



**Auditor of State
Betty Montgomery**

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	-	\$42,233	-	\$43,126
National School Breakfast Program	045047-05PU-02	10.553	\$191	-	\$191	-
National School Lunch Program	045047-LLP1-01 045047-LLP4-01/02	10.555	358,147	-	358,147	-
Total U.S. Department of Agriculture - Nutrition Cluster			358,338	42,233	358,338	43,126
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training Pilots - Demonstrations and Research	045047-WKBE-01	17.249	21,929	-	22,790	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Education:</i>						
Refugee and Entrant Assistance - Discretionary Grants	045047-RIS1-01	93.576	6,750	-	10,301	-
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Fund for the Improvement of Education	N/A	84.215	25,789	-	25,789	-
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	045047-6BSF-01/02	84.027	624,682	-	681,562	-
Special Education - Preschool Grant	045047-PGS1-02	84.173	29,328	-	32,032	-
Total Special Education Cluster			654,010	-	713,594	-
Title I Grants to Local Educational Agencies	045047-C1S1-01/02	84.010	265,627	-	261,704	-
Safe and Drug-Free Schools and Communities	045047-DRS1-01/02	84.186	52,634	-	49,445	-
Goals 2000 State and Local Educational Systemic Improvement Grant	045047-G2S3-01	84.276	50,758	-	58,037	-
Eisenhower Professional Development State Grant	045047-MSS1-00/02	84.281	33,535	-	51,674	-
Innovative Educational Program Strategies	045047-C2S1-00/01/02	84.298	106,124	-	89,425	-
Immigrant Education	045047-EIS1-01	84.162	7,000	-	7,000	-
Technology Literacy Challenge Fund	045047-TF42-01	84.318	-	-	25,000	-
School Renovation Grant	045047-ATS1-02	84.352	17,708	-	14,273	-
Class Size Reduction	045047-CRS1-01/02	84.340	159,763	-	125,085	-
Total Department of Education			1,372,948	-	1,421,026	-
<i>Passed Through Columbus City School District:</i>						
Vocational Education - Basic Grants to States	N/A	84.048	93,874	-	33,365	-
<u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed Through Upper Arlington School District:</i>						
Learn and Serve America - School and Community Based Programs	N/A	94.004	5,000	-	6,491	-
Total Federal Awards			\$1,858,839	\$42,233	\$1,852,311	\$43,126

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 – 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 2 – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the basic financial statements of the Westerville City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated January 28, 2003, wherein we noted the District adopted GASB Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 28, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-10625-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated January 28, 2003.

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

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

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

BETTY MONTGOMERY
Auditor of State

January 28, 2003



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Westerville City School District, Franklin County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the District in a separate letter dated January 28, 2003.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 2002-10625-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Schedule of Federal Awards Receipts and Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2002, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 28, 2003, wherein we noted the District adopted GASB Statement No. 34. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



BETTY MONTGOMERY
Auditor of State

January 28, 2003

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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

JUNE 30, 2002

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
<i>(d)(1)(ii)</i>	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)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA #84.010 Special Education Cluster – CFDA #84.027/ 84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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

**JUNE 30, 2002
(Continued)**

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

See finding number 2002-10625-001 below; this finding is also required to be reported in accordance with GAGAS.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2002-10625-001
CFDA Title and Number	Special Education Cluster – CFDA #84.027/ 84.173
Federal Award Number / Year	45047-6BSF-2001/2002 45047-PGS1-2002
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

In sixty-eight percent of expenditure transactions tested, authorization from the District's purchasing agent was not evident due to the approval being done within the computerized accounting system. Evidence of proper authorization by the purchasing agent is necessary to ensure expenditures are only made for goods or services that are consistent with the District's objectives or in compliance with laws, regulations, and grant agreements.

We recommend the District maintain evidence of the approval of all expenditure transactions executed by the District.

WESTERVILLE CITY SCHOOL DISTRICT
FRANKLIN COUNTY

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

JUNE 30, 2002

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-10625-001	Fixed Asset Tracking	Yes	Fully corrected; the District contracted with a company to inventory and estimate historical cost for all of the District's fixed assets.

