

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2006



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 12, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Receipts and Expenditures	1
Notes to the Schedule of Federal Awards Receipts and Expenditures	2
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Program, on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Federal Awards Receipts and Expenditures.....	5
Schedule of Findings	7
Schedule of Prior Audit Findings.....	11

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**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

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>						
Food Donation	N/A	10.550	\$ -	\$ 112,278	\$ -	\$ 112,278
Nutrition Cluster:						
School Breakfast Program	05PU-2005/2006	10.553	128,096	-	128,096	-
National School Lunch Program	LLP4-2005/2006	10.555	630,178	-	630,178	-
Total Nutrition Cluster			<u>758,274</u>	<u>-</u>	<u>758,274</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>758,274</u>	<u>112,278</u>	<u>758,274</u>	<u>112,278</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Fund for the Improvement of Education	N/A	84.215	232,168	-	232,168	-
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1S1-2005/2006	84.010	528,159	-	539,090	-
Special Education Cluster:						
Special Education - Grants to States	6BSF-2005/2006	84.027	2,930,989	-	2,677,516	-
Special Education - Preschool Grant	PGS1-2005/2006	84.173	51,563	-	49,017	-
Total Special Education Cluster			<u>2,982,552</u>	<u>-</u>	<u>2,726,533</u>	<u>-</u>
Safe and Drug-Free Schools and Communities - National Programs	T4S1-2004-P/2004	84.184C	255	-	1,198	-
Safe and Drug-Free Schools and Communities - State Grants	DRS1-2005/2006	84.186	46,077	-	46,655	-
State Grants for Innovative Programs	C2S1-2005/2006	84.298	56,532	-	58,360	-
Education Technology State Grants	TJS1-2005/2006	84.318	22,348	-	19,960	-
English Language Acquisition Grants	T3S1/S2-2005/2006	84.365	166,166	-	158,221	-
Hurricane Education Recovery	045047-HR01-2006	84.938	29,000	-	37,000	-
Advanced Placement Program	AVTF-2004	84.330	260	-	260	-
Improving Teacher Quality State Grant	TRS1-2005/2006	84.367	262,451	-	267,892	-
Total U.S. Department of Education			<u>4,325,968</u>	<u>-</u>	<u>4,087,337</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance - Discretionary Grants	R1S1-2005	93.576	-	-	10,050	-
<u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed Through Upper Arlington City School District</i>						
Learn and Save America - School and Community Based Programs	N/A	94.004	5,000	-	4,459	-
Total Federal Awards Receipts and Expenditures			<u>\$ 5,089,242</u>	<u>\$ 112,278</u>	<u>\$ 4,860,120</u>	<u>\$ 112,278</u>

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

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2006**

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 the fair market value of the commodities received.

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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 to express our opinions on the financial statements and not to opine 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 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 2006-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated December 15, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002. In a separate letter to the District's management dated December 15, 2006, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for 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 15, 2006



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Westerville City School District, Franklin County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures 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 program for the year ended June 30, 2006.

Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when 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, 2006, and have issued our report thereon dated December 15, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 15, 2006

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

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

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006
(Continued)**

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

Finding Number	2006-001
-----------------------	-----------------

INTERNAL CONTROL WEAKNESS

Student Activities

The District has a Student Activities Policies and Procedures Manual. This manual specifies that all related source documentation including specific forms to be completed at various times of the fundraiser or activity should be maintained.

Twenty percent of the activities tested did not have related source documentation or required fundraiser or activity forms to support the collection. Lack of adherence to the manual could result in errors or irregularities occurring and not being detected by management in a timely manner.

Original support documentation was not available for the following events:

Event Date	School	Event	Dollar Amount
8/8/2005	Westerville Central HS	Season Tickets	\$ 2,235
8/5/2005	Westerville South HS	Season Tickets	264
5/23/2006	Walnut Springs MS	Drama Admissions	382
11/17/2005	Westerville Central HS	Pop Money	283
1/10/2006	Mark Twain Elem.	Pepsi Machine	211
6/6/2006	Blendon MS	Pepsi Machine	164

We recommend that numerical ticket control be used for Season Tickets and all Admission activity. Inventory control and a cash count should be used for all pop money activity. We recommend that District personnel participating in student activity and fundraisers events follow the guidance in the District's Manual. Additionally, the Treasurer's Office should establish procedures to effectively monitor compliance with the manual to ensure the appropriate supporting documentation is maintained. Original support documentation should be retained for all activity fundraisers and events. Original supporting documentation or a detailed summary should be attached to receipt documentation.

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006
(Continued)**

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

Finding Number	2006-001 (Continued)
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INTERNAL CONTROL WEAKNESS (Continued)

Student Activities (Continued)

Officials' Response:

The District has been aware of the necessity to document appropriately the operation of student activities and athletics. A procedures manual was reviewed by the State Auditor's Office during the FY 2001 audit and implemented in FY 2002. In addition, the Board of Education adopted and revised board policies in October 2001 and again in September 2004 that provided support and guidance in the administration of student activities. This manual, which incorporates the Board policies, was discussed via training sessions with all appropriate personnel and was signed off on by all student activity advisors. The District will research and implement more effective monitoring procedures for the Student Activity recordkeeping to ensure compliance with the manual and required supporting documentation. The District will also continue on-going training for all student activity advisors to stress the importance of the policies and procedures and the risks that come with not adhering to them. This training may be conducted with assistance from the State Auditor's office. The District is also looking into the possibilities of disciplinary action up to suspension or non-renewal of supplemental contract for failure to adhere to the established policies and procedures. The Treasurer's Office will review procedures with the building principals, and discuss enhanced tracking methods regarding District vending machines. The District will work with our current soft drink supplier and will consider full service vending services.

Finding Number	2006-002
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NONCOMPLIANCE CITATION

Timely Deposits

Ohio Rev. Code Section 9.38 states that public money must be deposited with the Treasurer of the public office or to a designated depository on the business day following the day of receipt. A government employee other than the fiscal officer collecting funds and issuing a receipt must deposit the funds with the government's fiscal officer on the business day following the day of receipt. As an alternative to depositing the funds with the government's fiscal officer, the employee instead may deposit funds with the government's designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the public office is governed by a legislative authority, only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006
(Continued)**

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

Finding Number	2006-002 (Continued)
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NONCOMPLIANCE CITATION (Continued)

Timely Deposits (Continued)

Twenty-six percent of athletic gate receipts tested were not deposited within the allowed number of days. In addition, Ski Package monies totaling \$8,160 for Walnut Springs Middle School were deposited six business days after monies were collected. Pay to Play monies totaling \$15,665 for Central High School were deposited two business days after monies were collected.

Not depositing monies as they are collected increases the risk of theft, not only at the original collection location, but during the time the money is deposited with the school office, and subsequently into the bank.

We recommend the District adhere to its adopted policy that complies with the limitation discussed above. After hours or special event receipts should be deposited into a bank night depository.

Officials' Response:

The District has been aware of the necessity to make deposits within the required timelines. A procedures manual was reviewed by the State Auditor's Office during the FY 2001 audit and implemented in FY 2002. In addition, the Board of Education adopted and revised board policies in October 2001 and again in September 2004 that provided support and guidance in the administration of student activities. This manual, which incorporates the Board policies, was discussed via training sessions with all appropriate personnel and was signed off on by all student activity advisors. The District will research and implement more effective monitoring procedures for the Student Activity deposits to ensure compliance. The District will also continue on-going training for all student activity advisors to stress the importance of the policies and procedures and the risks that come with not adhering to them. This training may be conducted with assistance from the State Auditor's office. The District is also looking into the possibilities of disciplinary action up to suspension or non-renewal of supplemental contract for failure to adhere to the established policies and procedures. The District purchased money scales in October 2006 for every one of our school buildings and high school athletic departments. This purchase was made in order to increase efficiencies and accuracy in our deposit process, thus making it easier for the deposits to be made in adherence to the required timelines.

3. FINDINGS FOR FEDERAL AWARDS

None

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Extracurricular activity documentation was not available.	No, repeated as Finding 2006-001.	Not Corrected.
2005-002	Not depositing monies as they are collected.	No, repeated as Finding 2006-002.	Not Corrected.

Westerville City School District

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

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2006



Board of Education
Westerville City School District
Westerville, Ohio

Westerville City School District

Westerville, Ohio



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2006

Issued By:

Office of the Treasurer

Prepared By:

J. Scott Gooding II

Treasurer/CFO

Laura A. Hendricks, CPA

Assistant Treasurer

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Westerville City School District

Westerville, Ohio



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WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2006

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	1
Elected Officials and Administrative Staff	15
Administrative Organizational Chart	16
Certificate of Achievement, Government Finance Officers Association	17
Certificate of Excellence, Association of School Business Officials International	18
II. FINANCIAL SECTION	
Independent Accountants' Report	19
Management's Discussion and Analysis	21
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	31
Statement of Activities	32
Fund Financial Statements	
Balance Sheet – Governmental Funds	34
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	38
Statement of Net Assets – Proprietary Funds	39
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	40
Statement of Cash Flows – Proprietary Funds	41
Statement of Net Assets – Fiduciary Funds	42
Statement of Changes in Net Assets – Fiduciary Funds	42

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Comprehensive Annual Financial Report
Table of Contents, Continued
For the Fiscal Year Ended June 30, 2006

Notes to the Basic Financial Statements	43
Supplementary Information	
Combining Statements and Individual Fund Schedules	
Description of Funds – Debt Service, Permanent Improvement, and Building Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) –Debt Service Fund	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) –Permanent Improvement Fund	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) –Building Fund	69
Description of Funds – Other Governmental Funds	70
Combining Balance Sheet – Other Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	80
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) –Other Governmental Funds	86
Description of Funds – Enterprise Funds	96
Combining Statement of Net Assets – Enterprise Funds	97
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Enterprise Funds	98
Combining Statement of Cash Flows – Enterprise Funds	99
Description of Funds – Internal Service Funds	100
Combining Statement of Net Assets – Internal Service Funds	101
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	102
Combining Statement of Cash Flows – Internal Service Funds	103
Description of Funds – Agency Funds	104

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Comprehensive Annual Financial Report
Table of Contents, Continued
For the Fiscal Year Ended June 30, 2006

Combining Statement of Changes in Assets & Liabilities – Agency Funds	105
III. STATISTICAL SECTION	
Table	107
Net Assets by Component – Last Five Fiscal Years	108
Change in Net Assets – Last Five Fiscal Years	109
Fund Balances, Governmental Funds – Last Ten Fiscal Years	111
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	112
Assessed Valuation and Estimated Actual Value of Taxable Property – Last Ten Collection Years	114
Property Tax Rates Direct and Overlapping Governments – Last Ten Collection Years	115
Principal Taxpayers	116
Property Tax Levies and Collections – Real, Public Utility Tax And Tangible Personal Property	117
Percent of Net General Obligation Bonded Debt to Assessed Value And Bonded Debt Per Capita – Last Ten Years	118
Computation of Direct and Overlapping General Obligation Bonded Debt	119
Legal Debt Margin Information	120
Demographic and Economic Statistics	121
Principal Employers	122
Staffing Statistics – Full Time Equivalent (FTE) by Type and Function	123
Operating Indicators by Function	124
Capital Assets by Function/Program	125
School Building Information	126
Educational and Operating Statistics	128

Westerville City School District

Westerville, Ohio



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Introductory Section



Board of Education
Westerville City School District
Westerville, Ohio



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

336 South Otterbein Avenue. Westerville OH 43081

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

J. Scott Gooding II
Treasurer, Board of Education

WESTERVILLE CITY SCHOOLS

December 15, 2006

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 fifth Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR, for the year ended June 30, 2006, contains financial statements, supplemental statements, and statistical information, providing complete and full disclosure of all material financial aspects of the District for the 2006 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 accountant'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, 2006

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 14,217 (tenth largest in Ohio), and the District's estimated population is 78,213 (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, resource centers for students identified as "able and talented," elementary arts integration and world language/culture and math/science magnet schools, 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 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, 2006

The City is home to major national corporations such as J.P. Morgan Chase, 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 decreased to 5.1% in October 2006 from 5.8% in October 2005. The national unemployment rate decreased to 4.4% in October 2006 from 4.9% in October 2005. The October 2006 employment in the State of Ohio numbered 5,721,500 (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 2006 was 672,500. The unemployment figure for Franklin County was 4.3% in October 2006, down from 5.1% in October 2005. The Delaware County unemployment figure for October 2006 was 3.1%, down from the 3.6% in October 2005 (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.

ORGANIZATION OF THE DISTRICT / PROFILE OF THE GOVERNMENT

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, 2006, were as follows:

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

Board Member	Service as a Board Member		
	Began	Expires	
Cindy Crowe	01/01/00	12/31/07	President
Kevin Hoffman	01/01/02	12/31/09	Vice-President
Michael Collins	01/01/02	12/31/09	Member
Alexander Heckman	01/01/04	12/31/07	Member
Kristi Robbins	01/01/06	12/31/09	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 over 40 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 9 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). In the opinion of School District officials, labor relations are good.

Certified Staff

The teaching or certified staff is represented by the Westerville Education Association (WEA), which is affiliated with the Ohio Education Association (OEA) and the National Education Association (NEA). The Board has bargained with the WEA since September 1, 1997. The Board and the WEA signed a two-year agreement effective September 1, 2005 through August 31, 2007. The settlement granted the certified staff an annual salary increase of 2.95% and 3.55%, effective September 1, 2005, and September 1, 2006, respectively.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

Classified Staff

Classified employees are represented by three unions: bus drivers and mechanics are represented by the Ohio Association of Public School Employees (OAPSE #719), the custodial, maintenance and food service staff are represented by OAPSE #138, and the clerical staff are represented by Westerville Educational Support Staff Association (WESSA). The OAPSE #138 wage agreement for the period of July 1, 2005, through June 30, 2007, included raises of 3.55% and 2.95%, effective July 1, 2005, and July 1, 2006, respectively. The OAPSE #719 wage agreement for the period of July 1, 2004, through June 30, 2007, included raises of \$0.30/hour, \$0.15/hour, \$0.30/hour, \$0.15/hour, and 2.88% effective July 1, 2004, January 1, 2005, July 1, 2005, January 1, 2006, and July 1, 2006 respectively. The WESSA wage agreement for the period of July 1, 2004, through June 30, 2007, included raises of 2.00%, 2.95% and 3.55%, effective July 1, 2004, July 1, 2005, and July 1, 2006, respectively.

DISTRICT MAJOR INITIATIVES AND EVENTS

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

- Improve Student Achievement;
- Increase family, business, and community involvement;
- Provide a safe and positive learning environment;
- Increase Character Education opportunities;
- Implement Capital Improvement projects; and
- Achieve 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.

- 318 Ohio Award of Merit recipients
- Presidential Award for Educational Excellence earned by 199 students
- \$9.7 million in college scholarships accepted out of nearly \$19 million offered
- Fifteen National Merit Scholars or Commended Scholars, three National Merit Scholarships
- Student selected as an Ambassador of Ohio for the Hugh O'Brian Youth Leadership 2005 World Leadership Congress in Washington, D.C.
- Student of Integrity Award from the Better Business Bureau
- Nicholas Green Distinguished Student Award recipient
- National Council of Teachers of English Award in Writing
- White Glove Awards from Keep Franklin County Beautiful
- Winners in Scholastic, Inc.'s book writing and illustrating competition
- Monthly winner of a national contest, *Student Ideas for a Better America*
- Student featured on ABC's *Three Wishes* program
- Winner of Sunny 95's first School Choir Christmas Idol competition

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

- “Best of Show,” Scholastic 2006 Art Competition
- Third place and fifth place in the 2006 National Engineers Week Future City Competition
- State winner in the 2005-2006 Americanism and Government Test Program of the Ohio American Legion/American Legion Auxiliary
- Huntington Hockey Art Contest winner, art displayed in Nationwide Arena
- Columbus Children’s Theatre Child Writing Project winner
- Perfect score, third year in a row, Ohio Music Education Association’s State Orchestra Competition
- Recipient of Zonta Award for Outstanding Senior High School Women in Central Ohio
- Box Tops for Education Kids’ Caucus Essay Contest finalist
- “Superior” rating from the National Council of Teachers of English
- First and third place, Greater Columbus Area McDonald’s First in Math program
- 2006 Martin W. Essex School for the Gifted participant
- Three students inducted into the Delaware Area Career Center’s national Technical Honor Society
- Recipient of \$70,000 scholarship and trip to study art anywhere in the world from the Maryland Institute College of Art
- First place winner of the Office Max Super Hero Teacher of the Year contest
- Regional gold medal and national silver medal from the Scholastic Press Association
- National Best District and Best Elementary School awards for energy education programs
- Top 10 at the local level of the American Chemical Society’s National Chemistry Olympiad
- National Latin exam gold medalists
- Westerville Parent Council district, state, and national Reflections competition winners in literature, musical composition, photography, and visual arts
- Artwork displayed at the 36th Ohio Governor’s Youth Art Exhibition

Goal # 2: Increase family, business, and community involvement

Corporate and individual involvement play an important role in public education. Partnerships enrich instruction and keep businesses and organizations in touch with young people. In 2005-2006, Westerville students and community members joined forces for the betterment of all.

- In conjunction with the Westerville Area Chamber of Commerce, the Adopt-a-School program, which began in 1985, continued to offer long-term opportunities for local businesses and schools to work together. At the end of the 2005-2006 school year, a number of partnerships were in place and many schools were connected with businesses. A significant area of growth occurred in the increase of “Adopt a School” partners, thanks to the teamwork of our civic leaders and school staff. Alliance Data was named Adopt-a-School Business Partner of the Year. In addition, the Chamber also continued to coordinate the Partners for Achievement in Westerville Schools (PAWS) program. To inquire about partnership opportunities, please call 797-5967.
- Kids ‘n’ Canines, a self supporting service learning program that has been enhancing the lives of handicapped children at Walnut Springs Middle School, continued its partnership with the CHA Animal Shelter. The program also gained a new partner, the Central Ohio Chapter of Dogs Deserve Better, a national rescue organization. Students

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

used acquired skills to socialize and train homeless dogs housed at the shelter in a “train for adoption” program. Student trainers also visited elementary classrooms twice a month, providing education programs on responsible pet ownership, humane treatment of animals, and dog safety. In addition, they made bi-monthly animal assisted therapy visits to confined residents at the Wesley Glenn Retirement Community.

- The WISE program was once again offered to prepare students for the transition to the professional workplace. Students attended classes at Alliance Data Systems for two periods each day, while also being trained by company personnel to work in New Accounts and Authorization. Students had the opportunity to apply for part-time, paid employment beyond the school day, as well as apply for scholarships to further their education.
- WestervilleReads, a community-based, non-profit initiative committed to literacy, continued in its quest to increase the reading achievement of first grade students. This program is a collaboration between local businesses, organizations, colleges, and residents who read with first graders each week throughout the school year. During 2005-2006, 180 individuals participated in this program. To volunteer, please call 797-5782.
- Business representatives, parents, student representatives, and educators comprised the Westerville Area Chamber of Commerce Education Committee, which met monthly to work jointly on projects that benefit both the schools and community. In 2005-2006, corporate and civic leaders had the opportunity to experience a day in the life of a Westerville City Schools administrator through the Principal for a Day program. A job fair was hosted by the education committee at each of the high schools. Initial steps have been taken to introduce the concept of service learning into the middle schools. The Education Committee continues to sponsor an annual essay contest for all grade levels.
- Library Link is a service to the Westerville community being provided through the Outreach Department of the Westerville Public Library. Its primary function is to make daily deliveries and pick-ups of Westerville Library materials to all school buildings in the Westerville District.
- According to the Westerville Parent Council, a group representing parent associations and booster groups at all 23 schools, more than 151,013 hours of volunteer service were donated throughout our district last year.

