



**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, 2004**

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 Distribution Program	N/A	10.550	\$ -	\$ 134,270	\$ -	\$ 134,270
National School Breakfast Program	045047-05PU-2004	10.553	70,723	-	70,723	-
National School Lunch Program	045047-LLP4-2004	10.555	411,942	-	411,942	-
Total U.S. Department of Agriculture - Nutrition Cluster			482,665	134,270	482,665	134,270
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	045047-6BSF-03/04	84.027	1,372,936	-	1,356,887	-
Special Education - Preschool Grant	045047-PGS1-03/04	84.173	30,865	-	29,664	-
Total Special Education Cluster			1,403,801	-	1,386,551	-
Title I Grants to Local Agencies	045047-C1S1-03/04	84.010	529,263	-	529,030	-
Smaller Learning Communities	N/A	84.215	219,749	-	234,526	-
Safe and Drug-Free Schools and Communities National Programs	045047-T4S1-03/04	84.184C	4,786	-	1,955	-
Safe and Drug-Free Schools	045047-DRS1-02/03/04	84.186	75,106	-	76,175	-
Innovative Educational Program Strategies	045047-C2S1-02/03/04	84.298	98,022	-	70,865	-
Education Technology State Grants	045047-TJS1-04	84.318	5,362	-	5,596	-
Improving Teacher Quality State Grant	045047-TRS1-04	84.367	274,458	-	259,463	-
School Renovation Grants	045047-ATS4-02	84.352A	14,471	-	19,880	-
English Language Acquisition Grants	045047-T3S1-03/04	84.365	99,388	-	115,305	-
<i>Passed Through Columbus City School District</i>						
Vocational Education - Basic Grants to State	N/A	84.048	115,000	-	104,877	-
Total U.S. Department of Education			2,839,406	-	2,804,223	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Jobs and Family Services:</i>						
Refugee and Entrant Assistance - Discretionary	045047-T1S1-03/04	93.576	5,000	-	258	-
<u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed Through Upper Arlington School District</i>						
Learn and Save America - School and Community Based Programs	N/A	94.004	5,000	-	8,542	-
Total Federal Awards Receipts and Expenditures			\$ 3,332,071	\$ 134,270	\$ 3,295,688	\$ 134,270

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, 2004**

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 non-monetary assistance (expenditures) is reported in the Schedule at fair market value of the commodities received.



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 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, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2004. 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 part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-003. We also noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated December 21, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-002.

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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated December 21, 2004.

This report is intended solely for the information and use of the audit committee, 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 21, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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 the 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 its major federal programs for the year ended June 30, 2004. 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 are 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 its major federal programs for the year ended June 30, 2004.

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 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, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 21, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 the audit committee, 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 21, 2004

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Un(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Title VI-B - Special Education Grants to States, CFDA #84.027 and Special Education Preschool Grant, CFDA #84.173 Vocational Education - Basic Grants to State CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A > \$300,000 Type B – all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004
(Continued)**

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

Finding Number	2004-001
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Ohio Rev. Code Section 5705.36 (A) 2 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. According to Ohio Rev. Code Section 5705.36 (A)(3), an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

In April 2004, the District issued advanced refunding bonds of \$56,602,588 for which an amended certificate of estimated resources was not obtained. As a result, a supplemental appropriation in the same amount was not requested and approved which caused expenditures to exceed appropriations.

We recommend the Treasurer obtain an official amended certificate of estimated resources from the County Auditor upon determining that an additional source of revenue will be collected. If the District intends to expend those monies, the Board of Education should approve a supplemental appropriation measure which should be filed with the County Auditor.

Finding Number	2004-002
-----------------------	----------

During the year the District held several extracurricular activities. Proper activity forms were not always completed or lacked adequate source documentation to support amounts collected.

Failure to maintain forms and adequate source documentation could result in money not being properly or timely posted to the revenue ledger, or deposited to the District's account. In addition, these weaknesses could result in unaccounted for or inappropriate use of funds due the District.

We recommend the District communicate to each individual building and activity advisor the proper policies and procedures in regard to extracurricular activities. Source documentation for all collections should be maintained and filed with the extracurricular activity. When the activity is completed, the activity advisor should review all forms utilized for completeness and accuracy, and compare them to the source documentation. Copies of the forms and source documentation reviewed should be forwarded to the applicable District personnel.

The District can refer to the Auditor of State's *Guidelines for Developing Policies For Student Activity Programs*, accessible at www.auditor.state.oh, Local Government Manuals and Handbooks.

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2004
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2004-003
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**Student Activity Receipts
Finding for Recovery Repaid Under Audit**

Ohio Rev. Code Section 9.39 states that all "public officials are liable for all public money received or collected by them or by their subordinates under the color of office."

Westerville South High School's student activity receipts that were collected by the advisors were paid to the School Secretary, Carol Weiss, on May 21, 2004, in the amount of \$17,776.05. The amount consisted of \$16,300 in prom receipts; \$810 in national honor society receipts; and \$666.05 in horticulture receipts. Each amount was verified by the School Secretary as correct. However, when these monies were deposited and re-counted by the District's bank, the amount of the deposit was \$940 less than the amount verified as collected.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but unaccounted for would have been issued against Carol Weiss, School Secretary, in the amount of nine hundred forty dollars (\$940.00) in favor of the District's Agency fund.

However, the District was repaid \$940 on January 27, 2005. This payment was credited to the Agency fund.

3. FINDINGS FOR FEDERAL AWARDS

None

Westerville City School District

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

Comprehensive Annual Financial Report

**For Fiscal Year Ended
June 30, 2004**



Board of Education
Westerville City School District
Westerville, Ohio

Westerville City School District

Westerville, Ohio



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Westerville City School District

Westerville, Ohio



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2004

Issued By:

Office of the Treasurer

Prepared By:

J. Scott Gooding II

Treasurer/CFO

Laura A. Hendricks, CPA

Assistant Treasurer

Westerville City School District

Westerville, Ohio



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WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Comprehensive Annual Financial Report
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For the Fiscal Year Ended June 30, 2004

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Westerville City School District

Westerville, Ohio



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Introductory Section

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Board of Education
Westerville City School District
Westerville, Ohio

Westerville City School District

Westerville, Ohio



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

336 South Otterbein Avenue, Westerville OH 43081

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J. Scott Gooding II
Treasurer, Board of Education

WESTERVILLE CITY SCHOOLS

December 21, 2004

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

As the Superintendent and Treasurer/CFO of the Westerville City School District (the District), it is a pleasure to present the third Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR, for the year ended June 30, 2004, contains financial statements, supplemental statements, and statistical information, providing complete and full disclosure of all material financial aspects of the District for the 2004 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, 2004

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 14,298 (ninth largest in Ohio), and the District's estimated population is 77,415 (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 61.53 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, 2004

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. 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 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 increased to 6.3% in October 2004 from 6.0% in October 2003. The national unemployment rate in November 2004 was 5.4%. The October 2004 employment in the State of Ohio numbered 5,557,100 (Ohio Department of Job and Family Services). Specific employment figures for the Westerville City School District are not available, but the Franklin and Delaware Counties workforce in October 2004 was 666,600. The unemployment figure for Franklin County was 5.0% in October 2004, compared to 4.5% in October 2003. The Delaware County unemployment figure for October 2004 was 3.5%, up slightly from the 3.3% in October 2003 (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 2003, the Hennen's American Public Library Ratings (HAPLR) named the Westerville Public Library as No. 2 in U.S. cities among those serving populations of 50,000 to 99,999.

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, 2004, were as follows:

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Board Member	Service as a Board Member		
	Began	Expires	
Michael Collins	01/01/02	12/31/05	President
Cindy Crowe	01/01/00	12/31/07	Vice-President
Alexander Heckman	01/01/04	12/31/07	Member
Kevin Hoffman	01/01/02	12/31/05	Member
Nancy Nestor-Baker, Ph.D.	08/27/91	12/31/05	Member

The Superintendent is the chief executive officer (CEO) 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 39 years as an administrator, serving as superintendent, assistant superintendent, and treasurer of school districts.

The Treasurer is the chief financial officer (CFO) 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. J. Scott Gooding II was appointed as Treasurer on June 1, 2004. Mr. Gooding has been in the government finance profession for 7 ½ years.

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 or was involved in contract negotiations 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 expired June 30, 2003. Contract negotiations were ongoing at June 30, 2004. 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. The July 1, 2004 3.5% raise was not certified by the District due to inability to certify the funds necessary for that amount. A renegotiation of salary was ongoing as of June 30, 2004 due to the successful levy campaign in March 2004.

DISTRICT MAJOR INITIATIVES AND EVENTS

The Westerville City School District is a school district that has a clear direction for its future. Every

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For the Fiscal Year Ended June 30, 2004

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 Performance 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.

- Governor's Awards for Excellence in Youth Science Opportunities from the Ohio Academy of Science
- Thirty-two Advance Placement Scholar Award qualifiers
- 259 Ohio Award of Merit recipients
- 129 Presidential Awards for Educational Excellence
- Student of Integrity Award from the Better Business Bureau of Central Ohio
- Student artwork selected for Crayola Dream-Makers traveling exhibition
- 22 National Merit and Commended Scholars (4 Semifinalists and 18 Commended)
- 2003 Achievement Award in Writing from the National Council of Teachers of English
- Twelve Teen Read Week Essay Contest winners
- Student selected as one of 47 on the Teen Advisory Panel for stand, a youth-to-youth anti-tobacco movement
- Westerville Parent Council district Reflections competition winners in literature, musical composition, photography and visual arts, 47 state level competitors
- First place, Ohio Region Future City Competition, fourth place, national competition, recipient of national award for The Most Innovative Design of Infrastructure Systems
- First place for the eighth year in row, Ohio University American History Competition
- Outstanding results on the National German Test, with five German II students scoring above 90%, one German III student scoring 91%, and 16 Certificates of Merit awarded to individuals scoring 70% or better
- Numerous student musicians selected to perform in All-State Ensembles, including five in the All-State Choir, five in the All-State Orchestra, one in the All-State Jazz Band, and two in the All-State Band
- Multiple student awards at the Business Professionals of America competition, including first place in the Web Site Development Team contest for the second consecutive year
- Numerous awards at the DECA District competition, two state competitors
- Martin W. Essex School for the Gifted participant
- Two pieces of artwork selected for exhibition by the Ohio Art Education Association
- National Council of Teachers of English Highest Award for a literary magazine
- Perfect scores, Ohio Music Education Association Solo & Ensemble competition
- One of 15 schools in the nation selected to compete in the Essentially Ellington High School Jazz Band Competition & Festival in New York City
- Multiple recognitions at the Central Ohio Regional Scholastic Arts Awards competition
- One perfect paper and 10 Gold Medal and Summa Cum Laude certificates on the National Latin Exam

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For the Fiscal Year Ended June 30, 2004

- Second Place, Winter Guard International World Championship competition
- One of 10 Outstanding Chemistry Students, Columbus Section of the American Chemical Society
- First Place, Ohio State University *In the Know* competition
- 2003 Outstanding Overall Junior Youth Fishing Club in the Northern Division of the United States
- First place, Gold Medal, Ohio SkillsUSA-VICA State Competition
- "There Ought to be a Law" essay contest winner, Ohio State Bar Association
- Perfect score, "Wordmasters Challenge"
- Honorable Mention, National History Day State Competition
- Westerville Area Chamber of Commerce eighth annual Essay Contest winners
- Twenty Westerville Kiwanis Club Academic Varsity scholars
- Excellence in Sportsmanship Team Award
- Team Academic Excellence awards

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

Community involvement and collaboration are an important part of public education. Partnerships enrich education, open students' eyes to unlimited possibilities, and keep businesses and organizations in touch with young people. Many of the elective courses at the secondary level provided such enrichment opportunities during the 2003-2004 school year.

- 430 students from Westerville North and Westerville South high schools were enrolled in courses where they worked for businesses through either mentorship or part-time employment. The courses included Mentorship, OWA/OWE, Cooperative Business Internship, Marketing Education, the Alliance Data Systems' WISE Program, and Option IV. Students in these courses gained valuable life-long employability, leadership skills, business skills, and the opportunity to explore careers. In addition, many of these courses encouraged at-risk students to stay in school and graduate, while others made plans to attend college.
- More than 150 students in the Family and Consumer Sciences, Child Development courses at all three high schools partnered with the Westerville Parks and Recreation Department to sponsor the "Half-Pint Hullabaloo – A Festival for Preschoolers." The purpose of the festival is to introduce parents to low-cost activities that they could do with their children. Approximately 1,500 parents and children from ages one-five attended. Students created fun-filled activities in class, and then supervised the children while they participated. This service-learning and partnership activity won the 1992 Outstanding Special Event Award from the Ohio Parks & Recreation, and has been running for 15 years.
- Service Learning students joined Food and Nutrition classes to help support the Central College Food Pantry through the Cookie-of-the-Month program. Memberships were sold to staff and parents. Each month, members received two-dozen freshly baked cookies. From the proceeds this past school year, a donation of \$1,000 was made to the Food Pantry -- enough to purchase more than 10,000 pounds of food.
- The Life Skills classes at Blendon Middle School worked to develop an appreciation for how families are unique. They studied aging and developmental disabilities through Blendon's partnership with the SAGE (Senior Additional Growth Experiences) program at Goodwill. Students attempted to complete daily assignments with cotton balls in their ears, tape on their knuckles, or other simulated physical challenges. These experiences helped the students understand challenges of the elderly. Classes visited the sheltered workshop at Goodwill to see the SAGE program in action. In addition, students in the Life Skills

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programs at all four middle schools partnered with Children's Hospital in a unique service-learning project to make and donate 48 fleece blankets to comfort adolescents being treated at Children's.

- Kids 'n' Canines, a dog training program that has been enhancing the lives of emotionally disturbed children at Walnut Springs Middle School, took on an exciting new mission with a new partner, Citizens for Humane Action (an animal rescue shelter in Westerville.) Students used acquired skills to socialize and train homeless dogs housed at the shelter in a "train for adoption" program. Student trainers also provided to school and community groups education programs on responsible pet ownership, humane treatment of animals, and dog safety.
- Bruce and Linda Fowler, owners of the Great Harvest Bread Co., received a WEA Friends of Education award for their generous involvement with schools throughout the district.

Goal #3: Provide a Safe and Positive Learning Environment

Westerville Schools have implemented a number of programs that promote safety, enhance learning, and provide a continuum of service from prevention through intervention and family support. They include:

- The School Resource Officers (SRO) program, which places police officers in the middle and high schools in an effort to create and maintain a safe learning environment. Our SRO's fulfill three roles -- as law enforcement officers, law-related counselors, and law-related education facilitators.
- TEEN PEP (Peers Educating Peers), a proven strategy that promotes violence prevention and student leadership through the use of classroom role-plays that focus on addressing issues related to bullying/harassment, abuse and neglect, suicide, and dating violence. Instructors from Children's Hospital have trained approximately 70 students and seven staff members.
- Educational Options for Success (EOS), which enables students to earn course credits when removed from school due to violations of the conduct code. 73% of the students enrolled in EOS successfully completed the semester-long program and of these students, 81% remain in some type of school setting or have graduated.
- Parent Education, a prevention-based initiative that provides a variety of opportunities for parents to learn strategies to improve parenting skills including "It's a Parent," a program for parents of freshmen athletes; "Parent-To-Parent," a program open to all parents in the district; and "Second Step," a violence prevention program for elementary students and their families.
- The award winning Saturday Family Workshop, aimed at preventing substance use and abuse, which provides information regarding the current alcohol and drug culture; along with the opportunity to practice communication skills, refusal skills, and the development of an action plan.

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.