Westerville City School District

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

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2002



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, 2002

Issued By:

Office of the Treasurer

Prepared By:

Daniel D. Shively

Treasurer/CFO

Laura A. Hendricks, CPA

Assistant Treasurer

Westerville City School District

Westerville, Ohio



WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Comprehensive Annual Financial Report
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For the Fiscal Year Ended June 30, 2002

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Westerville City School District

Westerville, Ohio



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Introductory Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio



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

336 South Otterbein Avenue, Westerville OH 43081

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

Daniel D. Shively
Treasurer, Board of Education

WESTERVILLE CITY SCHOOLS

January 28, 2003

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

As the Superintendent and Treasurer of the Westerville City School District (the District), it is a pleasure to present the first Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR, for the year ended June 30, 2002, contains financial statements, supplemental statements, and statistical information, providing complete and full disclosure of all material financial aspects of the District for the 2002 fiscal year.

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

The Comprehensive Annual Financial Report is presented in three sections:

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

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

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 13,834 (ninth largest in Ohio), and the District's estimated population is 69,939 (Mid-Ohio Regional Planning Commission). The District is currently comprised of 22 schools: 16 elementary schools, four middle schools, and two high schools. In the fall 2003, the District's third high school will open. The District is culturally and economically diverse, and its residents are well educated and expect a high quality education for their children. Many residents are area leaders in business, the professions, and the arts. Westerville is the home of Otterbein College, a 4-year liberal arts institution.

Pupils in the District continue to meet or exceed the average passing rates for both Franklin County and the State on the Ohio Proficiency Tests. The District provides academic coaches, advanced placement, post secondary options, interactive video courses, resource centers for students identified as "able and talented," elementary language arts/technology and math/science magnet schools, peer mediation training, school-age before and after school childcare, active business partnerships, and programs for more than 1,300 special needs children. The District is committed to the development and expansion of technology, and every school is connected to the Internet and is internally wired and equipped with up-to-date computers and software. The District's emphasis on learning is reflected in the general operating budget: approximately 62.9 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. 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, 2002

The City of Westerville is home to Otterbein College, ranked among the top ten liberal arts colleges in the Midwest by *U.S. News and World Reports*. Otterbein's theater and music programs are enjoyed by its residents and visitors. Columbus State Community College and Franklin University have branch classes in the City of Westerville. In 2001, the Hennen's American Public Library Ratings (HAPLR) named the Westerville Public Library as No. 1 in U.S. cities with a population of less than 100,000 people.

The City's corporate and residential growth is anchored in the City's history. The City is home to major national corporations such as Bank One, Bell Haun, Cheryl's Cookies and more. The Westar Center of Business is one of the premier office developments in the Midwest, and the City's 1.25% income tax rate is among the lowest municipal income tax rates in Central Ohio. The City of Westerville has the only municipally-run electric utility of any Central Ohio suburb. Its residents and businesses pay approximately 20% less for electric services than those in neighboring communities.

The City's and District's financial operations continue to benefit from the strength of the local economy. Taxable resources, including assessed property valuations and income levels, have shown considerable and consistent growth in recent years. The continued economic growth and expansion of the District's commercial tax base is almost certain. The District has an excellent relationship with the City of Westerville, which assures that development projects selected by the City are also highly desirable for the school district. When the City of Westerville uses an inducement to attract a business, which is not a common practice, it uses Tax Increment Financing (TIF). Through negotiations with the City, the District is reimbursed for property taxes it would have collected through an income tax sharing agreement with the City of Westerville. The District continues to work with the City to attract desirable development to the community.

Ohio's seasonally adjusted unemployment rate increased to 5.6% in June 2002 from 4.3% in June 2001 while the nation's unemployment rate for June 2002 was 5.9%. Additionally, June 2002 employment in the State of Ohio numbered 5,575,000 (Labor Market Review, June 2002, Ohio Department of Job and Family Services). Specific employment figures for the Westerville City School District are not available, but for Franklin County the June 2002 figure was 607,000, as compared to the June 2001 figure of 612,900. This resulted in the unemployment figure for Franklin County of 4.8% in June 2002 compared to 3.0% in June 2001 (Ohio Department of Job and Family Services website).

ORGANIZATION OF THE DISTRICT

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

Board members are elected at large for staggered four-year terms. The Board meets regularly on the second and fourth Monday of each month. At the first meeting of each year, the Board elects one of its members as president and one as vice-president to serve as such for one year. The Board members on June 30, 2002, were as follows:

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

Board Member	Service as a Board Member		
	Began	Expires	
Nancy Nestor-Baker, Ph.D.	08/27/91	12/31/05	President
Deborah Cunningham	01/01/96	12/31/03	Vice-President
Michael Collins	01/01/02	12/31/05	Member
Cindy Crowe	01/01/00	12/31/03	Member
Kevin Hoffman	01/01/02	12/31/05	Member

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all education and support operations. Dr. George E. Tombaugh was appointed as Superintendent on September 1, 2000. Dr. Tombaugh has been in the education profession for 37 years as an administrator, serving as superintendent, assistant superintendent, and treasurer of school districts.

