	-	(400,086)
-	-	-	36,000
-	-	-	36,000
21,705	-	-	(364,086)
5,065	-	-	1,232,416
<u>\$ 26,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868,330</u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

Other Governmental Funds:	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public School Support				
Total Revenue and Other Sources	\$ 400,000	\$ 330,000	\$ 324,922	\$ (5,078)
Total Expenditures and Other Uses	<u>\$ 443,111</u>	<u>\$ 408,111</u>	<u>\$ 313,027</u>	<u>\$ 95,084</u>
Net Change in Fund Balance	(43,111)	(78,111)	11,895	90,006
Fund Balance, July 1	197,907	197,907	197,907	-
Prior Year Encumbrances Appropriated	<u>38,111</u>	<u>38,111</u>	<u>38,111</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 192,907</u>	<u>\$ 157,907</u>	<u>\$ 247,913</u>	<u>\$ 90,006</u>
Other Local				
Total Revenue and Other Sources	\$ 60,000	\$ 108,016	\$ 95,135	\$ (12,881)
Total Expenditures and Other Uses	<u>\$ 72,114</u>	<u>\$ 136,137</u>	<u>\$ 122,954</u>	<u>\$ 13,183</u>
Net Change in Fund Balance	(12,114)	(28,121)	(27,819)	302
Fund Balance, July 1	31,887	31,887	31,887	-
Prior Year Encumbrances Appropriated	<u>12,114</u>	<u>12,114</u>	<u>12,114</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 31,887</u>	<u>\$ 15,880</u>	<u>\$ 16,182</u>	<u>\$ 302</u>
District Managed				
Total Revenue and Other Sources	\$ 1,020,000	\$ 897,000	\$ 812,956	\$ (84,044)
Total Expenditures and Other Uses	<u>\$ 1,189,040</u>	<u>\$ 1,168,989</u>	<u>\$ 877,672</u>	<u>\$ 291,317</u>
Net Change in Fund Balance	(169,040)	(271,989)	(64,716)	207,273
Fund Balance, July 1	242,956	242,956	242,956	-
Prior Year Encumbrances Appropriated	<u>54,007</u>	<u>54,007</u>	<u>54,007</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 127,923</u>	<u>\$ 24,974</u>	<u>\$ 232,247</u>	<u>\$ 207,273</u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Auxilliary Services				
Total Revenue and Other Sources	\$ 590,000	\$ 601,828	\$ 601,717	\$ (111)
Total Expenditures and Other Uses	<u>\$ 811,623</u>	<u>\$ 823,447</u>	<u>\$ 774,346</u>	<u>\$ 49,101</u>
Net Change in Fund Balance	(221,623)	(221,619)	(172,629)	48,990
Fund Balance, July 1	201,903	201,903	201,903	-
Prior Year Encumbrances Appropriated	<u>19,721</u>	<u>19,721</u>	<u>19,721</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 48,995</u></u>	<u><u>\$ 48,990</u></u>
Career Development				
Total Revenue and Other Sources	\$ 16,000	\$ 15,000	\$ 15,000	\$ -
Total Expenditures and Other Uses	<u>\$ 22,633</u>	<u>\$ 21,633</u>	<u>\$ 17,445</u>	<u>\$ 4,188</u>
Net Change in Fund Balance	(6,633)	(6,633)	(2,445)	4,188
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>6,633</u>	<u>6,633</u>	<u>6,633</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,188</u></u>	<u><u>\$ 4,188</u></u>
Vocational Educational Equipment				
Total Revenue and Other Sources	\$ -	\$ 6,547	\$ 6,547	\$ -
Total Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 6,547</u>	<u>\$ 6,547</u>	<u>\$ -</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Excellence in Education				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ -</u>
Net Change in Fund Balance	(531)	(531)	(531)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>531</u>	<u>531</u>	<u>531</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Management Information Systems				
Total Revenue and Other Sources	\$ 51,000	\$ 51,045	\$ 51,045	\$ -
Total Expenditures and Other Uses	<u>\$ 109,890</u>	<u>\$ 109,936</u>	<u>\$ 98,785</u>	<u>\$ 11,151</u>
Net Change in Fund Balance	(58,890)	(58,891)	(47,740)	11,151
Fund Balance, July 1	53,591	53,591	53,591	-
Prior Year Encumbrances Appropriated	<u>5,300</u>	<u>5,300</u>	<u>5,300</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,151</u></u>	<u><u>\$ 11,151</u></u>
School Building Incentive				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 47,007</u>	<u>\$ 47,008</u>	<u>\$ 33,170</u>	<u>\$ 13,838</u>
Net Change in Fund Balance	(47,007)	(47,008)	(33,170)	13,838
Fund Balance, July 1	35,868	35,868	35,868	-
Prior Year Encumbrances Appropriated	<u>11,140</u>	<u>11,140</u>	<u>11,140</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,838</u></u>	<u><u>\$ 13,838</u></u>

**Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SchoolNet				
Total Revenue and Other Sources	\$ 206,280	\$ 206,280	\$ 206,280	\$ -
Total Expenditures and Other Uses	<u>\$ 153,375</u>	<u>\$ 206,280</u>	<u>\$ 206,280</u>	<u>\$ -</u>
Net Change in Fund Balance	52,905	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 52,905</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Data Communications				
Total Revenue and Other Sources	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total Expenditures and Other Uses	<u>\$ 134,443</u>	<u>\$ 134,443</u>	<u>\$ 134,443</u>	<u>\$ -</u>
Net Change in Fund Balance	(64,443)	(64,443)	(64,443)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>64,443</u>	<u>64,443</u>	<u>64,443</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School Net Professional Development				
Total Revenue and Other Sources	\$ 7,000	\$ 10,500	\$ 10,500	\$ -
Total Expenditures and Other Uses	<u>\$ 10,859</u>	<u>\$ 14,359</u>	<u>\$ 14,359</u>	<u>\$ -</u>
Net Change in Fund Balance	(3,859)	(3,859)	(3,859)	-
Fund Balance, July 1	3,450	3,450	3,450	-
Prior Year Encumbrances Appropriated	<u>409</u>	<u>409</u>	<u>409</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Ohio Reads				
Total Revenue and Other Sources	\$ 94,000	\$ 97,362	\$ 97,362	\$ -
Total Expenditures and Other Uses	<u>\$ 104,774</u>	<u>\$ 108,136</u>	<u>\$ 106,757</u>	<u>\$ 1,379</u>
Net Change in Fund Balance	(10,774)	(10,774)	(9,395)	1,379
Fund Balance, July 1	2,289	2,289	2,289	-
Prior Year Encumbrances Appropriated	<u>8,485</u>	<u>8,485</u>	<u>8,485</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,379</u></u>	<u><u>\$ 1,379</u></u>
Summer Intervention				
Total Revenue and Other Sources	\$ 54,000	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 54,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Alternative Schools				
Total Revenue and Other Sources	\$ 93,189	\$ 82,553	\$ 82,553	\$ -
Total Expenditures and Other Uses	<u>\$ 178,581</u>	<u>\$ 167,945</u>	<u>\$ 157,689</u>	<u>\$ 10,256</u>
Net Change in Fund Balance	(85,392)	(85,392)	(75,136)	10,256
Fund Balance, July 1	17,970	17,970	17,970	-
Prior Year Encumbrances Appropriated	<u>67,422</u>	<u>67,422</u>	<u>67,422</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,256</u></u>	<u><u>\$ 10,256</u></u>

**Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous State				
Total Revenue and Other Sources	\$ 120,811	\$ 56,752	\$ 51,752	\$ (5,000)
Total Expenditures and Other Uses	<u>\$ 189,435</u>	<u>\$ 125,376</u>	<u>\$ 125,376</u>	<u>\$ -</u>
Net Change in Fund Balance	(68,624)	(68,624)	(73,624)	(5,000)
Fund Balance, July 1	5,311	5,311	5,311	-
Prior Year Encumbrances Appropriated	<u>68,313</u>	<u>68,313</u>	<u>68,313</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 5,000</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,000)</u></u>
Title II				
Total Revenue and Other Sources	\$ 15,135	\$ 15,135	\$ 15,135	\$ -
Total Expenditures and Other Uses	<u>\$ 24,980</u>	<u>\$ 24,981</u>	<u>\$ 24,981</u>	<u>\$ -</u>
Net Change in Fund Balance	(9,845)	(9,846)	(9,846)	-
Fund Balance, July 1	4,878	4,878	4,878	-
Prior Year Encumbrances Appropriated	<u>4,968</u>	<u>4,968</u>	<u>4,968</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
IDEA-B				
Total Revenue and Other Sources	\$ 597,364	\$ 1,165,726	\$ 1,024,128	\$ (141,598)
Total Expenditures and Other Uses	<u>\$ 608,931</u>	<u>\$ 1,177,293</u>	<u>\$ 1,030,319</u>	<u>\$ 146,974</u>
Net Change in Fund Balance	(11,567)	(11,567)	(6,191)	5,376
Fund Balance, July 1	557	557	557	-
Prior Year Encumbrances Appropriated	<u>11,010</u>	<u>11,010</u>	<u>11,010</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,376</u></u>	<u><u>\$ 5,376</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Vocational Education: Carl D. Perkins				
Total Revenue and Other Sources	\$ 94,000	\$ 93,874	\$ 93,874	\$ -
Total Expenditures and Other Uses	<u>\$ 190,114</u>	<u>\$ 189,988</u>	<u>\$ 189,988</u>	<u>\$ -</u>
Net Change in Fund Balance	(96,114)	(96,114)	(96,114)	-
Fund Balance, July 1	957	957	957	-
Prior Year Encumbrances Appropriated	<u>95,157</u>	<u>95,157</u>	<u>95,157</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Title III				
Total Revenue and Other Sources	\$ 66,502	\$ 66,502	\$ 57,091	\$ (9,411)
Total Expenditures and Other Uses	<u>\$ 66,502</u>	<u>\$ 66,502</u>	<u>\$ 57,091</u>	<u>\$ 9,411</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Transition Program for Refugee Children				
Total Revenue and Other Sources	\$ 6,750	\$ 7,500	\$ 7,500	\$ -
Total Expenditures and Other Uses	<u>\$ 8,923</u>	<u>\$ 9,674</u>	<u>\$ 9,416</u>	<u>\$ 258</u>
Net Change in Fund Balance	(2,173)	(2,174)	(1,916)	258
Fund Balance, July 1	793	793	793	-
Prior Year Encumbrances Appropriated	<u>1,381</u>	<u>1,381</u>	<u>1,381</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 258</u></u>	<u><u>\$ 258</u></u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Title I				
Total Revenue and Other Sources	\$ 421,926	\$ 416,903	\$ 366,950	\$ (49,953)
Total Expenditures and Other Uses	<u>\$ 469,292</u>	<u>\$ 464,270</u>	<u>\$ 411,827</u>	<u>\$ 52,443</u>
Net Change in Fund Balance	(47,366)	(47,367)	(44,877)	2,490
Fund Balance, July 1	47,367	47,367	47,367	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,490</u></u>	<u><u>\$ 2,490</u></u>
Title V				
Total Revenue and Other Sources	\$ 113,236	\$ 113,192	\$ 94,988	\$ (18,204)
Total Expenditures and Other Uses	<u>\$ 157,569</u>	<u>\$ 157,525</u>	<u>\$ 139,279</u>	<u>\$ 18,246</u>
Net Change in Fund Balance	(44,333)	(44,333)	(44,291)	42
Fund Balance, July 1	24,402	24,402	24,402	-
Prior Year Encumbrances Appropriated	<u>19,931</u>	<u>19,931</u>	<u>19,931</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 42</u></u>	<u><u>\$ 42</u></u>
Title IV				
Total Revenue and Other Sources	\$ 74,988	\$ 77,853	\$ 67,519	\$ (10,334)
Total Expenditures and Other Uses	<u>\$ 87,203</u>	<u>\$ 90,068</u>	<u>\$ 79,346</u>	<u>\$ 10,722</u>
Net Change in Fund Balance	(12,215)	(12,215)	(11,827)	388
Fund Balance, July 1	9,634	9,634	9,634	-
Prior Year Encumbrances Appropriated	<u>2,581</u>	<u>2,581</u>	<u>2,581</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 388</u></u>	<u><u>\$ 388</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Preschool Handicapped				
Total Revenue and Other Sources	\$ 33,983	\$ 38,554	\$ 34,461	\$ (4,093)
Total Expenditures and Other Uses	<u>\$ 35,861</u>	<u>\$ 40,432</u>	<u>\$ 36,191</u>	<u>\$ 4,241</u>
Net Change in Fund Balance	(1,878)	(1,878)	(1,730)	148
Fund Balance, July 1	769	769	769	-
Prior Year Encumbrances Appropriated	<u>1,110</u>	<u>1,110</u>	<u>1,110</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 149</u></u>	<u><u>\$ 148</u></u>
Goals 2000				
Total Revenue and Other Sources	\$ 6,242	\$ 6,242	\$ 6,242	\$ -
Total Expenditures and Other Uses	<u>\$ 17,242</u>	<u>\$ 17,242</u>	<u>\$ 17,242</u>	<u>\$ -</u>
Net Change in Fund Balance	(11,000)	(11,000)	(11,000)	-
Fund Balance, July 1	11,000	11,000	11,000	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Title II-A				
Total Revenue and Other Sources	\$ 341,746	\$ 338,321	\$ 276,479	\$ (61,842)
Total Expenditures and Other Uses	<u>\$ 381,752</u>	<u>\$ 378,296</u>	<u>\$ 313,161</u>	<u>\$ 65,135</u>
Net Change in Fund Balance	(40,006)	(39,975)	(36,682)	3,293
Fund Balance, July 1	37,533	37,533	37,533	-
Prior Year Encumbrances Appropriated	<u>2,474</u>	<u>2,474</u>	<u>2,474</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1</u></u>	<u><u>\$ 32</u></u>	<u><u>\$ 3,325</u></u>	<u><u>\$ 3,293</u></u>

**Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2003**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous Federal				
Total Revenue and Other Sources	\$ 25,000	\$ 1,038,902	\$ 241,185	\$ (797,717)
Total Expenditures and Other Uses	\$ 30,065	\$ 1,043,967	\$ 245,236	\$ 798,731
Net Change in Fund Balance	(5,065)	(5,065)	(4,051)	1,014
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	5,065	5,065	5,065	-
Fund Balance, June 30	\$ -	\$ -	\$ 1,014	\$ 1,014

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Combining Statements and Individual Fund Schedules

Enterprise Funds

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods and services to the students on a continuing basis are financed or recovered primarily through user charges. A description of the District's Enterprise Funds follows:

Food Service – This fund is provided to account for financial transactions related to the district managed food service operation.

Uniform School Supplies – This fund is used to account for the purchase and sale of school supplies as adopted by the board of education for use in the schools of the district.

**Westerville City School District
Combining Statement of Net Assets
Enterprise Funds
As of June 30, 2003**

	Food Service	Uniform School Supplies	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 703,741	\$ 28,396	\$ 732,137
Receivables:			
Accounts	1,457	5,349	6,806
Materials & supplies inventory	24,739	-	24,739
Total current assets	<u>729,937</u>	<u>33,745</u>	<u>763,682</u>
Non-current assets:			
Capital assets, net	302,026	-	302,026
Total assets	<u>1,031,963</u>	<u>33,745</u>	<u>1,065,708</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	7,101	3,717	10,818
Accrued wages and benefits	99,444	-	99,444
Compensated absences payable	2,641		2,641
Due to:			
Other governments	157,881	-	157,881
Total current liabilities	<u>267,067</u>	<u>3,717</u>	<u>270,784</u>
Non-current liabilities:			
Compensated absences payable	184,168	-	184,168
Total liabilities	<u>451,235</u>	<u>3,717</u>	<u>454,952</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	302,026	-	302,026
Unrestricted	278,702	30,028	308,730
Total net assets	<u>580,728</u>	<u>30,028</u>	<u>610,756</u>

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

Westerville City School District
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Enterprise Funds
For the Fiscal Year ended June 30, 2003

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Food service sales	\$ 2,706,187	\$ -	\$ 2,706,187
Class material fees	-	221,005	221,005
Other	7,390	-	7,390
Total operating revenues	<u>2,713,577</u>	<u>221,005</u>	<u>2,934,582</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	1,737,930	-	1,737,930
Purchased services	17,692	-	17,692
Materials and supplies	1,492,108	220,139	1,712,247
Depreciation	50,376	-	50,376
Other	18,712	-	18,712
Total operating expenses	<u>3,316,818</u>	<u>220,139</u>	<u>3,536,957</u>
Operating income (loss)	(603,241)	866	(602,375)
<u>NON-OPERATING REVENUES</u>			
Grants:			
State sources	17,735	-	17,735
Federal sources	524,352	-	524,352
Investment income	11,703	-	11,703
Total non-operating revenues	<u>553,790</u>	<u>-</u>	<u>553,790</u>
Change in net assets	(49,451)	866	(48,585)
Net assets at beginning of year	<u>630,179</u>	<u>29,162</u>	<u>659,341</u>
Net assets at end of year	<u>\$ 580,728</u>	<u>\$ 30,028</u>	<u>\$ 610,756</u>

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

Westerville City School District
Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2003

	Food Service	Uniform School Supplies	Total
Cash flows from operating activities:			
Cash received from customers	\$ 2,706,187	\$ 215,675	\$ 2,921,862
Cash payments for wages and benefits	(1,676,027)	-	(1,676,027)
Cash payments for purchase services	(17,692)	-	(17,692)
Cash payments for materials and supplies	(1,418,837)	(218,081)	(1,636,918)
Cash received for other revenues	5,933	-	5,933
Cash payments for other expenses	(18,712)	-	(18,712)
Net cash used for operating activities	(419,148)	(2,406)	(421,554)
Cash flows from noncapital financing activities:			
Cash flows from operating grants	528,072	-	528,072
Cash flows from capital financing activities:			
Purchase of capital assets	(72,451)	-	(72,451)
Cash flows from investing activities:			
Investment income	11,703	-	11,703
Net increase (decrease) in cash and investments	48,176	(2,406)	45,770
Cash and investments at beginning of year	655,565	30,802	686,367
Cash and investments at end of year	\$ 703,741	\$ 28,396	\$ 732,137
Reconciliation of operating income (loss) to net cash used for operating activities			
Operating income (loss)	\$ (603,241)	\$ 866	\$ (602,375)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:			
Depreciation	50,376	-	50,376
Donated commodities	76,143	-	76,143
Changes in assets and liabilities:			
Increase in accounts receivables	(1,457)	(5,330)	(6,787)
Increase in inventory	(1,169)	-	(1,169)
Increase in accounts payables	6,913	2,058	8,971
Increase in accrued wages and benefits	2,877	-	2,877
Increase in due to retirement system	24,026	-	24,026
Decrease in due to other funds	(3,310)	-	(3,310)
Decrease in deferred revenue	(1,703)	-	(1,703)
Increase in compensated absences payable	31,397	-	31,397
Net cash used for operating activities	\$ (419,148)	\$ (2,406)	\$ (421,554)

The District received \$76,143 in donated commodities.