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.
- Westerville Student Outreach (High School Student Leadership), a 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

- Educational Options for Success (EOS), an alternative high school program serving the needs of students who have been expelled, are significantly overage and under-credited, and who have dropped out or are considering dropping out of school. This past school year the program provided assistance to 149 students, 93% of whom realized success either in the form of high school graduation or by remaining enrolled in school and making adequate progress toward the attainment of a diploma.
- 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.
- *A Framework for Understanding Poverty*, by Ruby K. Payne, Ph.D. This book study series provides the Westerville City School staff with critical information regarding the learning characteristics and challenges of students from poverty, middle class, and wealth. Workshops have provided a framework for effective communication and instructional strategies in a setting with a diverse economic population.
- CPR/Automated External Defibrillator classes. In collaboration with the Westerville Division of Fire and the Genoa Township Fire Department, Westerville City Schools offered three courses that attracted 85 individuals who received training in 2005-2006.

Goal #4: Increase Character Education Opportunities

The Westerville Way is an effort to support and nurture the shared virtues of our community. Adults are encouraged to model and reinforce ethical behavior in relation to the following 12 monthly words: respect, citizenship, tolerance, caring, attitude, honesty, perseverance, trustworthy, responsibility, integrity, loyalty, and fairness. In 2005-2006 the local and global community benefited from the energy, enthusiasm, intelligence, generosity, and creativity of students in Westerville.

- During the 2005-2006 school year, high school pupils raised nearly \$40,000 for the Westerville Caring & Sharing program. Middle schools pitched in with donations of money, food, toys, and toiletries. 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. Families in need were given gifts, boxes of food, and gift certificates.
- Service Learning Projects were numerous and varied. They included creating Peace Gardens; hosting visitors from the Columbus Senior Independence Center; sending supplies to men and women serving in the Armed Forces; participating in Otterbein College’s middle school Service Learning Fair; donating tons of food to the Westerville Area Resource Ministry; raising money for the Capital Area Humane Society; participating in the Westerville Area Bowl-A-Thon; donating books to the YWCA Family Shelter; raising money for the St. Jude Children’s Research Hospital by completing a Math-a-Thon; raising \$9,463.54 for the Leukemia & Lymphoma Society through the Pennies for Patients campaign; raking leaves for neighbors on “Make a Difference Day;” hosting blood drives for the American Red Cross; and selling cakes to

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

earn nearly \$9,000 for the Arthur G. James Cancer Hospital and Richard G. Solove Research Institute.

- Westerville's elementary and middle school students jumped enough ropes and shot enough basketballs to earn \$36,546 for the American Heart Association. All grade levels participated in countless projects benefiting the environment, the underprivileged, and those stricken with illness.
- Students and staff members throughout the Westerville City School District hosted a variety of fundraising activities to collect money for hurricane victims. Cash donations totaled \$37,261.39.
- Westerville Rotarians continued to expand the "I CAN" program to second and third graders in nine elementary schools. With the assistance of local high school students, this yearlong program is designed to teach students the ABCs of life - Attitude, Behavior, and Character. I CAN is based on the foundational principals of honesty, integrity, character, respect, trust, loyalty, goal setting, work ethics, and patriotism. The I CAN Program compliments The Westerville Way by providing direction to our community's youth to live moral and ethical lifestyles.

Goal #5: Implement Capital Improvement Projects

In November of 2004, Westerville School District voters approved a five-year, 2.7 mill capital improvement replacement levy. Passage of this levy was critical. It has enabled us to provide a healthier and more productive learning environment for our students and staff. Facilities are being maintained, and our teachers are being provided with resources and tools to support learning through the replacement of textbooks, technology, and instructional materials. Some of the physical improvements in our buildings during the 2005-2006 school year included:

- Tennis court replacement at North
- Stadium visitor bleacher replacement at South
- Track resurfacing at South and Genoa
- HVAC improvements at North, South and Wilder
- Construction of two new classrooms at Walnut Springs
- Parking lot expansion at Hawthorne
- Partial roof replacement at North
- Warehouse roof replacement
- Public address system replacement at South
- Electric transformer replacement at Annchurst
- Site drainage improvements at Mark Twain and Whittier
- Restroom repairs district wide
- Auditorium seating replacement at South
- Flooring replacement at North, South, Hawthorne, and Whittier
- Masonry repairs at Emerson, Hawthorne, and Longfellow
- Fire panel replacement at North and South
- Hallway ceiling and lighting replacement at Whittier
- Americans with Disabilities Act pathway at Alcott playground
- Parking lot and sidewalk repairs district wide

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

Goal #6: Achieve Performance Excellence

In 2005-2006, the Westerville City School District met its goal of being rated as “Excellent” by the Ohio Department of Education, having met 24 of 25 Performance Standards. Dr. George E. Tombaugh, Westerville’s Superintendent of Schools, credited the achievement to the commitment and dedication of outstanding teachers, administrators, staff, students, parents and community members.

The District’s performance index was 99.8 for the 2005-2006 Report Card – an all time high. Westerville City Schools have improved every year, starting at 89.6 in the 2000-2001 school year. The District enjoyed additional successes in 2005-2006.

- The overwhelming passage of Issue 4 on May 2, 2006, a 10.3-mill operating levy, inspired the community to come together to provide our children with quality educational opportunities they need and deserve. The campaign was spearheaded by volunteer Larry Jenkins.
- The Ohio Partnership for Excellence (OPE), the state’s premier quality award program, announced that the Westerville City School District was one of just 16 groups to receive a Commitment to Excellence award, an intermediate level of recognition for organizations demonstrating a serious commitment to excellence and a process for continuous improvement.
- Westerville City Schools was once again designated as a Gold Medal school district by *Expansion Management* magazine in its 15th annual Education Quotient issue. To earn Gold Medal status, a district must rank in the top 16% of all school districts nationally.
- For the fourth year in a row, Westerville City Schools won the Association of School Business Officials International’s Certificate of Excellence in Financial Reporting award for excellence in the preparation and issuance of the fiscal year end 2005 school system. The Treasurer’s Office, headed by J. Scott Gooding II, Treasurer/CFO, and Laura Hendricks, Assistant Treasurer, was lauded for having provided a high quality Comprehensive Annual Financial Report for the fiscal year end 2005.
- At the Ohio Energy Project’s Youth Energy Celebration, the Westerville City School District, Cherrington Elementary School, and Heritage Middle School walked away with state and national honors for their energy education programs. On June 26, 2006, representatives from the district and those schools were recognized at the Department of the Interior in Washington, D.C.
- Central College Math & Science Magnet School received a No Child Left Behind Blue Ribbon School designation from the U.S. Department of Education.
- Many members of our staff and school community were recognized for making a positive impact, including district GEM award winners Kathy Friedman, parent volunteer; Jeff Coyle, volunteer, Christy Thorp, parent volunteer; and Kenny Lee, advanced placement government teacher and department facilitator. The Westerville Parent Council and Roush Honda sponsor this awards program. One employee in the Central Office Administration Building received a Superintendent’s A+ Award – Laura Ehninger, who coordinates *WestervilleReads*.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

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.

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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

Financial Condition

This is the fifth 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 reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.
- **Statement of budgetary comparisons** – This statement presents 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 2006.

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 2006, 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 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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2006

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.

AWARDS AND ACKNOWLEDGEMENTS

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, 2005. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the fourth 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, 2005. This was the fourth 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 a bi-annual audit by independent accountants unless a single audit is required. The Ohio Auditor of State conducted the District's 2006 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 is included in the financial section of this report.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

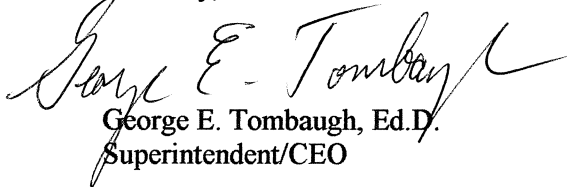
For the Fiscal Year Ended June 30, 2006

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Elected Officials and Administrative Staff

As of June 30, 2006

BOARD OF EDUCATION

President

Cindy Crowe

Vice President

Kevin Hoffman

Member

Michael Collins

Member

Alexander Heckman

Member

Kristi Robbins

APPOINTED OFFICIALS

Superintendent

George E. Tombaugh, Ed. D.

Treasurer

J. Scott Gooding II

ADMINISTRATIVE STAFF

Assistant Superintendent/Human Resources

Christopher Wanner, Ph. D.

Senior Executive Director of 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

Director of Assessment & Planning

Mark Hershiser

Director of IMS

Mary Peters, Ph.D.

Principal, Westerville North High School

Greg Lewis

Principal, Westerville South High School

Curt Jackowski

Principal, Westerville Central High School

Keith Bell

Principal, Blendon Middle School

Todd Meyer

Principal, Genoa Middle School

Tina Thomas-Manning

Principal, Heritage Middle School

Suzanne Kile

Principal, Walnut Springs Middle School

Felicia Harper

Principal, Alcott Elementary School

Matt Lutz

Principal, Annehurst Elementary School

Roxanne Demeter

Principal, Central College Elementary School

Howard Baum

Principal, Cherrington Elementary School

Steve Petercsak

Principal, Emerson Elementary School

Debbie Kozlesky

Principal, Fouse Elementary School

Beverly Good, Ph. D.

Principal, Hanby Elementary School

Karen McClellan

Principal, Hawthorne Elementary School

Jan Fedorenko

Principal, Huber Ridge Elementary School

Machelle Kline, Ph. D.

Principal, Longfellow Elementary School

Barbara Wallace

Principal, Mark Twain Elementary School

Steve Petercsak

Principal, McVay Elementary School

Scott Ebbrecht

Principal, Pointview Elementary School

Phil Roe

Principal, Robert Frost Elementary School

Jeanne Roth

Principal, Whittier Elementary School

Sara Berka

Principal, Wilder Elementary School

Lucy Rader Brown

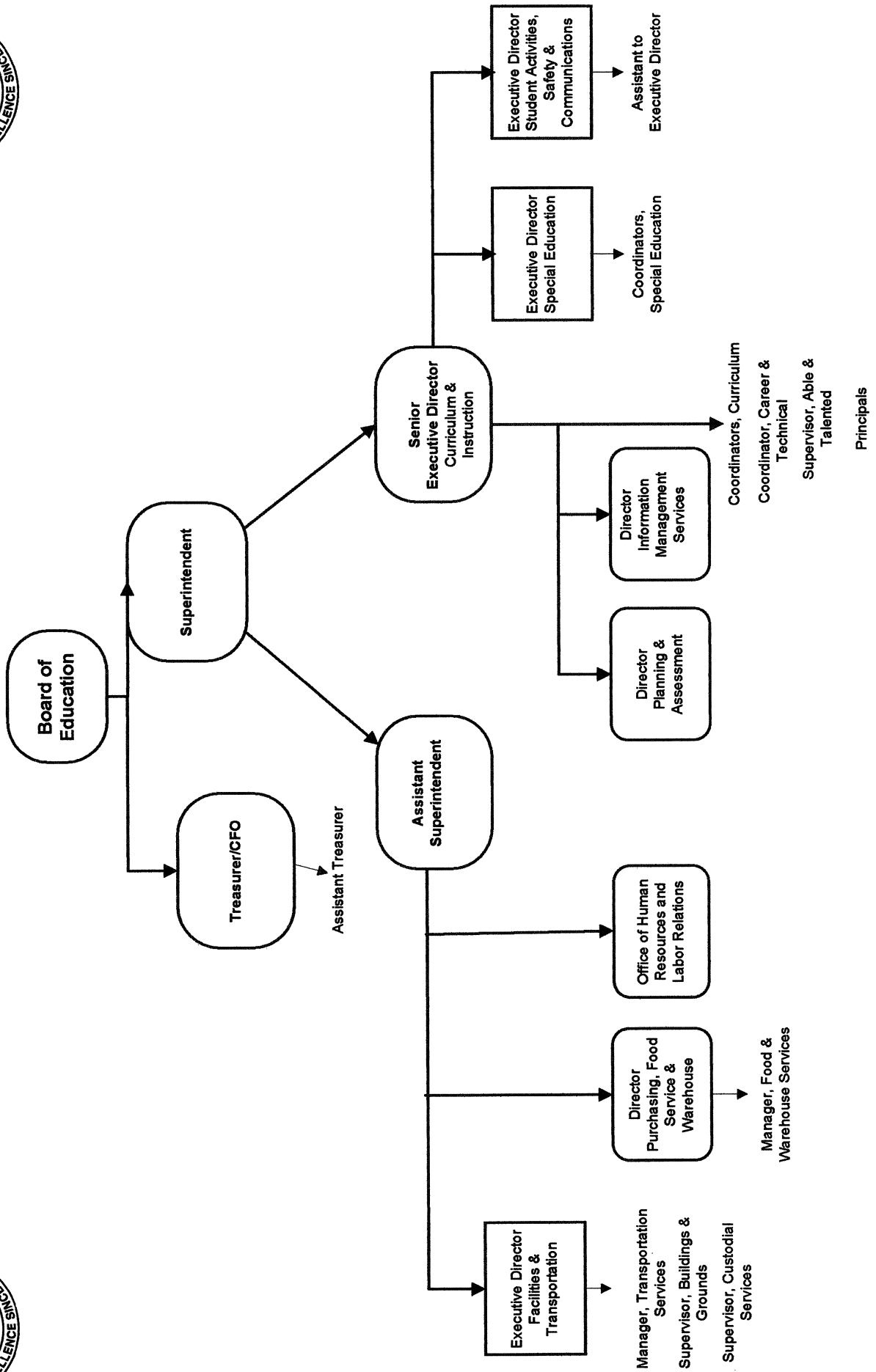
Bob Hoffman



Westerville City School District, Ohio

Table of Organization for Administrators

For Fiscal Year Ended June 30, 2006



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, 2005

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

WESTERVILLE CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2005

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

President

Interim Executive Director

Financial Section



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, 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2006, and the respective changes in financial position and where applicable, cash flows, thereof 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 15, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining non-major fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the non-major 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 15, 2006

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2006 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, 2006. 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 increased by \$6.6 million or 12.9%. Program revenues accounted for \$12.3 million or 8.5% of total revenues, and general revenues accounted for \$132.2 million or 91.5%.

The general fund reported a positive fund balance of \$11.3 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 2006?" 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, 2006
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. 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, 2006
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 \$58 million at the close of the most recent fiscal year.

A significant portion of the District's net assets (61%) 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 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 2006 to 2005:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current Assets	\$116,626,600	\$114,039,751	\$807,879	\$815,060	\$117,434,479	\$114,854,811
Capital Assets	<u>153,784,444</u>	<u>154,580,222</u>	<u>263,056</u>	<u>273,253</u>	<u>154,047,500</u>	<u>154,853,475</u>
Total Assets	270,411,044	268,619,973	1,070,935	1,088,313	271,481,979	269,708,286
Current Liabilities	83,992,774	83,136,424	320,558	272,610	84,313,332	83,409,034
Long Term Liabilities	<u>128,946,149</u>	<u>134,752,245</u>	<u>202,589</u>	<u>176,392</u>	<u>129,148,738</u>	<u>134,928,637</u>
Total Liabilities	212,938,923	217,888,669	523,147	449,002	213,462,070	218,337,671
Net Assets:						
Invested in Capital						
Assets, net of debt	34,968,131	31,135,671	263,056	273,253	35,231,187	31,408,924
Restricted	16,559,000	16,680,835	-	-	16,559,000	16,680,835
Unrestricted	<u>5,944,990</u>	<u>2,914,798</u>	<u>284,732</u>	<u>366,058</u>	<u>6,229,722</u>	<u>3,280,856</u>
Total Net Assets	<u>\$57,472,121</u>	<u>\$50,731,304</u>	<u>\$547,788</u>	<u>\$639,311</u>	<u>\$58,019,909</u>	<u>\$51,370,615</u>

An additional portion of the District's net assets (29%) 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 all 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, 2006
Unaudited

Table 2 shows the changes in net assets for fiscal year 2006 and 2005.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$ 2,880,052	\$ 2,897,756	\$ 2,991,039	\$ 2,991,343	\$ 5,871,091	\$ 5,889,099
Operating Grants	<u>5,477,002</u>	<u>5,537,321</u>	<u>923,233</u>	<u>790,065</u>	<u>6,400,235</u>	<u>6,327,386</u>
Total Program Revenues	<u>8,357,054</u>	<u>8,435,077</u>	<u>3,914,272</u>	<u>3,781,408</u>	<u>12,271,326</u>	<u>12,216,485</u>
General Revenues						
Property Taxes	86,200,594	86,152,496	-	-	86,200,594	86,152,496
Grants and Entitlements	43,015,156	43,063,290	-	-	43,015,156	43,063,290
Investment Income	1,258,932	742,797	29,660	14,442	1,288,592	757,239
Miscellaneous	<u>1,718,734</u>	<u>840,539</u>	<u>-</u>	<u>-</u>	<u>1,718,734</u>	<u>840,539</u>
Total General Revenues	<u>132,193,416</u>	<u>130,799,122</u>	<u>29,660</u>	<u>14,442</u>	<u>132,223,076</u>	<u>130,813,564</u>
Total Revenues	<u>\$ 140,550,470</u>	<u>\$ 139,234,199</u>	<u>\$ 3,943,932</u>	<u>\$ 3,795,850</u>	<u>\$ 144,494,402</u>	<u>\$ 143,030,049</u>
Expenses						
Program Expenses						
Instruction						
Regular	\$ 58,750,899	\$ 58,315,571	\$ -	\$ -	\$ 58,750,899	\$ 58,315,571
Special	15,871,474	13,819,966	-	-	15,871,474	13,819,966
Vocational	526,254	404,299	-	-	526,254	404,299
Other	2,438,333	2,337,018	-	-	2,438,333	2,337,018
Support Services						
Pupil	8,681,922	8,100,767	-	-	8,681,922	8,100,767
Staff	4,031,852	4,055,364	-	-	4,031,852	4,055,364
General Administration	1,404,573	1,413,567	-	-	1,404,573	1,413,567
School Administration	9,419,003	8,422,107	-	-	9,419,003	8,422,107
Fiscal	1,874,309	1,909,425	-	-	1,874,309	1,909,425
Business Operations	1,635,460	1,496,593	-	-	1,635,460	1,496,593
Operations & Maintenance	11,689,529	11,652,334	-	-	11,689,529	11,652,334
Student Transportation	6,596,268	6,196,437	-	-	6,596,268	6,196,437
Central Services	1,398,019	1,022,336	-	-	1,398,019	1,022,336
Community Services	673,863	897,810	-	-	673,863	897,810
Food Services	8,818	8,818	3,787,221	3,402,253	3,796,039	3,411,071
Extra-curricular Activities	2,550,715	2,357,322	-	-	2,550,715	2,357,322
Interest and Fiscal Charges	6,258,362	6,412,729	-	-	6,258,362	6,412,729
Loss on sale of capital assets	-	45,647	-	-	-	45,647
Uniform School Supplies	<u>-</u>	<u>-</u>	<u>248,234</u>	<u>240,559</u>	<u>248,234</u>	<u>240,559</u>
Total Expenses	<u>\$ 133,809,653</u>	<u>\$ 128,868,110</u>	<u>\$ 4,035,455</u>	<u>\$ 3,642,812</u>	<u>\$ 137,845,108</u>	<u>\$ 132,510,922</u>
Change in Net Assets	6,740,817	10,366,089	(91,523)	153,038	6,649,294	10,519,127
Net Assets, beginning of year	<u>50,731,304</u>	<u>40,365,215</u>	<u>639,311</u>	<u>486,273</u>	<u>51,370,615</u>	<u>40,851,488</u>
Net Assets, end of year	<u>\$ 57,472,121</u>	<u>\$ 50,731,304</u>	<u>\$ 547,788</u>	<u>\$ 639,311</u>	<u>\$ 58,019,909</u>	<u>\$ 51,370,615</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2006
Unaudited

Governmental Activities

Net assets of the District's governmental activities increased by \$6.7 million, and unrestricted net assets reflect a balance of \$5.9 million. This is a simple result of more revenue being collected than expenditures being made.

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.