The Treasurer is the chief financial officer of the District and is responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, and investing idle funds as specified by Ohio Law. Daniel D. Shively was appointed as Treasurer on August 2, 1999. Mr. Shively has been in the government finance profession for 10 ½ years, serving 5 years as a school district treasurer, 4 years as an assistant treasurer, and 1 ½ years as a financial associate.

EMPLOYEE RELATIONS

The District currently has approximately 1,600 full-time and part-time employees. Four organizations represent District employees. For collective bargaining purposes, the Westerville Education Association (WEA) represents certificated employees, which include teachers and educational specialists. Classified employees are divided into three bargaining unions: the bus drivers and mechanics are represented by Ohio Association of Public School Employees (OAPSE #719); the custodial/maintenance staff and food service staff are represented by Ohio Association of Public School Employees (OAPSE #138); and the clerical staff is represented by the Westerville Education Support Staff Association (WESSA). The Board successfully negotiated with all labor organizations on multi-year agreements for wages and fringe benefits. The WEA wage agreement for the period August 1, 2001, through July 31, 2004, included raises of 3.5% each year, effective August 1, 2001, August 1, 2002, and August 1, 2003. The OAPSE #719 & OAPSE #138 wage agreements for the period July 1, 2000, through June 30, 2003 included raises of 3%, 3% and 3.5%, effective July 1, 2000, July 1, 2001, and July 1, 2002, respectively. The WESSA wage agreement for the period of January 1, 2002, through June 30, 2005, included raises of 5.25%, 3.5% and 3.5%, effective January 1, 2002, July 1, 2003, and July 1, 2004, respectively.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

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 positive learning environment;
- Expand and practice the character traits of our community;
- Balance classroom enrollments; and
- Become the largest excellent Ohio school district by 2005.

Goal #1: Improve Student Achievement

In Westerville, improving student achievement is the number one goal. If the District wants to increase student achievement, it must be clear about its expectations and must work together with the students, parents, staff, and community to reach those expectations. Teachers must work together to develop assessment, map curriculum, and align local instruction with state standards. The expectations for every student are communicated to every student and parent through Grade Level Expectation Guides.

In Westerville, we believe that good well-analyzed data can lead to stronger performance. Data are used by students and staff throughout the District. For example, students at Huber Ridge Elementary and Hanby Elementary use data charts to track their progress. Across the district, staff members are learning and using the Baldrige Improvement Process and administrators meet in Study Groups to analyze data and make instructional changes based on that data.

Westerville takes its students' needs seriously. For example, both Westerville North and Westerville South are involved in developing Smaller Learning Communities. The District has a desire to help students make a successful transition from middle to high school and to connect with adults who care about them as individuals.

The Westerville City School District is an "Effective" district as designated by the State of Ohio. The students continue to meet or exceed the average proficiency test pass rates in Franklin County and Ohio. The 2002 Ohio School Report Card shows Westerville City Schools meeting 21 of 27 indicators. The Report Card improvements reflect the District's emphasis on curriculum and instruction. This focus includes professional development for educators. For example, in working to improve literacy instruction, training is provided on topics such as guided reading, higher order thinking skills, and writing across the curriculum. Twenty students received recognition in the National Merit Scholarship or Commended Scholar competition in 2001. Last year, nearly \$15 million in scholarships was awarded to students in our two high schools.

The Westerville school district is committed to the continuous improvement of its special education programs and is currently participating in a voluntary School Improvement Review process with the Ohio Department of Education. The District provides a continuum of support for almost 1,300 students with disabilities in the special education programs and believes in the importance of family involvement and the use of instructional best practices to ensure an excellent learning environment. Collaborative efforts are becoming increasingly important as Westerville seeks to provide appropriate services to students with disabilities. Westerville has had an increase of over 28% in the number of students with disabilities in the last five years.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

The District is proud of our Special Needs Preschool Program. Currently serving 100 students, the program began in 1991 with an enrollment of nine. The curriculum addresses communication, cognition, sensorimotor, social, emotional, and adaptive behavior. The District also partners extensively with parents and families to maximize each child's potential.

One of the fastest growing programs in Westerville is the English as a Second Language Program. The District serves over 300 students with limited English proficiency. The students come from 43 countries and speak 96 different languages. The staff is working hard to welcome these new students and help them as they seek to understand our culture and language.