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Combining Statements and Individual Fund Schedules

Internal Service Funds

Internal Service Funds are established to account for the financing of goods or services provided by one department or agency of the District to other departments or agencies on a cost reimbursement basis. Charges are intended only to recoup the total cost of such services. A description of the District's Internal Service Funds follows:

Self Insurance – A fund provided to account for monies received from other funds as payment for providing medical and dental employee benefits. The District's self-funded health and dental plans are currently inactive as indicated in Note 17 to the financial statements. The District's self-funded dental plan comprised all of the activity in this fund. The Self Insurance Fund may make payments for services provided to employees, for reimbursement to employees who have paid providers, to third party administrators for claim payment administration, for stop-loss coverage, or any other reinsurance or similar purposes.

Print Shop – This fund is used to account for the monies received for printing and duplicating services provided by the Print Shop to all District departments and various community organizations.

**Westerville City School District
Combining Statement of Net Assets
Internal Service Funds
As of June 30, 2003**

	<u>Self Insurance</u>	<u>Print Shop</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 806,796	\$ 77,846	\$ 884,642
Receivables:			
Accounts	-	-	-
Interfund	-	-	-
Total assets	<u>806,796</u>	<u>77,846</u>	<u>884,642</u>
<u>LIABILITIES</u>			
Accounts payable	-	2,148	2,148
Claims payable	-	-	-
Accrued wages and benefits	-	9,186	9,186
Total liabilities	<u>-</u>	<u>11,334</u>	<u>11,334</u>
<u>NET ASSETS</u>			
Unrestricted	806,796	66,512	873,308
Total net assets	<u>\$ 806,796</u>	<u>\$ 66,512</u>	<u>\$ 873,308</u>

Westerville City School District
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year ended June 30, 2003

	Self Insurance	Print Shop	Total
	<u> </u>	<u> </u>	<u> </u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 181,043	\$ 232,458	\$ 413,501
Total operating revenues	<u>181,043</u>	<u>232,458</u>	<u>413,501</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	-	40,697	40,697
Claims	246,669	-	246,669
Purchased services	25,760	-	25,760
Materials and supplies	-	142,978	142,978
Total operating expenses	<u>272,429</u>	<u>183,675</u>	<u>456,104</u>
Operating income	(91,386)	48,783	(42,603)
<u>NON-OPERATING REVENUES</u>			
Investment income	11,872	-	11,872
Total non-operating revenues	<u>11,872</u>	<u>-</u>	<u>11,872</u>
Change in net assets	(79,514)	48,783	(30,731)
Net assets at beginning of year	<u>886,310</u>	<u>17,729</u>	<u>904,039</u>
Net assets at end of year	<u>\$ 806,796</u>	<u>\$ 66,512</u>	<u>\$ 873,308</u>

Westerville City School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003

	Governmental Activities - Internal Service		
	Self Insurance	Print Shop	Total
Cash flows from operating activities:			
Cash received from quasi-external transactions with other funds	\$ 298,650	\$ 232,458	\$ 531,108
Cash payments for wages and benefits	-	(31,511)	(31,511)
Cash payments for purchased services	(25,760)	(16,012)	(41,772)
Cash payments for materials and supplies	-	(140,830)	(140,830)
Cash payments for claims	(363,418)	-	(363,418)
Net cash provided by (used for) operating activities	(90,528)	44,105	(46,423)
Cash flows from investing activities:			
Investment income	11,872	-	11,872
Net increase in cash and investments	(78,656)	44,105	(34,551)
Cash and investments at beginning of year	885,452	33,741	919,193
Cash and investments at end of year	\$ 806,796	\$ 77,846	\$ 884,642
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income	\$ (91,386)	\$ 48,783	\$ (42,603)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Changes in assets and liabilities:			
Decrease in accounts receivables	6,407	-	6,407
Decrease in interfund receivables	111,200	-	111,200
Decrease in claims payable	(116,749)	-	(116,749)
Decrease in accounts payable	-	(13,864)	(13,864)
Increase in accrued wages and benefits	-	9,186	9,186
Net cash provided by (used for) operating activities	\$ (90,528)	\$ 44,105	\$ (46,423)

Westerville City School District

Westerville, Ohio



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Statistical Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio

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Westerville City School District
 Summary of Revenues and Other Financing Sources by Function - General Fund
 Last Ten Fiscal Years

	GAAP 2003	GAAP 2002	GAAP 2001	GAAP 2000	GAAP 1999	GAAP 1998	GAAP 1997	GAAP 1996	GAAP 1995	1994
Revenue from Local Sources										
Taxes	\$55,708,798	\$57,252,372	\$56,314,654	\$48,850,953	\$49,348,341	\$46,826,813	\$44,306,877	\$42,322,552	\$42,374,398	\$41,366,048
Tuition	488,196	399,296	446,027	261,034	953,350	244,153	298,588	343,051	305,744	237,238
Investment Income	817,650	1,895,534	2,718,706	2,041,455	1,815,540	1,736,322	1,556,489	1,424,198	1,183,926	580,677
Other-Local	308,959	276,606	332,157	319,699	311,981	314,277	274,292	265,350	285,170	244,409
Total Local Sources	57,323,603	59,823,808	59,811,544	51,473,141	52,429,212	49,121,565	46,436,246	44,355,151	44,149,238	42,428,372
Revenue from State Sources	39,661,882	39,304,136	34,232,002	30,319,189	28,762,235	25,561,834	23,966,187	23,562,323	23,140,034	22,790,041
Other Revenue	648,613	607,170	647,341	270,435	601,368	1,463,364	516,290	331,516	293,942	464,023
Other Financing Sources	0	15,930	1,083	21,990	3,117	5,183	6,131	7,525	47,400	49,245
Total Revenue and Other Sources	\$97,634,098	\$99,751,044	\$94,691,970	\$82,084,755	\$81,795,932	\$76,151,946	\$70,924,854	\$68,256,515	\$67,630,614	\$65,731,681