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- According to the Westerville Parent Council, a group representing parent associations and booster groups at all 23 schools, more than 146,525 hours of volunteer service were donated throughout our district last year. Our volunteers teach by example. Students who have benefited from the time, caring and compassion of volunteers, become volunteers themselves. Every single day, somewhere in the Westerville School District, students are volunteering. Whether it's delivering Meals on Wheels, working in a hospital, picking up trash, or stocking a food pantry, they are making a difference.
- In 2003-2004, the Families and Service Learning students from North and South high schools partnered with the Westerville Rotarians to bring the "I CAN" program to second and third graders in five elementary schools. This yearlong program is designed to teach students how to approach life from a positive perspective and to develop good character. Each week, the high school students prepare innovative activities and along with the Rotarians present an "I CAN" lesson to the students. Volunteer Rock Lantz was recognized with a Superintendent's A+ Award for his commitment to this outstanding program.
- Community Service is embraced in all our schools. During the 2003-2004 school year, high school pupils raised more than \$34,000 for Caring & Sharing. Middle schools pitched in with donations of money, food, toys and toiletries, and at the elementary level, our youngest students joined forces to collect and donate canned goods, non-perishable items, money, toiletries, gloves, mittens, hats, and scarves. Through Hoops for Heart and Jump Rope For Heart activities, Westerville students raised nearly \$35,000 for the American Heart Association. All grade levels participated in countless projects benefiting the environment, the underprivileged, and those stricken with illness.
- Thanks to funding from a U.S. Department of Education grant, Smaller Learning Community activities took place at all three high schools. "Cat Chat," a program to build and expand a sense of community and belonging, was inaugurated at Westerville South High School in 2003-2004. Westerville North started the Advisor/Advisee program to match students with an advisor who offers individual counsel and conversation throughout the students' four-year high school career. And Flytime, at Westerville Central, was established to connect small groups of students with the same teacher once a week for thirty minutes, offering academic support, discussion of study skills, career options, interpersonal skills, and other topics designed to enhance high school success.
- The Westerville Rotary Club recognized four high school students with 2003 Service Above Self Awards. They were selected for their academic accomplishments, participation in athletics and other extra-curricular activities, and community involvement. Recipients were Aaron Brunson and Kendra Speed from Westerville North High School; and Laura Marcon and Nathan Hensley from Westerville South.

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

As a result of the \$100 million bond issue the community approved in November of 2000, our District has increased in building square footage by 35%. The bond issue funded renovations and additions at 10 buildings, and the construction of Alcott and Fouse Elementary Schools, and Westerville Central High School. The bond issue also provided renovations to existing space in 20 buildings that focused on life/safety improvements, and doubled our air-conditioned space. To help offset the increased utility demand generated by the additional square footage and cooling, the Facilities Department has been working with school administration and the custodial staff to partner in energy conservation initiatives.

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Preventative maintenance is another area that the Facilities department has focused on in an effort to control building repair expenses. The objectives have been to maximize the life expectancy of building components and to reduce the number of service calls. The less time school administrators have to spend on building issues, the more time they have to focus on improving student achievement.

When students returned from summer break in 2004, they benefited from some of the physical improvements at our buildings including a new concession stand and restrooms at the Westerville Central High School stadium; a newly replaced track and Westerville North; flooring replacement in 10 school buildings; asphalt and concrete repair throughout the district; and window replacement at Hawthorne Elementary School. Pupils enrolled in the Hanby Arts Magnet School returned to their building at 56 S. State St. In 2003-2004 they were housed temporarily at Westerville Central High School during renovation of the 81-year-old Hanby building.

Goal #6: Achieve Ohio Award for Excellence

The Ohio Award for Excellence (OAE), the state's premier quality award program, announced in May of 2004 that Westerville City Schools had earned the Commitment to Excellence award, an intermediate level of recognition for organizations demonstrating a serious commitment to excellence and a process for continuous improvement. Consultant Jerry Rampelt received a Superintendent's A+ award for his efforts on this project.

The District underwent a rigorous investigation and examination into its quality processes, leadership, strategic planning, customer focus, information and analysis, workforce development, and overall achievement of results. Assessments are conducted by the members of the OAE board of more than 200 examiners who evaluate the award applications and prepare critical applicant feedback reports. These examiners are experienced professionals and quality educators in the key sectors of government, education, healthcare, business and non-profit organizations.

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. Patterned after the Malcolm Baldrige National Quality Award, OAE is endorsed by Governor Bob Taft and has recognized high performing organizations in the state since 1998.

In addition, in February of 2004 the Board of Education authorized a Performance Audit of the Westerville City School District by the State of Ohio Auditor of State's Office. Six primary areas were evaluated: financial systems, human resources, facilities, transportation, technology, and selected programs including magnet schools, Special Education, English as a Second Language, middle school teaming, and the Able & Talented program. The audit is significant to the District because it provided an independent assessment of current operations to assist the Board and administration in efforts to improve service delivery and optimize operational efficiency and effectiveness. The District requested the audit, in part, as a measure of accountability to the public. The report was completed in late September 2004.

Our Treasurer's office earned two prestigious awards for its *Comprehensive Annual Financial Report (CAFR)*. The Government Finance Officers' Association of the United States and Canada bestowed upon the district its Certificate of Achievement for Excellence in Financial Reporting, the highest form of recognition in the area of governmental accounting and financial reporting. The CAFR was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure."

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The CAFR was further recognized by the Association of School Business Officials International, which gave the district its highest recognition, a Certificate of Excellence in Financial Reporting. This nationally recognized program reviews and critiques district accounting practices and recognizes school districts that adhere to sound principles and reporting procedures. A district earning the Certificate of Excellence receives not only the award, but also enhanced credibility for the financial management of its school system.

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).

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.

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For the Fiscal Year Ended June 30, 2004

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 third 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.
- **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.
- **Statements of budgetary comparisons** – These statements present comparisons 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 a Management 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 2004.

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 2004, the District participated in the Bureau of Workers Compensation Retrospective Rating Program. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the district. The retrospective rating plan allows an employer to assume a portion of the risk in return for a possible reduction in premiums. The greater the assumed risk, the

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greater the potential reduction in premiums. Employers who have a consistent claims history and proven safety practices will benefit the most from retrospective rating. The employer can customize the retrospective rating plan to control the amount of risk assumed and the potential savings by selecting the maximum premium and maximum claims costs he or she is willing to pay. Employers may benefit from retrospective rating because of lower initial premiums and realized cash flow advantages, which increase as premiums are saved. The drawbacks of retrospective rating may outweigh the advantages for some employers. For example, if an employer incurred high losses in a rating year, actual premiums could double.

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, 2003. 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, 2003. This was the second 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 bi-annual audit by independent accountants unless a single audit is required. The Ohio Auditor of State conducted the District's 2004 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 and combining and individual fund statements and schedules

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For the Fiscal Year Ended June 30, 2004

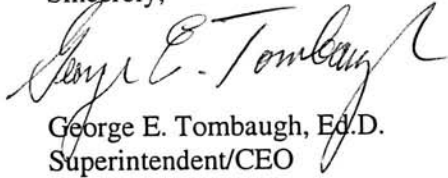
is included in the financial section of this report.

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



J. Scott Gooding II
Treasurer/CFO

CONTINUOUS IMPROVEMENT PLAN 2003-2006

Vision: 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.

Mission: To produce creative, confident, and independent citizens

				RESULTS			
State Goals	District Critical Issues	District Goals	Strategies	Performance Measures	Current (01, 02)	1 yr Target	3 yr Target
Assure high achievement for all learners	All learners must increase their knowledge and develop life-long skills	Improve student achievement for all student populations	<ul style="list-style-type: none"> Implement the Westerville Learning System district-wide to align learning expectations with what is taught and assessed Integrate technology Use data to guide instructional intervention and professional development 	<p><u>Graduation Rate</u></p> <ul style="list-style-type: none"> Reading & Math: 4th, 6th, 8th GR OGT, GR 10, all areas Under-credited 9/10th GR College Remediation Rates HS Challenge Index Rating Honors diplomas 	92.7%* (GR 4) R = 78.8%, M = 78.4%* (GR 6) R = 66.4%, M = 70.6%* (GR 8) TBD	93.4% R=81.8%; M=81.5% R=71.2%; M=75% R=xx%; M=xx%	95% R=90.9%; M=90.7% R=85.6%; M=87.4% R=xx%; M=xx%
Close the achievement gap	Close the achievement gap	Increase academic rigor	<ul style="list-style-type: none"> Coordinate communication efforts; recruit volunteers and community partnerships; provide parent education 	<p><u>Stakeholder Satisfaction</u></p> <ul style="list-style-type: none"> Tax issue passage Parent ed. offerings/participation Community Engagement 	TBD	75% pass	80% pass
WCS needs active support to accomplish highest student achievement	WCS needs active support to accomplish highest student achievement	Increase communications with and involvement of families, business & community	<ul style="list-style-type: none"> Expand relationship-building programs Integrate district-approved character education programs into curricula 	<p><u>Attendance/Suspension/Expulsion Rates</u></p> <ul style="list-style-type: none"> Students participating in extra-curricular activities <p><u>Parent/Staff/Student perception of school climate</u></p> <ul style="list-style-type: none"> Participation rate of students, staff, parents and community members in character education 	3.3/5^ 80% voter approval avg^ TBD TBD	9th = 12%; 10th = 9% Math=22% Eng=10% CIR=70 HD=TBD	9th=8%; 10th=5% Math=14% Eng=7% CIR=90 HD=TBD
Preserve and nurture enthusiasm for learning	Our community expects our schools to be positive learning environments	Provide a positive learning environment	<ul style="list-style-type: none"> Enhance Facilities Safety Program 	<p><u>Attendance/Suspension/Expulsion Rates</u></p> <ul style="list-style-type: none"> Students participating in extra-curricular activities 	A= 95.1%* S= 1847 Ex=108 % students	A= 95.5% S= 1,750 Ex=95 % students	A= 96% S= 1,750 Ex=95 % students
Help every generation learn, enhance, and practice the character traits that are valued by their communities	The Westerville community has adopted the 'Westerville Way'	Increase opportunities for, and participation of students, staff, parents and other stakeholders in character education	<ul style="list-style-type: none"> Track and manage budget and schedule of each project 	<p><u>Parent/Staff/Student perception of school climate</u></p> <ul style="list-style-type: none"> Participation rate of students, staff, parents and community members in character education 	TBD	TBD	TBD
Promote a safe and orderly learning environment	WCS must expand and improve it's facilities to accommodate growth and to provide a safe, conducive learning environment	Provide a safe learning environment	<ul style="list-style-type: none"> Track and manage budget and schedule of each project 	<p><u>Compliance with Board of Health/OSHA Standards</u></p> <ul style="list-style-type: none"> Schools participating in "Tools for Schools" air quality program Achieve building occupancy on time and within budget 	0 citations^ 9 schools^	0 citations 14 schools	0 citations = 100% schools
Support efficient, effective, and continuously improving learning systems	WCS strives for performance excellence	Achieve Ohio 'Excellent' designation & Ohio Award for Excellence (OAE), Tier III	<ul style="list-style-type: none"> Develop shortened evaluation cycles Establish Baldrige-based quality processes and training district-wide Performance Index Efficiency Ratio Index % personnel using Baldrige 	<p>Completed Phase II, two elementaries opened^</p>	Phase III, CHS 100% completed	Phase III, CHS 100% completed	Final occupancy on all renovated
				<p><u>'Excellent' Tier III Designations</u></p> <ul style="list-style-type: none"> 95% of Report Card indicators AYP benchmarks Performance Index Efficiency Ratio Index % personnel using Baldrige 	Effective^/Tier I^ 86% TBD TBD 1.33* %TBD	Effective/Tier II 90% TBD TBD 1.22 %TBD	Excellent/Tier III 95-100% TBD TBD 1.22 %TBD

(* = Data for 01-02 SY, ^ = Data for 02-03 SY)

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Elected Officials and Administrative Staff

As of June 30, 2004

BOARD OF EDUCATION

President

Michael Collins

Vice President

Cindy Crowe

Member

Alexander Heckman

Member

Kevin Hoffman

Member

Nancy Nestor-Baker, Ph. D.

APPOINTED OFFICIALS

Superintendent

George E. Tombaugh, Ed. D.

Treasurer

J. Scott Gooding II

ADMINISTRATIVE STAFF

Assistant Superintendent/Human Resources (Certificated)

Michael Kabler, Ph. D.

Executive Director of Secondary Curriculum and Instruction

Stephen Dackin

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 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

Principal, Westerville North High School

Curt Jackowski

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

Jeanne Roth

Principal, Robert Frost Elementary School

Karen McClellan

Principal, Whittier Elementary School

Suzanne Kile

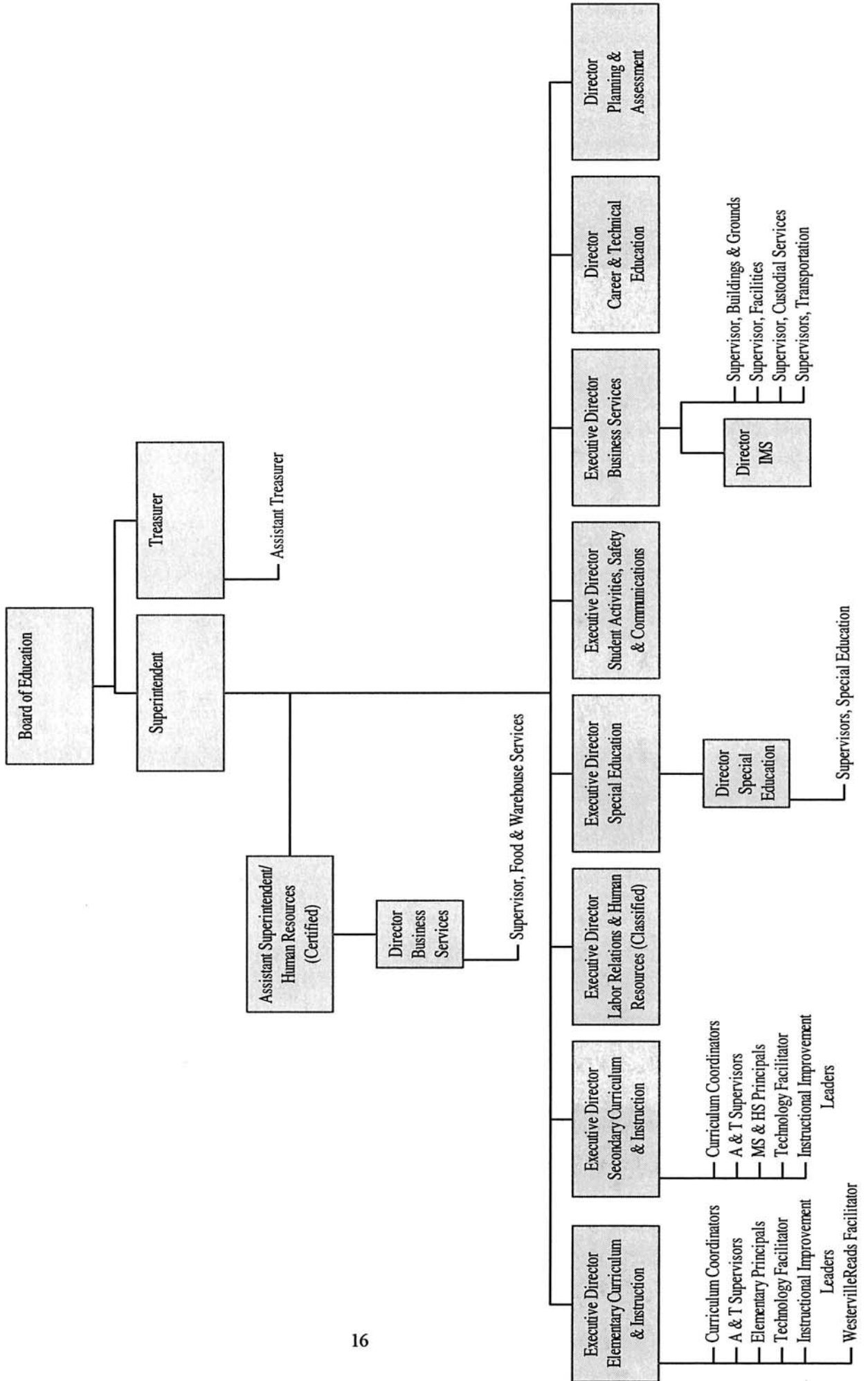
Principal, Wilder Elementary School

Bob Hoffman



WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Table of Organization for Administrators
For Fiscal Year Ended June 30, 2004



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, 2003

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.