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

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

- In October, 2001, a call went out for reading volunteers to help with WestervilleReads. Hundreds of community members responded. These volunteers commit an hour a week to help first graders become stronger readers. Working in partnership with the children's teachers, tutors provide reading practice as students learn to read for meaning, solve problems, and develop reading independence. The District goal is to have a tutor for every first grader. The District has made an exciting start and believes an equally exciting future is ahead.
- The Working to Improve Skills through Experience (WISE) program is another example of meaningful community involvement. This school-to-careers program prepares students for transition from a school to a workplace environment. Students attend class taught by a Westerville Schools teacher at Alliance Data Systems in Westerville while also being trained to work in the New Accounts and Authorization Department. Students have the opportunity to apply for part-time paid employment beyond the school day and can apply for a \$1,000 scholarship to further their education. Students enjoy the authentic work environment, job opportunities, and tuition help; Alliance Data Systems has the opportunity to have an active part in preparing tomorrow's workforce.
- The Westerville Schools and The Westerville Area Chamber of Commerce are active partners in education. Since 1985, area businesses have collaborated with the schools in order to benefit both schools and businesses. For example, a partnership between Cheryl & Co. and Westerville North involves a school enterprise called CCHIP, Cheryl & Co. Integrated Hometown project. With the help of Cheryl & Company, students have been creating, marketing, and selling products for the last four years and together have awarded over \$10,000 in scholarships.
- The Westerville Area Chamber of Commerce has another program called PAWS (Partners for Achievement in Westerville Schools). This is designed for businesses with limited time or a small number of employees who would like to share their expertise with the schools. A list of resource speakers is continuously updated to help educators find community people who would like to share their talents/expertise with Westerville students.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

- “Why do I have to learn this?” is a question most students ask at one time or another. School-to-Careers helps to provide the answers to that question by providing opportunities for career exploration for students K-12. Students can apply and integrate academics by solving authentic workplace and classroom problems. They learn not only about careers, but also about the education and training needed to achieve their goals.

Goal #3: Provide a Positive Learning Environment

A safe, orderly, welcoming environment is important for student success. Westerville Schools has implemented several activities to achieve this goal. For example, the Educational Options for Success Program (EOS) provides high school students with the opportunity to continue to earn academic credit in spite of long-term removal from school for serious code of conduct violations. The program assists in the District’s efforts to reduce truancy and dropout rates. Teachers, School Resource Officers, school social workers, and Concord Counseling Agency provide support and intervention to students and families. The program incorporates computer-assisted educational programming, tutoring, counseling, and law-related education to teach students how to become successful citizens. Upon completion of the EOS program, students return to the regular classroom setting. Students are provided with academic and social/behavioral assistance upon their return to help the transition be successful. This successful program is partially funded by a grant from the Ohio Department of Education.

As part of a cooperative agreement between the Westerville Schools and the City of Westerville, the Westerville Division of Police implemented a program that assigned a School Resource Officer to each high school. These officers provide basic law enforcement, crime prevention advice, education, and mentoring for students and staff. The program has been an outstanding success. The goal of providing a safer learning environment while maintaining a positive relationship between students, teachers, administrators, and the police officers has been attained. The United States Justice Department recently awarded the Westerville Division of Police a COPS in School grant. This will enable the School Resource Officer program to be expanded into the District’s middle schools.

Goal #4: Expand and Practice the Character Traits of Our Community

The District believes that fostering character education is an important part of each student’s education. That is why *The Westerville Way* was created. A joint effort of the Westerville Schools, the City of Westerville, and many businesses and organizations in the community, its objective is to “support and nurture the shared values of our community.” A character trait is highlighted each month. The trait is integrated into school curriculum and displayed at businesses. Families are encouraged to discuss and reinforce the traits at home. A Community Forum is held quarterly to support the initiative, encourage people to become involved, and celebrate successes. The emphasized traits are respect, citizenship, tolerance, caring, attitude, honesty, perseverance, trustworthy, responsibility, integrity, loyalty, and fairness.

One of the tools provided for Westerville Schools staff members is “Don’t Laugh at Me.” Peter Yarrow of Peter, Paul, and Mary helped to develop “Don’t Laugh at Me” through his work with Operation Respect. Music, video, and classroom activities are used to help students build a caring community and practice conflict resolution.

Service learning is a successful method for integrating career education, character education, and the District curriculum. Students become involved in designing and carrying out community projects. In the process, they are actively involved in learning, reflecting, and evaluating what they have done and its impact.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

Character and curriculum go hand in hand with the Golden Dogs program at Walnut Springs Middle School. Special needs students have been helping to train Golden Retrievers and Labrador Retrievers from the Kids and Canines program. The students work with and train the dogs, learn to work as teams, and go out in public to tell about the project. And, of course, the dogs will eventually be used as assistance dogs for people who need them. The Golden Dogs program earned a 2001 BEST Practices Award from Ohio's Education Improvement Consortium.