Source: School District Financial Records

1. Fiscal Years 1994 and prior reflect cash basis reporting

Westerville City School District
 Summary of Expenditures and Other Financing Uses by Function - General Fund
 Last Ten Fiscal Years

	GAAP 2003	GAAP 2002	GAAP 2001	GAAP 2000	GAAP 1999	GAAP 1998	GAAP 1997	GAAP 1996	GAAP 1995	GAAP 1994
Instructional										
Regular	\$51,147,821	\$49,980,173	\$46,931,935	\$44,774,188	\$41,676,294	\$38,669,610	\$36,376,275	\$36,643,033	\$34,600,905	\$32,570,772
Special	9,033,986	8,220,514	7,963,934	6,652,700	6,620,327	6,195,856	5,628,863	4,969,439	4,384,288	3,665,751
Vocational	2,381,696	2,121,867	1,833,039	2,158,270	1,970,865	1,613,923	1,548,789	1,404,185	1,487,761	1,301,560
Continuing	0	0	980	5,263	0	0	0	0	0	0
Other	1,607,521	1,166,761	945,198	755,637	780,973	436,572	628,321	548,445	455,996	835,242
Total Instructional	64,171,024	61,489,315	57,675,086	54,346,058	51,048,459	46,915,961	44,182,248	43,565,102	40,928,950	38,373,325
Support Services										
Pupils	5,711,137	5,074,365	3,762,584	3,242,433	3,164,378	2,892,537	2,721,595	2,620,691	2,460,261	2,190,020
Staff	3,897,952	3,441,851	2,609,462	2,351,645	2,171,074	2,202,704	2,055,924	1,904,624	1,954,087	1,752,339
General Administration	1,397,792	1,265,245	1,363,605	1,124,098	1,073,368	977,129	894,104	748,470	842,014	803,634
School Administration	8,331,068	7,291,007	6,348,192	6,126,073	5,568,432	5,143,305	4,989,448	4,704,977	4,604,374	4,314,044
Fiscal Administration	1,551,145	1,519,966	1,461,293	1,420,786	1,605,774	1,613,802	1,060,193	1,257,461	1,263,165	1,114,718
Business Operations	1,051,248	858,308	1,195,663	1,267,824	939,369	653,908	593,635	569,561	601,332	577,536
Operation & Maintenance	10,257,780	9,391,638	8,982,448	8,513,216	7,261,246	7,347,123	6,809,742	6,342,189	6,321,137	6,153,478
Student Transportation	4,988,906	4,898,506	4,613,886	4,188,079	3,625,695	3,647,685	3,349,120	3,182,275	3,196,747	2,732,257
Central Services	1,522,684	1,448,554	1,139,931	1,145,607	1,081,927	928,098	811,125	536,304	534,283	475,836
Food Services	0	0	0	0	0	300	140	130	125	265
Community Services	0	0	316	1,731	0	3,374	15,487	14,113	21,573	237
Extra-curricular Academic	1,137,547	1,089,081	62,066	62,557	53,778	56,172	74,387	52,712	55,011	49,124
Extra-curricular Sport	0	0	674,988	636,221	594,094	524,202	444,606	454,456	410,254	392,829
Extra-curricular Civic	0	0	263,028	244,278	186,417	153,793	120,654	124,001	134,509	136,461
Total Support Services	39,847,259	36,278,521	32,477,462	30,324,548	27,325,552	26,144,132	23,940,160	22,511,964	22,398,872	20,692,778
Total Capital Outlay	6,159	17,700	198,020	296,835	210,517	82,671	30,972	23,820	59,130	12,658
Other Financing Uses	36,000	36,000	36,000	36,000	0	0	0	0	0	12,800
Total Expenditures and Other Uses	\$104,060,442	\$97,821,536	\$90,386,568	\$85,003,441	\$78,584,528	\$73,142,764	\$68,153,380	\$66,100,886	\$63,386,952	\$59,091,561

Source: School District Financial Records

1. Fiscal Years 1994 and prior reflect cash basis reporting
2. Prior to 1995, all capital outlay expenditures are reported as functional expenditures.

Westerville City School District
 Property Tax Levies and Collections - Real, Public Utility
 Tax and Tangible Personal Property
 Last Ten Calendar Years

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection (1)	Percent of Current Levy Collected	Delinquent Collection (2)	Total Collection	Total Collection As a Percent of Total Levy	Delinquent Taxes Receivable
2002/03	\$55,118,475	\$3,580,141	\$58,698,616	\$53,913,651	97.81%	\$1,927,176	\$55,840,827	95.13%	\$3,168,633
2001/02	\$55,511,182	\$3,051,334	\$58,562,516	\$53,514,087	96.40%	\$1,541,579	\$55,055,666	94.01%	\$3,544,953
2000/01	54,652,124	2,669,250	\$57,321,374	54,107,821	99.00%	1,532,826	55,640,647	97.07%	2,859,562
1999/00	49,423,043	2,410,391	\$51,833,434	48,087,673	97.30%	1,257,745	49,345,518	95.20%	1,986,166
1998/97	47,835,965	1,859,890	\$49,695,855	47,058,116	98.37%	1,148,512	48,206,628	97.00%	2,304,262
1997/98	47,075,734	2,057,961	\$49,133,695	46,517,483	98.81%	1,112,038	47,629,521	96.94%	2,094,690
1996/97	46,869,527	2,135,599	\$49,005,126	46,274,770	98.73%	1,278,792	47,553,562	97.04%	1,943,734
1995/96	45,127,604	1,618,771	\$46,746,375	44,308,178	98.18%	943,339	45,251,517	96.80%	2,023,468
1994/95	44,080,636	1,823,643	\$45,904,279	43,590,147	98.89%	1,219,297	44,809,444	97.61%	1,547,195
1993/94	43,930,457	2,289,297	\$46,219,754	43,249,348	98.45%	1,483,036	44,732,384	96.78%	1,735,346

Source: Franklin County Auditor - Data is presented on a Calendar Year basis because that is the manner in which the information is maintained by the County Auditor

(1) Includes Homestead/Rollback on real estate and reimbursement on personal property taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenues.