Edward Haney
President

Jeffrey R. Emery
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, 2003

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

William F. Hall
President

Barbara W. Keller
Executive Director

Financial Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio

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, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2004, 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.

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 21, 2004

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2004
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, 2004. The District encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's net assets decreased by \$4,399,142 or 9.75%. Program revenues accounted for \$10.7 million or 8.31% of total revenues, and general revenues accounted for \$118.2 million or 91.69%.

The general fund reported a positive fund balance in excess of \$3.5 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 2004?" 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 in arriving at their conclusion regarding the overall health of the District.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2004
Unaudited

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, 2004
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 \$40.8 million at the close of the most recent fiscal year.

A significant portion of the District's net assets (81.8%) 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 2004 to 2003:

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current Assets	\$101,550,294	\$124,534,793	\$645,608	\$763,682	\$102,195,902	\$125,298,475
Capital Assets	<u>157,969,561</u>	<u>147,173,815</u>	<u>311,516</u>	<u>290,680</u>	<u>158,281,077</u>	<u>147,464,495</u>
Total Assets	259,519,855	271,708,608	957,124	1,054,362	260,476,979	272,762,970
Current Liabilities	79,209,086	84,198,771	309,794	268,143	79,518,880	84,466,914
Long Term Liabilities	<u>139,945,554</u>	<u>142,890,105</u>	<u>192,545</u>	<u>186,809</u>	<u>140,138,099</u>	<u>143,076,914</u>
Total Liabilities	219,154,640	227,088,876	502,339	454,952	219,656,979	227,543,828
Net Assets:						
Invested in Capital						
Assets, net of debt	33,096,968	32,160,677	311,516	265,113	33,408,484	32,425,790
Restricted	11,404,078	8,671,547	0	0	11,404,078	8,671,547
Unrestricted	<u>(4,135,831)</u>	<u>3,787,508</u>	<u>143,269</u>	<u>334,297</u>	<u>(3,992,562)</u>	<u>4,121,805</u>
Total Net Assets	<u>\$40,365,215</u>	<u>\$44,619,732</u>	<u>\$454,785</u>	<u>\$599,410</u>	<u>\$40,820,000</u>	<u>\$45,219,142</u>

An additional portion of the District's net assets (27.9%) 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 positive balances in two 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, 2004
Unaudited

Table 2 shows the changes in net assets for fiscal year 2004 and 2003.

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues						
Charges for Services	\$ 2,019,831	\$ 1,738,099	\$ 2,980,544	\$ 2,934,582	\$ 5,000,375	\$ 4,672,681
Operating Grants	4,700,516	4,283,660	697,187	542,087	5,397,703	4,825,747
Capital Grants	<u>319,871</u>	<u>6,547</u>	<u>-</u>	<u>-</u>	<u>319,871</u>	<u>6,547</u>
Total Program Revenues	<u>7,040,218</u>	<u>6,028,306</u>	<u>3,677,731</u>	<u>3,476,669</u>	<u>10,717,949</u>	<u>9,504,975</u>
General Revenues						
Property Taxes	73,859,058	69,678,337	-	-	73,859,058	69,678,337
Grants and Entitlements	42,954,970	40,769,790	-	-	42,954,970	40,769,790
Investment Income	395,572	1,385,301	7,318	11,703	402,890	1,397,004
Miscellaneous	<u>848,547</u>	<u>981,987</u>	<u>-</u>	<u>-</u>	<u>848,547</u>	<u>981,987</u>
Total General Revenues	<u>118,058,147</u>	<u>112,815,415</u>	<u>7,318</u>	<u>11,703</u>	<u>118,065,465</u>	<u>112,827,118</u>
Total Revenues	<u>\$ 125,098,365</u>	<u>\$ 118,843,721</u>	<u>\$ 3,685,049</u>	<u>\$ 3,488,372</u>	<u>\$ 128,783,414</u>	<u>\$ 122,332,093</u>
Expenses						
Program Expenses						
Instruction						
Regular	\$ 61,435,413	\$ 51,870,597	\$ -	\$ -	\$ 61,435,413	\$ 51,870,597
Special	12,162,246	10,330,195	-	-	12,162,246	10,330,195
Vocational	2,266,230	2,550,806	-	-	2,266,230	2,550,806
Other	1,835,688	1,656,434	-	-	1,835,688	1,656,434
Support Services						
Pupil	7,601,627	6,443,665	-	-	7,601,627	6,443,665
Staff	4,431,094	4,826,578	-	-	4,431,094	4,826,578
General Administration	1,445,681	1,397,792	-	-	1,445,681	1,397,792
School Administration	8,383,725	9,249,706	-	-	8,383,725	9,249,706
Fiscal	1,515,452	1,760,511	-	-	1,515,452	1,760,511
Business Operations	1,104,154	1,249,159	-	-	1,104,154	1,249,159
Operations & Maintenance	10,977,422	10,614,195	-	-	10,977,422	10,614,195
Student Transportation	5,771,952	5,671,020	-	-	5,771,952	5,671,020
Central Services	1,144,924	1,738,582	-	-	1,144,924	1,738,582
Community Services	690,830	649,801	-	-	690,830	649,801
Extra-curricular Activities	2,788,686	2,024,729	-	-	2,788,686	2,024,729
Interest and Fiscal Charges	5,788,941	7,086,262	-	-	5,788,941	7,086,262
Food Services	8,817	14,657	3,595,222	3,316,818	3,604,039	3,331,475
Uniform School Supplies	<u>-</u>	<u>-</u>	<u>234,452</u>	<u>220,139</u>	<u>234,452</u>	<u>220,139</u>
Total Expenses	<u>\$ 129,352,882</u>	<u>\$ 119,134,689</u>	<u>\$ 3,829,674</u>	<u>\$ 3,536,957</u>	<u>\$ 133,182,556</u>	<u>\$ 122,671,646</u>
Change in Net Assets	<u>\$ (4,254,517)</u>	<u>\$ (290,968)</u>	<u>\$ (144,625)</u>	<u>\$ (48,585)</u>	<u>\$ (4,399,142)</u>	<u>\$ (339,553)</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2004
Unaudited

Governmental Activities

Net assets of the District's governmental activities decreased by \$4,254,517, and unrestricted net assets reflect a negative balance of \$4.0 million. The most significant decrease in net assets is investment income, due to the continued low interest rates in the investment market and the decreasing fund balance in the Building Fund as the construction was almost completed.

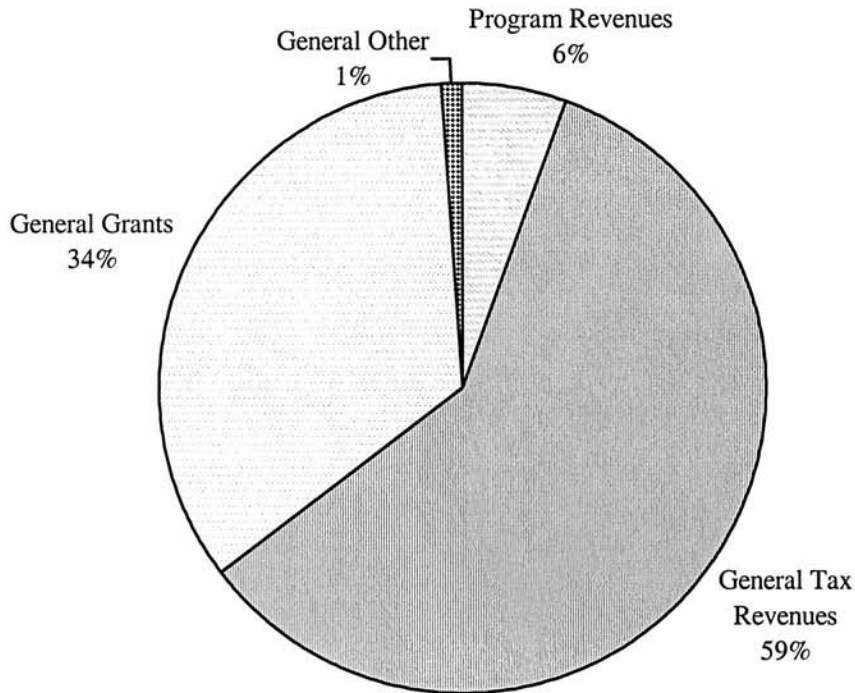
The property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. Tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect 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 includes the passage of the March 2004 5 mill 2-year operating levy and the renewal of this in 2006.

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.

	Total Cost of Services 2004	Net Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2003
Program Expenses				
Instruction				
Regular	\$ 61,435,413	\$ 59,599,210	\$ 51,870,597	\$ 50,546,539
Special	12,162,246	10,945,146	10,330,195	9,431,060
Vocational	2,266,230	1,793,601	2,550,806	2,043,738
Other	1,835,688	1,835,688	1,656,434	1,656,434
Support Services				
Pupil	7,601,627	7,120,033	6,443,665	6,082,079
Staff	4,431,094	3,764,935	4,826,578	4,037,840
General Administration	1,445,681	1,445,681	1,397,792	1,397,792
School Administration	8,383,725	8,018,009	9,249,706	8,922,867
Fiscal	1,515,452	1,487,512	1,760,511	1,760,511
Business Operations	1,104,154	1,101,217	1,249,159	1,245,013
Operations & Maintenance	10,977,422	10,977,422	10,614,195	10,614,195
Student Transportation	5,771,952	5,697,787	5,671,020	5,557,448
Central Services	1,144,924	1,018,972	1,738,582	1,608,117
Community Services	690,830	(13,149)	649,801	18,046
Extra-curricular Activities	2,788,686	1,722,842	2,024,729	1,083,785
Interest and Fiscal Charges	5,788,941	5,788,941	7,086,262	7,086,262
Food Services	8,817	8,817	14,657	14,657
Total Expenses	<u>\$ 129,352,882</u>	<u>\$ 122,312,664</u>	<u>\$ 119,134,689</u>	<u>\$ 113,106,383</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2004
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 \$122.5 million of support as well as the graph indicating general revenues comprise 94% 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 \$144,625 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, 2004
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 \$18.0 million, which is below last year's total of \$35.9 million. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

(Table 4)

	Fund Balance June 30, 2004	Fund Balance June 30, 2003	Increase (Decrease)
General	\$ 3,466,391	\$ 11,238,611	\$ (7,772,220)
Debt Service	7,276,551	5,490,715	1,785,836
Permanent Improvement	3,153,511	1,129,939	2,023,572
Building	3,089,881	17,171,806	(14,081,925)
Other Governmental	<u>970,433</u>	<u>868,330</u>	<u>102,103</u>
Total	<u>\$ 17,956,767</u>	<u>\$ 35,899,401</u>	<u>\$(17,942,634)</u>

General Fund

The District's general fund balance increase 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)

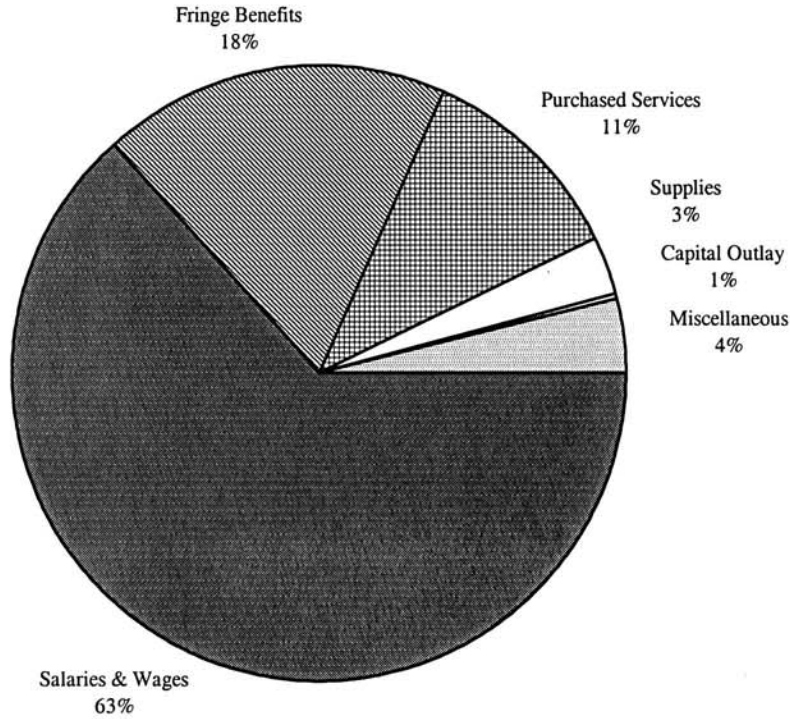
	2004 Amount	2003 Amount	Percentage Change
Revenues			
Taxes	\$ 59,095,309	\$ 55,708,798	6.08%
Interest Earnings	292,627	817,650	-64.21%
Intergovernmental - State	41,659,491	39,661,882	5.04%
Other Revenue	<u>1,643,951</u>	<u>1,445,768</u>	<u>13.71%</u>
Total	<u>\$ 102,691,378</u>	<u>\$ 97,634,098</u>	<u>5.18%</u>

The property tax revenue has increased by \$3.4 million. Interest earnings have decreased \$525,023 due to continued low interest rate yields. State revenues are higher \$2.0 million due to the increased basic aid cost per pupil amount from the state foundation program, enrollment increases, and also stronger collections in homestead/rollback state reimbursement.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2004
Unaudited

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	2004 Amount	2003 Amount	Percentage Change
Salaries and Wages	\$ 70,011,097	\$ 68,252,462	2.58%
Fringe Benefits	20,208,250	18,382,855	9.93%
Purchased Services	12,367,891	11,592,221	6.69%
Supplies	3,091,973	2,875,713	7.52%
Capital Outlay	552,138	712,050	-22.46%
Miscellaneous	4,196,249	2,209,141	89.95%
Total	<u>\$ 110,427,598</u>	<u>\$ 104,024,442</u>	<u>6.16%</u>

The expenditures have increased \$6.4 million or 6.16% 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 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, 2004
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Other Funds

The District's debt service fund experienced a \$1.7 million change in fund balance. 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 capital 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 capital from this bond issue will be spent.

Other governmental funds consist of special revenue funds. The increase in fund balance is primarily due to additional grant activity in the District.

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 state sources, but lesser than originally anticipated revenues from personal property taxes, homestead/rollback, and tuition/fees/interest. The appropriations or expenditure portion of the budget required changes in functional categories due to spending patterns, with the final budget for expenditures being \$2,467,816 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 \$158.3 million invested in capital assets net of depreciation, with \$158.0 million attributed to governmental activities. Acquisitions for governmental activities totaled \$15.7 million and depreciation was \$4.9 million. The majority of the acquisitions were for buildings/improvements 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 school and 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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2004
Unaudited

financial statements.

Debt

At June 30, 2004, the District had \$129.2 million in outstanding bonds. The District paid \$4.7 million in principal on bonds outstanding and \$5.6 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, 2004, 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 in the 2002-2003 school year and a new high school in the 2003-2004 school year, of which operations 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 District was however successful on March 2, 2004 with voters approving a 5.0 mill two-year operating levy. In combination with this levy, the District still had to cut an additional \$8.8 million from the 2004-2005 budget.

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.

Requests for Information

This financial report is designed to provide a general overview of the Westerville City School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Westerville City Schools, Office of the Treasurer, 336 S. Otterbein Avenue, Westerville, Ohio, 43081.