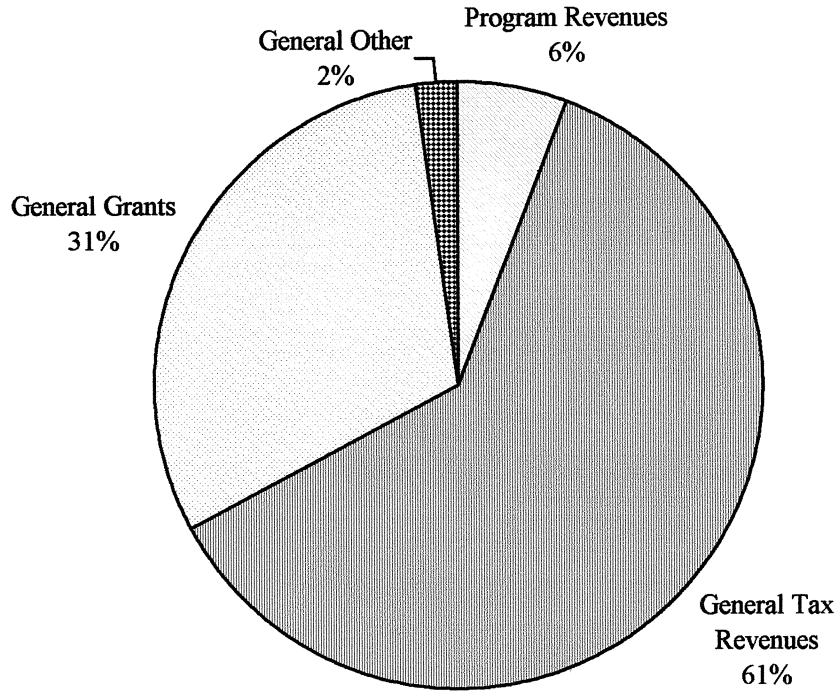
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. The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

(Table 3)

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Program Expenses				
Instruction				
Regular	\$ 58,750,899	\$ 57,157,947	\$ 58,315,571	\$ 56,633,467
Special	15,871,474	13,713,491	13,819,966	11,870,672
Vocational	526,254	333,864	404,299	179,925
Other	2,438,333	2,409,421	2,337,018	2,337,018
Support Services				
Pupil	8,681,922	7,897,068	8,100,767	7,368,903
Staff	4,031,852	3,450,153	4,055,364	3,542,061
General Administration	1,404,573	1,404,573	1,413,567	1,413,567
School Administration	9,419,003	8,951,159	8,422,107	7,983,994
Fiscal	1,874,309	1,852,100	1,909,425	1,888,276
Business Operations	1,635,460	1,634,377	1,496,593	1,495,757
Operations & Maintenance	11,689,529	11,689,529	11,652,334	11,642,644
Student Transportation	6,596,268	6,545,344	6,196,437	6,084,411
Central Services	1,398,019	1,276,204	1,022,336	909,346
Community Services	673,863	(119,256)	897,810	124,747
Food Services	8,818	7,568	8,818	8,818
Extra-curricular Activities	2,550,715	990,695	2,357,322	497,066
Interest and Fiscal Charges	6,258,362	6,258,362	6,412,729	6,406,714
	<u>\$ 133,809,653</u>	<u>\$ 125,452,599</u>	<u>\$ 128,822,463</u>	<u>\$ 120,387,386</u>
Total Expenses				

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2006
Unaudited

(Graph 1)



The District's reliance upon tax revenues is demonstrated by the graph above indicating 61% of total revenues from local taxes. The other large portion of general revenue support is the State Foundation program as 31% of total revenues. The reliance on general revenues is indicated by the net services column reflecting the need for \$125.4 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 an decrease in net assets of \$91,523 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, 2006
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 \$27.9 million, which is above last year's total of \$26.4 million. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance</u> <u>June 30, 2006</u>	<u>Fund Balance</u> <u>June 30, 2005</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 11,298,832	\$ 9,708,726	\$ 1,590,106
Debt Service	8,328,474	7,835,634	492,840
Permanent Improvement	5,472,413	5,301,395	171,018
Building	1,705,024	2,424,647	(719,623)
Other Governmental	<u>1,130,020</u>	<u>1,145,157</u>	<u>(15,137)</u>
Total	<u>\$ 27,934,763</u>	<u>\$ 26,415,559</u>	<u>\$ 1,519,204</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)

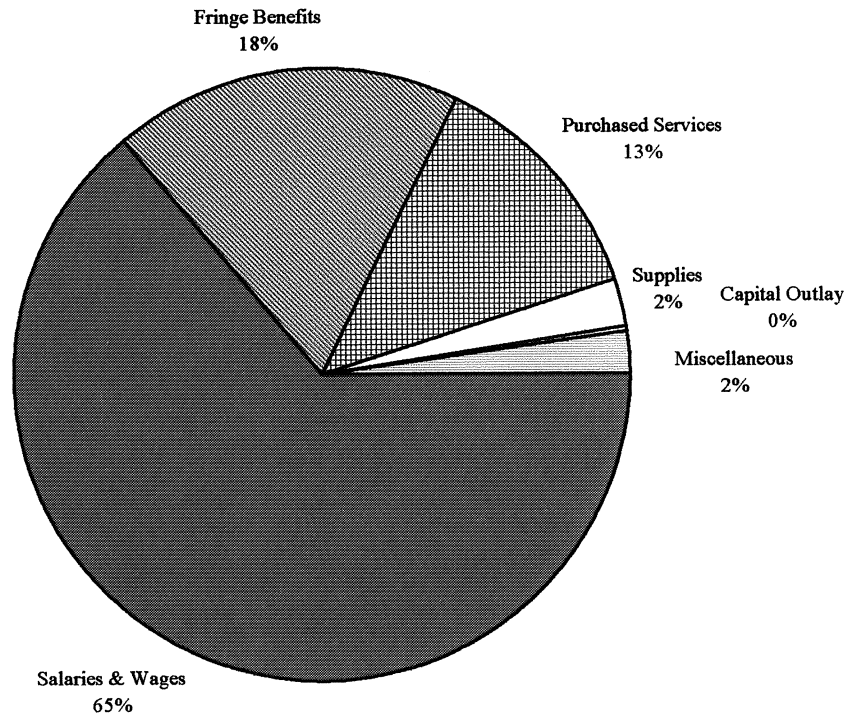
	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 70,501,527	\$ 70,110,749	0.56%
Interest Earnings	1,095,334	641,993	70.61%
Intergovernmental - State	41,418,594	41,417,648	0.00%
Other Revenue	<u>2,822,388</u>	<u>1,664,798</u>	<u>69.53%</u>
Total	<u>\$ 115,837,843</u>	<u>\$ 113,835,188</u>	<u>1.76%</u>

The property tax revenue has increased by \$390,778. Interest earnings have increased \$453,341 due to continued rising interest rate yields. Other revenues increased \$1.2 million due to the collection of student fees, and payment in lieu of taxes.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2006
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	2006 Amount	2005 Amount	Percentage Change
Salaries and Wages	\$ 72,396,734	\$ 68,311,807	5.98%
Fringe Benefits	20,626,401	19,616,335	5.15%
Purchased Services	15,821,027	13,747,259	15.08%
Supplies	2,644,492	2,459,259	7.53%
Capital Outlay	277,279	302,596	-8.37%
Miscellaneous	<u>2,481,804</u>	<u>2,487,060</u>	<u>-0.21%</u>
Total	<u>\$ 114,247,737</u>	<u>\$ 106,924,316</u>	<u>6.85%</u>

The expenditures have increased \$7.3 million or 6.85% over the prior year due to 21.2 additional staffing positions, utilities (especially natural gas), and tuition payments to other districts.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2006
Unaudited

Other Funds

The District's debt service fund balance increased by \$492,840. 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 increase is due to greater than expected tax collections.

The permanent improvement fund increase in fund balance of \$171,018 is a result of the District not spending to the limits of the approved appropriation. The District was able to fund many projects that came in under budget.

The building fund decrease in fund balance of \$719,623 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 and a capital projects fund. The decrease in fund balance of \$15,137 is primarily due to the timing of 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 personal property taxes and state sources, but lesser than originally anticipated revenues from real estate taxes, homestead/rollback, tuition/fees/interest and transfers/advances/refund of prior year. The appropriations or expenditure portion of the budget required changes in functional categories due to spending patterns, with the final budget for expenditures being \$3.9 million less 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 \$154 million invested in capital assets net of depreciation, with \$153.8 million attributed to governmental activities. Acquisitions for governmental activities totaled \$4.3 million and depreciation was \$5.1 million. The majority of the acquisitions were for various building improvements.

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

Debt

At June 30, 2006, the District had \$119.3 million in outstanding bonds. The District paid \$5.3 million in principal on bonds outstanding and \$5.6 million in interest during the fiscal year.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2006
Unaudited

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, 2006, 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 10.3 mill operating levy in May 2006 the District is in a good financial position. The operating levy has 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 plans are utilized by management as a tool to manage resources effectively.

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, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$23,240,104	\$646,535	\$23,886,639
Receivables			
Taxes - current	88,360,169	-	88,360,169
Taxes - delinquent	3,154,474	-	3,154,474
Accounts	105,714	-	105,714
Accrued interest	18,375	-	18,375
Intergovernmental	480,734	113,876	594,610
Prepays	389,163	-	389,163
Materials & supplies inventory	37,363	47,468	84,831
Restricted cash	369,772	-	369,772
Deferred charges	470,732	-	470,732
Capital assets, non-depreciable	5,813,922	-	5,813,922
Capital assets, net of depreciation	147,970,522	263,056	148,233,578
Total assets	<u>270,411,044</u>	<u>1,070,935</u>	<u>271,481,979</u>
<u>LIABILITIES</u>			
Accounts payable	776,443	6,110	782,553
Retainage payable	333,180	-	333,180
Accrued wages and benefits	14,376,186	111,665	14,487,851
Due to other governments	3,121,309	202,783	3,324,092
Matured bonds payable	36,592	-	36,592
Interest payable	445,502	-	445,502
Unearned revenue	64,903,562	-	64,903,562
Long-term liabilities			
Due within one year	5,962,802	5,091	5,967,893
Due in more than one year	122,983,347	197,498	123,180,845
Total liabilities	<u>212,938,923</u>	<u>523,147</u>	<u>213,462,070</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	34,968,131	263,056	35,231,187
Restricted for:			
Debt Service	8,263,298	-	8,263,298
Permanent Improvement	5,690,526	-	5,690,526
Special Revenue	363,219	-	363,219
Building	1,705,024	-	1,705,024
Other	536,933	-	536,933
Unrestricted	5,944,990	284,732	6,229,722
Total net assets	<u>\$57,472,121</u>	<u>\$547,788</u>	<u>\$58,019,909</u>

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

**Westerville City School District
Statement of Activities
For the Year Ended June 30, 2006**

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental Activities			
Instruction			
Regular	\$58,750,899	\$1,289,545	\$303,407
Special	15,871,474	30,487	2,127,496
Vocational	526,254	-	192,390
Other instruction	2,438,333	-	28,912
Support Services			
Pupils	8,681,922	-	784,854
Staff	4,031,852	-	581,699
General administration	1,404,573	-	-
School administration	9,419,003	-	467,844
Fiscal services	1,874,309	-	22,209
Business services	1,635,460	-	1,083
Operation & maintenance	11,689,529	-	-
Student transportation	6,596,268	-	50,924
Central services	1,398,019	-	121,815
Community services	673,863	-	793,119
Food Services	8,818	-	1,250
Extra-curricular activities	2,550,715	1,560,020	-
Interest and fiscal charges	6,258,362	-	-
Total governmental activities	<u>133,809,653</u>	<u>2,880,052</u>	<u>5,477,002</u>
Business-type Activities			
Food Service	3,787,221	2,748,022	923,233
Uniform School Supplies	248,234	243,017	-
Total business-type activities	<u>4,035,455</u>	<u>2,991,039</u>	<u>923,233</u>
Totals	<u>\$137,845,108</u>	<u>\$5,871,091</u>	<u>\$6,400,235</u>

General revenues

Property taxes levied for:

 General purposes

 Debt service

 Capital projects

Grants and entitlements not restricted to specific programs

Investment income

Miscellaneous

Total general revenues

Change in net assets

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

Net assets, end of the year

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

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
(\$57,157,947)	-	(\$57,157,947)
(13,713,491)	-	(13,713,491)
(333,864)	-	(333,864)
(2,409,421)	-	(2,409,421)
(7,897,068)	-	(7,897,068)
(3,450,153)	-	(3,450,153)
(1,404,573)	-	(1,404,573)
(8,951,159)	-	(8,951,159)
(1,852,100)	-	(1,852,100)
(1,634,377)	-	(1,634,377)
(11,689,529)	-	(11,689,529)
(6,545,344)	-	(6,545,344)
(1,276,204)	-	(1,276,204)
119,256	-	119,256
(7,568)	-	(7,568)
(990,695)	-	(990,695)
(6,258,362)	-	(6,258,362)
<u>(125,452,599)</u>	<u>-</u>	<u>(125,452,599)</u>
-	(115,966)	(115,966)
-	(5,217)	(5,217)
-	<u>(121,183)</u>	<u>(121,183)</u>
<u>(\$125,452,599)</u>	<u>(\$121,183)</u>	<u>(\$125,573,782)</u>
70,312,884	-	70,312,884
10,310,165	-	10,310,165
5,577,545	-	5,577,545
43,015,156	-	43,015,156
1,258,932	29,660	1,288,592
1,718,734	-	1,718,734
<u>132,193,416</u>	<u>29,660</u>	<u>132,223,076</u>
6,740,817	(91,523)	6,649,294
50,731,304	639,311	51,370,615
<u>\$57,472,121</u>	<u>\$547,788</u>	<u>\$58,019,909</u>

**Westerville City School District
Balance Sheet
Governmental Funds
As of June 30, 2006**

	General	Debt Service	Permanent Improvement	Building	Other Governmental	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,647,836	\$ 5,520,065	\$ 4,249,888	\$ 1,719,933	\$ 1,313,492	\$ 21,451,214
Restricted cash and investments	536,933	36,592	-	333,180	-	906,705
Receivables (net of allowances for uncollectibles):						
Taxes - current	71,759,362	10,354,657	6,246,150	-	-	88,360,169
Taxes - delinquent	2,556,035	380,326	218,113	-	-	3,154,474
Accounts	102,790	-	-	-	1,197	103,987
Accrued interest	18,375	-	-	-	-	18,375
Intergovernmental	-	-	-	-	480,734	480,734
Interfund loan receivable	86,034	-	-	-	-	86,034
Prepays	389,163	-	-	-	-	389,163
Inventories	37,363	-	-	-	-	37,363
Total assets	84,133,891	16,291,640	10,714,151	2,053,113	1,795,423	114,988,218
LIABILITIES						
Accounts payable	317,810	-	342,260	14,909	101,199	776,178
Retainage payable	-	-	-	333,180	-	333,180
Accrued wages and benefits	14,486,639	-	-	-	374,459	14,861,098
Due to other governments	2,709,762	58,082	30,782	-	103,711	2,902,337
Matured bonds payable	-	36,592	-	-	-	36,592
Interfund loan payable	-	-	-	-	86,034	86,034
Deferred revenue	55,320,848	7,868,492	4,868,696	-	-	68,058,036
Total liabilities	72,835,059	7,963,166	5,241,738	348,089	665,403	87,053,455
FUND BALANCES						
Reserved						
Future years' appropriation	19,095,040	2,866,491	1,595,567	-	-	23,557,098
Encumbrances	518,212	-	377,354	-	205,533	1,101,099
Budgetary stabilization	536,933	-	-	-	-	536,933
Prepays	389,163	-	-	-	-	389,163
Inventories	37,363	-	-	-	-	37,363
Unreserved, reported in:						
General	(9,277,879)	-	-	-	-	(9,277,879)
Debt Service	-	5,461,983	-	-	-	5,461,983
Permanent Improvement	-	-	3,499,492	-	-	3,499,492
Building	-	-	-	1,705,024	-	1,705,024
Special Revenue	-	-	-	-	924,487	924,487
Total fund balances	11,298,832	8,328,474	5,472,413	1,705,024	1,130,020	27,934,763
Total liabilities and fund balances	\$ 84,133,891	\$ 16,291,640	\$ 10,714,151	\$ 2,053,113	\$ 1,795,423	\$ 114,988,218

The notes to the basic 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, 2006**

Total Governmental Fund Balances	\$27,934,763
 <i>Amounts report for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	153,784,444
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	3,625,206
An internal service fund used by management to charge the cost of worker's compensation, print shop and self insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	1,026,335
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	(119,287,045)
Interest payable	(445,502)
Special Termination Benefits	(860,000)
Compensated absences	<u>(8,306,080)</u>
 Net Assets of Governmental Activities	 <u><u>\$57,472,121</u></u>

The notes to the basic 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, 2006

	General	Debt Service	Permanent Improvement	Building	Other Governmental	Total Governmental Funds
REVENUES						
Taxes	\$ 70,501,527	\$10,336,480	\$ 5,564,039	\$ -	\$ -	\$ 86,402,046
Tuition	772,984	-	-	-	-	772,984
Extra-curricular	-	-	-	-	1,560,020	1,560,020
Investment income	1,095,334	-	-	91,411	11,012	1,197,757
Other local	547,048	-	-	-	31,303	578,351
Intergovernmental - State	41,418,594	1,186,551	648,186	-	1,003,112	44,256,443
Intergovernmental - Federal	-	-	-	-	4,204,412	4,204,412
Other revenue	1,502,356	-	-	-	443,785	1,946,141
Total revenues	115,837,843	11,523,031	6,212,225	91,411	7,253,644	140,918,154
EXPENDITURES						
Current:						
Instruction						
Regular	54,237,664	-	-	-	422,760	54,660,424
Special	13,178,966	-	-	-	2,053,668	15,232,634
Vocational	476,492	-	-	-	63,626	540,118
Other Instruction	2,297,914	-	-	-	28,912	2,326,826
Support services						
Pupils	7,535,865	-	-	-	1,161,754	8,697,619
Staff	3,524,619	-	-	-	623,149	4,147,768
General administration	1,404,573	-	-	-	-	1,404,573
School administration	8,605,400	-	-	-	476,011	9,081,411
Fiscal services	1,730,859	119,746	-	-	18,937	1,869,542
Business operations	877,549	-	-	-	1,744	879,293
Operation & maintenance	11,555,153	-	-	-	-	11,555,153
Student transportation	5,999,812	-	-	-	69,163	6,068,975
Central services	1,684,596	-	-	-	120,165	1,804,761
Community services	1,155	-	-	-	671,985	673,140
Extra-curricular	1,137,120	-	-	-	1,556,907	2,694,027
Capital outlay	-	-	6,041,207	811,034	-	6,852,241
Debt service:						
Principal retirement	-	5,300,000	-	-	-	5,300,000
Interest	-	5,610,445	-	-	-	5,610,445
Total expenditures	114,247,737	11,030,191	6,041,207	811,034	7,268,781	139,398,950
Net change in fund balances	1,590,106	492,840	171,018	(719,623)	(15,137)	1,519,204
Fund balances, July 1 (restated, see Note 3)	9,708,726	7,835,634	5,301,395	2,424,647	1,145,157	26,415,559
Fund balances, June 30	<u>\$ 11,298,832</u>	<u>\$ 8,328,474</u>	<u>\$ 5,472,413</u>	<u>\$ 1,705,024</u>	<u>\$ 1,130,020</u>	<u>\$ 27,934,763</u>

The notes to the basic 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, 2006

Net Change in Fund Balances - Total Governmental Funds **\$1,519,204**

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 depreciation exceeded capital outlays in the current period (see Note 8). (795,778)

Tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (201,452)

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. 5,300,000

Principal repayments

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 23,845

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 (671,762)

Special Termination Benefits 1,980,000

Compensated Absences (309,118)

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. (104,122)