(2) Delinquent only pertains to real estate tax as personal property information is unavailable.

Westerville City School District
 Assessed Valuation and Estimated Actual Value of Taxable Property
 Last Ten Collection Years

Collection Year	Real Property (a)		Personal Property (b)		Public Utility		Total	
	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value
2003	\$1,961,931,150	\$5,605,517,571	\$112,285,098	\$449,140,312	\$56,031,920	\$160,091,200	\$2,130,248,148	\$6,214,749,083
2002	\$1,708,441,740	\$4,881,262,114	\$115,766,508	\$463,066,032	\$54,993,020	\$157,122,914	\$1,879,201,268	\$5,501,451,060
2001	1,624,735,960	4,642,102,743	117,792,551	471,170,204	64,511,420	184,318,343	1,807,039,931	5,297,591,290
2000	1,545,832,520	4,416,664,543	102,497,145	409,988,580	62,846,340	179,560,971	1,711,176,005	5,006,214,094
1999	1,338,755,350	3,825,015,286	94,171,271	376,685,084	61,625,950	176,074,143	1,494,552,571	4,377,774,513
1998	1,279,877,850	3,656,793,857	101,499,833	405,999,332	56,786,680	162,247,657	1,438,164,363	4,225,040,846
1997	1,229,777,160	3,513,649,029	91,171,898	364,687,592	62,159,260	177,597,386	1,383,108,318	4,055,934,007
1996	1,105,516,450	3,158,618,429	92,541,609	370,166,436	60,442,330	172,692,371	1,258,500,389	3,701,477,236
1995	1,052,236,780	3,006,390,800	92,849,278	371,397,112	61,322,780	175,207,943	1,206,408,838	3,552,995,855
1994	1,018,082,590	2,908,807,400	90,742,261	362,969,044	54,961,750	157,033,571	1,163,786,601	3,428,810,015

Source: Franklin County Auditor

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the rules of the State Tax Commissioner.

(b) The rate at which tangible personal property used in business is assessed for purposes of ad valorem property taxation decreased one percent each year from 35% in 1983 until it reached 25% in 1993.

Assumes public utilities are assessed at true value which is 35%.

Westerville City School District
Property Tax Rates Direct and Overlapping Governments
Last Ten Collection Years
(per \$1,000 of Assessed Valuation)

Tax Year/ Collection Year	Westerville City School District										Westerville					
	Franklin County	Delaware County	City of Westerville	City of Columbus	Voted		Permanent Improvement		Unvoted	Total	Blendon Township	Genoa Township	Plain Township	Sharon Township	Minerva Park Corp.	Westerville Corp. (Genoa)
					Gen. Fd.	Bond	Improvement	Improvement								
2002/2003 Res/Agr Comm/Ind	17.64 13.31 14.97	5.61 4.87 4.76	17.85 11.60 12.45	3.14 3.14 3.14	51.30 24.18 23.77	5.40 5.40 5.40	2.70 2.07 2.23	3.80 3.80 3.80	63.20 35.45 35.20	25.40 14.45 16.56	12.80 10.63 11.05	13.43 8.52 7.20	23.50 17.27 19.32	16.13 12.72 14.19	17.85 11.60 12.45	
2001/2002	17.64	5.61	14.50	3.14	51.30	5.60	2.70	3.80	63.40	22.00	12.80	13.52	19.00	16.32	14.50	
2000/2001	17.64	5.92	14.54	3.14	51.30	5.70	2.70	3.80	63.50	22.16	12.80	13.58	19.08	16.32	14.54	
1999/2000	17.64	6.72	14.57	3.14	51.30	1.86	2.70	3.80	59.66	22.41	10.80	10.72	19.10	12.32	14.57	
1998/1999	17.54	6.12	14.65	3.14	51.30	3.35	2.70	3.80	61.15	22.43	11.20	9.34	13.10	16.31	14.65	
1997/1998	15.22	6.12	14.69	3.14	51.30	3.52	2.70	3.80	61.32	22.60	11.20	9.42	13.10	15.10	14.69	
1996/1997	15.12	6.12	14.72	3.14	51.30	3.51	2.70	3.80	61.31	21.45	11.20	9.21	13.10	10.10	14.72	
1995/1996	14.82	7.12	14.44	3.14	51.30	3.23	2.70	3.80	61.03	19.00	10.70	9.16	13.10	10.10	14.44	
1994/1995	14.57	7.12	12.38	3.14	51.30	3.02	2.70	3.80	60.82	19.00	10.70	8.20	8.10	10.10	12.38	
1993/1994	14.57	6.62	12.45	3.14	51.30	3.35	2.70	3.80	61.15	16.50	10.70	8.20	8.10	10.10	12.45	

Source: Franklin County Auditor - Data is presented on a Collection Year basis because that is the manner in which the information is maintained by the County Auditor

the current collection year only reflect "effective" millage. All other figures reflect voted millage.

Westerville City School District
 Percent of Net General Obligation Bonded Debt to
 Assessed Value and Bonded Debt Per Capita
 Last Ten Years

Year	(a) MORPC Population *	(b) Membership	(c) Assessed Value	(d) Gross Bonded Debt	(e) Less Debt Service	Net Bonded Debt	% of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita	Net Bonded Debt Per ADM
2003	76,680	14,043	\$2,130,248,148	\$133,155,446	\$5,490,715	\$127,664,731	0.0599	\$1,665	\$9,091
2002	69,939	13,834	1,879,201,268	138,949,070	7,720,099	131,228,971	0.0698	1,876	9,486
*2001	68,805	13,706	1,807,059,931	140,174,487	7,144,043	133,030,444	0.0736	1,933	9,706
2000	80,761	13,609	1,711,176,005	43,049,855	4,350,532	38,699,323	0.0226	479	2,844
1999	75,273	13,390	1,494,552,571	45,554,855	5,011,856	40,542,999	0.0271	539	3,028
1998	75,021	13,225	1,438,164,363	47,969,855	1,553,479	46,416,376	0.0323	619	3,510
1997	74,013	13,059	1,383,108,318	50,049,855	1,583,593	48,466,262	0.0350	655	3,711
1996	72,647	12,791	1,258,500,389	32,239,981	1,659,867	30,580,114	0.0243	421	2,391
1995	72,058	12,756	1,206,408,838	26,850,000	2,125,824	24,724,176	0.0205	343	1,938
1994	N/A	12,601	1,163,786,601	43,697,531	3,927,896	39,769,635	0.0342	N/A	3,156

Sources:

- (a) Mid Ohio Regional Planning Commission
- (b) Per School District records - Educational Management Information System
- (c) County Auditor
- (d) School District Records - General Obligation debt outstanding end of fiscal year
- (e) Balance of General Obligation Bond Retirement fund at end of fiscal year

* Population figures prior to 2001 were estimated by MORPC. 2001 is an actual number specified by the 2000 census as the population of Westerville City School District.