Goal #5: Balance Classroom Enrollments

The population of the Westerville Schools is growing steadily. However, as neighborhoods grow and change, the schools that serve them see changes in enrollment patterns. Some schools become overcrowded, while others see their student numbers drop. The District's goal is to balance classroom enrollments to help provide the best educational opportunity for every student.

Westerville will have expanded to 23 schools by August 2003, when the District completes the final phase of the construction and renovation financed by a \$99.5 million bond levy. The District has built two new elementary schools (Fouse Elementary and Alcott Elementary) and one new high school (Central High School to open in the Fall 2003) and ten building additions. The additions, renovations, and new construction will accommodate the population growth and help to provide equity among schools.

As the building and renovations have progressed, the District has made plans for student assignments. Committees of citizens and staff members recently completed work on redistricting attendance boundaries for all grade levels. Community forums provided opportunities for additional input. Hundreds of people were able to weigh in on the issue and have their concerns listened to and addressed.

In an effort to prepare for maintaining the added instructional space, the Facilities Team is evaluating new strategies to improve operating efficiency. The goal is to maintain a clear focus on customer service through preventive maintenance and faster response times. The team is striving to become so good at what they do that the customer seldom has to call for service.

In considering student enrollment, it is helpful to understand the related support systems. For example, Westerville City Schools currently maintains a fleet of 126 busses, transports approximately 8,600 public and private school students, and will cover more than 1,029,000 miles by the end of the school year. Food service served over 555,336 student lunches and a la carte items totaling \$2,797,265 for the current school year.

Goal #6: Become the Largest Excellent Ohio School District by 2005

To increase the level of performance as a high performing educational system, Westerville City Schools is using the Education Criteria for Performance Excellence from the Baldrige National Quality Program. The District uses specific, measurable criteria to assess the effectiveness in the classroom, at the building level, at the district level, in the learning environment, and in our business environment. This process will allow the District to evaluate its performance at multiple levels and help focus the improvements more effectively.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

In accordance with the Baldrige framework, the District addresses performance through seven categories: Leadership; Strategic Planning; Student, Stakeholder, and Market Focus; Information and Analysis; Faculty and Staff Focus; Process Management; and Organizational Performance Results. The District's Continuous Improvement Plan is one of the primary tools used to focus on performance. By paying attention to the six major goals, using data to guide decisions, and - above all - focusing on the District's mission of producing creative, confident, independent citizens, Westerville Schools is committed to becoming the finest large school system in Ohio. The students of Westerville deserve no less.

Expansion Management magazine recently gave the Westerville Schools a Gold Medal - its highest rating. Only four Ohio districts qualified as Gold Medal districts. This prestigious award focused on results and was based on how well students learn, how many graduate, the community's financial commitment to education, and the community's education and income levels.

Westerville Schools also received the "What Parents Want" designation from SchoolMatch, an independent company that helps families find schools that match their children's needs. Only 15% of our country's public school districts receive this award. Westerville has received it eleven times. And Westerville is one of a tiny percentage of districts chosen by the Ohio Department of Education for the Resource and Accountability Funding Model, which is based on efficiency to produce results.

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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2002

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 function level in the basic financial statements and at the fund level in the individual fund statements.

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

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

Financial Condition

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

- **Government-wide financial statements** – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses.
- **Fund financial statements** – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.
- **Statements of budgetary comparisons** – These statements present comparisons of actual information to the legally adopted budget for the general fund. The budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the District. This discussion is located in the financial section of this report, following the audit opinion, and provides an assessment of the District's finances for 2002.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

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 2002, the District participated in the Ohio School Boards Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

OTHER INFORMATION

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that qualify. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to all program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. We believe this current Comprehensive Annual Financial Report (CAFR) meets the high standards required by the Certificate of Achievement program, and we are submitting the District's first CAFR to GFOA to determine its eligibility for a certificate.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2002

ASBO Certificate of Excellence

The Association of School Business Officials International (ASBO) awards the Certificate of Excellence on Financial Reporting to those school districts that conform to the principles and standards of financial reporting as recommended and adopted by the Association of Schools Business Officials. Districts must voluntarily submit their system's Comprehensive Annual Financial Report (CAFR) for review by an ASBO Panel of Review. Upon completion of a vigorous technical review, the panel members conclude whether the school system's financial report has met the criteria for excellence in financial reporting. We believe this current Comprehensive Annual Financial Report meets the high standards required by the Certificate of Excellence program, and we are submitting the District's first CAFR to ASBO to determine its eligibility for a certificate.