Change in Net Assets of Governmental Activities **\$6,740,817**

The notes to the basic 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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Real Estate Taxes	\$ 64,053,688	\$ 58,239,301	\$ 58,239,301	\$ -
Personal Property Taxes	4,419,581	7,916,968	8,017,328	100,360
State Revenue	33,699,984	33,780,530	33,780,530	-
Homestead/Rollback	8,420,804	7,638,064	7,638,064	-
Tuition, Fees, Interest & Misc	3,427,047	3,318,466	3,636,450	317,984
Transfers, Advances, Refund of Prior Year	<u>801,933</u>	<u>681,297</u>	<u>681,297</u>	<u>-</u>
Total Revenue and Other Sources	<u>114,823,037</u>	<u>111,574,626</u>	<u>111,992,970</u>	<u>418,344</u>
Expenditures:				
Salaries and Wages	72,106,162	71,693,524	71,647,121	46,403
Benefits & Insurance	23,931,790	20,428,231	20,412,503	15,728
Purchased Services	15,860,512	16,397,759	16,187,963	209,796
Supplies & Materials	2,901,881	2,779,462	2,706,639	72,823
New & Replacement Equipment	407,677	379,406	374,043	5,363
Other Expenditures	<u>2,793,290</u>	<u>2,469,103</u>	<u>2,442,957</u>	<u>26,146</u>
Total Expenditures and Other Uses	<u>118,001,312</u>	<u>114,147,485</u>	<u>113,771,226</u>	<u>376,259</u>
Net Change in Fund Balance	(3,178,275)	(2,572,859)	(1,778,256)	794,603
Fund Balance, July 1	9,130,126	9,130,126	9,130,126	-
Prior Year Encumbrances Appropriated	<u>980,261</u>	<u>980,261</u>	<u>980,261</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 6,932,112</u></u>	<u><u>\$ 7,537,528</u></u>	<u><u>\$ 8,332,131</u></u>	<u><u>\$ 794,603</u></u>

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

Westerville City School District
Statement of Net Assets
Proprietary Funds
As of June 30, 2006

	<u>Aggregate Non-Major Business Type Activities</u>	<u>Governmental Activities - Internal Service Fund</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 646,535	\$ 1,251,957
Receivables:		
Accounts	-	1,727
Intergovernmental	113,876	-
Materials & supplies inventory	47,468	-
Total current assets	<u>807,879</u>	<u>1,253,684</u>
Non-current assets:		
Capital assets, net	263,056	-
Total assets	<u>1,070,935</u>	<u>1,253,684</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	6,110	265
Accrued wages and benefits	111,665	8,112
Compensated absences payable	5,091	-
Due to:		
Other governments	202,783	218,972
Total current liabilities	<u>325,649</u>	<u>227,349</u>
Non-current liabilities:		
Compensated absences payable	197,498	-
Total liabilities	<u>523,147</u>	<u>227,349</u>
<u>NET ASSETS</u>		
Invested in capital assets	263,056	-
Unrestricted	284,732	1,026,335
Total net assets	<u>\$ 547,788</u>	<u>\$ 1,026,335</u>

The notes to the basic 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, 2006

	<u>Aggregate Non-Major Business Type Activities</u>	<u>Governmental Activities - Internal Service Fund</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ -	\$ 554,295
Food service sales	2,715,028	-
Class material fees	243,017	-
Other	32,994	-
Total operating revenues	<u>2,991,039</u>	<u>554,295</u>
<u>OPERATING EXPENSES</u>		
Wages and benefits	1,983,661	62,510
Purchased services	33,018	505,081
Materials and supplies	1,918,872	152,001
Depreciation	39,847	-
Loss on sale of capital assets	885	-
Other	59,172	-
Total operating expenses	<u>4,035,455</u>	<u>719,592</u>
Operating loss	(1,044,416)	(165,297)
<u>NON-OPERATING REVENUES</u>		
Grants:		
State sources	29,779	-
Federal sources	893,454	-
Investment income	29,660	61,175
Total non-operating revenues	<u>952,893</u>	<u>61,175</u>
Change in net assets	(91,523)	(104,122)
Net assets, beginning of year (restated, see Note 3)	<u>639,311</u>	<u>1,130,457</u>
Net assets, end of year	<u>\$ 547,788</u>	<u>\$ 1,026,335</u>

The notes to the basic 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, 2006

	<u>Aggregate Non-Major Business Type Activities</u>	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,958,884	\$ -
Cash payments for wages and benefits	(1,910,262)	(64,019)
Cash received from interfund services provided	-	633,140
Cash payments for purchased services	(33,018)	(531,732)
Cash payments for materials and supplies	(1,789,179)	(152,393)
Cash received for other revenues	32,994	-
Cash payments for other expenses	<u>(59,172)</u>	<u>-</u>
Net cash used for operating activities	<u>(799,753)</u>	<u>(115,004)</u>
Cash flows from noncapital financing activities:		
Cash flows from operating grants	<u>791,986</u>	<u>-</u>
Cash flows from capital financing activities:		
Purchase of capital assets	<u>(30,535)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>29,660</u>	<u>61,175</u>
Net decrease in cash and investments	(8,642)	(53,829)
Cash and investments at beginning of year	<u>655,177</u>	<u>1,305,786</u>
Cash and investments at end of year	<u><u>\$ 646,535</u></u>	<u><u>\$ 1,251,957</u></u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (1,044,416)	\$ (165,297)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	39,847	-
Donated commodities	112,278	-
Loss on sale of capital assets	885	-
Changes in assets and liabilities:		
Decrease in accounts receivables	839	78,845
Decrease in inventory	16,669	-
Increase (decrease) in accounts payable	746	(392)
Increase (decrease) in accrued wages and benefits	3,181	(1,523)
Increase (decrease) in due to other governments	44,021	(26,637)
Increase in compensated absences payable	<u>26,197</u>	<u>-</u>
Net cash used for operating activities	<u><u>\$ (799,753)</u></u>	<u><u>\$ (115,004)</u></u>

The District received \$112,278 in donated food from the Ohio Department of Education's commodity grant program.

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

**Westerville City School District
Statement of Net Assets
Fiduciary Funds
As of June 30, 2006**

	Private-Purpose Trust	Agency
<u>ASSETS</u>		
Cash and investments	\$71,088	\$373,762
Total assets	71,088	373,762
<u>LIABILITIES</u>		
Accounts payable	-	2,792
Due to others	-	370,970
Total liabilities	-	\$373,762
<u>NET ASSETS</u>	\$71,088	

**Westerville City School District
Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2006**

	Private-Purpose Trust
<u>ADDITIONS</u>	
Gifts and contributions	\$22,424
Investment income	2,760
	25,184
<u>DEDUCTIONS</u>	
Scholarships awarded	15,779
Other deductions	60
	15,839
Change in net assets	9,345
Net assets, beginning of the year	61,743
Net assets, end of the year	\$71,088

The notes to the basic 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, 2006

(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 14,217 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" and Statement No. 39, "Determining Whether Certain Organizations Are Component Units", 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 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. Interfund services provided and used are not eliminated in the process of consolidation. 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, 2006

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 and Uniform School Supplies enterprise funds and of the District's Internal Service funds are charges for sales and services. Operating expenses for enterprise funds and

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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, 2006

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.

Private-purpose Trust Fund – Private-purpose trust fund accounts for resources, including both principal and earnings, which must be expended according to the provisions of the student scholarship agreements and are not available to support the District's own programs.

Agency Funds – Agency funds are used to account for assets held by the District for staff or student activity programs that are managed by the students. 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is 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, 2005, but were levied to finance 2006 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 2006 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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 20, the Board-adopted budget is filed with the Franklin County Budget Commission for a tax rate determination. The original budget revenue amounts reported in the budgetary statement for the General Fund reflect the amounts set forth in this tax budget.
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. 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 final budget amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for fiscal 2006.
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. This appropriation then serves as a basis for the original budget revenue and expenditure amounts reported in the budgetary statements for all funds except the General Fund revenues. 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 2006.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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.

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 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".

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.

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, 2006.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

Interim deposits are used by the District to purchase legal investments. The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes and other obligations: bank certificates of deposits; banker's acceptances; commercial paper notes rated prime and issued by United States corporations and StarOhio. During fiscal year 2006, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, federal agency securities and StarOhio.

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 2006 was \$1,095,334 which includes \$594,985 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.

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) Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2006 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

(h) 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

(i) 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.

(j) 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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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.

(k) 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).

(l) Interfund Transactions

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

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

(m) 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.

(n) 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

(3) RESTATEMENT OF FUND BALANCE AND NET ASSETS

The District restated fund balances as of June 30, 2005 to reflect the balance of the worker's compensation liability in the proper fund as follows:

	<u>General</u>	<u>Other Governmental</u>
Fund Balances at June 30, 2005 (as reported)	\$9,481,377	\$1,134,969
To properly record worker's compensation liability	<u>227,349</u>	<u>10,188</u>
Fund Balances at June 30, 2005 (as restated)	<u>\$9,708,726</u>	<u>\$1,145,157</u>

These adjustments had no material effect on the change in fund balances as reported for the year ended June 30, 2005.

The District restated net assets as of June 30, 2005 to accurately record compensated absences and to reflect the balance of the worker's compensation liability in the proper fund as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Internal Service Fund</u>
Net Assets at June 30, 2005 (as reported)	\$49,957,205	\$630,330	\$1,372,892
To properly record compensated absences	778,997	4,083	
To properly record worker's compensation liability	<u>(4,898)</u>	<u>4,898</u>	<u>(242,435)</u>
Net Assets at June 30, 2005 (as restated)	<u>\$50,731,304</u>	<u>\$639,311</u>	<u>\$1,130,457</u>

These adjustments had no material effect on the change in net assets as reported for the year ended June 30, 2005.

(4) CASH AND INVESTMENTS

(a) Cash

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

Active Monies – Those monies required to be kept in a “cash” or near-cash” status for immediate use by the District. Such monies must be maintained either as cash in the District Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five year period of designation of depositories. Inactive monies may be deposited or invested as 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

Interim Monies – 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. Ohio law permits interim monies to be invested in legal securities (see Note 2e).

(b) Deposits with financial institutions

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. State law does not require security for public deposits and investments to be maintained in the District's name. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. During 2006, the District and public depositories complied with the provisions of these statutes.

At year-end, the carrying amount of the District deposits was \$17,252,497 and the bank balance was \$18,578,784. Of the bank balance, \$236,591 was covered by FDIC insurance and \$18,342,193 was uninsured and collateralized with securities held by the pledging institution's trust department, but not in the District's name.

(c) Investments

Investments are reported as fair value. As of June 30, 2006, the District had the following investments:

	Fair Value	Weighted Average Maturity (Days)
FHLMC	\$5,949,026	153
STAR Ohio	1,499,738	0
Total Fair Value	\$7,448,764	
Portfolio Weighted Average Maturity		153

Interest Rate Risk

The Ohio Revised Code and District policy limits security purchases to those that mature within five years of the settlement date. District policy requires that a draw schedule be prepared. Once cash flow requirements have been satisfied, maturity date selection will be determined by market conditions and interest rate forecasts.

Credit Risk

The District's investment at June 30, 2006 in FHLMC is rated AAA by Standard and Poor's. Its investments in Star Ohio are rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in FHLMC and STAR Ohio. These investments are 79.9% and 20.1%, respectively, of the District's total investments.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

(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 2006, upon which the 2005 levies were based, were as follows:

Real Estate	
Agricultural/Residential	\$1,944,059,580
Commercial/Industrial	435,540,900
Personal Property	
General	53,636,288
Public Utility	53,702,010
Total	\$2,486,938,778

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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, 2006.

(6) RECEIVABLES

Receivables and due from other governments at June 30, 2006 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	\$91,514,643	
Accounts	105,714	
Accrued Interest	18,375	
Intergovernmental – State & Federal	480,734	
Business-Type Activities		
Intergovernmental – Federal	113,876	
Total Receivables	<u>\$92,233,342</u>	

(7) INTERFUND TRANSACTIONS

Interfund balances on the fund statements at June 30, 2006 consist of the following receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General	\$86,034	\$–
Other Governmental:		
Alternative Education	–	2,206
IDEA-B	–	869
Title III	–	710
Title I	–	22,506
Title V	–	5,663
Preschool	–	156
Title II-A	–	28,481
Miscellaneous Federal	–	25,443
Total	<u>\$86,034</u>	<u>\$86,034</u>

The balances exist as these grants are funded on a reimbursement basis and the monies were not received from the grantor by June 30, 2006.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

(8) CAPITAL ASSETS

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

<i>Governmental Activities</i>	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2006</u>
Capital Assets, not being Depreciated:				
Land	\$5,813,922	-	-	\$5,813,922
Total Capital Asset, not being Depreciated	<u>\$5,813,922</u>	<u>-</u>	<u>-</u>	<u>\$5,813,922</u>
Capital Assets, being Depreciated:				
Land Improvements	4,095,696	315,061	-	4,410,757
Buildings/Improvements	183,583,575	3,400,800	16,484	186,967,891
Furniture/Equipment	4,461,688	310,909	274,665	4,497,932
Buses	6,078,877	180,300	-	6,259,177
Vehicles	559,273	123,751	52,180	630,844
Total Capital Assets, being Depreciated	<u>\$198,779,109</u>	<u>\$4,330,821</u>	<u>\$343,329</u>	<u>\$202,766,601</u>
Less Accumulated Depreciation:				
Land Improvements	2,774,963	169,893	-	2,944,856
Buildings/Improvements	40,182,304	3,999,497	12,342	44,169,459
Furniture/Equipment	2,504,351	375,801	242,383	2,637,769
Buses	4,183,574	491,897	-	4,675,471
Vehicles	367,617	53,087	52,180	368,524
Total Accumulated Depreciation	<u>\$50,012,809</u>	<u>\$5,090,175</u>	<u>\$306,905</u>	<u>\$54,796,079</u>
Total Capital Assets, being Depreciated, Net	<u>\$148,766,300</u>	<u>(\$759,354)</u>	<u>\$36,424</u>	<u>\$147,970,522</u>
Capital Assets, Net	<u>\$154,580,222</u>	<u>(\$759,354)</u>	<u>\$36,424</u>	<u>\$153,784,444</u>

<i>Business-Type Activities</i>	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2006</u>
Furniture/Equipment	\$944,885	\$30,535	\$30,541	\$944,879
Vehicles	48,769	-	-	48,769
Total Capital Assets	<u>993,654</u>	<u>30,535</u>	<u>30,541</u>	<u>993,648</u>
Less Accumulated Depreciation	<u>720,401</u>	<u>39,847</u>	<u>29,656</u>	<u>730,592</u>
Capital Assets, Net	<u>\$273,253</u>	<u>(\$9,312)</u>	<u>\$ 885</u>	<u>\$263,056</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,925,477
Special	738,887
Vocational	26,136
Other	111,507
Support Services:	
Pupil	4,090
Staff	90
School Administration	437,366
Fiscal Services	753
Business Services	14,024
Operations & Maintenance	135,455
Student Transportation	498,571
Central Services	148,927
Community Services	723
Food Services	8,818
Extracurricular Activities	39,351
Total Depreciation Expense	<u>\$5,090,175</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, 2006</u>
Construction and improvements (2)	02/01/87	6.25%	12/01/10	\$37,000,000	\$8,050,000
Construction and improvements (3)	08/01/96	5.74%	12/01/06	19,984,875	625,000
Construction and improvements (4)	03/15/01	5.00%	12/01/27	99,534,632	61,253,934
Advance Bond Refunding (5)	04/07/04	3.72%	12/01/22	49,970,687	49,358,111
					<u>\$119,287,045</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) Constructed new middle school and completed renovation at one high school.
- (4) 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.
- (5) 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, 2006

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds (principal amount does not include accumulated accretion of \$2,192,460):

<u>Year ending June 30,</u>	<u>Interest rates</u>	<u>Principal</u>	<u>Interest</u>
2007	3.70—6.25	\$5,445,000	\$6,165,472
2008	3.70—6.25	5,375,000	6,241,963
2009	3.70—6.25	5,114,138	6,407,978
2010	3.70—6.25	5,183,235	6,180,284
2011	3.70—6.25	3,202,243	7,831,074
2012-2016	3.70—6.25	21,639,969	22,092,145
2017-2021	3.70—6.25	28,550,000	13,876,063
2022-2026	3.70—6.25	29,815,000	6,813,175
2027-2028	3.70—6.25	12,770,000	646,250
Total		\$117,094,585	\$76,254,404

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 \$223,824,490. The total District debt (including the Bonds) subject to this limitation is \$117,094,585. The total District unvoted debt that could be issued subject to the 1/10 of 1% limitation is \$2,486,938. The District has no debt subject to such limitation, leaving \$2,486,938 available for unvoted debt. Including the balance in the Debt Service Fund at June 30, 2006, the effects of these debt limitations at June 30, 2006 are a voted debt margin of \$98,401,431 and an unvoted debt margin of \$2,486,938.

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, 2006, 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 bore interest at rates ranging from 3.7% to 5.69% with principal that matured in 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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

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 advance 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). The District defeased these general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all the future debt service payments on the old bonds. The advance refunding represents both legal and in-substance defeasance and was accounted for in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*. Accordingly, the trust accounts assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2006 \$44,680,000 of the bonds are considered defeased.

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.

In 2004 and 2005, the District offered an Early Retirement Incentive to the Administration and Certificated staff. If fifty (50) qualified bargaining unit members submitted their letters of intent to retire on or before April 15 of the respective school year an incentive of \$40,000 would be paid to each member. A qualified member was defined as eligible to retire under STRS guidelines and had not retired as of the effective day of the agreement. The incentive would be paid in two equal installments in the 2nd payroll in July. As a result the District will make payments of \$1,980,000 on July 21, 2006 and \$860,000 on July 20, 2007.

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

	Balance at			Balance at		Amounts Due
	<u>June 30, 2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2006</u>	<u>In One Year</u>	
<i>Governmental Activities</i>						
General Obligation Bonds	\$123,915,283	\$671,762	\$5,300,000	\$119,287,045	\$5,469,778	
Special Termination Benefits	2,840,000	-	1,980,000	860,000	-	
Compensated Absences	7,996,962	1,885,685	1,083,543	8,799,104	493,024	
Total Governmental Activities	<u>\$134,752,245</u>	<u>\$2,064,423</u>	<u>\$8,363,543</u>	<u>\$128,946,149</u>	<u>\$5,962,802</u>	
<i>Business-Type Activities</i>						
Compensated Absences	<u>\$176,392</u>	<u>\$50,262</u>	<u>\$24,065</u>	<u>\$202,589</u>	<u>\$5,091</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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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.

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, July 1, 2005	\$-	\$-	\$536,933
Required Set-Aside	2,051,086	2,051,086	-
Qualifying Expenditures	(2,152,222)	(5,522,724)	-
Total	(\$101,136)	(\$3,471,638)	\$536,933
Balance Carried Forward at June 30, 2006	\$-	\$-	\$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> \$1,590,106
Increase (decrease):	
Due to revenues	(3,844,873)
Due to expenditures	1,312,533
Due to encumbrances	(836,022)
Budget basis	<u>(\$1,778,256)</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

(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 toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

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. The current rate is 14% for employers of annual covered payroll. 10.58% was the portion used to fund pension obligations at June 30, 2006. 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, 2006, 2005 and 2004 from the District were \$1,612,243 \$1,463,311 and \$1,240,140 respectively. \$830,613 representing the unpaid contribution for fiscal year 2006, 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 reduced 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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to member's beneficiaries.

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 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, 2006, 2005 and 2004 was \$7,773,976, \$7,548,542, and \$7,746,514 respectively. \$1,343,866 representing the unpaid contribution for fiscal year 2006 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. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2006, the allocation rate is 3.42%. 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 2006, the minimum pay has been established as \$35,800. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$820,468. 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.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2005 (the latest information available) were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of the next year's projected net healthcare costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

equal to at least 150% of the estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

(b) *STRS Ohio*

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. 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. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board allocates employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$597,994 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS were \$254.8 million and STRS had 115,395 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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

administrative and instructional functions among member districts. The governing board of MEC consists of one representative of each of the member districts. Financial information can be obtained from Denise Canfield, who serves as fiscal officer, at 2100 City Gate Drive, Columbus, Ohio 43219-3591.

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

(16) 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 2006, 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Notes to Basic Financial Statements, Continued
For the Fiscal Year Ended June 30, 2006

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

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

The District provides life insurance and accidental death and dismemberment insurance to all employees in an amount related to the employee's position, ranging from \$30,000 to \$276,000.