N/A - Population figures for 1993 and 1994 were not available.

Westerville City Schools
Computation of Legal Debt Margin
as of June 30, 2003

Assessed Valuation	<u>\$2,130,248,148</u>	
Voted and Unvoted Debt Limit - 9% of Assessed Valuation		\$191,722,333
Balance in Debt Service Fund		\$5,490,715
Total Debt Outstanding	\$133,155,446	
Less: Exempted Debt	\$0	
Net subject to 9% limit		\$133,155,446
Total Legal Voted Debt Margin		<u>\$64,057,602</u>

Source: Franklin County Auditor and School District financial records

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of a % for unvoted debt.

Voted debt margins are determined without reference to applicable monies in the school district's Debt Service fund.

Westerville City School District
 Computation of Direct and Overlapping General Obligation Bonded Debt
 as of June 30, 2003

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percent Applicable to Westerville City School District</u>	<u>Amount Applicable to Westerville City School District</u>
Westerville City School District	\$133,155,446	100.00%	\$133,155,446
Delaware County	65,139,500	14.75%	\$9,608,076
Franklin County	129,925,000	6.06%	\$7,873,455
City of Columbus	768,935,000	3.71%	\$28,527,489
City of Westerville	23,678,500	98.14%	\$23,238,080
Plain Township	3,670,000	0.91%	\$33,397
Minerva Park Corporation	285,000	100.00%	\$285,000
	<u>\$1,124,788,446</u>		<u>\$202,720,943</u>

Source: Ohio Municipal Advisory Council

Note: Percent applicable to Westerville City School District calculated using assessed valuation of the School District areas value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

Overlapping governments with no outstanding debt are not reflected.

Westerville City School District
 Percentage of Annual Debt Service Expenditures for
 Voted General Obligation Bonded Debt to Total
 General Fund Expenditures
 Last Ten Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund (1) Expenditures	Percent of Debt Service to General Fund Expenditures
2003	\$6,115,000	\$6,790,573	\$12,905,573	\$104,060,442	12.40%
2002	2,328,533	8,115,314	10,443,847	97,821,536	10.68%
2001	2,410,000	2,584,128	4,994,128	90,386,568	5.53%
2000	2,505,000	2,514,441	5,019,441	85,003,441	5.90%
1999	2,415,000	2,653,260	5,068,260	78,584,528	6.45%
1998	2,080,000	2,782,466	4,862,466	73,142,764	6.65%
1997	2,175,000	2,730,694	4,905,694	68,153,380	7.20%
1996	1,975,000	1,855,281	3,830,281	66,100,886	5.79%
1995	2,090,000	1,731,850	3,821,850	63,386,952	6.03%
1994	2,130,000	1,862,164	3,992,164	59,078,761	6.76%

Source: School District Financial records

(1) Includes other financing uses

Note: Does not include unvoted bonded debt

Westerville City School District
 New Construction and Property Value
 Last Ten Years

Tax Year	Assessed Values New Construction (1)			Total New Construction	Appraised Values Property Value (1)			
	Agricultural/ Residential	Commercial/ Industrial			Real Property	Tangible Personal	Public Utility	Total Property Value
2002	\$11,432,560	\$5,594,040		\$17,026,600	\$5,605,517,571	\$449,140,312	\$160,091,200	\$6,214,749,083
2001	8,179,100	6,462,630		14,641,730	4,881,262,114	463,066,032	157,122,914	5,501,451,060
2000	4,612,080	11,288,050		15,900,130	4,642,102,743	471,170,204	184,318,343	5,297,591,290
1999	3,342,980	7,962,440		11,305,420	4,416,664,343	409,988,580	179,560,971	5,006,213,894
1998	6,678,840	3,802,570		10,481,410	3,815,015,286	376,685,084	176,074,143	4,367,774,513
1997	9,774,960	4,298,580		14,073,540	3,656,793,857	405,999,332	162,247,657	4,225,040,846
1996	9,217,090	4,715,950		13,933,040	3,513,649,029	364,687,592	177,597,886	4,055,934,507
1995	10,648,450	2,841,130		13,489,580	3,158,618,429	370,166,436	172,692,371	3,701,477,236
1994	6,014,560	2,935,050		8,949,610	3,006,390,800	371,397,112	175,207,043	3,552,994,955
1993	9,578,240	2,209,445		11,787,685	2,908,807,400	362,969,044	157,033,571	3,428,810,015

Sources:

(1) Office of the County Auditor, Franklin County, Ohio - New Construction data is for the Franklin County portion of the District.

Note: Information reflected is for prior tax year due to unavailability of current data from County Auditor due to different fiscal year ending dates. Real Property assessment rate is 35%. Public Utility rate is 35%. Tangible Personal rate is 25%.

Westerville City School District
Principal Taxpayers
as of June 30, 2003

	Total Assessed Valuation	% of Total Assessed Valuation
<u>Public Utilities</u>		
1. Columbus Southern Power Company	\$16,613,680	0.78%
2. Ohio Telephone Company	11,827,920	0.56%
3. Nextel West Corporation	9,075,710	0.43%
4. Citizens Utilities	4,035,780	0.19%
 <u>Real Estate</u>		
1. Banc One Management Corp.	20,316,570	0.95%
2. Partners at Brooksedge	11,882,880	0.56%
3. Eastrich No 167 Corp.	9,355,510	0.44%
4. Chestnut Hill Apartments	9,345,700	0.44%
5. Corporate Exchange	7,838,600	0.37%
6. St. Ann's Hospital	7,701,820	0.36%
7. Remington Station	6,733,260	0.32%
8. Westminster Corporate	6,683,200	0.31%
9. AAC Funding Partnership	5,509,460	0.26%
10. Friendship Village	5,434,280	0.26%
 <u>Tangible Personal Property</u>		
1. Banc One Corporation	18,413,460	0.86%
2. Comdisco Inc	4,112,390	0.19%
3. AT & T Corporation	3,596,080	0.17%
4. Mettler Toledo Inc.	1,983,460	0.09%
5. Exel Logistics Inc	1,974,000	0.09%
6. I B M Credit Corporation	1,946,650	0.09%
7. Time Warner Entertainment Company LP	1,886,590	0.09%
8. Vaughn Group Inc	1,841,930	0.09%
9. Home Depot USA Inc	1,728,150	0.08%
10. Roush Equipment Company	1,627,940	0.08%
 All Others	 1,958,783,128	 91.94%
 Total Assessed Valuation	 \$2,130,248,148	 100.00%