**Westerville City School District
Statement of Net Assets
As of June 30, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	25,765,919	527,432	26,293,351
Receivables			
Taxes - current	69,977,963	-	69,977,963
Taxes - delinquent	3,805,846	-	3,805,846
Accounts	90,767	1,785	92,552
Accrued interest	73,426	-	73,426
Intergovernmental	373,261	85,323	458,584
Prepays	326,145	-	326,145
Materials & supplies inventory	56,066	31,068	87,134
Restricted cash	610,169	-	610,169
Deferred charges	470,732	-	470,732
Capital assets, non-depreciable	5,813,922	-	5,813,922
Capital assets, net of depreciation	152,155,639	311,516	152,467,155
Total assets	<u>259,519,855</u>	<u>957,124</u>	<u>260,476,979</u>
<u>LIABILITIES</u>			
Accounts payable	1,711,773	8,611	1,720,384
Retainage payable	573,821	-	573,821
Accrued wages and benefits	12,676,062	118,663	12,794,725
Due to other governments	2,756,105	182,520	2,938,625
Matured bonds payable	36,348	-	36,348
Interest payable	496,772	-	496,772
Deferred revenue	60,958,205	-	60,958,205
Long-term liabilities			
Due within one year	5,985,046	12,012	5,997,058
Due in more than one year	133,960,508	180,533	134,141,041
Total liabilities	<u>219,154,640</u>	<u>502,339</u>	<u>219,656,979</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	33,096,968	311,516	33,408,484
Restricted for:			
Debt Service	7,312,397	-	7,312,397
Permanent Improvement	3,379,846	-	3,379,846
Special Revenue	174,902	-	174,902
Other	536,933	-	536,933
Unrestricted	(4,135,831)	143,269	(3,992,562)
Total net assets	<u>\$40,365,215</u>	<u>\$454,785</u>	<u>\$40,820,000</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, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction				
Regular	\$61,435,413	\$932,364	\$587,118	316,721
Special	12,162,246	21,623	1,195,477	-
Vocational	2,266,230	-	469,479	3,150
Other instruction	1,835,688	-	-	-
Support Services				
Pupils	7,601,627	-	481,594	-
Staff	4,431,094	-	666,159	-
General administration	1,445,681	-	-	-
School administration	8,383,725	-	365,716	-
Fiscal services	1,515,452	-	27,940	-
Business services	1,104,154	-	2,937	-
Operation & maintenance	10,977,422	-	-	-
Student transportation	5,771,952	-	74,165	-
Central services	1,144,924	-	125,952	-
Community services	690,830	-	703,979	-
Food Services	8,817	-	-	-
Extra-curricular activities	2,788,686	1,065,844	-	-
Interest and fiscal charges	5,788,941	-	-	-
Total governmental activities	129,352,882	2,019,831	4,700,516	319,871
Business-type Activities				
Food Service	3,595,222	2,744,280	697,187	-
Uniform School Supplies	234,452	236,264	-	-
Total business-type activities	3,829,674	2,980,544	697,187	-
Totals	133,182,556	5,000,375	5,397,703	319,871

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
(\$59,599,210)	-	(\$59,599,210)
(10,945,146)	-	(10,945,146)
(1,793,601)	-	(1,793,601)
(1,835,688)	-	(1,835,688)
(7,120,033)	-	(7,120,033)
(3,764,935)	-	(3,764,935)
(1,445,681)	-	(1,445,681)
(8,018,009)	-	(8,018,009)
(1,487,512)	-	(1,487,512)
(1,101,217)	-	(1,101,217)
(10,977,422)	-	(10,977,422)
(5,697,787)	-	(5,697,787)
(1,018,972)	-	(1,018,972)
13,149	-	13,149
(8,817)	-	(8,817)
(1,722,842)	-	(1,722,842)
(5,788,941)	-	(5,788,941)
<u>(122,312,664)</u>	<u>-</u>	<u>(122,312,664)</u>
-	(153,755)	(153,755)
-	1,812	1,812
<u>-</u>	<u>(151,943)</u>	<u>(151,943)</u>
<u>(122,312,664)</u>	<u>(151,943)</u>	<u>(122,464,607)</u>
58,753,446	-	58,753,446
10,796,918	-	10,796,918
4,308,694	-	4,308,694
42,954,970	-	42,954,970
395,572	7,318	402,890
848,547	-	848,547
<u>118,058,147</u>	<u>7,318</u>	<u>118,065,465</u>
(4,254,517)	(144,625)	(4,399,142)
44,619,732	599,410	45,219,142
<u>40,365,215</u>	<u>454,785</u>	<u>40,820,000</u>

**Westerville City School District
Balance Sheet
Governmental Funds
As of June 30, 2004**

	General	Debt Service	Permanent Improvement	Building	Other Governmental	Total Governmental Funds
ASSETS						
Cash and investments	\$ 10,867,377	\$ 6,025,089	\$ 2,786,104	\$ 3,089,881	\$ 1,162,597	\$ 23,931,048
Restricted cash and investments	536,933	36,348	-	573,821	-	1,147,102
Receivables (net of allowances for uncollectibles):						
Taxes - current	55,992,577	10,003,072	3,982,314	-	-	69,977,963
Taxes - delinquent	3,046,893	532,618	226,335	-	-	3,805,846
Accounts	84,121	-	3,800	-	1,069	88,990
Accrued interest	73,426	-	-	-	-	73,426
Intergovernmental	-	-	-	-	373,261	373,261
Interfund loan receivable	59,212	-	-	-	-	59,212
Prepays	326,145	-	-	-	-	326,145
Inventories	56,066	-	-	-	-	56,066
Total assets	\$ 71,042,750	\$ 16,597,127	\$ 6,998,553	\$ 3,663,702	\$ 1,536,927	99,839,059
LIABILITIES						
Accounts payable	\$ 1,361,991	\$ -	\$ 166,616	\$ -	\$ 176,394	\$ 1,705,001
Retainage payable	-	-	-	\$ 573,821	-	\$ 573,821
Accrued wages and benefits	12,382,068	-	-	-	283,546	12,665,614
Due to other governments	1,981,084	35,539	14,325	-	47,342	2,078,290
Matured bonds payable	-	36,348	-	-	-	36,348
Interfund loan payable	-	-	-	-	59,212	59,212
Deferred revenue	51,851,216	9,248,689	3,664,101	-	-	64,764,006
Total liabilities	67,576,359	9,320,576	3,845,042	573,821	566,494	81,882,292
FUND BALANCES						
Reserved						
Future years' appropriation	7,270,957	1,287,001	544,548	-	-	9,102,506
Encumbrances	14,659	-	149,985	961,863	236,983	1,363,490
Budgetary stabilization	536,933	-	-	-	-	536,933
Prepays	326,145	-	-	-	-	326,145
Inventories	56,066	-	-	-	-	56,066
Unreserved, reported in:						
General	(4,738,369)	-	-	-	-	(4,738,369)
Debt Service	-	5,989,550	-	-	-	5,989,550
Permanent Improvement	-	-	2,458,978	-	-	2,458,978
Building	-	-	-	2,128,018	-	2,128,018
Special Revenue	-	-	-	-	733,450	733,450
Total fund balances	3,466,391	7,276,551	3,153,511	3,089,881	970,433	17,956,767
Total liabilities and fund balances	\$ 71,042,750	\$ 16,597,127	\$ 6,998,553	\$ 3,663,702	\$ 1,536,927	\$ 99,839,059

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, 2004**

Total Governmental Fund Balances	\$17,956,767
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Amounts report for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	157,969,561
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,805,846
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An internal service fund used by management to charge the cost of worker's compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	1,282,495
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation debt	(128,761,444)
Plus: Issuance premium	7,102,634
Less: Deferred charge on refunding	(6,631,856)
Less: Deferred charge for issuance costs	(470,732)
Interest payable	(496,772)
Due to other governments	(677,815)
Compensated absences	(10,713,469)
	<u>(129,547,354)</u>

Net Assets of Governmental Activities	<u><u>\$40,365,215</u></u>
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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, 2004

	General	Debt Service	Permanent Improvement	Building	Other Governmental	Total Governmental Funds
REVENUES						
Taxes	\$ 59,095,309	\$ 10,859,148	\$ 4,335,177	\$ -	\$ -	\$ 74,289,634
Tuition	410,603	-	-	-	-	410,603
Extra-curricular	-	-	-	-	1,065,844	1,065,844
Investment income	292,627	-	-	90,940	2,904	386,471
Other local	543,684	-	-	-	38,920	582,604
Intergovernmental - State	41,659,491	1,275,278	531,468	-	1,282,033	44,748,270
Intergovernmental - Federal	-	-	-	-	2,871,146	2,871,146
Other revenue	689,664	6,280	332,283	-	137,041	1,165,268
Total revenues	102,691,378	12,140,706	5,198,928	90,940	5,397,888	125,519,840
EXPENDITURES						
Current:						
Instruction						
Regular	55,250,795	-	-	-	556,641	55,807,436
Special	10,298,350	-	-	-	1,133,113	11,431,463
Vocational	2,062,739	-	-	-	66,271	2,129,010
Other Instruction	1,753,098	-	-	-	-	1,753,098
Support services						
Pupils	6,810,731	-	-	-	764,773	7,575,504
Staff	3,622,580	-	-	-	695,794	4,318,374
General administration	1,445,451	-	-	-	-	1,445,451
School administration	7,656,713	-	-	-	360,438	8,017,151
Fiscal services	1,410,075	560,994	-	-	22,167	1,993,236
Business operations	879,887	-	-	-	1,900	881,787
Operation & maintenance	10,680,226	-	-	-	-	10,680,226
Student transportation	5,117,605	-	-	-	13,608	5,131,213
Central services	1,554,131	-	-	-	154,178	1,708,309
Community services	1,481	-	-	-	689,349	690,830
Extra-curricular	1,853,023	-	-	-	873,553	2,726,576
Capital outlay	30,713	-	3,175,356	14,172,865	-	17,378,934
Debt service:						
Principal retirement	-	4,705,000	-	-	-	4,705,000
Interest	-	5,559,608	-	-	-	5,559,608
Total expenditures	110,427,598	10,825,602	3,175,356	14,172,865	5,331,785	143,933,206
Excess (deficiency) of revenues over (under) expenditures	(7,736,220)	1,315,104	2,023,572	(14,081,925)	66,103	(18,413,366)
Other financing sources (uses):						
Proceeds from refunding bonds	-	49,499,954	-	-	-	49,499,954
Premium on issuance of bonds	-	7,102,634	-	-	-	7,102,634
Payment to bond agent	-	(56,131,856)	-	-	-	(56,131,856)
Transfers in	-	-	-	-	36,000	36,000
Transfers out	(36,000)	-	-	-	-	(36,000)
Total other financing sources (uses)	(36,000)	470,732	-	-	36,000	470,732
Net change in fund balances	(7,772,220)	1,785,836	2,023,572	(14,081,925)	102,103	(17,942,634)
Fund balances, July 1 (restated, see Note 3)	11,238,611	5,490,715	1,129,939	17,171,806	868,330	35,899,401
Fund balances, June 30	<u>\$ 3,466,391</u>	<u>\$ 7,276,551</u>	<u>\$ 3,153,511</u>	<u>\$ 3,089,881</u>	<u>\$ 970,433</u>	<u>\$ 17,956,767</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, 2004

Net Change in Fund Balances - Total Governmental Funds (\$17,942,634)

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).	10,795,746
Tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(430,576)
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. Also, governmental funds report the effect of issuance costs, premiums and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Issuance of general obligation bonds	(49,499,954)
Plus premium	(7,102,634)
Principal repayments	4,705,000
Payment to escrow agent for refunding	56,131,811
Issuance costs	470,732
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	81,620
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	(310,953)
Compensated Absences	(1,470,025)
Due to other Governments	(91,837)
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.	<u>409,187</u>
Change in Net Assets of Governmental Activities	<u><u>(\$4,254,517)</u></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 Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - General Fund
For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Real Estate Taxes	\$ 51,690,976	\$ 51,690,976	\$ 51,686,480	(4,496)
Personal Property Taxes	5,876,764	4,426,764	4,547,035	120,271
State Revenue	34,073,138	35,075,237	35,075,127	(110)
Homestead/Rollback	6,690,572	6,585,000	6,584,364	(636)
Tuition, Fees, Interest & Misc	2,721,843	1,957,500	1,920,443	(37,057)
Transfers, Advances, Refund of Prior Year	215,000	2,232,816	2,171,278	(61,538)
	<u>\$ 101,268,293</u>	<u>\$ 101,968,293</u>	<u>\$ 101,984,727</u>	<u>\$ 16,434</u>
Total Revenue and Other Sources				
Expenditures:				
Salaries and Wages	71,678,363	70,829,827	70,636,461	193,366
Benefits & Insurance	19,990,957	20,439,493	20,417,035	22,458
Purchased Services	12,382,496	13,282,496	12,429,119	853,377
Supplies & Materials	3,438,613	3,463,613	3,074,536	389,077
New & Replacement Equipment	761,771	711,771	609,508	102,263
Other Expenditures	2,434,781	4,427,597	4,253,316	174,281
	<u>\$ 110,686,981</u>	<u>\$ 113,154,797</u>	<u>\$ 111,419,975</u>	<u>\$ 1,734,822</u>
Total Expenditures and Other Uses				
Net Change in Fund Balance	(9,418,688)	(11,186,504)	(9,435,248)	1,751,256
Fund Balance, July 1	18,152,876	18,152,876	18,152,876	-
Prior Year Encumbrances Appropriated	1,446,532	1,446,532	1,446,532	-
Fund Balance, June 30	<u>\$ 10,180,720</u>	<u>\$ 8,412,904</u>	<u>\$ 10,164,160</u>	<u>\$ 1,751,256</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, 2004

	Aggregate Non-Major Business Type Activities	Governmental Activities - Internal Service Fund
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 527,432	\$ 1,297,938
Receivables:		
Accounts	1,785	1,777
Intergovernmental	85,323	-
Materials & supplies inventory	31,068	-
Total current assets	645,608	1,299,715
Non-current assets:		
Capital assets, net	311,516	-
Total assets	957,124	1,299,715
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	8,611	6,772
Accrued wages and benefits	118,663	10,448
Compensated absences payable	12,012	-
Due to:		
Other governments	182,520	-
Total current liabilities	321,806	17,220
Non-current liabilities:		
Compensated absences payable	180,533	-
Total liabilities	502,339	17,220
<u>NET ASSETS</u>		
Invested in capital assets	311,516	-
Unrestricted	143,269	1,282,495
Total net assets	454,785	1,282,495

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, 2004**

	<u>Aggregate Non-Major Business Type Activities</u>	<u>Governmental Activities - Internal Service Fund</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ -	\$ 622,854
Food service sales	2,717,348	-
Class material fees	236,264	-
Other	26,932	-
Total operating revenues	<u>2,980,544</u>	<u>622,854</u>
<u>OPERATING EXPENSES</u>		
Claims	-	2,091
Wages and benefits	1,873,083	62,752
Purchased services	29,056	811
Materials and supplies	1,811,640	157,114
Depreciation	46,587	-
Other	69,308	-
Total operating expenses	<u>3,829,674</u>	<u>222,768</u>
Operating income (loss)	(849,130)	400,086
<u>NON-OPERATING REVENUES</u>		
Grants:		
State sources	22,073	-
Federal sources	675,114	-
Investment income	7,318	9,101
Total non-operating revenues	<u>704,505</u>	<u>9,101</u>
Change in net assets	(144,625)	409,187
Net assets at beginning of year	<u>599,410</u>	<u>873,308</u>
Net assets at end of year	<u>\$ 454,785</u>	<u>\$ 1,282,495</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, 2004

	Aggregate Non-Major Business Type Activities	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 2,958,961	\$ -
Cash payments for wages and benefits	(1,825,138)	(61,490)
Cash received from quasi-external transactions with other funds	-	621,077
Cash payments for purchase services	(29,056)	(811)
Cash payments for materials and supplies	(1,711,401)	(152,490)
Cash received for other revenues	26,604	-
Cash payments for other expenses	(69,308)	-
Cash payments for claims	-	(2,091)
Net cash used for operating activities	<u>(649,338)</u>	<u>404,195</u>
Cash flows from noncapital financing activities:		
Cash flows from operating grants	<u>504,738</u>	<u>-</u>
Cash flows from capital financing activities:		
Purchase of capital assets	<u>(67,423)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>7,318</u>	<u>9,101</u>
Net increase (decrease) in cash and investments	(204,705)	413,296
Cash and investments at beginning of year	<u>732,137</u>	<u>884,642</u>
Cash and investments at end of year	<u>\$ 527,432</u>	<u>\$ 1,297,938</u>
Reconciliation of operating loss to net cash used for operating activities		
Operating income (loss)	\$ (849,130)	\$ 400,086
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	46,587	-
Donated commodities	107,126	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables	5,021	(1,777)
Increase in inventory	(6,329)	-
Increase (decrease) in accounts payables	(2,207)	4,624
Increase in accrued wages and benefits	19,219	1,262
Increase in due to other governments	24,639	-
Increase in compensated absences payable	5,736	-
Net cash used for operating activities	<u>\$ (649,338)</u>	<u>\$ 404,195</u>

The District received \$107,126 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, 2004**

	Private-Purpose Trust	Agency
<u>ASSETS</u>		
Cash and investments	\$64,790	\$320,449
Accounts receivable	-	1,447
Total assets	64,790	321,896
 <u>LIABILITES</u>		
Accounts payable	2,000	17,729
Due to others	-	304,167
Total liabilities	2,000	\$321,896
 <u>NET ASSETS</u>		
	\$62,790	

**Westerville City School District
Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2004**

	Private-Purpose Trust
<u>ADDITIONS</u>	
Gifts and contributions	\$54,435
Investment income	765
 <u>DEDUCTIONS</u>	
Scholarships awarded	14,686
Other deductions	498
Change in net assets	40,016
Net assets, beginning of the year	22,774
Net assets, end of the year	\$62,790

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, 2004

(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 14,156 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, 2004

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, 2004

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.