(18) SUBSEQUENT EVENTS

In November 2006, the District issued \$49,277,766 of general obligation refunding bonds, Series 2006 for the purpose of advance refunding certain maturities of the Westerville City School District \$99,534,632 School Facilities Construction and Improvement Bonds, Series 2001. The bonds will be used to defease a portion of the 2001 Bonds maturing on December 1, 2020, December 1, 2021 and December 1, 2027.

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 District 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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service Fund				
Total Revenue and Other Sources	\$ 11,466,722	\$ 10,900,662	\$ 10,908,643	\$ 7,981
Total Expenditures and Other Uses	<u>11,030,445</u>	<u>11,031,006</u>	<u>11,031,006</u>	<u>-</u>
Net Change in Fund Balance	436,277	(130,344)	(122,363)	7,981
Fund Balance, July 1	<u>5,642,428</u>	<u>5,642,428</u>	<u>5,642,428</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,078,705</u>	<u>\$ 5,512,084</u>	<u>\$ 5,520,065</u>	<u>\$ 7,981</u>
Permanent Improvement Fund				
Total Revenue and Other Sources	\$ 6,007,362	\$ 5,823,699	\$ 5,829,464	\$ 5,765
Total Expenditures and Other Uses	<u>6,681,311</u>	<u>8,884,116</u>	<u>6,932,434</u>	<u>1,951,682</u>
Net Change in Fund Balance	(673,949)	(3,060,417)	(1,102,970)	1,957,447
Fund Balance, July 1	3,512,602	3,512,602	3,512,602	-
Prior Year Encumbrances Appropriated	<u>1,120,645</u>	<u>1,120,645</u>	<u>1,120,645</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,959,298</u>	<u>\$ 1,572,830</u>	<u>\$ 3,530,277</u>	<u>\$ 1,957,447</u>
Building Fund				
Total Revenue and Other Sources	\$ 5,000	\$ 92,103	\$ 91,411	\$ (692)
Total Expenditures and Other Uses	<u>2,508,828</u>	<u>2,607,847</u>	<u>902,056</u>	<u>1,705,791</u>
Net Change in Fund Balance	(2,503,828)	(2,515,744)	(810,645)	1,705,099
Fund Balance, July 1	2,329,652	2,329,652	2,329,652	-
Prior Year Encumbrances Appropriated	<u>193,287</u>	<u>193,287</u>	<u>193,287</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 19,111</u>	<u>\$ 7,195</u>	<u>\$ 1,712,294</u>	<u>\$ 1,705,099</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 extra-curricular revenue sources, other than taxes (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 Equipment – This fund is used to account for vocational educational 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.

Poverty Based Assistance – A fund used to for monies received through the State of Ohio Foundation program for intervention programs for low income students.

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.

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.

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

Westerville City School District

Westerville, Ohio



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**Westerville City School District
Combining Balance Sheet
Other Governmental Funds
June 30, 2006**

	Special Revenue			
	Public School Support	Other Local	District Managed	Auxiliary Services
<u>ASSETS</u>				
Cash and investments	\$ 316,361	\$ 21,492	\$ 518,239	\$ 258,185
Receivables:				
Accounts	762	-	435	-
Intergovernmental	-	-	-	-
Total assets	317,123	21,492	518,674	258,185
<u>LIABILITIES</u>				
Accounts payable	8,957	1,250	26,366	3,314
Accrued wages and benefits	-	-	-	46,827
Due to other governments	-	-	33,670	7,468
Interfund loan payable	-	-	-	-
Total liabilities	8,957	1,250	60,036	57,609
<u>FUND BALANCES</u>				
Fund balances (deficit):				
Reserved for encumbrances	12,836	1,628	27,607	85,479
Unreserved	295,330	18,614	431,031	115,097
Total fund balances	308,166	20,242	458,638	200,576
Total Liabilities and Fund Balances	\$ 317,123	\$ 21,492	\$ 518,674	\$ 258,185

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>
\$ -	\$ 3,918	\$ -	\$ 2,500	\$ -	\$ 6,300
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>3,918</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>6,300</u>
-	2,268	-	2,500	-	5,300
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>2,268</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>5,300</u>
-	1,650	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
<u>-</u>	<u>1,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
<u>\$ -</u>	<u>\$ 3,918</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 6,300</u>

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2006**

	Special Revenue			
	Ohio Reads	Student Intervention	Alternative Schools	Poverty Based Assistance
<u>ASSETS</u>				
Cash and investments	\$ 6,000	\$ -	\$ 1,926	\$ -
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	-	13,159	-
Total assets	6,000	-	15,085	-
<u>LIABILITIES</u>				
Accounts payable	6,000	-	-	-
Accrued wages and benefits	-	-	9,052	-
Due to other governments	-	-	1,303	-
Interfund loan payable	-	-	2,206	-
Total liabilities	6,000	-	12,561	-
<u>FUND BALANCES</u>				
Fund balances (deficit):				
Reserved for encumbrances	-	-	1,926	-
Unreserved	-	-	598	-
Total fund balances	-	-	2,524	-
Total Liabilities and Fund Balances	\$ 6,000	\$ -	\$ 15,085	\$ -

Special Revenue

Miscellaneous State	IDEA - B	Vocational Education: Carl D. Perkins	Title III	Transition Program for Refugee Children	Title I
\$ -	\$ 61,947	\$ 36,540	\$ -	\$ -	\$ 20,545
-	-	-	-	-	-
-	213,630	-	28,121	770	88,526
-	275,577	36,540	28,121	770	109,071
-	1,612	18,797	-	-	2,943
-	202,564	-	20,782	-	57,357
-	35,492	1,592	2,970	770	9,843
-	869	-	710	-	22,506
-	240,537	20,389	24,462	770	92,649
-	1,970	17,743	-	-	17,601
-	33,070	(1,592)	3,659	-	(1,179)
-	35,040	16,151	3,659	-	16,422
\$ -	\$ 275,577	\$ 36,540	\$ 28,121	\$ 770	\$ 109,071

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2006**

	Special Revenue			
	Title V	Title IV	Preschool Handicapped	Title II-A
<u>ASSETS</u>				
Cash and investments	\$ 8,732	\$ 293	\$ 2	\$ 31,428
Receivables:				
Accounts	-	-	-	-
Intergovernmental	4,000	3,087	10,468	46,899
Total assets	12,732	3,380	10,470	78,327
<u>LIABILITIES</u>				
Accounts payable	673	-	-	11,302
Accrued wages and benefits	-	2,279	7,170	23,186
Due to other governments	-	1,099	869	3,329
Interfund loan payable	5,663	-	156	28,481
Total liabilities	6,336	3,378	8,195	66,298
<u>FUND BALANCES</u>				
Fund balances (deficit):				
Reserved for encumbrances	8,060	-	-	20,127
Unreserved	(1,664)	2	2,275	(8,098)
Total fund balances	6,396	2	2,275	12,029
Total Liabilities and Fund Balances	\$ 12,732	\$ 3,380	\$ 10,470	\$ 78,327

<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Miscellaneous Federal</u>	<u>School Net</u>	<u>Total Other Governmental Funds</u>
\$ 19,084	\$ -	\$ 1,313,492
-	-	1,197
<u>72,074</u>	<u>-</u>	<u>480,734</u>
<u>91,158</u>	<u>-</u>	<u>1,795,423</u>
9,917	-	101,199
5,242	-	374,459
5,306	-	103,711
<u>25,443</u>	<u>-</u>	<u>86,034</u>
<u>45,908</u>	<u>-</u>	<u>665,403</u>
8,906	-	205,533
<u>36,344</u>	<u>-</u>	<u>924,487</u>
<u>45,250</u>	<u>-</u>	<u>1,130,020</u>
<u>\$ 91,158</u>	<u>\$ -</u>	<u>\$ 1,795,423</u>

Westerville City School District
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue			
	Public School Support	Other Local	District Managed	Auxiliary Services
<u>REVENUES</u>				
Extra-curricular	\$ 239,110	\$ -	\$ 1,320,910	\$ -
Investment income	-	-	-	11,012
Other local sources	-	31,303	-	-
Intergovernmental - State	-	-	-	692,818
Intergovernmental - Federal	-	-	-	-
Other revenue	119,400	-	324,385	-
Total revenues	358,510	31,303	1,645,295	703,830
<u>EXPENDITURES</u>				
Current:				
Instruction				
Regular	62	21,369	-	-
Special	-	5,120	-	-
Vocational	-	-	-	-
Other	-	-	-	-
Support services				
Pupils	362,862	-	-	-
Staff	-	2,752	-	-
School administration	-	20	-	-
Fiscal administration	-	-	-	18,937
Business operations	-	-	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	-	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	1,790	935	-	544,590
Extra-curricular	90	-	1,556,817	-
Total expenditures	364,804	30,196	1,556,817	563,527
Net change in fund balances	(6,294)	1,107	88,478	140,303
Fund balances, July 1	314,460	19,135	370,160	60,273
Fund balances, June 30	<u>\$ 308,166</u>	<u>\$ 20,242</u>	<u>\$ 458,638</u>	<u>\$ 200,576</u>

Special Revenue

Career Development	Management Information Systems	School Building Incentive	Entry Year	Data Communications	School Net Professional Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
(7,456)	47,215	-	44,100	69,000	6,300
-	-	-	-	-	-
-	-	-	-	-	-
<u>(7,456)</u>	<u>47,215</u>	<u>-</u>	<u>44,100</u>	<u>69,000</u>	<u>6,300</u>
5	-	350	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	45,565	-	-	69,000	-
-	-	-	-	-	-
-	-	-	800	-	-
-	-	-	-	-	-
<u>5</u>	<u>45,565</u>	<u>1,431</u>	<u>44,100</u>	<u>69,000</u>	<u>13,625</u>
(7,461)	1,650	(1,431)	-	-	(7,325)
<u>7,461</u>	<u>-</u>	<u>1,431</u>	<u>-</u>	<u>-</u>	<u>8,325</u>
<u>\$ -</u>	<u>\$ 1,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</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, 2006

	Special Revenue			
	Ohio Reads	Student Intervention	Alternative Schools	Poverty Based Assistance
REVENUES				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	33,742	8,746	74,135	28,912
Intergovernmental - Federal	-	-	-	-
Other revenue	-	-	-	-
Total revenues	33,742	8,746	74,135	28,912
EXPENDITURES				
Current:				
Instruction				
Regular	1,742	11,879	51,893	-
Special	-	-	-	-
Vocational	-	-	-	-
Other	-	-	-	28,912
Support services				
Pupils	-	-	17,145	-
Staff	32,000	8,049	2,800	-
School administration	-	-	-	-
Fiscal administration	-	-	-	-
Business operations	-	-	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	-	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	-	-	360	-
Extra-curricular	-	-	-	-
Total expenditures	33,742	19,928	72,198	28,912
Net change in fund balances	-	(11,182)	1,937	-
Fund balances, July 1	-	11,182	587	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,524</u>	<u>\$ -</u>

Special Revenue

Miscellaneous State	IDEA - B	Vocational Education: Carl D. Perkins	Title III	Transition Program for Refugee Children	Title I
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
5,600	-	-	-	-	-
-	2,619,705	115,000	161,541	770	557,724
-	-	-	-	-	-
<u>5,600</u>	<u>2,619,705</u>	<u>115,000</u>	<u>161,541</u>	<u>770</u>	<u>557,724</u>
-	6,677	1,477	-	-	-
-	1,354,324	-	159,250	10,522	487,720
-	-	61,470	-	-	-
-	-	-	-	-	-
-	750,548	-	-	-	-
-	16,104	111,265	264	-	53,897
-	407,552	-	-	-	-
-	-	-	-	-	-
-	-	1,744	-	-	-
-	-	-	-	-	-
-	-	68,958	-	-	-
5,600	-	-	-	-	-
-	-	-	-	-	-
-	109,946	-	-	-	6,388
-	-	-	-	-	-
<u>5,600</u>	<u>2,645,151</u>	<u>244,914</u>	<u>159,514</u>	<u>10,522</u>	<u>548,005</u>
-	(25,446)	(129,914)	2,027	(9,752)	9,719
-	60,486	146,065	1,632	9,752	6,703
<u>\$ -</u>	<u>\$ 35,040</u>	<u>\$ 16,151</u>	<u>\$ 3,659</u>	<u>\$ -</u>	<u>\$ 16,422</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, 2006

	Special Revenue			
	Title V	Title IV	Preschool Handicapped	Title II-A
<u>REVENUES</u>				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	-	-	-	-
Intergovernmental - Federal	60,533	41,729	50,642	268,744
Other revenue	-	-	-	-
Total revenues	60,533	41,729	50,642	268,744
<u>EXPENDITURES</u>				
Current:				
Instruction				
Regular	-	1,027	-	177,140
Special	-	-	34,632	-
Vocational	-	-	-	-
Other	-	-	-	-
Support services				
Pupils	-	17,343	13,856	-
Staff	58,630	23,544	-	83,060
School administration	-	-	-	-
Fiscal administration	-	-	-	-
Business operations	-	-	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	136	-	-
Central services	-	-	-	-
Food Services	-	-	-	-
Community services	403	976	-	4,414
Extra-curricular	-	-	-	-
Total expenditures	59,033	43,026	48,488	264,614
Net change in fund balances	1,500	(1,297)	2,154	4,130
Fund balances, July 1	4,896	1,299	121	7,899
Fund balances, June 30	\$ 6,396	\$ 2	\$ 2,275	\$ 12,029

Special Revenue	Capital Projects	
Miscellaneous Federal	School Net	Total Other Governmental Funds
\$ -	\$ -	\$ 1,560,020
-	-	11,012
-	-	31,303
-	-	1,003,112
328,024	-	4,204,412
-	-	443,785
<u>328,024</u>	<u>-</u>	<u>7,253,644</u>
32,589	116,550	422,760
2,100	-	2,053,668
2,156	-	63,626
-	-	28,912
-	-	1,161,754
172,778	-	623,149
68,439	-	476,011
-	-	18,937
-	-	1,744
-	-	-
69	-	69,163
-	-	120,165
-	-	-
1,383	-	671,985
-	-	1,556,907
<u>279,514</u>	<u>116,550</u>	<u>7,268,781</u>
48,510	(116,550)	(15,137)
(3,260)	116,550	1,145,157
<u>\$ 45,250</u>	<u>\$ -</u>	<u>\$ 1,130,020</u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Special Revenue				
Public School Support				
Total Revenue and Other Sources	\$ 350,000	\$ 366,000	\$ 358,499	\$ (7,501)
Total Expenditures and Other Uses	<u>454,858</u>	<u>464,828</u>	<u>388,220</u>	<u>76,608</u>
Net Change in Fund Balance	(104,858)	(98,828)	(29,721)	69,107
Fund Balance, July 1	294,283	294,283	294,283	-
Prior Year Encumbrances Appropriated	<u>29,828</u>	<u>29,828</u>	<u>29,828</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 219,253</u>	<u>\$ 225,283</u>	<u>\$ 294,390</u>	<u>\$ 69,107</u>
Other Local				
Total Revenue and Other Sources	\$ 35,000	\$ 32,950	\$ 31,303	\$ (1,647)
Total Expenditures and Other Uses	<u>48,929</u>	<u>52,429</u>	<u>32,471</u>	<u>19,958</u>
Net Change in Fund Balance	(13,929)	(19,479)	(1,168)	18,311
Fund Balance, July 1	15,855	15,855	15,855	-
Prior Year Encumbrances Appropriated	<u>3,929</u>	<u>3,929</u>	<u>3,929</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,855</u>	<u>\$ 305</u>	<u>\$ 18,616</u>	<u>\$ 18,311</u>
District Managed				
Total Revenue and Other Sources	\$ 1,850,000	\$ 1,665,000	\$ 1,644,860	\$ (20,140)
Total Expenditures and Other Uses	<u>1,828,469</u>	<u>1,813,469</u>	<u>1,677,038</u>	<u>136,431</u>
Net Change in Fund Balance	21,531	(148,469)	(32,178)	116,291
Fund Balance, July 1	467,980	467,980	467,980	-
Prior Year Encumbrances Appropriated	<u>28,469</u>	<u>28,469</u>	<u>28,469</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 517,980</u>	<u>\$ 347,980</u>	<u>\$ 464,271</u>	<u>\$ 116,291</u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Auxiliary Services				
Total Revenue and Other Sources	\$ 720,000	\$ 703,909	\$ 703,829	\$ (80)
Total Expenditures and Other Uses	<u>857,364</u>	<u>841,275</u>	<u>671,803</u>	<u>169,472</u>
Net Change in Fund Balance	(137,364)	(137,366)	32,026	169,392
Fund Balance, July 1	65,268	65,268	65,268	-
Prior Year Encumbrances Appropriated	<u>72,098</u>	<u>72,098</u>	<u>72,098</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 169,392</u>	<u>\$ 169,392</u>
Career Development				
Total Revenue and Other Sources	\$ 10,800	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>18,634</u>	<u>7,834</u>	<u>7,834</u>	<u>-</u>
Net Change in Fund Balance	(7,834)	(7,834)	(7,834)	-
Fund Balance, July 1	6,762	6,762	6,762	-
Prior Year Encumbrances Appropriated	<u>1,072</u>	<u>1,072</u>	<u>1,072</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Management Information Systems				
Total Revenue and Other Sources	\$ 43,990	\$ 47,215	\$ 47,215	\$ -
Total Expenditures and Other Uses	<u>43,990</u>	<u>47,215</u>	<u>47,215</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	<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>1,432</u>	<u>1,432</u>	<u>1,432</u>	<u>-</u>
Net Change in Fund Balance	(1,432)	(1,432)	(1,432)	-
Fund Balance, July 1	82	82	82	-
Prior Year Encumbrances Appropriated	<u>1,350</u>	<u>1,350</u>	<u>1,350</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Entry Year				
Total Revenue and Other Sources	\$ 6,600	\$ 44,100	\$ 44,100	\$ -
Total Expenditures and Other Uses	<u>6,600</u>	<u>44,100</u>	<u>44,100</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Data Communications				
Total Revenue and Other Sources	\$ 69,000	\$ 69,000	\$ 69,000	\$ -
Total Expenditures and Other Uses	<u>69,000</u>	<u>69,000</u>	<u>69,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
School Net Professional Development				
Total Revenue and Other Sources	\$ 9,450	\$ 6,300	\$ 6,300	\$ -
Total Expenditures and Other Uses	<u>18,675</u>	<u>15,525</u>	<u>14,525</u>	<u>1,000</u>
Net Change in Fund Balance	(9,225)	(9,225)	(8,225)	1,000
Fund Balance, July 1	7,025	7,025	7,025	-
Prior Year Encumbrances Appropriated	<u>2,200</u>	<u>2,200</u>	<u>2,200</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Ohio Reads				
Total Revenue and Other Sources	\$ 35,173	\$ 35,173	\$ 35,173	\$ -
Total Expenditures and Other Uses	<u>38,267</u>	<u>41,440</u>	<u>41,440</u>	<u>-</u>
Net Change in Fund Balance	(3,094)	(6,267)	(6,267)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>6,267</u>	<u>6,267</u>	<u>6,267</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Student Intervention				
Total Revenue and Other Sources	\$ 44,684	\$ 44,684	\$ 44,684	\$ -
Total Expenditures and Other Uses	<u>43,742</u>	<u>88,387</u>	<u>88,387</u>	<u>-</u>
Net Change in Fund Balance	942	(43,703)	(43,703)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>43,703</u>	<u>43,703</u>	<u>43,703</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 44,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Vocational Educational Equipment				
Total Revenue and Other Sources	\$ 44,684	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	44,684	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 44,684</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Alternative Schools				
Total Revenue and Other Sources	\$ 101,949	\$ 93,699	\$ 82,746	\$ (10,953)
Total Expenditures and Other Uses	<u>94,655</u>	<u>93,699</u>	<u>82,746</u>	<u>10,953</u>
Net Change in Fund Balance	7,294	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 7,294</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Poverty Based Assistance				
Total Revenue and Other Sources	\$ -	\$ 28,912	\$ 28,912	\$ -
Total Expenditures and Other Uses	<u>-</u>	<u>28,912</u>	<u>28,912</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous State				
Total Revenue and Other Sources	\$ 63,466	\$ 5,600	\$ 5,600	\$ -
Total Expenditures and Other Uses	<u>63,466</u>	<u>5,600</u>	<u>5,600</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
IDEA-B				
Total Revenue and Other Sources	\$ 3,128,518	\$ 3,153,518	\$ 2,931,858	\$ (221,660)
Total Expenditures and Other Uses	<u>2,936,122</u>	<u>3,251,799</u>	<u>2,971,775</u>	<u>280,024</u>
Net Change in Fund Balance	192,396	(98,281)	(39,917)	58,364
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>98,281</u>	<u>98,281</u>	<u>98,281</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 290,677</u>	<u>\$ -</u>	<u>\$ 58,364</u>	<u>\$ 58,364</u>
Vocational Education: Carl D. Perkins				
Total Revenue and Other Sources	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Total Expenditures and Other Uses	<u>268,136</u>	<u>268,136</u>	<u>268,136</u>	<u>-</u>
Net Change in Fund Balance	(153,136)	(153,136)	(153,136)	-
Fund Balance, July 1	105,833	105,833	105,833	-
Prior Year Encumbrances Appropriated	<u>47,303</u>	<u>47,303</u>	<u>47,303</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Title III				
Total Revenue and Other Sources	\$ 201,725	\$ 194,289	\$ 166,876	\$ (27,413)
Total Expenditures and Other Uses	<u>193,069</u>	<u>194,289</u>	<u>166,876</u>	<u>27,413</u>
Net Change in Fund Balance	8,656	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 8,656</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Transition Program for Refugee Children				
Total Revenue and Other Sources	\$ 10,050	\$ 8,500	\$ -	\$ (8,500)
Total Expenditures and Other Uses	<u>20,100</u>	<u>18,550</u>	<u>10,050</u>	<u>8,500</u>
Net Change in Fund Balance	(10,050)	(10,050)	(10,050)	-
Fund Balance, July 1	10,050	10,050	10,050	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Title I				
Total Revenue and Other Sources	\$ 630,534	\$ 622,684	\$ 550,665	\$ (72,019)
Total Expenditures and Other Uses	<u>639,503</u>	<u>635,729</u>	<u>563,710</u>	<u>72,019</u>
Net Change in Fund Balance	(8,969)	(13,045)	(13,045)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>13,045</u>	<u>13,045</u>	<u>13,045</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 4,076</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) - Other Governmental Funds
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Title V				
Total Revenue and Other Sources	\$ 80,673	\$ 81,014	\$ 62,196	\$ (18,818)
Total Expenditures and Other Uses	<u>85,570</u>	<u>93,719</u>	<u>74,901</u>	<u>18,818</u>
Net Change in Fund Balance	(4,897)	(12,705)	(12,705)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>12,705</u>	<u>12,705</u>	<u>12,705</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 7,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title IV				
Total Revenue and Other Sources	\$ 50,538	\$ 48,335	\$ 46,077	\$ (2,258)
Total Expenditures and Other Uses	<u>51,408</u>	<u>52,427</u>	<u>49,878</u>	<u>2,549</u>
Net Change in Fund Balance	(870)	(4,092)	(3,801)	291
Fund Balance, July 1	609	609	609	-
Prior Year Encumbrances Appropriated	<u>3,483</u>	<u>3,483</u>	<u>3,483</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,222</u>	<u>\$ -</u>	<u>\$ 291</u>	<u>\$ 291</u>
Preschool Handicapped				
Total Revenue and Other Sources	\$ 55,629	\$ 62,031	\$ 51,720	\$ (10,311)
Total Expenditures and Other Uses	<u>52,926</u>	<u>62,031</u>	<u>51,720</u>	<u>10,311</u>
Net Change in Fund Balance	2,703	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - Other Governmental Funds
For the Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Title II-A				
Total Revenue and Other Sources	\$ 404,317	\$ 401,094	\$ 290,932	\$ (110,162)
Total Expenditures and Other Uses	<u>412,705</u>	<u>422,484</u>	<u>312,322</u>	<u>110,162</u>
Net Change in Fund Balance	(8,388)	(21,390)	(21,390)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>21,390</u>	<u>21,390</u>	<u>21,390</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 13,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Miscellaneous Federal				
Total Revenue and Other Sources	\$ 329,083	\$ 343,580	\$ 314,213	\$ (29,367)
Total Expenditures and Other Uses	<u>332,093</u>	<u>422,514</u>	<u>392,886</u>	<u>29,628</u>
Net Change in Fund Balance	(3,010)	(78,934)	(78,673)	261
Fund Balance, July 1	3,996	3,996	3,996	-
Prior Year Encumbrances Appropriated	<u>74,938</u>	<u>74,938</u>	<u>74,938</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 75,924</u>	<u>\$ -</u>	<u>\$ 261</u>	<u>\$ 261</u>
Capital Projects				
School Net Fund				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>116,550</u>	<u>116,550</u>	<u>116,550</u>	<u>-</u>
Net Change in Fund Balance	(116,550)	(116,550)	(116,550)	-
Fund Balance, July 1	116,550	116,550	116,550	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2006