Source: Franklin County Auditor

Note: Assessed values are for the valuation year of 2002

Westerville City School District
 Ten Year Attendance Data
 Last Ten School Years

<u>School Year Ended</u>	<u>Number of Graduates</u>	<u>Average Daily Membership (ADM)</u>	<u>Percentage ADM Increase (Decrease)</u>
2003	917	14,043	1.51%
2002	933	13,834	0.93%
2001	928	13,706	0.71%
2000	917	13,609	1.64%
1999	931	13,390	1.25%
1998	880	13,225	1.27%
1997	887	13,059	2.10%
1996	800	12,791	0.27%
1995	877	12,756	1.23%
1994	780	12,601	0.55%

Source: School District Student Records

Westerville City School District
 Cost to Educate a 2002 Graduate
 Westerville City School vs. The State of Ohio

<u>School Year Ended</u>	<u>Grade</u>	<u>Westerville Annual Per Pupil Cost</u>	<u>State Average</u>
2002	12	\$7,696	\$8,073
2001	11	7,424	7,602
2000	10	6,896	7,057
1999	9	6,518	6,642
1998	8	6,335	6,232
1997	7	5,690	5,939
1996	6	5,580	5,284
1995	5	5,336	5,353
1994	4	5,295	5,241
1993	3	4,745	5,024
1992	2	4,499	4,473
1991	1	4,273	4,386
1990	Kindergarten	<u>4,181</u>	<u>4,349</u>
Total Cost		<u><u>\$74,468</u></u>	<u><u>\$75,655</u></u>

Source: State of Ohio Department of Education

Westerville City School District
 Educational Statistics
 Last Five School Years

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
9th Grade Proficiency Tests:					
Writing	97%	97%	95%	88%	96.6%
Reading	94%	93%	93%	78%	96.6%
Mathematics	82%	83%	80%	94%	89.1%
Citizenship	92%	90%	88%	90%	93.8%
Science	87%	86%	83%	81%	90.8%
All Parts	77%	77%	NA	N/A	N/A
ACT Scores (Averages)					
Westerville	22.4	22.6	22.5	22.4	22.3
National	21.0	21.0	21.0	20.8	20.8
SAT Scores (Averages)					
Westerville					
Verbal	536	541	533	540	542
Mathematics	555	551	558	563	529
National					
Verbal	505	505	506	504	507
Mathematics	511	514	514	516	519
National Merit Scholars (Percent of Senior Class)	2.57	2.28	2.60	2.76	2.40
4th Grade Proficiency Tests:					
Writing	73%	92%	88%	83%	87%
Reading	69%	73%	70%	77%	78%
Mathematics	66%	71%	77%	78%	73%
Citizenship	81%	79%	76%	81%	77%
Science	65%	68%	68%	77%	69%
All Parts	43%	52%	NA	NA	NA
6th Grade Proficiency Tests:					
Writing	81%	85%	89%	92%	85%
Reading	62%	59%	66%	66%	74%
Mathematics	64%	65%	72%	71%	66%
Citizenship	80%	79%	79%	82%	83%
Science	57%	64%	70%	71%	78%
All Parts	43%	44%	NA	NA	N/A

Source: School District Student Records

N/A = Not Available/Not Applicable

Westerville City School District
 Ten Year Enrollment Projection
 Next Ten Years

Grade Level	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
PS	110	113	117	120	124	128	131	135	139	144	152
K	985	1,015	1,045	1,076	1,098	1,120	1,142	1,165	1,188	1,212	1,248
1	1,042	1,079	1,112	1,145	1,180	1,203	1,227	1,252	1,277	1,302	1,328
2	1,061	1,039	1,076	1,109	1,142	1,176	1,200	1,224	1,248	1,273	1,299
3	1,094	1,069	1,047	1,085	1,117	1,151	1,185	1,196	1,220	1,245	1,270
4	1,079	1,111	1,086	1,064	1,102	1,135	1,169	1,204	1,215	1,240	1,265
5	1,054	1,083	1,116	1,090	1,068	1,106	1,139	1,174	1,209	1,220	1,244
Elementary	6,425	6,509	6,599	6,689	6,831	7,019	7,193	7,350	7,496	7,636	7,806
6	1,139	1,070	1,099	1,133	1,107	1,084	1,123	1,157	1,191	1,227	1,238
7	1,094	1,161	1,090	1,121	1,154	1,128	1,105	1,144	1,179	1,214	1,251
8	1,125	1,113	1,181	1,109	1,140	1,174	1,148	1,124	1,164	1,199	1,235
Middle	3,358	3,344	3,370	3,363	3,401	3,386	3,376	3,425	3,534	3,640	3,724
9	1,222	1,256	1,243	1,319	1,239	1,273	1,311	1,282	1,255	1,300	1,339
10	1,127	1,129	1,160	1,148	1,218	1,144	1,176	1,211	1,184	1,159	1,201
11	1,067	1,098	1,099	1,130	1,118	1,187	1,115	1,145	1,180	1,153	1,129
12	996	985	1,013	1,015	1,043	1,032	1,095	1,029	1,057	1,089	1,064
High	4,412	4,468	4,515	4,612	4,618	4,636	4,697	4,667	4,676	4,701	4,733
District Totals	14,195	14,321	14,484	14,664	14,850	15,041	15,266	15,442	15,706	15,977	16,263

Source: School District records

Westerville City School District

Westerville, Ohio



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**Auditor of State
Betty Montgomery**

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WESTERVILLE CITY SCHOOL DISTRICT

FRANKLIN 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
JANUARY 20, 2004**