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.

Proprietary Funds

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

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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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. This fund is currently inactive.

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.

Worker's Compensation Fund – The Worker's Compensation Fund is used to account for monies received from other funds as payment for providing Worker's Compensation benefits to employees.

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.

Revenues, Exchange and Nonexchange Transactions

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Notes to Basic Financial Statements, Continued

For the Fiscal Year Ended June 30, 2004

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 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.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at June 30, 2004, but were levied to finance 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenditures/Expenses

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 2004 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

2. By no later than January 20, the Board-adopted budget is filed with the Franklin County Budget Commission for a tax rate determination.
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 2004.
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 objects 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 2004.
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 for the General fund and Food Service fund and at the fund level for all other funds.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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 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 paid in cash	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 2004, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, 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, Worker's Compensation, Private Purpose Trust and Auxiliary Funds. Interest credited to the General Fund during fiscal year 2004 was \$292,627 which includes \$237,701 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

Restricted assets in the debt service fund represent cash equivalents for which use is limited by legal requirements. Restricted assets include matured bonds for which payment has not been requested.

Restricted assets in the building fund represent cash and cash equivalents for which use is limited by legal requirements. Restricted assets include retainage amounts that are required to be paid to contractors upon completion of their contracts.

(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.

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. 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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

(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.

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 for future year's appropriations and a reserve for budget stabilization as required by state statute (see note 10).

(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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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.

(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 of the pool 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 NET ASSETS

The District restated net assets as of June 30, 2003 to properly record capital assets as follows:

	<u>Business-Type Activities</u>
Net Assets at June 30, 2003 (as reported)	\$610,756
Correction to properly record capital assets	<u>(11,346)</u>
Net Assets at June 30, 2003 (as restated)	<u>\$599,410</u>

This adjustment had no material effect on the change in net assets of Business Type Activities as reported for the year ended June 30, 2003.

(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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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.

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 federal securities; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States securities; 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, 2004.

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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 \$8,494,375. The total balance at these banks was \$10,152,432 of which \$236,348 was covered by FDIC insurance and \$9,916,084 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 categorized since it is not evidenced by securities that exist in physical or book entry form.

<u>Type of investment</u>	<u>Category</u>			<u>Carrying/ fair value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Federal agency securities	-	\$17,330,287	-	\$17,330,287
StarOhio	-	-	-	\$1,464,097
Total	-	\$17,330,287	-	\$18,794,384

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	\$27,288,759	\$ -
Investments:		
Federal agency securities	(17,330,287)	17,330,287
StarOhio	(1,464,097)	1,464,097
Total	\$8,494,375	\$18,794,384

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

(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.

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 2004, upon which the 2003 levies were based, were as follows:

Real Estate	
Agricultural/Residential	\$1,601,155,000
Commercial/Industrial	423,303,100
Personal Property	
General	76,287,708
Public Utility	54,084,170
Total	\$2,154,829,978

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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, 2004.

(6) RECEIVABLES

Receivables and due from other governments at June 30, 2004 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	\$ 73,783,809	
Accounts	90,767	
Accrued Interest	73,426	
Intergovernmental – State & Federal	373,261	
Business-Type Activities		
Accounts	1,785	
Intergovernmental - State	85,323	
Total Receivables		\$74,408,371

(7) INTERFUND TRANSACTIONS

Interfund balances on the fund statements at June 30, 2004 consist of the following receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General	\$59,212	-
Other Governmental:		
Student Intervention		29,050
Vocational Education Enhancement		2,206
IDEA-B		647
Title III	-	17,550
Preschool	-	1,999
Miscellaneous Federal	-	8,120
Total	\$59,212	\$59,212

The balances exist as these grants are funded on a reimbursement basis and the monies were not received from the grantor by June 30, 2004.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

Interfund transfers on the fund statements at June 30, 2004 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:

	Balance June 30, 2003	Additions	Disposals	Transfers	Balance June 30, 2004
<i>Governmental Activities</i>					
Land	\$5,813,922	-	-	-	\$5,813,922
Land Improvements	3,923,787	-	-	-	3,923,787
Buildings/Improvements	111,221,206	14,658,373	-	56,759,260	182,638,839
Furniture/Equipment	3,731,799	962,910	337,416	-	4,357,293
Buses	6,443,477	61,750	-	-	6,505,227
Vehicles	597,563	48,769	-	-	646,332
Construction in Progress	56,759,260	-	-	(56,759,260)	-
Totals at Cost	\$188,491,014	\$15,731,802	\$337,416	\$-	\$203,885,400
Less Accumulated Depreciation:					
Land Improvements	\$2,456,546	162,598	-	-	\$2,619,144
Buildings/Improvements	32,506,966	3,830,260	-	-	36,337,226
Furniture/Equipment	2,150,603	355,277	335,372	-	2,170,508
Buses	3,814,061	539,496	-	-	4,353,557
Vehicles	389,023	46,381	-	-	435,404
Total Accumulated Depr.	\$41,317,199	\$4,934,012	\$335,372	\$-	\$45,915,839
Capital assets, Net	\$147,173,815	\$10,797,790	\$2,044	\$-	\$157,969,561

	Balance June 30, 2003	Additions	Disposals	Balance June 30, 2004
<i>Business-Type Activities</i>				
Furniture/Equipment	\$923,476	\$18,654	\$-	\$942,130
Vehicles	-	48,769	-	48,769
Less Accumulated Depreciation	632,796	46,587	-	679,383
Capital Assets, Net	\$290,680	\$20,836	\$-	\$311,516

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,931,018
Special	547,401
Vocational	100,418
Other	82,590
Support Services:	
Pupil	1,313
Instructional Staff	252
School Administration	384,097
Fiscal Services	1,360
Business Operations	1,936
Operations & Maintenance	275,403
Pupil Transportation	547,167
Central Services	30,568
Food Services	8,817
Extracurricular	21,672
Total Depreciation Expense	<u>\$4,934,012</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.

<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, 2004</u>
Construction and improvements (2)	02/01/87	6.25%	12/01/10	37,000,000	\$11,270,000
Public library (3)	09/15/95	5.69%	12/01/05	6,899,981	500,000
Construction and improvements (4)	08/01/96	5.74%	12/01/06	19,984,875	1,779,268
Construction and improvements (5)	03/15/01	5.00%	12/01/27	99,534,632	65,658,149
Advance Bond Refunding (6)	04/07/04	3.72%	12/01/22	49,970,687	50,024,669
					<u>\$129,232,086</u>

- (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) Constructed new high school and two new elementary schools. Also, for an addition at one middle school, renovations at all other school buildings and the purchase of land.
- (6) Refunded portions of bonds previously issued on 9/15/95, 8/01/96 and 3/15/01.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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>
2005	3.70—6.25	\$5,567,844	\$7,103,734
2006	3.70—6.25	5,300,000	6,282,207
2007	3.70—6.25	5,445,000	6,165,472
2008	3.70—6.25	5,375,000	6,244,829
2009	3.70—6.25	5,114,138	6,415,123
2010-2014	3.70—6.25	20,070,447	29,152,740
2015-2019	3.70—6.25	26,735,000	16,568,688
2020-2024	3.70—6.25	30,005,000	9,680,800
2025-2027	3.70—6.25	24,350,000	2,509,250
Total		\$127,962,429	\$90,122,843

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 \$193,934,698. The total District debt (including the Bonds) subject to this limitation is \$127,962,429. The total District unvoted debt that could be issued subject to the 1/10 of 1% limitation is \$2,154,830. The District has no debt subject to such limitation, leaving \$2,154,830 available for unvoted debt. Including the balance in the Debt Service Fund at June 30, 2004, the effects of these debt limitations at June 30, 2004 are a voted debt margin of \$73,248,820 and an unvoted debt margin of \$2,154,830.

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, 2004, 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 fiscal year 2006.

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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

In April 2004, the District issued \$47,764,714 of general obligation refunding bonds, Series 2004 with interest rates ranging from 2% to 5% (maturing from December 2004 through December 2022) to currently refund a portion of the District's outstanding general obligation bonds. This issue included an additional \$2,205,973 in capital appreciation bonds, Series 2004, with a stated interest rate ranging from 10.63% to 29.25% (maturing from December 2007 through December 2011). A premium in the amount of \$7,102,634 was received on the refunding bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$6,631,856, which has been accounted for as a deferred refunding charge. The transaction resulted in an economic gain of \$2,062,193 and a reduction of \$2,667,460 in future debt payments.

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
	<u>June 30, 2003</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2004</u>	<u>In One Year</u>
<i>Governmental Activities</i>					
General Obligation Bonds	\$133,155,446	\$50,281,640	\$54,205,000	\$129,232,086	\$5,909,046
Compensated Absences	9,734,660	2,328,562	1,349,753	10,713,469	76,000
Total Governmental Activities	<u>\$142,890,106</u>	<u>\$52,610,202</u>	<u>\$55,554,753</u>	<u>\$139,945,555</u>	<u>\$5,985,046</u>
<i>Business-Type Activities</i>					
Compensated Absences	<u>\$186,809</u>	<u>\$8,377</u>	<u>\$2,641</u>	<u>\$192,545</u>	<u>\$12,012</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.

The set aside money requirement for budget stabilization to help protect against cyclical changes in revenues and expenditures was rescinded in fiscal year 2001. In fiscal year 2004 the Board decided to utilize a portion of the HB412 reserve as allowable by state law. They may in the future decide to eliminate the remainder of this reserve.

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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, July 1, 2003	-	-	\$2,504,749
Required Set-Aside	1,976,220	1,976,220	-
Qualifying Expenditures	(3,040,222)	(3,525,388)	(1,967,816)
Total	(\$1,064,002)	(\$1,549,168)	\$536,933
Balance Carried Forward at June 30, 2004	-	-	\$536,933

(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	
GAAP basis	<u>General</u>
Increase (decrease):	(\$7,772,220)
Due to revenues	(851,168)
Due to expenditures	564,791
Due to encumbrances	(1,376,651)
Budget basis	<u>(\$9,435,248)</u>

(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 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

The current rate is 14% for employers of annual covered payroll. 9.09% was the portion used to fund pension obligations at June 30, 2004. 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, 2004, 2003 and 2002 from the District were \$1,240,140, \$1,120,811 and \$666,799 respectively. \$743,047 representing the unpaid contribution for fiscal year 2004, 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, or by visiting the STRS Ohio Web site at www.strsoh.org.

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 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 10% 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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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, 2004, 2003 and 2002 was \$7,746,514, \$7,617,142 and \$5,203,711 respectively. \$1,388,624 representing the unpaid contribution for fiscal year 2004, 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 4.91%. 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 2004, the minimum pay has been established as \$25,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$879,027.

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, 2003 (the latest information available) were \$204.9 million and the target level was \$307.4 million. At June 30, 2003, the Retirement System's net assets available for payment of health care benefits were \$303.6 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,

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

currently 14% of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$595,899 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, net health care costs paid by STRS were \$352.3 million and STRS had 108,294 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.

(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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

(16) RELATED ORGANIZATION

The Westerville School District Library is a political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by Board of Trustees appointed by the Westerville City School District Board of Education. The Board of Trustees possesses its own contracting and budgetary authority, hires and fires personnel and does not depend on the School District for operating subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the tax rate and purpose are discretionary decisions made solely by the Board of Trustees. Financial information may be obtained from the Westerville School District Library at 126 South State Street, Westerville, Ohio 43081.

(17) RISK MANAGEMENT

For fiscal year 2004, 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 retains a balance in the Internal Service - Self Insurance Fund in the event the District ever returns to a self insurance plan for health and dental benefits.

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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2004

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) 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.

(19) BUDGET VARIANCES

Expenditures exceeded appropriations in the Debt Service Fund due to revenues and expenditures relating to the advance bond refunding not being recorded by the District on a cash basis.

(20) 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, 2004 the District had remaining contractual commitments in the amount of \$961,863. The largest contracts are as follows:

<u>Contractor</u>	<u>Balance June 30, 2004</u>
Corna Kokosing Construction Company	\$287,217
Spectrum Builders, Inc.	258,988
Pete Miller, Inc.	75,995
Continental Office Environments	66,941
Romanoff Electric of Columbus	55,745
The Quandel Group, Inc.	48,333
Total	<u>\$793,219</u>

Westerville City School District

Westerville, Ohio



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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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service Fund				
Total Revenue and Other Sources	\$ 11,455,385	\$ 11,720,605	\$ 68,269,257	\$ 56,548,652
Total Expenditures and Other Uses	<u>\$ 11,410,327</u>	<u>\$ 10,388,608</u>	<u>\$ 66,990,326</u>	<u>\$ (56,601,718)</u>
Net Change in Fund Balance	45,058	1,331,997	1,278,931	(53,066)
Fund Balance, July 1	<u>4,746,160</u>	<u>4,746,160</u>	<u>4,746,160</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4,791,218</u>	<u>\$ 6,078,157</u>	<u>\$ 6,025,091</u>	<u>\$ (53,066)</u>
Permanent Improvement Fund				
Total Revenue and Other Sources	\$ 4,983,618	\$ 5,055,272	\$ 5,029,643	\$ (25,629)
Total Expenditures and Other Uses	<u>\$ 4,303,380</u>	<u>\$ 4,310,317</u>	<u>\$ 3,786,629</u>	<u>\$ 523,688</u>
Net Change in Fund Balance	680,238	744,955	1,243,014	498,059
Fund Balance, July 1	845,842	845,842	845,842	-
Prior Year Encumbrances Appropriated	<u>380,648</u>	<u>380,648</u>	<u>380,648</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,906,728</u>	<u>\$ 1,971,445</u>	<u>\$ 2,469,504</u>	<u>\$ 498,059</u>
Building Fund				
Total Revenue and Other Sources	\$ 375,000	\$ 408,599	\$ 407,039	\$ (1,560)
Total Expenditures and Other Uses	<u>\$ 16,061,384</u>	<u>\$ 19,001,683</u>	<u>\$ 18,928,448</u>	<u>\$ 73,235</u>
Net Change in Fund Balance	(15,686,384)	(18,593,084)	(18,521,409)	71,675
Fund Balance, July 1	5,344,789	5,344,789	5,344,789	-
Prior Year Encumbrances Appropriated	<u>15,304,636</u>	<u>15,304,636</u>	<u>15,304,636</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4,963,041</u>	<u>\$ 2,056,341</u>	<u>\$ 2,128,016</u>	<u>\$ 71,675</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.