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 622,639	\$ 23,896	\$ 646,535
Receivables:			
Intergovernmental	113,876	-	113,876
Materials & supplies inventory	47,468	-	47,468
Total current assets	<u>783,983</u>	<u>23,896</u>	<u>807,879</u>
Non-current assets:			
Capital assets, net	263,056	-	263,056
Total assets	<u>1,047,039</u>	<u>23,896</u>	<u>1,070,935</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	5,381	729	6,110
Accrued wages and benefits	111,665	-	111,665
Compensated absences payable	5,091	-	5,091
Due to:			
Other governments	202,783	-	202,783
Total current liabilities	<u>324,920</u>	<u>729</u>	<u>325,649</u>
Non-current liabilities:			
Compensated absences payable	197,498	-	197,498
Total liabilities	<u>522,418</u>	<u>729</u>	<u>523,147</u>
<u>NET ASSETS</u>			
Invested in capital assets	263,056	-	263,056
Unrestricted	261,565	23,167	284,732
Total net assets	<u>\$ 524,621</u>	<u>\$ 23,167</u>	<u>\$ 547,788</u>

Westerville City School District
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Enterprise Funds
For the Fiscal Year ended June 30, 2006

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Food service sales	\$ 2,715,028	\$ -	\$ 2,715,028
Class material fees	-	243,017	243,017
Other	32,994	-	32,994
Total operating revenues	<u>2,748,022</u>	<u>243,017</u>	<u>2,991,039</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	1,983,661	-	1,983,661
Purchased services	33,018	-	33,018
Materials and supplies	1,670,638	248,234	1,918,872
Depreciation	39,847	-	39,847
Loss on sale of capital assets	885	-	885
Other	59,172	-	59,172
Total operating expenses	<u>3,787,221</u>	<u>248,234</u>	<u>4,035,455</u>
Operating (loss)	(1,039,199)	(5,217)	(1,044,416)
<u>NON-OPERATING REVENUES</u>			
Grants:			
State sources	29,779	-	29,779
Federal sources	893,454	-	893,454
Investment income	29,660	-	29,660
Total non-operating revenues	<u>952,893</u>	<u>-</u>	<u>952,893</u>
Change in net assets	(86,306)	(5,217)	(91,523)
Net assets at beginning of year (restated, see Note 3)	610,927	28,384	639,311
Net assets at end of year	<u>\$ 524,621</u>	<u>\$ 23,167</u>	<u>\$ 547,788</u>

**Westerville City School District
Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2006**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 2,715,867	\$ 243,017	\$ 2,958,884
Cash payments for wages and benefits	(1,910,262)	-	(1,910,262)
Cash payments for purchased services	(33,018)	-	(33,018)
Cash payments for materials and supplies	(1,536,810)	(252,369)	(1,789,179)
Cash received for other revenues	32,994	-	32,994
Cash payments for other expenses	<u>(59,172)</u>	<u>-</u>	<u>(59,172)</u>
Net cash used for operating activities	<u>(790,401)</u>	<u>(9,352)</u>	<u>(799,753)</u>
Cash flows from noncapital financing activities:			
Cash flows from operating grants	<u>791,986</u>	<u>-</u>	<u>791,986</u>
Cash flows from capital financing activities:			
Purchase of capital assets	<u>(30,535)</u>	<u>-</u>	<u>(30,535)</u>
Cash flows from investing activities:			
Investment income	<u>29,660</u>	<u>-</u>	<u>29,660</u>
Net increase (decrease) in cash and investments	710	(9,352)	(8,642)
Cash and investments at beginning of year	<u>621,929</u>	<u>33,248</u>	<u>655,177</u>
Cash and investments at end of year	<u>\$ 622,639</u>	<u>\$ 23,896</u>	<u>\$ 646,535</u>
Reconciliation of operating loss to net cash used for operating activities			
Operating loss	\$ (1,039,199)	\$ (5,217)	\$ (1,044,416)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	39,847	-	39,847
Donated commodities	112,278	-	112,278
Loss on sale of assets	885	-	885
Changes in assets and liabilities:			
Decrease in accounts receivables	839	-	839
Decrease in inventory	16,669	-	16,669
Increase (decrease) in accounts payables	4,881	(4,135)	746
Increase in accrued wages and benefits	3,181	-	3,181
Increase in due to other governments	44,021	-	44,021
Increase in compensated absences payable	<u>26,197</u>	<u>-</u>	<u>26,197</u>
Net cash used for operating activities	<u>\$ (790,401)</u>	<u>\$ (9,352)</u>	<u>\$ (799,753)</u>

The District received \$112,278 in donated food from the Ohio Department of Education's commodity grant program.

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, 2006**

	<u>Self Insurance</u>	<u>Print Shop</u>	<u>Worker's Compensation</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 869,448	\$ 50,247	\$ 332,262	\$ 1,251,957
Receivables:				
Accounts	-	1,727	-	1,727
Total assets	<u>869,448</u>	<u>51,974</u>	<u>332,262</u>	<u>1,253,684</u>
<u>LIABILITIES</u>				
Accounts payable	-	265	-	265
Accrued wages and benefits	-	8,112	-	8,112
Due to:				
Other Governments	-	3,188	215,784	218,972
Total liabilities	<u>-</u>	<u>11,565</u>	<u>215,784</u>	<u>227,349</u>
<u>NET ASSETS</u>				
Unrestricted	869,448	40,409	116,478	1,026,335
Total net assets	<u>\$ 869,448</u>	<u>\$ 40,409</u>	<u>\$ 116,478</u>	<u>\$ 1,026,335</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, 2006

	<u>Self Insurance</u>	<u>Print Shop</u>	<u>Worker's Compensation</u>	<u>Total</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ -	\$ 208,761	\$ 345,534	\$ 554,295
Total operating revenues	<u>-</u>	<u>208,761</u>	<u>345,534</u>	<u>554,295</u>
<u>OPERATING EXPENSES</u>				
Wages and benefits	-	62,510	-	62,510
Purchased services	-	325	504,756	505,081
Materials and supplies	-	152,001	-	152,001
Total operating expenses	<u>-</u>	<u>214,836</u>	<u>504,756</u>	<u>719,592</u>
Operating income (loss)	-	(6,075)	(159,222)	(165,297)
<u>NON-OPERATING REVENUES</u>				
Investment income	34,652	-	26,523	61,175
Total non-operating revenues	<u>34,652</u>	<u>-</u>	<u>26,523</u>	<u>61,175</u>
Change in net assets	34,652	(6,075)	(132,699)	(104,122)
Net assets at beginning of year	<u>834,796</u>	<u>46,484</u>	<u>249,177</u>	<u>1,130,457</u>
Net assets at end of year	<u>\$ 869,448</u>	<u>\$ 40,409</u>	<u>\$ 116,478</u>	<u>\$ 1,026,335</u>

**Westerville City School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2006**

	Governmental Activities - Internal Service			
	Self Insurance	Print Shop	Worker's Compensation	Total
Cash flows from operating activities:				
Cash payments for wages and benefits	\$ -	\$ (64,019)	\$ -	\$ (64,019)
Cash received from interfund services provided	-	216,075	417,065	633,140
Cash payments for purchased services	-	(325)	(531,407)	(531,732)
Cash payments for materials and supplies	-	(152,393)	-	(152,393)
Net cash (used for) operating activities	0	(662)	(114,342)	(115,004)
Cash flows from investing activities:				
Investment income	34,652	-	26,523	61,175
Net increase (decrease) in cash and investments	34,652	(662)	(87,819)	(53,829)
Cash and investments at beginning of year	834,796	50,909	420,081	1,305,786
Cash and investments at end of year	\$ 869,448	\$ 50,247	\$ 332,262	\$ 1,251,957
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating loss	\$ -	\$ (6,075)	\$ (159,222)	\$ (165,297)
Adjustments to reconcile operating loss to net cash (used for) operating activities:				
Changes in assets and liabilities:				
Decrease in accounts receivables	-	7,314	71,531	78,845
Decrease in accounts payable	-	(392)	-	(392)
Decrease in accrued wages and benefits	-	(1,523)	-	(1,523)
Increase (decrease) in due to other governments	-	14	(26,651)	(26,637)
Net cash (used for) operating activities	\$ -	\$ (662)	\$ (114,342)	\$ (115,004)

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 Changes in Assets & Liabilities
Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance <u>June 30, 2005</u>	Additions	Deductions	Ending Balance <u>June 30, 2006</u>
District Agency				
Assets				
Cash and investments	\$90,673	\$63,281	\$48,295	\$105,659
Total assets	<u>90,673</u>	<u>63,281</u>	<u>48,295</u>	<u>105,659</u>
Liabilities				
Accounts payable	608	842	608	842
Due to others	90,065	14,752	-	104,817
Total liabilities	<u>\$90,673</u>	<u>\$15,594</u>	<u>\$608</u>	<u>\$105,659</u>
Student Managed Activity				
Assets				
Cash and investments	\$264,759	\$349,695	\$346,351	\$268,103
Accounts receivable	940	-	940	0
Total assets	<u>265,699</u>	<u>349,695</u>	<u>347,291</u>	<u>268,103</u>
Liabilities				
Accounts payable	4,589	1,950	4,589	1,950
Due to others	261,110	5,043	-	266,153
Total liabilities	<u>\$265,699</u>	<u>\$6,993</u>	<u>\$4,589</u>	<u>\$268,103</u>
Total Agency Funds				
Assets				
Cash and investments	\$355,432	\$412,976	\$394,646	\$373,762
Accounts receivable	940	-	940	-
Total assets	<u>356,372</u>	<u>412,976</u>	<u>395,586</u>	<u>373,762</u>
Liabilities				
Accounts payable	5,197	2,792	5,197	2,792
Due to others	351,175	19,795	-	370,970
Total liabilities	<u>\$356,372</u>	<u>\$22,587</u>	<u>\$5,197</u>	<u>\$373,762</u>

Westerville City School District

Westerville, Ohio



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Statistical Section



Board of Education
Westerville City School District
Westerville, Ohio

Westerville City School District

Westerville, Ohio



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STATISTICAL SECTION

This part of the Westerville City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	108
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	114
These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	
Debt Capacity	118
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	121
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	123
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 for the year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

Westerville City School District
 Net Assets by Component
 Last Five Fiscal Years
 (accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities					
Invested in capital assets, net of related debt	\$34,968,131	\$31,135,671	\$33,096,968	\$31,190,176	\$21,436,170
Restricted	16,559,000	16,680,835	11,404,078	9,578,075	13,896,805
Unrestricted	<u>5,944,990</u>	<u>2,914,798</u>	<u>(4,135,831)</u>	<u>3,851,481</u>	<u>10,490,302</u>
Total governmental activities net assets	<u><u>\$57,472,121</u></u>	<u><u>\$50,731,304</u></u>	<u><u>\$40,365,215</u></u>	<u><u>\$44,619,732</u></u>	<u><u>\$45,823,277</u></u>
Business-type activities					
Invested in capital assets, net of related debt	\$263,056	\$273,253	\$312,533	\$302,026	\$252,738
Unrestricted	<u>284,732</u>	<u>366,058</u>	<u>173,740</u>	<u>308,730</u>	<u>379,390</u>
Total business-type activities net assets	<u><u>\$547,788</u></u>	<u><u>\$639,311</u></u>	<u><u>\$486,273</u></u>	<u><u>\$610,756</u></u>	<u><u>\$632,128</u></u>
Primary government					
Invested in capital assets, net of related debt	\$35,231,187	\$31,408,924	\$33,409,501	\$31,492,202	\$21,688,908
Restricted	16,559,000	16,680,835	11,404,078	9,578,075	13,896,805
Unrestricted	<u>6,229,722</u>	<u>3,280,856</u>	<u>(3,962,091)</u>	<u>4,160,211</u>	<u>10,869,692</u>
Total primary government net assets	<u><u>\$58,019,909</u></u>	<u><u>\$51,370,615</u></u>	<u><u>\$40,851,488</u></u>	<u><u>\$45,230,488</u></u>	<u><u>\$46,455,405</u></u>

Source: School district financial records

Westerville City School District
Change in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	2006	2005	2004	2003	2002
Expenses:					
Governmental activities:					
Instruction					
Regular	\$58,750,899	\$58,315,571	\$61,435,413	\$51,870,597	\$62,211,281
Special	15,871,474	13,819,966	12,162,246	10,330,195	8,728,805
Vocational	526,254	404,299	2,266,230	2,550,806	2,120,629
Other instruction	2,438,333	2,337,018	1,835,688	1,656,434	1,166,761
Support services					
Pupils	8,681,922	8,100,767	7,601,627	6,443,665	5,661,710
Staff	4,031,852	4,055,364	4,431,094	4,826,578	4,144,559
General administration	1,404,573	1,413,567	1,445,681	1,397,792	1,265,245
School administration	9,419,003	8,422,107	8,383,725	9,249,706	7,784,403
Fiscal services	1,874,309	1,909,425	1,515,452	1,760,511	1,662,225
Business services	1,635,460	1,496,593	1,104,154	1,249,159	865,019
Operation & maintenance	11,689,529	11,652,334	10,977,422	10,614,195	9,536,464
Student transportation	6,596,268	6,196,437	5,771,952	5,671,020	5,317,633
Central services	1,398,019	1,022,336	1,144,924	1,738,582	1,548,397
Food services	8,818	8,818	8,817	14,657	9,112
Community services	673,863	897,810	690,830	649,801	445,488
Extra-curricular activities	2,550,715	2,357,322	2,788,686	2,024,729	1,969,421
Interest and fiscal charges	6,258,362	6,412,729	5,788,941	7,086,262	8,719,392
Total governmental activities expenses	133,809,653	128,822,463	129,352,882	119,134,689	123,156,544
Business-type activities:					
Food service	3,787,221	3,402,253	3,563,734	3,316,818	3,206,846
Uniform school supplies	248,234	240,559	234,452	220,139	215,195
Total business-type activities expenses	4,035,455	3,642,812	3,798,186	3,536,957	3,422,041
Total primary government expenses	\$137,845,108	\$132,465,275	\$133,151,068	\$122,671,646	\$126,578,585

Source: School district financial records

Westerville City School District
Change in Net Assets, continued
Last Five Fiscal Years
(accrual basis of accounting)