Independent Audit

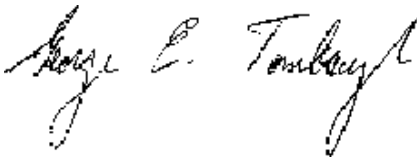
State statutes require an annual audit by independent accountants. The Ohio Auditor of State conducted the District's 2002 fiscal year audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments 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.

Acknowledgments

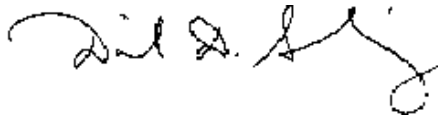
The preparation and publication of this Comprehensive Annual Financial Report on a timely basis would not have been possible without the cooperation of the entire Treasurer's Department. A special note of appreciation is extended to the District's Assistant Treasurer, Laura A. Hendricks, CPA, whose countless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

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

Sincerely,



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



Daniel D. Shively
Treasurer/CFO

CONTINUOUS IMPROVEMENT PLAN 2001-2002

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

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

State Goals	District Critical Issues	District Goals	Strategies	Performance Measures	Results
<ul style="list-style-type: none"> Assure high achievement for all learners 	<ul style="list-style-type: none"> All learners must increase their knowledge and develop life-long skills 	<ul style="list-style-type: none"> Improve student achievement 	<ul style="list-style-type: none"> Align learning expectations with what we teach and assess; Communicate expectations district –wide Use data to guide instruction, intervention and professional development 	<ul style="list-style-type: none"> Number of Ohio's performance standards met and results of district assessments School community awareness of expectations and student progress 	High
<ul style="list-style-type: none"> Preserve and nurture enthusiasm for learning 	<ul style="list-style-type: none"> The district needs active support to accomplish highest student achievement 	<ul style="list-style-type: none"> Increase family, business, and community involvement 	<ul style="list-style-type: none"> Support WestervilleReads Coordinate and focus volunteers, community partnerships and parent education 	<ul style="list-style-type: none"> Tax issues passed Impact analysis of WestervilleReads Number of and time spent by volunteers, partners, and parents 	Performing
<ul style="list-style-type: none"> Promote a safe and orderly learning environment 	<ul style="list-style-type: none"> The district and community maintain a positive climate for learning 	<ul style="list-style-type: none"> Provide a positive learning environment 	<ul style="list-style-type: none"> Ensure a safe and orderly learning environment 	<ul style="list-style-type: none"> Safety and discipline data 	Learners
<ul style="list-style-type: none"> Enhance and practice the character traits that are valued by local communities 	<ul style="list-style-type: none"> The number of WCS students is exceeding the available space 	<ul style="list-style-type: none"> Expand and practice the character traits of our community Balance classroom enrollments 	<ul style="list-style-type: none"> Further develop character education program Encourage student participation in community service Reassign students when grade level enrollment exceeds guidelines Implement the Construction/Renovation Program (CRP) 	<ul style="list-style-type: none"> Impact analysis of character education initiative Number of students involved in community service projects Number of classrooms within enrollment guidelines Percent of CRP completed and on schedule 	in a
<ul style="list-style-type: none"> Support efficient, effective, and continuously improving systems of learning 	<ul style="list-style-type: none"> WCS strives to be a high performing organization 	<ul style="list-style-type: none"> Become the largest excellent Ohio school district by 2005 	<ul style="list-style-type: none"> Develop a cadre of Baldrige trainers Provide professional development on Baldrige process Align district systems and improve accountability system 	<ul style="list-style-type: none"> Percent of personnel trained in Baldrige school improvement process Percent of classrooms, departments and personnel implementing Baldrige process Ohio Award of Excellence, Level I application 	High
					Performing
					Organization

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Elected Officials and Administrative Staff

As of June 30, 2002

BOARD OF EDUCATION

President

Nancy Nestor-Baker, Ph.D.

Vice President

Deborah Cunningham

Member

Michael Collins

Member

Cindy Crowe

Member

Kevin Hoffman

APPOINTED OFFICIALS

Superintendent

George E. Tombaugh, Ed. D.

Treasurer

Daniel D. Shively

ADMINISTRATIVE STAFF

Assistant Superintendent/Human Resources (Certificated)

Michael Kabler, Ph. D.