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.

Entry Year Programs – This fund is used to account for monies received from the State of Ohio to implement entry-year programs pursuant to Section 3317.024(T) of the Revised Code.

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.

Student Intervention – This fund is used to account for student intervention services satisfying criteria found in division (E) of Section 3313.608 of the Revised Code.

Vocational Education Enhancement – This Fund is used to account for Vocational Education Enhancements that replace or update equipment essential for the instruction of students in job skills taught as a part of a vocational program.

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.

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.

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.

Westerville City School District

Westerville, Ohio



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**Westerville City School District
Combining Balance Sheet
Other Governmental Funds
June 30, 2004**

	Special Revenue			
	Public School Support	Other Local	District Managed	Auxiliary Services
<u>ASSETS</u>				
Cash and investments	\$ 297,639	\$ 26,300	\$ 289,876	\$ 238,495
Receivables:				
Accounts	488	-	581	-
Intergovernmental	-	-	-	-
Total assets	\$ 298,127	\$ 26,300	\$ 290,457	\$ 238,495
<u>LIABILITIES</u>				
Accounts payable	5,104	4,390	15,305	18,678
Accrued wages and benefits	-	-	470	46,283
Interfund loan payable	-	-	-	-
Total liabilities	5,104	4,390	15,775	64,961
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	24,698	4,112	5,728	41,980
Unreserved	268,325	17,798	268,954	131,554
Total fund balances	293,023	21,910	274,682	173,534
Total Liabilities and Fund Balances	\$ 298,127	\$ 26,300	\$ 290,457	\$ 238,495

Special Revenue

<u>Career Development</u>	<u>Management Information Systems</u>	<u>School Building Incentive</u>	<u>Entry Year</u>	<u>Data Communications</u>	<u>School Net Professional Development</u>
\$ 4,315	\$ 407	\$ 8,357	\$ 250	\$ -	\$ 8,756
-	-	-	-	-	-
<u>4,315</u>	<u>407</u>	<u>8,357</u>	<u>250</u>	<u>-</u>	<u>8,756</u>
2,856	100	-	-	-	5,250
-	-	-	-	-	-
<u>2,856</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,250</u>
1,393	-	-	-	-	2,250
66	307	8,357	250	-	1,256
<u>1,459</u>	<u>307</u>	<u>8,357</u>	<u>250</u>	<u>-</u>	<u>3,506</u>
<u>\$ 4,315</u>	<u>\$ 407</u>	<u>\$ 8,357</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 8,756</u>

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2004**

Special Revenue				
	Ohio Reads	Student Intervention	Vocational Education Enhancement	Alternative Schools
<u>ASSETS</u>				
Cash and investments	\$ 4,118	\$ 91,533	\$ 1	\$ 2,078
Receivables:				
Intergovernmental	-	29,330	2,205	10,312
Total assets	\$ 4,118	\$ 120,863	\$ 2,206	\$ 12,390
<u>LIABILITIES</u>				
Accounts payable	1,756	75,151	-	270
Accrued wages and benefits	-	-	-	12,120
Interfund loan payable	-	29,050	2,206	-
Total liabilities	1,756	104,201	2,206	12,390
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	2,362	15,488	-	25
Unreserved	-	1,174	-	(25)
Total fund balances	2,362	16,662	-	-
Total Liabilities and Fund Balances	\$ 4,118	\$ 120,863	\$ 2,206	\$ 12,390

Special Revenue

Miscellaneous State	IDEA - B	Vocational Education: Carl D. Perkins	Title III	Transition Program for Refugee Children	Title I
\$ 1,091	\$ 33,436	\$ 103,902	\$ -	\$ 5,000	\$ 4,298
-	-	-	-	-	-
-	161,842	-	34,765	-	66,043
<u>\$ 1,091</u>	<u>\$ 195,278</u>	<u>\$ 103,902</u>	<u>\$ 34,765</u>	<u>\$ 5,000</u>	<u>\$ 70,341</u>
700	2,601	13,997	-	-	695
-	138,411	-	17,112	-	69,646
-	647	-	17,190	-	-
<u>700</u>	<u>141,659</u>	<u>13,997</u>	<u>34,302</u>	<u>-</u>	<u>70,341</u>
391	30,833	89,392	-	-	3,361
-	22,786	513	463	5,000	(3,361)
<u>391</u>	<u>53,619</u>	<u>89,905</u>	<u>463</u>	<u>5,000</u>	<u>-</u>
<u>\$ 1,091</u>	<u>\$ 195,278</u>	<u>\$ 103,902</u>	<u>\$ 34,765</u>	<u>\$ 5,000</u>	<u>\$ 70,341</u>

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2004**

	Special Revenue			
	Title V	Title IV	Preschool Handicapped	Title II-A
<u>ASSETS</u>				
Cash and investments	\$ 2,443	\$ 169	\$ 4,030	\$ 21,831
Receivables:				
Intergovernmental	-	-	-	-
	-	6,846	7,630	17,000
Total assets	\$ 2,443	\$ 7,015	\$ 11,660	\$ 38,831
<u>LIABILITIES</u>				
Accounts payable	857	132	-	4,556
Accrued wages and benefits	-	6,845	3,995	24,708
Interfund loan payable	-	-	1,999	-
Total liabilities	857	6,977	5,994	29,264
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	1,054	21	4,000	9,895
Unreserved	532	17	1,666	(328)
Total fund balances	1,586	38	5,666	9,567
Total Liabilities and Fund Balances	\$ 2,443	\$ 7,015	\$ 11,660	\$ 38,831

Special Revenue

<u>Miscellaneous Federal</u>	<u>Total Other Governmental Funds</u>
\$ 14,272	\$ 1,162,597
-	1,069
37,288	373,261
<u>\$ 51,560</u>	<u>\$ 1,536,927</u>
23,996	176,394
11,298	330,888
8,120	59,212
<u>43,414</u>	<u>566,494</u>
-	236,983
8,146	733,450
<u>8,146</u>	<u>970,433</u>
<u>\$ 51,560</u>	<u>\$ 1,536,927</u>

Westerville City School District
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds
For the Year Ended June 30, 2004

	Special Revenue			
	Public School Support	Other Local	District Managed	Auxiliary Services
REVENUES				
Extra-curricular	\$ 267,516	\$ -	\$ 798,328	\$ -
Investment income	-	-	-	2,904
Other local sources	-	38,920	-	-
Intergovernmental - State	-	-	-	639,282
Intergovernmental - Federal	-	-	-	-
Other revenue	56,549	-	80,492	-
Total revenues	324,065	38,920	878,820	642,186
EXPENDITURES				
Current:				
Instruction				
Regular	1,884	23,084	-	-
Special	-	4,189	-	-
Vocational	-	-	-	-
Support services				
Pupils	284,087	-	-	-
Staff	-	7,970	-	-
School administration	-	-	-	-
Fiscal administration	-	-	-	22,167
Business operations	-	275	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	88	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	-	-	-	597,566
Extra-curricular	-	-	873,553	-
Total expenditures	285,971	35,606	873,553	619,733
Excess (deficiency) of revenues over (under) expenditures	38,094	3,314	5,267	22,453
Other financing sources:				
Operating transfers in	-	-	36,000	-
Total other financing sources	-	-	36,000	-
Net change in fund balances	38,094	3,314	41,267	22,453
Fund balances, July 1	254,929	18,596	233,415	151,081
Fund balances, June 30	\$ 293,023	\$ 21,910	\$ 274,682	\$ 173,534

Special Revenue

Career Development	Management Information Systems	School Building Incentive	Entry Year	Data Communications	School Net Professional Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
12,000	51,352	-	23,100	69,000	9,450
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,000</u>	<u>51,352</u>	<u>-</u>	<u>23,100</u>	<u>69,000</u>	<u>9,450</u>
7,449	-	2,332	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,991	-	5,520	22,850	-	5,944
-	-	-	-	-	-
-	-	-	-	-	-
871	-	-	-	-	-
-	-	-	-	-	-
3,295	-	-	-	-	-
-	71,155	-	-	77,423	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>17,606</u>	<u>71,155</u>	<u>7,852</u>	<u>22,850</u>	<u>77,423</u>	<u>5,944</u>
(5,606)	(19,803)	(7,852)	250	(8,423)	3,506
-	-	-	-	-	-
-	-	-	-	-	-
(5,606)	(19,803)	(7,852)	250	(8,423)	3,506
7,065	20,110	16,209	-	8,423	-
<u>\$ 1,459</u>	<u>\$ 307</u>	<u>\$ 8,357</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 3,506</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, 2004

	Special Revenue			
	Ohio Reads	Student Intervention	Vocational Education Enhancement	Alternative Schools
REVENUES				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	71,880	261,849	3,150	85,550
Intergovernmental - Federal	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>71,880</u>	<u>261,849</u>	<u>3,150</u>	<u>85,550</u>
EXPENDITURES				
Current:				
Instruction				
Regular	27,016	230,980	-	65,723
Special	-	-	-	-
Vocational	-	-	3,150	-
Support services				
Pupils	-	-	-	13,894
Staff	43,925	5,000	-	5,933
School administration	-	-	-	-
Fiscal administration	-	-	-	-
Business operations	-	-	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	9,207	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	2,998	-	-	-
Extra-curricular	-	-	-	-
Total expenditures	<u>73,939</u>	<u>245,187</u>	<u>3,150</u>	<u>85,550</u>
Excess (deficiency) of revenues over (under) expenditures	(2,059)	16,662	-	-
Other financing sources:				
Operating transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,059)	16,662	-	-
Fund balances, July 1	4,421	-	-	-
Fund balances, June 30	<u>\$ 2,362</u>	<u>\$ 16,662</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

Miscellaneous State	IDEA - B	Vocational Education: Carl D. Perkins	Title III	Transition Program for Refugee Children	Title I
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
55,420	-	-	-	-	-
-	1,393,180	115,000	120,906	5,000	549,208
-	-	-	-	-	-
<u>55,420</u>	<u>1,393,180</u>	<u>115,000</u>	<u>120,906</u>	<u>5,000</u>	<u>549,208</u>
26,918	-	-	-	-	-
-	450,713	-	111,210	-	539,015
-	-	63,121	-	-	-
140	401,536	-	-	-	-
8,791	167,626	47,828	12,850	-	10,544
-	282,716	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,018	-	-	-
5,600	-	-	-	-	-
-	-	-	-	-	-
13,840	57,468	-	-	-	-
-	-	-	-	-	-
<u>55,289</u>	<u>1,360,059</u>	<u>111,967</u>	<u>124,060</u>	<u>-</u>	<u>549,559</u>
131	33,121	3,033	(3,154)	5,000	(351)
-	-	-	-	-	-
-	-	-	-	-	-
131	33,121	3,033	(3,154)	5,000	(351)
260	20,498	86,872	3,617	-	351
<u>\$ 391</u>	<u>\$ 53,619</u>	<u>\$ 89,905</u>	<u>\$ 463</u>	<u>\$ 5,000</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, 2004

	Special Revenue			
	Title VI	Title IV	Preschool Handicapped	Title II-A
REVENUES				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	-	-	-	-
Intergovernmental - Federal	60,226	75,507	36,496	249,042
Other revenue	-	-	-	-
Total revenues	<u>60,226</u>	<u>75,507</u>	<u>36,496</u>	<u>249,042</u>
EXPENDITURES				
Current:				
Instruction				
Regular	-	4,553	-	163,264
Special	-	-	12,246	-
Vocational	-	-	-	-
Support services				
Pupils	-	47,860	17,256	-
Staff	65,255	24,254	-	78,673
School administration	-	-	23	-
Fiscal administration	-	-	-	-
Business operations	-	-	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	-	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	5,398	773	-	572
Extra-curricular	-	-	-	-
Total expenditures	<u>70,653</u>	<u>77,440</u>	<u>29,525</u>	<u>242,509</u>
Excess (deficiency) of revenues over (under) expenditures	(10,427)	(1,933)	6,971	6,533
Other financing sources:				
Operating transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(10,427)	(1,933)	6,971	6,533
Fund balances, July 1	12,013	1,971	(1,305)	3,034
Fund balances, June 30	<u>\$ 1,586</u>	<u>\$ 38</u>	<u>\$ 5,666</u>	<u>\$ 9,567</u>

Special Revenue

<u>Miscellaneous Federal</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ 1,065,844
-	2,904
-	38,920
-	1,282,033
266,581	2,871,146
-	137,041
266,581	5,397,888
3,438	556,641
15,740	1,133,113
-	66,271
-	764,773
176,840	695,794
77,699	360,438
-	22,167
754	1,900
-	-
-	13,608
-	154,178
-	-
10,734	689,349
-	873,553
285,205	5,331,785
(18,624)	66,103
-	36,000
-	36,000
(18,624)	102,103
26,770	868,330
\$ 8,146	\$ 970,433