	2006	2005	2004	2003	2002
Program revenues					
Governmental activities:					
Charges for services and sales					
Instruction					
Regular	\$1,289,545	\$989,548	\$932,364	\$788,755	\$654,732
Special	30,487	41,937	21,623	8,400	20,138
Extra-curricular activities	1,560,020	1,866,271	1,065,844	940,944	1,036,497
Operating grants and contributions	5,477,002	5,537,321	4,700,516	4,283,660	3,240,167
Capital grants and contributions	-	-	319,871	6,547	13,375
Total governmental activities program revenues	<u>8,357,054</u>	<u>8,435,077</u>	<u>7,040,218</u>	<u>6,028,306</u>	<u>4,964,909</u>
Business-type activities:					
Charges for services and sales					
Food service	2,748,022	2,754,240	2,744,280	2,713,577	2,797,923
Uniform school supplies	243,017	237,103	236,264	221,005	214,735
Operating grants and contributions	923,233	790,065	697,187	542,087	457,399
Total business-type activities program revenues	<u>3,914,272</u>	<u>3,781,408</u>	<u>3,677,731</u>	<u>3,476,669</u>	<u>3,470,057</u>
Total primary government program revenues	<u>\$12,271,326</u>	<u>\$12,216,485</u>	<u>\$10,717,949</u>	<u>\$9,504,975</u>	<u>\$8,434,966</u>
Net (expense)/revenue					
Governmental activities	(\$125,452,599)	(\$120,387,386)	(\$122,312,664)	(\$113,106,383)	(\$118,191,635)
Business-type activities	<u>(121,183)</u>	<u>138,596</u>	<u>(120,455)</u>	<u>(60,288)</u>	<u>48,016</u>
Total primary government net expense	<u>(\$125,573,782)</u>	<u>(\$120,248,790)</u>	<u>(\$122,433,119)</u>	<u>(\$113,166,671)</u>	<u>(\$118,143,619)</u>
General revenues and other changes in net assets					
Governmental activities:					
Property taxes levied for:					
General purposes	\$70,312,884	\$69,808,534	\$58,753,446	\$56,040,935	57,705,984
Debt service	10,310,165	11,008,652	10,796,918	9,699,373	9,786,788
Capital projects	5,577,545	5,335,310	4,308,694	3,938,029	4,201,615
Grants and entitlements not restricted to specific programs	43,015,156	43,063,290	42,954,970	40,769,790	40,380,438
Investment income	1,258,932	742,797	395,572	1,385,301	4,849,723
Loss on sale of capital assets	-	(45,647)	-	-	(267,424)
Miscellaneous	1,718,734	840,539	848,547	981,987	1,160,909
Total governmental activities	<u>132,193,416</u>	<u>130,753,475</u>	<u>118,058,147</u>	<u>112,815,415</u>	<u>117,818,033</u>
Business-type activities:					
Investment income	29,660	14,442	7,318	11,703	14,142
Miscellaneous	-	-	-	-	2,681
Total Business-type activities	<u>29,660</u>	<u>14,442</u>	<u>7,318</u>	<u>11,703</u>	<u>16,823</u>
Total primary government	<u>\$132,223,076</u>	<u>\$130,767,917</u>	<u>\$118,065,465</u>	<u>\$112,827,118</u>	<u>\$117,834,856</u>
Change in net assets					
Governmental activities	\$6,740,817	\$10,366,089	(\$4,254,517)	(\$290,968)	(\$373,602)
Business-type activities	<u>(91,523)</u>	<u>153,038</u>	<u>(113,137)</u>	<u>(48,585)</u>	<u>64,839</u>
Total primary government	<u>\$6,649,294</u>	<u>\$10,519,127</u>	<u>(\$4,367,654)</u>	<u>(\$339,553)</u>	<u>(\$308,763)</u>

Source: School district financial records

Westerville City School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General fund										
Reserved	\$20,576,711	\$15,852,554	\$8,204,760	\$7,900,865	\$8,477,909	\$8,264,561	\$14,340,834	\$18,002,511	\$15,829,283	\$14,431,855
Unreserved	(9,277,879)	(6,143,828)	(5,406,906)	3,337,746	9,187,046	10,208,219	8,918,974	8,175,983	7,137,807	5,526,053
Total General fund	\$11,298,832	\$9,708,726	\$2,797,854	\$11,238,611	\$17,664,955	\$18,472,780	\$23,259,808	\$26,178,494	\$22,967,090	\$19,957,908
All other governmental funds										
Reserved	\$5,044,945	\$4,410,538	\$3,180,380	\$13,222,679	\$41,233,162	\$5,527,228	\$2,429,671	\$3,398,773	\$5,970,019	\$15,166,123
Unreserved, reported in:										
Debt service	5,461,983	5,583,530	5,989,550	4,686,069	6,913,995	7,085,491	4,332,604	4,984,100	1,676,621	1,566,440
Permanent improvement	3,499,492	3,485,969	2,458,978	800,512	1,300,672	91,426,168	2,477,320	1,712,685	5,823,433	7,884,117
Building	1,705,024	2,329,655	2,128,018	5,387,290	25,376,658	-	-	-	-	-
Special revenue	924,487	897,141	726,239	564,240	634,504	730,065	172,388	(124,594)	162,898	98,963
Total all other governmental funds	\$16,635,931	\$16,706,833	\$14,483,165	\$24,660,790	\$75,458,991	\$104,768,952	\$9,411,983	\$9,970,964	\$13,632,971	\$24,715,643

Westerville City School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002
Revenues:					
From local sources					
Taxes	\$86,402,046	\$86,602,416	\$74,289,634	\$69,252,976	\$71,166,995
Tuition	772,984	598,107	410,603	488,196	399,296
Extra-curricular	1,560,020	1,866,271	1,065,844	940,944	1,036,497
Investment income	1,197,757	710,785	386,471	1,373,429	4,825,857
Other local	578,351	462,653	582,604	388,214	423,073
Intergovernmental - state	44,256,443	44,760,578	44,748,270	42,552,850	41,929,676
Intergovernmental - federal	4,204,412	3,810,758	2,871,146	2,427,892	1,556,805
Other revenue	1,946,141	840,539	1,165,268	981,987	1,160,909
Total revenues	140,918,154	139,652,107	125,519,840	118,406,488	122,499,108
Expenditures:					
Instructional					
Regular	54,660,424	52,316,796	55,807,436	51,772,472	50,352,696
Special	15,232,634	12,956,491	11,437,291	9,901,261	8,740,977
Vocational	540,118	648,594	2,129,010	2,392,716	2,138,402
Continuing	-	-	-	-	-
Other	2,326,826	2,225,747	1,753,098	1,607,521	1,166,761
Support Services					
Pupils	8,697,619	7,944,046	7,604,487	6,448,953	5,592,025
Staff	4,147,768	3,997,020	4,349,735	4,771,434	4,164,763
General administration	1,404,573	1,413,567	1,445,681	1,397,792	1,265,245
School administration	9,081,411	8,104,318	8,110,849	8,663,698	7,529,232
Fiscal services	1,869,542	1,895,357	2,020,073	1,709,155	1,650,788
Business services	879,293	816,282	914,221	1,051,841	858,308
Operation & maintenance	11,555,153	11,302,331	10,903,355	10,258,280	9,394,710
Student transportation	6,068,975	5,666,923	5,307,951	4,994,803	4,911,727
Central services	1,804,761	1,678,114	1,740,896	1,747,849	1,553,428
Food services	-	-	-	2,923	-
Community services	673,140	896,865	690,830	649,801	445,488
Extra-curricular activities	2,694,027	2,322,628	2,750,499	1,991,739	1,950,979
Capital outlay	6,852,241	4,575,532	17,378,934	53,580,974	40,481,842
Debt Service:					
Principal retirement	5,300,000	5,915,000	4,705,000	6,115,000	2,328,533
Interest	5,610,445	5,841,956	5,559,608	6,790,573	8,115,314
Total expenditures	139,398,950	130,517,567	144,608,954	175,848,785	152,641,218
Excess (deficiency) of revenues over (under) expenditures	1,519,204	9,134,540	(19,089,114)	(57,442,297)	(30,142,110)
Other financing sources (uses):					
Proceeds from sale of bonds	-	-	-	-	-
Proceeds from refunding bonds	-	-	49,499,954	-	-
Premium on issuance of bonds	-	-	7,102,634	-	-
Payment to bond agent	-	-	(56,131,856)	-	-
Proceeds on sale of assets	-	-	-	-	24,326
Transfers in	-	-	36,000	36,000	36,000
Transfers out	-	-	(36,000)	(36,000)	(36,000)
Other	-	-	-	-	-
Total other financing sources (uses)	-	-	470,732	-	24,326
Net change in fund balances	\$1,519,204	\$9,134,540	(\$18,618,382)	(\$57,442,297)	(\$30,117,784)
Debt service as a percentage of noncapital expenditures	8.97%	10.30%	8.78%	11.80%	10.27%

Source: School district financial records

2001	2000	1999	1998	1997
\$54,379,386	\$55,439,262	\$56,299,337	\$53,589,073	\$50,700,693
446,027	261,034	953,350	244,153	298,588
1,120,434	1,073,524	937,878	871,957	808,715
3,906,256	2,095,540	2,124,961	2,593,441	2,494,319
335,052	322,044	314,299	329,392	276,292
37,073,140	32,679,365	30,938,056	27,887,304	25,957,254
1,747,645	1,345,344	1,227,599	1,151,563	1,145,780
770,637	379,066	717,528	1,562,174	673,499
<u>99,778,577</u>	<u>93,595,179</u>	<u>93,513,008</u>	<u>88,229,057</u>	<u>82,355,140</u>
47,616,427	45,452,537	41,965,460	38,914,594	36,432,791
8,376,039	7,015,481	7,018,430	6,527,638	5,985,209
1,954,732	2,230,460	2,084,844	1,633,957	1,670,296
980	5,263.00	-	-	-
945,198	755,637	780,973	436,572	628,321
4,213,268	3,665,902	3,611,082	3,360,344	3,160,636
3,493,873	3,252,031	2,880,158	2,770,092	2,472,531
1,363,605	1,124,098	1,073,368	977,129	894,104
6,505,300	6,280,557	5,658,571	5,236,919	5,059,801
1,595,175	1,466,850	1,677,271	1,718,850	1,117,396
1,195,663	1,269,586	941,022	655,338	594,064
9,003,486	8,514,621	7,261,397	7,349,265	6,813,756
4,625,427	4,194,683	3,630,510	3,651,022	3,350,604
1,222,709	1,252,079	1,109,605	976,840	861,933
-	-	-	300	140
624,950	454,701	413,717	561,462	431,258
1,886,554	1,722,802	1,508,227	1,383,641	1,218,286
9,795,662	3,419,427	7,286,615	15,278,401	5,181,252
2,410,000	2,505,000	2,415,000	2,080,000	2,175,000
<u>2,584,128</u>	<u>2,514,441</u>	<u>2,653,260</u>	<u>2,782,466</u>	<u>2,730,694</u>
<u>109,413,176</u>	<u>97,096,156</u>	<u>93,969,510</u>	<u>96,294,830</u>	<u>80,778,072</u>
(9,634,599)	(3,500,977)	(456,502)	(8,065,773)	1,577,068
99,718,574	-	-	-	19,984,874
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,083	21,990	-	5,183	6,131
36,000	36,000	3,679,751	172,187	-
(36,000)	(36,000)	(3,679,751)	(172,187)	-
-	-	3,117	-	2,079
<u>99,719,657</u>	<u>21,990</u>	<u>3,117</u>	<u>5,183</u>	<u>19,993,084</u>
<u>\$90,085,058</u>	<u>(\$3,478,987)</u>	<u>(\$453,385)</u>	<u>(\$8,060,590)</u>	<u>\$21,570,152</u>
5.28%	5.66%	6.21%	6.39%	6.94%

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 (c)		Total		Tax Rate (d)
	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	
2006	\$2,379,600,480	\$6,798,858,514	\$53,636,288	\$223,484,533	\$53,702,010	\$153,434,314	\$2,486,938,778	\$7,175,777,362	37.41
2005	2,074,038,900	5,925,825,429	73,858,548	307,743,950	55,563,540	158,752,971	2,203,460,988	6,392,322,350	42.29
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	37.06
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	37.64
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	41.05
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	40.68
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	36.91
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	40.87
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	41.48
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	40.87

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.

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

(d) Tax rates are per \$1,000 of assessed value. The rate represents the weighted average of all the effective (assessed) rates applied by property type.

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				Total	Blendon Township	Genoa Township	Plain Township	Sharon Township	Minerva Park Corp.	Westerville Corp. (Genoa)
					Voted		Permanent Improvement	Unvoted							
					Gen. Fd.	Bond									
2005/2006	18.44	5.67	17.97	3.14	56.30	4.51	2.70	3.80	67.31	25.02	10.10	13.27	23.50	16.09	17.97
Res/Agr	12.64	4.55	10.57	3.14	25.07	4.51	2.33	3.80	35.70	12.80	9.02	7.632	14.75	12.55	10.57
Comm/Ind	15.65	4.73	12.32	3.14	28.06	4.51	2.65	3.80	39.02	15.95	10.06	6.407	17.36	13.55	12.32
2004/2005	18.44	5.61	17.95	3.14	56.30	5.21	2.70	3.80	68.01	25.05	12.80	13.37	23.50	16.08	17.95
2003/2004	17.64	5.61	18.06	3.14	52.30	5.40	2.70	3.80	64.20	25.07	12.80	13.12	23.50	16.13	18.06
2002/2003	17.64	5.61	17.85	3.14	51.30	5.40	2.70	3.80	63.20	25.40	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	22.00	12.80	13.52	19.00	16.32	14.50
2000/2001	17.64	5.92	14.54	3.14	51.30	5.70	2.70	3.80	63.50	22.16	12.80	13.58	19.08	16.32	14.54
1999/2000	17.64	6.72	14.57	3.14	51.30	1.86	2.70	3.80	59.66	22.41	10.80	10.72	19.10	12.32	14.57
1998/1999	17.54	6.12	14.65	3.14	51.30	3.35	2.70	3.80	61.15	22.43	11.20	9.34	13.10	16.31	14.65
1997/1998	15.22	6.12	14.69	3.14	51.30	3.52	2.70	3.80	61.32	22.60	11.20	9.42	13.10	15.10	14.69
1996/1997	15.12	6.12	14.72	3.14	51.30	3.51	2.70	3.80	61.31	21.45	11.20	9.21	13.10	10.10	14.72

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.

Ohio Revised Code Sections 5705.02 and 5705.07 requires any millage exceeding the "unvoted" or "inside" millage can only be done by a vote of the people.

Westerville City School District
Principal Taxpayers
December 31, 2005

	<u>Total Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
<u>Public Utilities</u>		
1. Columbus Southern Power Company	\$19,176,430	0.77%
2. Ohio Bell Telephone Company	9,116,700	0.37%
3. Nextel West Corporation	7,172,160	0.29%
4. Ohio-American Water	3,631,280	0.15%
<u>Real Estate</u>		
1. Banc One Management Corp.	13,904,350	0.56%
2. Partners at Brookside	11,878,620	0.48%
3. Eastrich No 167 Corp	10,055,510	0.40%
4. Chestnut Hill Apartments	9,002,860	0.36%
5. St. Ann's Hospital	8,550,440	0.34%
6. Corporate Exchange	8,050,000	0.32%
7. Remington Station	7,525,020	0.30%
8. Westminster Corporate	6,825,010	0.27%
9. 380 Associates LLC	5,460,000	0.22%
10. AAC Funding Partnership	5,355,000	0.22%
<u>Tangible Personal Property</u>		
1. Intellirisk Management Corp	2,277,773	0.09%
2. Roush Equipment Company	1,716,690	0.07%
3. J P Morgan Chase & Company	1,423,770	0.06%
4. Time Warner Entertainment Company LP	1,388,880	0.06%
5. Mid-Ohio Imported Car Company Inc	1,306,590	0.05%
6. Germain Nissan of New Albany	1,278,885	0.05%
7. West-Camp Press Inc	1,063,410	0.04%
8. Road Runner Hold Co LLC	1,056,675	0.04%
9. Kohl's Department Stores Inc	1,020,675	0.04%
10. Auto Direct Inc	1,017,443	0.04%
All Others	<u>2,347,684,607</u>	<u>94.41%</u>
Total Assessed Valuation	<u><u>\$2,486,938,778</u></u>	<u><u>100.00%</u></u>

Source: Franklin County Auditor

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
2005/06	\$62,554,612	\$2,798,410	\$65,353,022	\$60,761,825	97.13%	\$1,460,370	\$62,222,195	95.21%	\$3,101,187
2004/05	62,996,400	2,865,996	65,862,396	60,619,247	96.23%	1,616,810	62,236,057	94.49%	2,755,789
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

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. Data is for Franklin County only.

(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
 Percent of Net General Obligation Bonded Debt to
 Assessed Value and Bonded Debt Per Capita
 Last Ten Years

Year	(a)	(b)	(c)	% of Net Bonded Debt to Assessed Valuation	(d)	(d)	(d)	
	Assessed Value	Gross Bonded Debt	Less Debt Service		Net Bonded Debt	Percentage of Personal Income	Net Bonded Debt Per Capita	Net Bonded Debt Per ADM
2006	\$2,486,938,778	\$117,094,585	\$8,328,474	\$108,766,111	0.0437	4.73%	\$1,391	\$7,650
2005	2,203,460,988	122,394,585	7,835,634	114,558,951	0.0520	5.00%	1,469	8,169
2004	2,154,829,978	127,962,429	7,276,551	120,685,878	0.0560	5.30%	1,559	8,525
2003	2,130,248,148	133,155,446	5,490,715	127,664,731	0.0599	5.66%	1,665	9,091
2002	1,879,201,268	138,949,070	7,720,099	131,228,971	0.0698	6.38%	1,876	9,486
2001	1,807,059,931	140,174,487	7,144,043	133,030,444	0.0736	6.58%	1,933	9,706
2000	1,711,176,005	43,049,855	4,350,532	38,699,323	0.0226	1.63%	479	2,844
1999	1,494,552,571	45,554,855	5,011,856	40,542,999	0.0271	3.01%	539	3,028
1998	1,438,164,363	47,969,855	1,553,479	46,416,376	0.0323	3.46%	619	3,510
1997	1,383,108,318	50,049,855	1,583,593	48,466,262	0.0350	3.66%	655	3,711

Sources:

- (a) County auditor
- (b) School district records - General obligation debt outstanding end of fiscal year
- (c) Balance of general obligation bond retirement fund at end of fiscal year
- (d) See Schedule "Demographic and Economic Statistics, Last Ten Years" for personal income, population and enrollment information

Westerville City School District
 Computation of Direct and Overlapping General Obligation Bonded Debt
 as of June 30, 2006

<u>Governmental Unit</u>	<u>Gross 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	\$117,094,586	100.00%	\$117,094,586
Delaware County	43,881,000	14.66%	6,432,955
Franklin County	93,175,000	5.73%	5,338,928
City of Columbus	439,166,030	3.67%	16,117,393
City of Westerville	6,270,000	97.38%	6,105,726
Plain Township	2,354,998	0.78%	18,369
Minerva Park Corporation	225,000	100.00%	225,000
New Albany Plain Local Park District Misc.	15,449,990	0.56%	86,520
	<u>\$717,616,604</u>		<u>\$151,419,477</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 calculation of the governmental unit.

Overlapping governments with no outstanding debt are not reflected.

Westerville City Schools
 Legal Debt Margin Information
 as of June 30, 2006

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Assessed Valuation										
Voted and Unvoted Debt Limit - 9% of Assessed Valuation				\$223,824,490						
Balance in Debt Service Fund			\$117,094,585	\$8,328,474						
Total Debt Outstanding										
Less: Exempted Debt			\$0							
Net subject to 9% limit				\$117,094,585						
Total Legal Voted Debt Margin				<u>\$98,401,431</u>						
Debt Limit	\$232,152,964	\$206,147,123	\$201,211,249	\$197,213,048	\$176,096,190	\$162,633,594	\$154,005,840	\$134,509,731	\$129,434,793	\$124,479,749
Total Net Debt Applicable to Limit	117,094,585	122,394,585	127,962,429	133,155,446	137,845,954	140,174,487	43,049,855	45,554,855	47,969,855	50,049,855
Legal Debt Margin	<u>\$98,401,431</u>	<u>\$83,306,538</u>	<u>\$73,248,820</u>	<u>\$64,057,602</u>	<u>\$38,250,236</u>	<u>\$22,459,107</u>	<u>\$110,955,985</u>	<u>\$88,954,876</u>	<u>\$81,464,938</u>	<u>\$74,429,894</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	50.44%	59.37%	63.60%	67.52%	78.28%	86.19%	27.95%	33.87%	37.06%	40.21%

Source: Franklin County Auditor and School District financial records

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

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

Westerville City School District
 Demographic and Economic Statistics
 Last Ten Years

Year	(a) MORPC Population	(b) Per Capita Income	Personal Income	(c) Unemployment Rate	(b) % of Population 25 Years & older with Bachelor's Degree or Higher	(d) Enrollment Membership
2006	78,213	\$29,401	\$2,299,540,413	4.1%	44.6%	14,217
2005	77,964	\$29,401	\$2,292,219,564	4.4%	44.6%	14,023
2004	77,415	\$29,401	\$2,276,078,415	4.2%	44.6%	14,156
2003	76,680	\$29,401	\$2,254,468,680	3.7%	44.6%	14,043
2002	69,939	\$29,401	\$2,056,276,539	2.5%	44.6%	13,834
2001	68,805 *	\$29,401	\$2,022,935,805	1.7%	44.6%	13,706
2000	80,761	\$29,401	\$2,374,454,161	1.6%	44.6%	13,609
1999	75,273	\$17,898	\$1,347,236,154	1.3%	40.2%	13,390
1998	75,021	\$17,898	\$1,342,725,858	1.3%	40.2%	13,225
1997	74,013	\$17,898	\$1,324,684,674	1.5%	40.2%	13,059

Sources:

(a) Mid Ohio Regional Planning Commission

* 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.