Executive Director of Secondary Curriculum and Instruction

Todd Meyer

Executive Director of Elementary Curriculum and Instruction

Diane Conley

Executive Director of Business Services

Jeff LeRose

Executive Director of Special Education

Glenna Cameron

Executive Director of Student Services

Reene Sterling

Executive Director of Student Activities, Safety and
Communications

Mark Hershiser

Executive Director of Labor Relations and Human
Resources (Classified)

Christopher Wanner, Ph. D.

Director of Assessment & Planning

Mary Peters, Ph.D.

Director of Career Vocational Education

Ginger Rose, Ph. D.

Director of Special Education

Carole Kowaluk, Ph. D.

Director of IMS

Greg Lewis

Director of Facilities

Fred Ray

Principal, Westerville North High School

Jim McCann

Principal, Westerville South High School

Joy Rose

Principal, Blendon Middle School

Sam Dorff

Principal, Genoa Middle School

Ralph Collins

Principal, Heritage Middle School

Bob Schultz

Principal, Walnut Springs Middle School

Phyllis Magliocca

Principal, Annehurst Elementary School

Howard Baum

Principal, Central College Elementary School

Steve Petercsak

Principal, Cherrington Elementary School

Debbie Kozlesky

Principal, Emerson Elementary School

Beverly Good, Ph. D.

Principal, Hanby Elementary School

Bob Abbott

Principal, Hawthorne Elementary School

Bob Hoffman

Principal, Huber Ridge Elementary School

Barbara Wallace

Principal, Longfellow Elementary School

Steve Petercsak

Principal, Mark Twain Elementary School

Scott Ebbrecht

Principal, McVay Elementary School

Machelle Kline, Ph. D.