**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, 2004**

Other Governmental Funds:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public School Support				
Total Revenue and Other Sources	\$ 320,000	\$ 350,000	\$ 323,577	\$ (26,423)
Total Expenditures and Other Uses	<u>\$ 413,810</u>	<u>\$ 388,810</u>	<u>\$ 317,462</u>	<u>\$ 71,348</u>
Net Change in Fund Balance	(93,810)	(38,810)	6,115	44,925
Fund Balance, July 1	247,913	247,913	247,913	-
Prior Year Encumbrances Appropriated	<u>13,810</u>	<u>13,810</u>	<u>13,810</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 167,913</u>	<u>\$ 222,913</u>	<u>\$ 267,838</u>	<u>\$ 44,925</u>
Other Local				
Total Revenue and Other Sources	\$ 40,000	\$ 40,320	\$ 38,920	\$ (1,400)
Total Expenditures and Other Uses	<u>\$ 53,851</u>	<u>\$ 60,352</u>	<u>\$ 41,153</u>	<u>\$ 19,199</u>
Net Change in Fund Balance	(13,851)	(20,032)	(2,233)	17,799
Fund Balance, July 1	16,182	16,182	16,182	-
Prior Year Encumbrances Appropriated	<u>3,851</u>	<u>3,851</u>	<u>3,851</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,182</u>	<u>\$ 1</u>	<u>\$ 17,800</u>	<u>\$ 17,799</u>
District Managed				
Total Revenue and Other Sources	\$ 1,000,000	\$ 1,000,000	\$ 914,239	\$ (85,761)
Total Expenditures and Other Uses	<u>\$ 1,099,971</u>	<u>\$ 1,149,971</u>	<u>\$ 927,613</u>	<u>\$ 222,358</u>
Net Change in Fund Balance	(99,971)	(149,971)	(13,374)	136,597
Fund Balance, July 1	232,247	232,247	232,247	-
Prior Year Encumbrances Appropriated	<u>49,971</u>	<u>49,971</u>	<u>49,971</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 182,247</u>	<u>\$ 132,247</u>	<u>\$ 268,844</u>	<u>\$ 136,597</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, 2004**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Auxilliary Services				
Total Revenue and Other Sources	\$ 605,000	\$ 643,059	\$ 642,940	\$ (119)
Total Expenditures and Other Uses	<u>\$ 736,201</u>	<u>\$ 854,119</u>	<u>\$ 676,303</u>	<u>\$ 177,816</u>
Net Change in Fund Balance	(131,201)	(211,060)	(33,363)	177,697
Fund Balance, July 1	48,995	48,995	48,995	-
Prior Year Encumbrances Appropriated	<u>162,206</u>	<u>162,206</u>	<u>162,206</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 80,000</u>	<u>\$ 141</u>	<u>\$ 177,838</u>	<u>\$ 177,697</u>
Career Development				
Total Revenue and Other Sources	\$ 15,000	\$ 12,000	\$ 12,000	\$ -
Total Expenditures and Other Uses	<u>\$ 22,627</u>	<u>\$ 19,627</u>	<u>\$ 19,561</u>	<u>\$ 66</u>
Net Change in Fund Balance	(7,627)	(7,627)	(7,561)	66
Fund Balance, July 1	4,188	4,188	4,188	-
Prior Year Encumbrances Appropriated	<u>3,439</u>	<u>3,439</u>	<u>3,439</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66</u>	<u>\$ 66</u>
Management Information Systems				
Total Revenue and Other Sources	\$ 51,000	\$ 51,352	\$ 51,352	\$ -
Total Expenditures and Other Uses	<u>\$ 71,961</u>	<u>\$ 72,005</u>	<u>\$ 72,005</u>	<u>\$ -</u>
Net Change in Fund Balance	(20,961)	(20,653)	(20,653)	-
Fund Balance, July 1	11,151	11,151	11,151	-
Prior Year Encumbrances Appropriated	<u>9,810</u>	<u>9,810</u>	<u>9,810</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 308</u>	<u>\$ 308</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, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
School Building Incentive				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 18,361</u>	<u>\$ 18,361</u>	<u>\$ 10,004</u>	<u>\$ 8,357</u>
Net Change in Fund Balance	(18,361)	(18,361)	(10,004)	8,357
Fund Balance, July 1	13,838	13,838	13,838	-
Prior Year Encumbrances Appropriated	<u>4,523</u>	<u>4,523</u>	<u>4,523</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,357</u></u>	<u><u>\$ 8,357</u></u>
Entry Year				
Total Revenue and Other Sources	\$ -	\$ 23,100	\$ 23,100	\$ -
Total Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 23,100</u>	<u>\$ 22,850</u>	<u>\$ 250</u>
Net Change in Fund Balance	-	-	250	250
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>\$ 250</u></u>	<u><u>\$ 250</u></u>
Data Communications				
Total Revenue and Other Sources	\$ 77,000	\$ 69,000	\$ 69,000	\$ -
Total Expenditures and Other Uses	<u>\$ 92,641</u>	<u>\$ 84,641</u>	<u>\$ 84,641</u>	<u>\$ -</u>
Net Change in Fund Balance	(15,641)	(15,641)	(15,641)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>15,641</u>	<u>15,641</u>	<u>15,641</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2004**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
School Net Professional Development				
Total Revenue and Other Sources	\$ 10,500	\$ 9,450	\$ 9,450	\$ -
Total Expenditures and Other Uses	\$ 10,500	\$ 9,450	\$ 8,194	\$ 1,256
Net Change in Fund Balance	-	-	1,256	1,256
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ 1,256	\$ 1,256
Ohio Reads				
Total Revenue and Other Sources	\$ 62,000	\$ 74,000	\$ 74,000	\$ -
Total Expenditures and Other Uses	\$ 73,500	\$ 85,500	\$ 85,499	\$ 1
Net Change in Fund Balance	(11,500)	(11,500)	(11,499)	1
Fund Balance, July 1	1,379	1,379	1,379	-
Prior Year Encumbrances Appropriated	10,120	10,120	10,120	-
Fund Balance, June 30	\$ (1)	\$ (1)	\$ -	\$ 1
Student Intervention				
Total Revenue and Other Sources	\$ -	\$ 261,850	\$ 261,569	\$ (281)
Total Expenditures and Other Uses	\$ -	\$ 261,849	\$ 260,675	\$ 1,174
Net Change in Fund Balance	-	1	894	893
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	\$ -	\$ 1	\$ 894	\$ 893

(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, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Vocational Educational Equipment				
Total Revenue and Other Sources	\$ -	\$ 3,151	\$ 3,151	\$ -
Total Expenditures and Other Uses	\$ -	\$ 3,151	\$ 3,150	\$ 1
Net Change in Fund Balance	-	-	1	1
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ 1	\$ 1
Alternative Schools				
Total Revenue and Other Sources	\$ 86,199	\$ 85,420	\$ 75,318	\$ (10,102)
Total Expenditures and Other Uses	\$ 96,561	\$ 95,782	\$ 83,897	\$ 11,885
Net Change in Fund Balance	(10,362)	(10,362)	(8,579)	1,783
Fund Balance, July 1	10,256	10,256	10,256	-
Prior Year Encumbrances Appropriated	106	106	106	-
Fund Balance, June 30	\$ -	\$ -	\$ 1,783	\$ 1,783
Miscellaneous State				
Total Revenue and Other Sources	\$ 83,251	\$ 55,421	\$ 55,420	\$ (1)
Total Expenditures and Other Uses	\$ 54,828	\$ 55,681	\$ 55,680	\$ 1
Net Change in Fund Balance	28,423	(260)	(260)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	260	260	260	-
Fund Balance, June 30	\$ 28,683	\$ -	\$ -	\$ -

**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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
IDEA-B				
Total Revenue and Other Sources	\$ 1,544,778	\$ 1,544,779	\$ 1,373,583	\$ (171,196)
Total Expenditures and Other Uses	<u>\$ 1,561,517</u>	<u>\$ 1,561,518</u>	<u>\$ 1,390,320</u>	<u>\$ 171,198</u>
Net Change in Fund Balance	(16,739)	(16,739)	(16,737)	2
Fund Balance, July 1	5,376	5,376	5,376	-
Prior Year Encumbrances Appropriated	<u>11,362</u>	<u>11,362</u>	<u>11,362</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ 2</u>
Vocational Education: Carl D. Perkins				
Total Revenue and Other Sources	\$ 93,874	\$ 115,000	\$ 115,000	\$ -
Total Expenditures and Other Uses	<u>\$ 187,653</u>	<u>\$ 208,779</u>	<u>\$ 208,266</u>	<u>\$ 513</u>
Net Change in Fund Balance	(93,779)	(93,779)	(93,266)	513
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>93,779</u>	<u>93,779</u>	<u>93,779</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513</u>	<u>\$ 513</u>
Title III				
Total Revenue and Other Sources	\$ 122,160	\$ 137,989	\$ 116,578	\$ (21,411)
Total Expenditures and Other Uses	<u>\$ 120,887</u>	<u>\$ 136,716</u>	<u>\$ 119,141</u>	<u>\$ 17,575</u>
Net Change in Fund Balance	1,273	1,273	(2,563)	(3,836)
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>2,563</u>	<u>2,563</u>	<u>2,563</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,836</u>	<u>\$ 3,836</u>	<u>\$ -</u>	<u>\$ (3,836)</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, 2004**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Transition Program for Refugee Children				
Total Revenue and Other Sources	\$ 6,500	\$ 5,000	\$ 5,000	\$ -
Total Expenditures and Other Uses	\$ 6,758	\$ 5,258	\$ 258	\$ 5,000
Net Change in Fund Balance	(258)	(258)	4,742	5,000
Fund Balance, July 1	258	258	258	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Title I				
Total Revenue and Other Sources	\$ 614,844	\$ 601,507	\$ 529,263	\$ (72,244)
Total Expenditures and Other Uses	\$ 618,909	\$ 605,572	\$ 533,086	\$ 72,486
Net Change in Fund Balance	(4,065)	(4,065)	(3,823)	242
Fund Balance, July 1	2,490	2,490	2,490	-
Prior Year Encumbrances Appropriated	1,575	1,575	1,575	-
Fund Balance, June 30	<u>\$ (1,575)</u>	<u>\$ (1,575)</u>	<u>\$ 242</u>	<u>\$ 242</u>
Title V				
Total Revenue and Other Sources	\$ 129,675	\$ 156,692	\$ 98,022	\$ (58,670)
Total Expenditures and Other Uses	\$ 104,961	\$ 131,978	\$ 99,843	\$ 32,135
Net Change in Fund Balance	24,714	24,714	(1,821)	(26,535)
Fund Balance, July 1	42	42	42	-
Prior Year Encumbrances Appropriated	2,311	2,311	2,311	-
Fund Balance, June 30	<u>\$ 27,067</u>	<u>\$ 27,067</u>	<u>\$ 532</u>	<u>\$ (26,535)</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Title IV				
Total Revenue and Other Sources	\$ 90,528	\$ 88,177	\$ 75,106	\$ (13,071)
Total Expenditures and Other Uses	<u>\$ 91,765</u>	<u>\$ 89,415</u>	<u>\$ 76,328</u>	<u>\$ 13,087</u>
Net Change in Fund Balance	(1,237)	(1,238)	(1,222)	16
Fund Balance, July 1	388	388	388	-
Prior Year Encumbrances Appropriated	<u>848</u>	<u>848</u>	<u>848</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ (1)</u></u>	<u><u>\$ (2)</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ 16</u></u>
Preschool Handicapped				
Total Revenue and Other Sources	\$ 38,495	\$ 38,497	\$ 32,865	\$ (5,632)
Total Expenditures and Other Uses	<u>\$ 39,322</u>	<u>\$ 39,024</u>	<u>\$ 33,664</u>	<u>\$ 5,360</u>
Net Change in Fund Balance	(827)	(527)	(799)	(272)
Fund Balance, July 1	149	149	149	-
Prior Year Encumbrances Appropriated	<u>678</u>	<u>678</u>	<u>678</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ 300</u></u>	<u><u>\$ 28</u></u>	<u><u>\$ (272)</u></u>
Title II-A				
Total Revenue and Other Sources	\$ 338,299	\$ 337,804	\$ 274,458	\$ (63,346)
Total Expenditures and Other Uses	<u>\$ 345,136</u>	<u>\$ 344,641</u>	<u>\$ 273,914</u>	<u>\$ 70,727</u>
Net Change in Fund Balance	(6,837)	(6,837)	544	7,381
Fund Balance, July 1	3,325	3,325	3,325	-
Prior Year Encumbrances Appropriated	<u>3,512</u>	<u>3,512</u>	<u>3,512</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,381</u></u>	<u><u>\$ 7,381</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous Federal				
Total Revenue and Other Sources	\$ 126,401	\$ 863,657	\$ 259,917	\$ (603,740)
Total Expenditures and Other Uses	<u>\$ 151,710</u>	<u>\$ 890,939</u>	<u>\$ 293,647</u>	<u>\$ 597,292</u>
Net Change in Fund Balance	(25,309)	(27,282)	(33,730)	(6,448)
Fund Balance, July 1	1,014	1,014	1,014	-
Prior Year Encumbrances Appropriated	<u>35,269</u>	<u>35,269</u>	<u>35,269</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 10,974</u></u>	<u><u>\$ 9,001</u></u>	<u><u>\$ 2,553</u></u>	<u><u>\$ (6,448)</u></u>

Westerville City School District

Westerville, Ohio



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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, 2004

	Food Service	Uniform School Supplies	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 492,433	\$ 34,999	\$ 527,432
Receivables:			
Accounts	1,785	-	1,785
Intergovernmental	85,323	-	85,323
Materials & supplies inventory	31,068	-	31,068
Total current assets	610,609	34,999	645,608
Non-current assets:			
Capital assets, net	311,516	-	311,516
Total assets	922,125	34,999	957,124
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	5,452	3,159	8,611
Accrued wages and benefits	118,663	-	118,663
Compensated absences payable	12,012	-	12,012
Due to:			
Other governments	182,520	-	182,520
Total current liabilities	318,647	3,159	321,806
Non-current liabilities:			
Compensated absences payable	180,533	-	180,533
Total liabilities	499,180	3,159	502,339
<u>NET ASSETS</u>			
Invested in capital assets	311,516	-	311,516
Unrestricted	111,429	31,840	143,269
Total net assets	422,945	31,840	454,785

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, 2004

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Food service sales	\$ 2,717,348	\$ -	\$ 2,717,348
Class material fees	-	236,264	236,264
Other	26,932	-	26,932
Total operating revenues	<u>2,744,280</u>	<u>236,264</u>	<u>2,980,544</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	1,873,083	-	1,873,083
Purchased services	29,056	-	29,056
Materials and supplies	1,577,188	234,452	1,811,640
Depreciation	46,587	-	46,587
Other	69,308	-	69,308
Total operating expenses	<u>3,595,222</u>	<u>234,452</u>	<u>3,829,674</u>
Operating income (loss)	(850,942)	1,812	(849,130)
<u>NON-OPERATING REVENUES</u>			
Grants:			
State sources	22,073	-	22,073
Federal sources	675,114	-	675,114
Investment income	7,318	-	7,318
Total non-operating revenues	<u>704,505</u>	<u>-</u>	<u>704,505</u>
Change in net assets	(146,437)	1,812	(144,625)
Net assets at beginning of year	<u>569,382</u>	<u>30,028</u>	<u>599,410</u>
Net assets at end of year	<u>\$ 422,945</u>	<u>\$ 31,840</u>	<u>\$ 454,785</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, 2004

	Food Service	Uniform School Supplies	Total
Cash flows from operating activities:			
Cash received from customers	\$ 2,717,348	\$ 241,613	\$ 2,958,961
Cash payments for wages and benefits	(1,825,138)	-	(1,825,138)
Cash payments for purchase services	(29,056)	-	(29,056)
Cash payments for materials and supplies	(1,476,391)	(235,010)	(1,711,401)
Cash received for other revenues	26,604	-	26,604
Cash payments for other expenses	(69,308)	-	(69,308)
Net cash used for operating activities	(655,941)	6,603	(649,338)
Cash flows from noncapital financing activities:			
Cash flows from operating grants	504,738	-	504,738
Cash flows from capital financing activities:			
Purchase of capital assets	(67,423)	-	(67,423)
Cash flows from investing activities:			
Investment income	7,318	-	7,318
Net increase (decrease) in cash and investments	(211,308)	6,603	(204,705)
Cash and investments at beginning of year	703,741	28,396	732,137
Cash and investments at end of year	\$ 492,433	\$ 34,999	\$ 527,432
Reconciliation of operating income (loss) to net cash used for operating activities			
Operating income (loss)	\$ (850,942)	\$ 1,812	\$ (849,130)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:			
Depreciation	46,587	-	46,587
Donated commodities	107,126	-	107,126
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables	(328)	5,349	5,021
Increase in inventory	(6,329)	-	(6,329)
Decrease in accounts payables	(1,649)	(558)	(2,207)
Increase in accrued wages and benefits	19,219	-	19,219
Increase in due to retirement system	24,639	-	24,639
Increase in compensated absences payable	5,736	-	5,736
Net cash used for operating activities	\$ (655,941)	\$ 6,603	\$ (649,338)

The District received \$107,126 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 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.

Worker's Compensation – This fund is used to account for Worker's Compensation Self-Insurance receipts and expenditures.