(b) US Census Bureau 2000 and 1990 Census Demographic Profiles for the City of Westerville

(c) U.S. Department of Labor, Bureau of Labor Statistics

(d) Per School District records - Educational Management Information System

Westerville City School District
 Principal Employers
 Current Year and Eight Years Ago

December 2005

Employer	Employees	Type of Business
1 J. P. Morgan Chase (Bank One)	4,209	Banking & Financial Services
2 Mount Carmel Health	2,393	Health Care
3 Westerville City Schools	2,110	Public Education
4 CMS Subsidiary	1,848	Membership Services
5 Otterbein College	1,736	Private College
6 Alliance Data Systems, Inc.	978	Finance Credit Services
7 City of Westerville	846	Municipal Government
8 AMG Direct	799	Retail Call Center
9 Worthington Industries	676	Manufacturing
10 Meijer's	675	Retail Groceries

December 1997

Employer	Employees	Type of Business
1 Bank One	8,537	Banking & Financial Services
2 Westerville City Schools	1,705	Public Education
3 Otterbein College	1,558	Private College
4 Alliance Data Systems, Inc.	1,384	Finance Credit Services
5 St. Ann's Hospital	850	Health Care
6 Worthington Industries	833	Manufacturing
7 City of Westerville	686	Municipal Government
8 McGraw-Hill, Inc.	378	Publishing
9 Cutler-Hammer IDT	223	Electronic Equipment
10 Exel Logistics	151	Package Delivery

Note: Information for total city employment only, District information was not available

Source: City of Westerville Division of Taxation, December 1997 and October 2005,
 December 1996 not available

Westerville City School District
 Staffing Statistics - Full Time Equivalents (FTE) by Type and Function
 Last Three Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Professional staff:			
Teaching staff:			
Elementary	355.00	339.00	348.00
Middle	193.00	184.00	224.00
High	231.00	220.00	240.00
Administrators:			
Certificated	55.00	55.00	59.00
Classified	13.00	13.00	13.00
Guidance counselors	29.00	28.00	28.00
Psychologists	11.00	12.00	11.00
Nurses	7.00	7.00	7.00
Speech	15.00	15.00	15.00
Adapted phys ed. - OT/PT	12.00	11.00	10.00
Media specialist	15.00	15.00	15.00
Support staff:			
Secretarial	104.00	103.00	103.00
ESL paraprofessionals	37.00	20.00	20.00
Educational Interpreter	0.00	1.00	1.00
Job Coaches	2.00	4.00	4.00
Health Aides	9.00	7.00	7.00
Recess aides/crossing guards	20.00	19.00	19.00
Building/duty monitors	11.00	12.00	12.00
Parent Mentor	1.00	0.00	0.00
Community Relations Facilitator	1.00	1.00	1.00
IMS personnel	7.00	7.00	7.00
Printers	2.00	2.00	2.00
Food service	56.00	52.25	53.00
Nutrition Education Specialist	1.00	1.00	1.00
Foremen	2.00	2.00	2.00
Custodial	86.00	86.00	86.00
Maintenance	16.00	16.00	16.00
HVAC	3.00	3.00	3.00
Bus drivers	73.00	72.00	81.00
Mechanics	7.00	7.00	7.00
Warehouse	5.00	5.00	5.00
Total	<u>1,379.00</u>	<u>1,319.25</u>	<u>1,400.00</u>

<u>Function</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:			
Instruction	820.5	767.5	840.5
Support services:			
Pupils	98.00	95.00	93.00
Instructional staff	65.50	65.50	65.50
School administration	98.00	100.00	100.00
Fiscal services	10.00	10.00	10.00
Business services	11.50	11.50	11.50
Operation & maintenance	108.50	108.50	108.50
Student transportation	87.00	86.00	95.00
Central services	13.00	13.00	13.00
Community services	1.00	0.00	0.00
Extra-curricular activities	6.00	6.00	6.00
Total governmental activities	<u>1,319.00</u>	<u>1,263.00</u>	<u>1,343.00</u>
Business-type activities:			
Food service	60.00	56.25	57.00
Total primary government	<u>1,379.00</u>	<u>1,319.25</u>	<u>1,400.00</u>

Source - School District Records

Westerville City School District
 Operating Indicators by Function
 Last Two Fiscal Years

	<u>2006</u>	<u>2005</u>
Governmental Activities		
Instruction		
Regular and special		
Enrollment (Students)	14,217	14,023
Graduation rate	N/A	94.6%
Support services - pupil		
% of students going on to higher education	79.0%	84.0%
% of students with disabilities	11.2%	11.3%
% of limited English proficient students	6.3%	4.2%
School administration		
Student attendance rate	95.4%	95.4%
Fiscal		
Purchase orders processed	9,477	9,173
Nonpayroll checks issued	11,628	11,459
Business		
Facility rentals permits issued	265	268
Maintenance		
Maintenance work orders completed	5,913	5,330
District square footage maintained by custodians and maintenance staff	2,115,276	2,115,276
District acreage maintained by grounds staff	403	403
Transportation		
Avg. public and parochial students transported daily	8,502	7,939
Avg. daily bus stops	6,126	5,836
Central		
Information technology services work orders completed	2,785	2,526
Extra-curricular activities		
High school varsity teams	60	60
Business-Type Activities		
Food service operations		
Breakfasts served to students	105,625	85,587
Lunches served to students	622,037	602,386

Note - Indicators by Function were not available prior to 2005. Indicators were not available for Support Services - Staff or Community Services functions.

Source - School District Records and Ohio Department of Education Report Card Data

N/A - Calculation not available from Ohio Department of Education

Westerville City School District
 Capital Assets by Function/Program
 Last Three Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities			
Regular Instruction			
Land/improvements	\$9,396,188	\$9,392,188	\$9,392,188
Buildings/improvements	182,885,105	179,800,709	178,855,973
Furniture/equipment	2,032,256	2,082,672	2,003,496
Special Instruction			
Furniture/equipment	73,094	68,314	57,196
Vocational Instruction			
Buildings/improvements	110,873	127,357	127,357
Furniture/equipment	5,038	5,038	5,038
Pupil Support			
Land/improvements	3,550	-	-
Buildings/improvements	312,235	-	-
Furniture/equipment	25,142	31,934	31,934
Instructional Support Staff			
Furniture/equipment	10,579	10,379	10,379
School Administration			
Furniture/equipment	53,916	63,258	73,850
Fiscal Services			
Furniture/equipment	13,376	13,376	13,376
Business services			
Buildings/improvements	96,600	96,600	96,600
Furniture/equipment	49,015	61,810	61,810
Vehicles	101,065	48,769	48,769
Operation & maintenance			
Land/improvements	248,620	28,926	28,926
Buildings/improvements	2,705,699	2,701,530	2,701,530
Furniture/equipment	521,797	483,329	482,499
Vehicles	529,779	510,504	597,563
Student transportation			
Land/improvements	294,084	294,084	294,084
Buildings/improvements	31,700	31,700	31,700
Furniture/equipment	48,277	48,277	48,277
Buses	6,259,176	6,078,877	6,505,227
Central services			
Buildings/improvements	288,201	288,201	288,201
Furniture/equipment	1,259,306	1,203,668	1,201,070
Food services			
Furniture/equipment	131,257	131,257	131,257
Community services			
Furniture/equipment	3,942	-	-
Extra-curricular activities			
Land/improvements	282,237	194,420	22,511
Buildings/improvements	537,478	537,478	537,478
Furniture/equipment	270,938	258,376	237,111
Total governmental activities capital assets	<u>\$208,580,523</u>	<u>\$204,593,031</u>	<u>\$203,885,400</u>
Business-type Activities			
Food service			
Furniture/equipment	944,879	944,885	942,130
Vehicles	48,769	48,769	48,769
	<u>\$993,648</u>	<u>\$993,654</u>	<u>\$990,899</u>

Westerville City School District
School Building Information
Last Five Fiscal Years

	2006	2005	2004	2003	2002
Alcott Elementary (2002)					
Square feet	70,309	70,309	70,309	70,309	N/A
Capacity (students)	594	594	594	594	N/A
Enrollment	671	649	602	560	N/A
Annehurst Elementary (1970)					
Square feet	39,747	39,747	39,747	39,747	36,204
Capacity (students)	382	330	330	330	330
Enrollment	352	341	348	350	373
Central College Elementary (1931)					
Square feet	15,470	15,470	15,470	15,470	15,470
Capacity (students)	106	120	120	120	120
Enrollment	128	126	118	119	129
Cherrington Elementary (1968)					
Square feet	41,348	41,348	41,348	41,348	39,283
Capacity (students)	350	408	408	408	408
Enrollment	335	336	347	343	361
Emerson Elementary (1896)					
Square feet	28,005	28,005	28,005	28,005	28,005
Capacity (students)	277	225	225	225	225
Enrollment	238	210	190	168	247
Fouse Elementary (2002)					
Square feet	70,309	70,309	70,309	70,309	N/A
Capacity (students)	570	570	570	570	N/A
Enrollment	624	626	587	523	N/A
Hanby Elementary (1922)					
Square feet	43,532	43,532	43,532	43,532	43,532
Capacity (students)	260	353	353	353	353
Enrollment	267	250	254	231	394
Hawthorne Elementary (1957)					
Square feet	62,888	62,888	62,888	62,888	61,391
Capacity (students)	614	511	511	511	511
Enrollment	688	669	681	673	740
Huber Ridge Elementary (1964)					
Square feet	55,464	55,464	55,464	55,464	55,464
Capacity (students)	509	423	423	423	423
Enrollment	509	479	519	523	644
Longfellow Elementary (1931)					
Square feet	13,753	13,753	13,753	13,753	13,753
Capacity (students)	91	110	110	110	110
Enrollment	129	125	120	122	131
Mark Twain Elementary (1974)					
Square feet	45,864	45,864	45,864	45,864	39,628
Capacity (students)	422	332	332	332	332
Enrollment	433	427	452	423	462
McVay Elementary (1989)					
Square feet	67,159	67,159	67,159	67,159	67,159
Capacity (students)	498	563	563	563	563
Enrollment	495	507	544	558	574
Pointview Elementary (1973)					
Square feet	36,893	36,893	36,893	36,893	36,893
Capacity (students)	381	314	314	314	314
Enrollment	333	348	363	390	524

Source: School District Records

Note: Year of original construction in parentheses. Increases in square footage are the result of renovations and additions. Capacity prior to 2006 is from the FY '01 URS study which is based on square footage. Capacity for 2006 is based on actual classroom usage per the OSFC guidelines.

*This building is not district owned and is being leased by Westerville City Schools.

N/A - Not available, building was not open.

Westerville City School District
School Building Information, continued
Last Five Fiscal Years

	2006	2005	2004	2003	2002
Robert Frost Elementary (1974)					
Square feet	45,763	45,763	45,763	45,763	39,527
Capacity (students)	461	350	350	350	350
Enrollment	384	388	396	454	594
Whittier Elementary (1952)					
Square feet	46,097	46,097	46,097	46,097	39,548
Capacity (students)	419	355	355	355	355
Enrollment	323	365	365	343	461
Wilder Elementary (1989)					
Square feet	67,159	67,159	67,159	67,159	67,159
Capacity (students)	493	570	570	570	570
Enrollment	492	495	522	544	676
Blendon Middle School (1969)					
Square feet	79,025	79,025	79,025	79,025	77,402
Capacity (students)	624	650	650	650	650
Enrollment	572	591	642	682	697
Genoa Middle School (1998)					
Square feet	143,955	143,955	143,955	143,955	127,950
Capacity (students)	821	750	750	750	750
Enrollment	935	907	909	862	817
Heritage Middle School (1989)					
Square feet	117,945	117,945	117,945	117,945	115,485
Capacity (students)	686	835	835	835	835
Enrollment	901	874	911	946	912
Walnut Springs Middle School (1965)					
Square feet	99,068	99,068	99,068	99,068	91,713
Capacity (students)	693	716	716	716	716
Enrollment	920	925	893	843	824
Westerville Central High School (2003)					
Square feet	326,102	326,102	326,102	N/A	N/A
Capacity (students)	1,605	1,605	1,605	N/A	N/A
Enrollment	1,444	1,117	733	N/A	N/A
Westerville North High School (1975)					
Square feet	266,928	266,928	266,928	266,928	266,928
Capacity (students)	1,470	1,515	1,515	1,515	1,515
Enrollment	1,596	1,729	1,900	2,269	2,254
Westerville South High School (1960)					
Square feet	254,583	254,583	254,583	254,583	254,583
Capacity (students)	1,312	1,467	1,467	1,467	1,467
Enrollment	1,448	1,572	1,760	2,092	2,030
Administration Building (1974)					
Square feet	8,580	8,580	8,580	8,580	8,580
White House (1873)					
Square feet	2,596	2,596	2,596	2,596	2,596
Warehouse (1980)					
Square feet	3,239	3,239	3,239	3,239	3,239
Buildings & Grounds (1987)					
Square feet	8,700	8,700	8,700	8,700	8,700
Farmhouse (1905)					
Square feet	1,500	1,500	1,500	1,500	1,500
Transportation (1954)					
Square feet	8,400	8,400	8,400	8,400	8,400
Vine Street (1922)					
Square feet	3,502	3,502	3,502	3,502	3,502
Eastwind *					
Square feet	7,196	7,196	7,196	7,196	7,196

Westerville City School District
 Educational and Operating Statistics
 Last Nine School Years

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
3rd Grade Achievement Tests:								(a)	
Reading	N/A	N/A	N/A	N/A	N/A	N/A	87%	85%	87%
Math	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77%	83%
4th Grade Proficiency/Achievement Tests:								(a)	
Writing	68%	73%	92%	88%	83%	87%	88%	88%	90%
Reading	57%	69%	73%	70%	77%	78%	83%	88%	84%
Mathematics	58%	66%	71%	77%	78%	73%	78%	72%	86%
Citizenship	72%	81%	79%	76%	81%	77%	74%	77%	N/A
Science	63%	65%	68%	68%	77%	69%	75%	66%	N/A
5th Grade Achievement Tests								(a)	
Reading	N/A	N/A	N/A	N/A	N/A	N/A	N/A	84%	85%
Mathematics	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	69%
6th Grade Proficiency/Achievement Tests:								(a)	
Writing	90%	81%	85%	89%	92%	85%	95%	90%	N/A
Reading	62%	62%	57%	66%	66%	74%	71%	76%	89%
Mathematics	59%	64%	65%	72%	71%	66%	72%	72%	76%
Citizenship	75%	80%	79%	79%	82%	83%	80%	82%	N/A
Science	59%	57%	64%	70%	71%	78%	73%	73%	N/A
7th Grade Achievement Tests:								(a)	
Reading	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	88%
Math	N/A	N/A	N/A	N/A	N/A	N/A	N/A	74%	81%
8th Grade Achievement Tests:								(a)	
Reading	N/A	N/A	N/A	N/A	N/A	N/A	N/A	89%	86%
Math	N/A	N/A	N/A	N/A	N/A	N/A	N/A	78%	80%
9th Grade Proficiency Tests:								(a)	
Writing	96%	97%	97%	95%	88%	97%	98%	N/A	N/A
Reading	94%	94%	93%	93%	78%	97%	98%	N/A	N/A
Mathematics	80%	82%	83%	80%	94%	89%	92%	N/A	N/A
Citizenship	91%	92%	90%	88%	90%	94%	96%	N/A	N/A
Science	83%	87%	86%	83%	81%	91%	94%	N/A	N/A
10th Grade Ohio Graduation Test:								(a)	
Writing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	86%	93%
Reading	N/A	N/A	N/A	N/A	N/A	N/A	77%	96%	95%
Mathematics	N/A	N/A	N/A	N/A	N/A	N/A	69%	91%	91%
Social Studies	N/A	N/A	N/A	N/A	N/A	N/A	N/A	90%	90%
Science	N/A	N/A	N/A	N/A	N/A	N/A	N/A	84%	84%
ACT Scores (Averages)									
Westerville	22.7	22.4	22.6	22.5	22.4	22.3	22.5	22.1	22.7
National	21.0	21.0	21.0	21.0	20.8	20.8	20.9	20.9	20.1
SAT Scores (Averages)									
Westerville									
Verbal	*541	536	541	533	540	542	541	539	537
Mathematics	*571	555	551	558	563	529	561	551	561
National									
Verbal	505	505	505	506	504	507	508	508	503
Mathematics	512	511	514	514	516	519	518	520	518
National Merit Scholars (Percent of Senior Class)	N/A	2.57	2.28	2.60	2.76	2.40	2.50	1.51	1.90

Source: School District Student Records and Ohio Department of Education

N/A = Not Available/Not Applicable

*Scores for Westerville North-No Results available for Westerville South

(a) 2004-05 tests were added for 3rd, 5th, 7th, 8th grades and the names/content were changed from proficiency to achievement for the 4th and 6th grade tests. The Ohio Graduation Test was added for 10th graders and eliminated the 9th grade test.

Westerville City School District
 Educational and Operating Statistics, continued
 Last Nine School Years

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
ODE Per Pupil Costs									
Westerville	\$6,335	\$6,519	\$6,895	\$7,400	\$7,696	\$8,071	\$8,330	\$8,356	\$8,608
State Avg.	\$6,232	\$6,642	\$7,057	\$7,602	\$8,073	\$8,435	\$8,775	\$9,028	\$9,356
Cost to Educate Graduate									
Westerville	N/A	N/A	N/A	\$70,533	\$74,468	\$78,379	\$82,436	\$86,727	\$90,590
State Avg.	\$60,682	\$64,002	\$67,621	\$71,601	\$75,655	\$79,741	\$84,130	\$88,685	\$93,017
Average Tacher Salary									
Westerville	N/A	N/A	N/A	\$51,733	\$53,104	\$55,925	\$58,291	\$59,403	\$59,695
State Avg.	\$39,201	\$40,835	\$41,833	\$42,995	\$43,755	\$45,645	\$47,659	\$49,438	\$50,772
Teacher Experience									
% of Teachers with 0-4 Years	14.0	14.0	15.0	19.2	23.5	19.9	21.9	19.5	N/A
% of Teachers with 5-9 Years	13.4	13.4	16.1	15.4	18.1	17.7	16.3	18.4	N/A
% of Teachers with 10+ Years	72.6	72.6	68.9	65.4	58.4	62.4	61.8	62.1	N/A
Percentage of Teachers with a Master's Degree or Higher	N/A	N/A	N/A	N/A	N/A	N/A	N/A	75.8	76.8
ODE Teacher/Pupil Ratio									
Westerville	21.0	19.9	19.9	18.8	18.0	18.1	20.4	22.0	21.2
State Avg.	20.4	18.6	18.1	18.0	16.9	16.5	18.5	18.5	18.6
Percentage of Students on Free/Reduced Lunch	N/A	N/A	N/A	6.7	8.6	10.7	12.4	14.9	15.4

Westerville City School District

Westerville, Ohio



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Mary Taylor, CPA
Auditor of State

WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 18, 2007