**Westerville City School District
Combining Statement of Net Assets
Internal Service Funds
As of June 30, 2004**

	<u>Self Insurance</u>	<u>Print Shop</u>	<u>Worker's Compensation</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 817,419	\$ 75,593	\$ 404,926	\$ 1,297,938
Receivables:				
Accounts	-	1,777	-	1,777
Total assets	<u>817,419</u>	<u>77,370</u>	<u>404,926</u>	<u>1,299,715</u>
<u>LIABILITIES</u>				
Accounts payable	-	6,772	-	6,772
Claims payable	-	-	-	-
Accrued wages and benefits	-	10,448	-	10,448
Total liabilities	<u>-</u>	<u>17,220</u>	<u>-</u>	<u>17,220</u>
<u>NET ASSETS</u>				
Unrestricted	817,419	60,150	404,926	1,282,495
Total net assets	<u>\$ 817,419</u>	<u>\$ 60,150</u>	<u>\$ 404,926</u>	<u>\$ 1,282,495</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, 2004

	<u>Self Insurance</u>	<u>Print Shop</u>	<u>Worker's Compensation</u>	<u>Total</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ 4,559	\$ 214,315	\$ 403,980	\$ 622,854
Total operating revenues	<u>4,559</u>	<u>214,315</u>	<u>403,980</u>	<u>622,854</u>
<u>OPERATING EXPENSES</u>				
Wages and benefits	-	62,752	-	62,752
Claims	2,091	-	-	2,091
Purchased services	-	811	-	811
Materials and supplies	-	157,114	-	157,114
Total operating expenses	<u>2,091</u>	<u>220,677</u>	<u>-</u>	<u>222,768</u>
Operating income	2,468	(6,362)	403,980	400,086
<u>NON-OPERATING REVENUES</u>				
Investment income	8,155	-	946	9,101
Total non-operating revenues	<u>8,155</u>	<u>-</u>	<u>946</u>	<u>9,101</u>
Change in net assets	10,623	(6,362)	404,926	409,187
Net assets at beginning of year	<u>806,796</u>	<u>66,512</u>	<u>-</u>	<u>873,308</u>
Net assets at end of year	<u>\$ 817,419</u>	<u>\$ 60,150</u>	<u>\$ 404,926</u>	<u>\$ 1,282,495</u>

Westerville City School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

Governmental Activities - Internal Service

	Self Insurance	Print Shop	Worker's Compensation	Total
Cash flows from operating activities:				
Cash received from quasi-external transactions with other funds	\$ 4,559	\$ 212,538	\$ 403,980	\$ 621,077
Cash payments for wages and benefits	-	(61,490)	-	(61,490)
Cash payments for purchased services	-	(811)	-	(811)
Cash payments for materials and supplies	-	(152,490)	-	(152,490)
Cash payments for claims	(2,091)	-	-	(2,091)
Net cash provided by (used for) operating activities	2,468	(2,253)	403,980	404,195
Cash flows from investing activities:				
Investment income	8,155	-	946	9,101
Net increase in cash and investments	10,623	(2,253)	404,926	413,296
Cash and investments at beginning of year	806,796	77,846	-	884,642
Cash and investments at end of year	<u>\$ 817,419</u>	<u>\$ 75,593</u>	<u>\$ 404,926</u>	<u>\$ 1,297,938</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income	\$ 2,468	\$ (6,362)	\$ 403,980	\$ 400,086
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Changes in assets and liabilities:				
Increase in accounts receivables	-	(1,777)	-	(1,777)
Decrease in accounts payable	-	4,624	-	4,624
Increase in accrued wages and benefits	-	1,262	-	1,262
Net cash provided by (used for) operating activities	\$ 2,468	\$ (2,253)	\$ 403,980	\$ 404,195

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

Agency Funds

Agency Funds are established to account for assets held for the by the school district on the behalf of other individuals, staff or students. In an agency fund, assets equal liabilities, and the fund balance is zero. A description of the District's Agency Funds follows:

District Agency – A fund used to account for those assets held by a school district as an agent for individuals or staff.

Student Managed Activity – This fund is used to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This typically includes those student activities which consist of a student body, student president, student treasurer and faculty advisor.

**Westerville City School District
Combining Statement of Net Assets
Fiduciary Funds
As of June 30, 2004**

	District Agency	Student Managed Agency	Total
<u>ASSETS</u>			
Cash and investments	\$59,578	\$260,871	\$320,449
Accounts receivable	-	1,447	1,447
Total assets	59,578	262,318	321,896
 <u>LIABILITES</u>			
Accounts payable	972	16,757	17,729
Due to others	58,606	245,561	304,167
Total liabilities	59,578	\$262,318	\$321,896

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

Westerville City School District

Westerville, Ohio



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Statistical Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio

Westerville City School District

Westerville, Ohio



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

	GAAP 2004	GAAP 2003	GAAP 2002	GAAP 2001	GAAP 2000	GAAP 1999	GAAP 1998	GAAP 1997	GAAP 1996	GAAP 1995
Instructional										
Regular	\$55,250,795	\$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
Special	10,298,350	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
Vocational	2,062,739	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
Continuing	-	-	-	980	5,263	-	-	-	-	-
Other	1,753,098	1,607,521	1,166,761	945,198	755,637	780,973	436,572	628,321	548,445	455,996
Total Instructional	69,364,982	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
Support Services										
Pupils										
Staff	6,810,731	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
General Administration	3,622,580	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
School Administration	1,445,451	1,397,792	1,265,245	1,363,605	1,124,098	1,073,368	977,129	894,104	748,470	842,014
Fiscal Administration	7,656,713	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
Business Operations	1,410,075	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
Operation & Maintenance	879,887	1,051,248	858,308	1,195,663	1,267,824	939,369	653,908	593,635	569,561	601,332
Student Transportation	10,680,226	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
Central Services	5,117,605	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
Food Services	1,554,131	1,522,684	1,448,554	1,139,931	1,145,607	1,081,927	928,098	811,125	536,304	534,283
Community Services	1,481	-	-	316	1,731	-	300	140	130	125
Extra-curricular Academic	93,579	68,476	75,300	62,066	62,557	53,778	56,172	74,387	14,113	21,573
Extra-curricular Sport	1,509,044	776,512	741,452	674,988	636,221	594,094	524,202	444,606	52,712	55,011
Extra-curricular Civic	250,400	292,559	272,329	263,028	244,278	186,417	153,793	120,654	454,456	410,254
Total Support Services	41,031,903	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
Total Capital Outlay	30,713	6,159	17,700	198,020	296,835	210,517	82,671	30,972	23,820	59,130
Other Financing Uses	36,000	36,000	36,000	36,000	36,000	-	-	-	-	-
Total Expenditures and Other Uses	\$110,463,598	\$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

Source: School District Financial Records

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

	GAAP 2004	GAAP 2003	GAAP 2002	GAAP 2001	GAAP 2000	GAAP 1999	GAAP 1998	GAAP 1997	GAAP 1996	GAAP 1995
Revenue from Local Sources										
Taxes	\$59,095,309	\$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
Tuition	410,603	488,196	399,296	446,027	261,034	953,350	244,153	298,588	343,051	305,744
Investment Income	292,627	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
Other-Local	543,684	308,959	276,606	332,157	319,699	311,981	314,277	274,292	265,350	285,170
Total Local Sources	60,342,223	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
Revenue from State Sources	41,659,491	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
Other Revenue	689,664	648,613	607,170	647,341	270,435	601,368	1,463,364	516,290	331,516	293,942
Other Financing Sources	-	-	15,930	1,083	21,990	3,117	5,183	6,131	7,525	47,400
Total Revenue and Other Sources	\$102,691,378	\$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

Source: School District Financial Records

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
2003/04	\$55,139,660	\$3,225,688	\$58,365,348	\$53,587,683	97.19%	\$1,642,476	\$55,230,159	94.63%	\$2,742,699
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

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)		Tangible 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
2004	\$2,024,458,100	\$5,784,166,000	\$76,287,708	\$317,865,450	\$54,084,170	\$154,526,200	\$2,154,829,978	\$6,256,557,650
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

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	Franklin County	Delaware County	City of Westerville	City of Columbus	Westerville City School District				Blendon Township	Genoa Township	Plain Township	Sharon Township	Minerva Park Corp.	Westerville Corp. (Genoa)		
					Voted		Permanent Improvement								Unvoted	Total
					Gen. Fd.	Bond	Bond	Improvement								
2003/2004 Res/Agr Comm/Ind	17.64 13.24 15.01	5.61 5.00 4.93	18.06 11.80 12.65	3.14 3.14 3.14	52.30 24.10 23.57	5.40 5.40 5.40	2.70 2.07 2.21	3.80 3.80 3.80	64.20 35.37 34.98	12.80 10.53 10.63	13.12 8.16 6.67	23.50 17.29 19.32	16.13 12.72 14.10	18.06 11.8 12.65		
2002/2003	17.64	5.61	17.85	3.14	51.30	5.40	2.70	3.80	63.20	12.80	13.43	23.50	16.13	17.85		
2001/2002	17.64	5.61	14.50	3.14	51.30	5.60	2.70	3.80	63.40	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	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	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	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	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	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	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	10.70	8.20	8.10	10.10	12.38		

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

Figures for residential/agricultural (upper) and commercial/industrial (lower) for 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
2004	77,415	14,156	\$2,154,829,978	\$127,962,429	\$7,276,551	\$120,685,878	0.0560	\$1,559	\$8,525
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

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.

Westerville City Schools
Computation of Legal Debt Margin
as of June 30, 2004

Assessed Valuation	<u>\$2,154,829,978</u>	
Voted and Unvoted Debt Limit - 9% of Assessed Valuation		\$193,934,698
Balance in Debt Service Fund		\$7,276,551
Total Debt Outstanding	\$127,962,429	
Less: Exempted Debt	\$0	
Net subject to 9% limit		\$127,962,429
Total Legal Voted Debt Margin		<u>\$73,248,820</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.

Westerville City School District
 Computation of Direct and Overlapping General Obligation Bonded Debt
 as of June 30, 2004

<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	\$127,962,429	100.00%	\$127,962,429
Delaware County	56,452,000	14.93%	\$8,428,284
Franklin County	135,155,000	5.94%	\$8,028,207
City of Columbus	674,010,000	3.75%	\$25,275,375
City of Westerville	28,699,000	97.94%	\$28,107,801
Plain Township	2,999,998	0.86%	\$25,800
Minerva Park Corporation	<u>265,000</u>	<u>100.00%</u>	<u>\$265,000</u>
	<u>\$1,025,543,427</u>		<u>\$198,092,895</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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund (1) Expenditures</u>	<u>Percent of Debt Service to General Fund Expenditures</u>
2004	\$4,705,000	\$5,559,608	\$10,264,608	\$110,608,115	9.28%
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%

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			Appraised Values				
	New Construction (1)			Property Value (1)				
	Agricultural/ Residential	Commercial/ Industrial	Total New Construction	Real Property	Tangible Personal	Public Utility	Total Property Value	
2003	\$9,928,480	\$3,935,650	\$13,864,130	\$5,784,166,000	\$317,865,450	\$154,526,200	\$6,256,557,650	
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	

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, 2004

	Total Assessed Valuation	% of Total Assessed Valuation
<u>Public Utilities</u>		
1. Columbus Souther Power Company	\$16,950,800	0.79%
2. Ohio Bell Telephone Company	11,505,610	0.53%
3. Nextel West Corporation	7,601,860	0.35%
4. Columbia Gas of Ohio, Inc.	3,037,700	0.14%
 <u>Real Estate</u>		
1. Banc One Management Corp.	20,316,570	0.94%
2. Partners at Brookside	11,882,880	0.55%
3. Eastrich No 167 Corp.	9,355,510	0.43%
4. Chestnut Hill Apartments	9,345,700	0.43%
5. Corporate Exchange	7,838,600	0.36%
6. St. Ann's Hospital	7,591,500	0.35%
7. Remington Station	6,733,260	0.31%
8. Westminster Corporate	6,683,200	0.31%
9. 380 Associates, LLC	5,530,000	0.26%
10. AAC Funding Partnership	5,509,460	0.26%
 <u>Tangible Personal Property</u>		
1. Banc One Corporation	3,202,850	0.15%
2. Intellirisk Management Corp	1,851,941	0.09%
3. Time Warner Entertainment Company LP	1,837,010	0.09%
4. West-Camp Press Inc.	1,717,620	0.08%
5. Kohl's Department Stores, Inc.	1,536,810	0.07%
6. Roush Equipment Company	1,501,510	0.07%
7. Home Depot USA Inc	1,495,750	0.07%
8. Mid-Ohio Imported Car Company, Inc.	1,346,630	0.06%
9. Carcorp, Inc.	1,304,080	0.06%
10. Auto Direct, Inc.	1,246,833	0.06%
 All Others	 2,007,906,294	 93.19%
 Total Assessed Valuation	 \$2,154,829,978	 100.00%

Source: Franklin County Auditor

Note: Assessed values are for the valuation year of 2003

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>
2004	958	14,156	0.80%
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%

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>
2003	12	\$8,092	\$8,435
2002	11	7,696	8,073
2001	10	7,424	7,602
2000	9	6,896	7,057
1999	8	6,518	6,642
1998	7	6,335	6,232
1997	6	5,690	5,939
1996	5	5,580	5,284
1995	4	5,336	5,353
1994	3	5,295	5,241
1993	2	4,745	5,024
1992	1	4,499	4,473
1991	Kindergarten	<u>4,273</u>	<u>4,386</u>
Total Cost		<u><u>\$78,379</u></u>	<u><u>\$79,741</u></u>

Source: State of Ohio Department of Education

Westerville City School District
 Educational Statistics
 Last Five School Years

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-2004</u>
9th Grade Proficiency Tests:					
Writing	97%	95%	88%	97%	98%
Reading	93%	93%	78%	97%	98%
Mathematics	83%	80%	94%	89%	92%
Citizenship	90%	88%	90%	94%	96%
Science	86%	83%	81%	91%	94%
All Parts	77%	NA	N/A	N/A	NA
ACT Scores (Averages)					
Westerville	22.6	22.5	22.4	22.3	22.5
National	21.0	21.0	20.8	20.8	20.9
SAT Scores (Averages)					
Westerville					
Verbal	541	533	540	542	541
Mathematics	551	558	563	529	561
National					
Verbal	505	506	504	507	508
Mathematics	514	514	516	519	518
National Merit Scholars (Percent of Senior Class)	2.28	2.60	2.76	2.40	2.50
3rd Grade Achievement-Reading	-	-	-	-	87%
4th Grade Proficiency Tests:					
Writing	92%	88%	83%	87%	88%
Reading	73%	70%	77%	78%	83%
Mathematics	71%	77%	78%	73%	78%
Citizenship	79%	76%	81%	77%	74%
Science	68%	68%	77%	69%	75%
All Parts	52%	NA	NA	NA	NA
6th Grade Proficiency Tests:					
Writing	85%	89%	92%	85%	95%
Reading	59%	66%	66%	74%	71%
Mathematics	65%	72%	71%	66%	72%
Citizenship	79%	79%	82%	83%	80%
Science	64%	70%	71%	78%	73%
All Parts	44%	NA	NA	N/A	NA

Source: School District Student Records

N/A = Not Available/Not Applicable

Westerville City School District
 Ten Year Enrollment Projection
 Next Ten Years

Grade Level	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
PS	125	130	135	141	146	152	158	164	171	178	185
K	939	962	987	1,011	1,036	1,062	1,089	1,116	1,144	1,173	1,202
1	1,047	1,026	1,052	1,078	1,105	1,133	1,161	1,190	1,220	1,250	1,282
2	1,037	1,046	1,025	1,051	1,077	1,104	1,132	1,160	1,189	1,219	1,249
3	1,060	1,053	1,061	1,040	1,067	1,093	1,120	1,130	1,158	1,187	1,217
4	1,071	1,065	1,058	1,067	1,046	1,072	1,099	1,126	1,136	1,164	1,193
5	1,073	1,069	1,063	1,056	1,065	1,044	1,070	1,096	1,124	1,134	1,162
Elementary	6,352	6,351	6,381	6,444	6,542	6,660	6,829	6,982	7,142	7,305	7,490
6	1,087	1,117	1,112	1,106	1,099	1,108	1,086	1,113	1,141	1,170	1,180
7	1,142	1,107	1,137	1,132	1,127	1,119	1,128	1,106	1,133	1,162	1,191
8	1,089	1,164	1,128	1,159	1,155	1,149	1,140	1,150	1,127	1,156	1,184
Middle	3,318	3,388	3,377	3,397	3,381	3,376	3,354	3,369	3,401	3,488	3,555
9	1,157	1,189	1,271	1,232	1,265	1,260	1,254	1,245	1,256	1,231	1,261
10	1,131	1,055	1,084	1,159	1,123	1,154	1,149	1,143	1,135	1,145	1,122
11	1,106	1,111	1,036	1,065	1,138	1,103	1,133	1,129	1,123	1,115	1,124
12	1,052	1,040	1,044	974	1,001	1,070	1,037	1,065	1,061	1,055	1,048
High	4,446	4,395	4,435	4,430	4,527	4,587	4,573	4,582	4,575	4,546	4,555
District Totals	14,116	14,134	14,193	14,271	14,450	14,623	14,756	14,933	15,118	15,339	15,600

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
FEBRUARY 15, 2005**