Principal, Pointview Elementary School

Brian Blum

Principal, Robert Frost Elementary School

Karen McClellan

Principal, Whittier Elementary School

John LaCoste

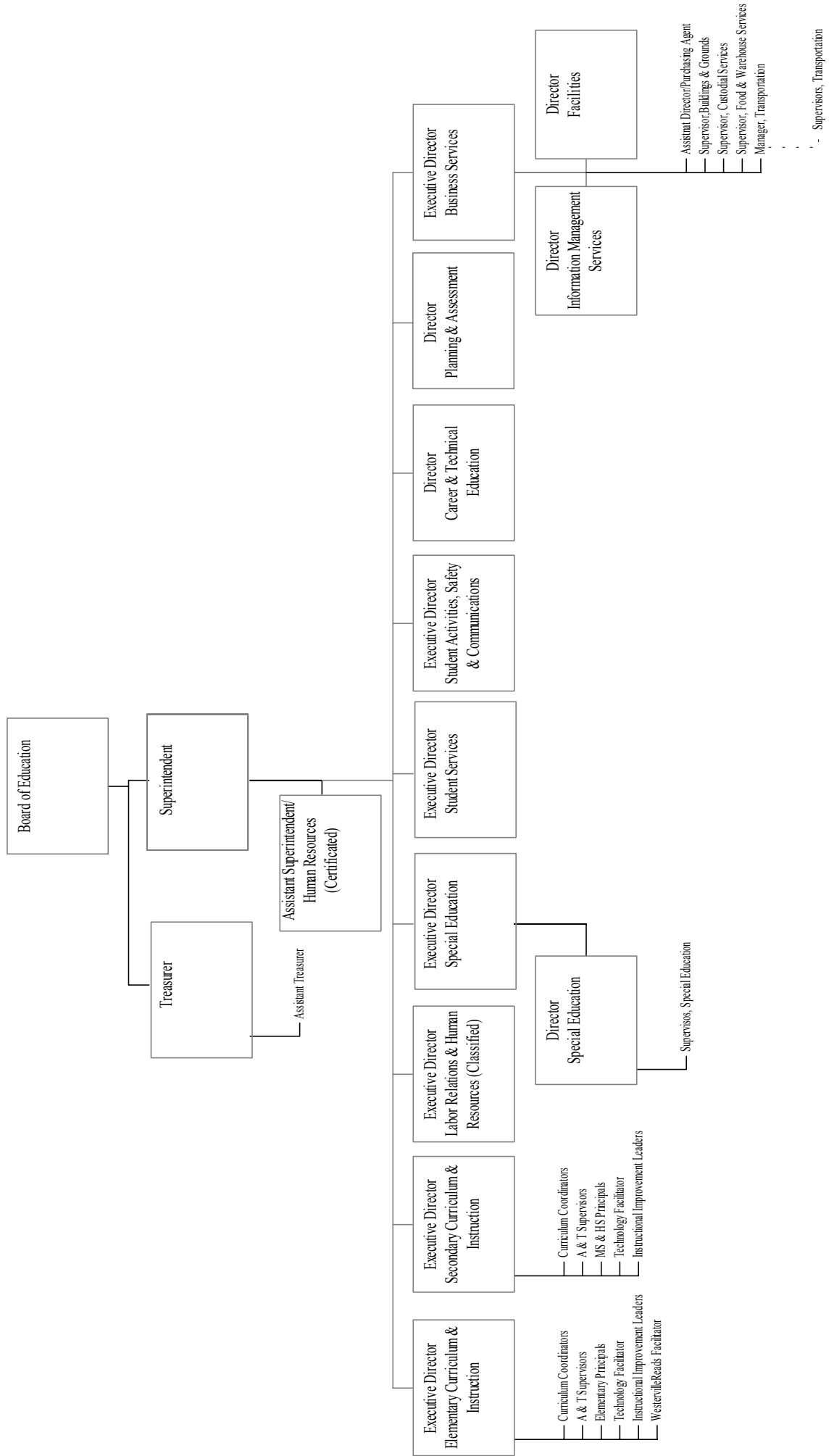
Principal, Wilder Elementary School

Phil Roe



WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Table of Organization for Administrators
For Fiscal Year Ended June 30, 2002



Westerville City School District

Westerville, Ohio



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Financial Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio

Westerville City School District

Westerville, Ohio



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**Auditor of State
Betty Montgomery**

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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, business-type activities, each major fund and the aggregate remaining fund information of the Westerville City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2002, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Westerville City School District, Franklin County, Ohio, as of June 30, 2002, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2002, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and statistical tables are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements 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.



BETTY MONTGOMERY
Auditor of State

January 28, 2003

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2002
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, 2002. 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.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the District management has elected to exclude the information in this report. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS

The District's net assets decreased by \$308,763 or .66%. Program revenues accounted for \$8.43 million or 6.68% of total revenues, and general revenues accounted for \$117.8 million or 93.32%.

The general fund reported a positive fund balance in excess of \$17.6 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 capital projects fund as a major fund.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited

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 2002?" 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.

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 26. 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.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited

Proprietary Funds

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

Fiduciary Funds

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior years is not available. A comparative analysis will be provided in future years when prior year information is available.

Table 1 provides a summary of the School District's net assets for 2002:

(Table 1)
Net Assets

	Governmental Activities 2002	Business-Type Activities 2002	Total 2002
Current Assets	\$ 177,221,976	\$ 768,774	\$ 177,990,750
Capital Assets	<u>95,064,825</u>	<u>252,738</u>	<u>95,317,563</u>
Total Assets	272,286,801	1,021,512	273,308,313
Current Liabilities	79,447,236	233,972	79,681,208
Long Term Liabilities	<u>147,016,288</u>	<u>155,412</u>	<u>147,171,700</u>
Total Liabilities	226,463,524	389,384	226,852,908
Net Assets:			
Invested in Capital			
Assets, net of debt	21,436,170	252,738	21,688,908
Restricted	13,896,805		13,896,805
Unrestricted	<u>10,490,302</u>	<u>379,390</u>	<u>10,869,692</u>
Total Net Assets	<u><u>45,823,277</u></u>	<u><u>632,128</u></u>	<u><u>46,455,405</u></u>

Table 2 shows the changes in net assets for fiscal year 2002. Since this is the first year the District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2001 are not available.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2002	Business-Type Activities 2002	Total 2002
Revenues			
Program Revenues			
Charges for Services	\$ 1,711,367	\$ 3,012,658	\$ 4,724,025
Operating Grants	3,240,167	457,399	3,697,566
Capital Grants	<u>13,375</u>	<u>-</u>	<u>13,375</u>
Total Program Revenues	<u>4,964,909</u>	<u>3,470,057</u>	<u>8,434,966</u>
General Revenues			
Property Taxes	71,694,387	-	71,694,387
Grants and Entitlements	40,380,438	-	40,380,438
Investment Income	4,849,723	14,142	4,863,865
Loss on Sale of Assets	(267,424)	-	(267,424)
Miscellaneous	<u>1,160,909</u>	<u>2,681</u>	<u>1,163,590</u>
Total General Revenues	<u>117,818,033</u>	<u>16,823</u>	<u>117,834,856</u>
Total Revenues	<u>\$122,782,942</u>	<u>3,486,880</u>	<u>\$126,269,822</u>
Expenses			
Program Expenses			
Instruction			
Regular	62,211,281		\$ 62,211,281
Special	8,728,805		8,728,805
Vocational	2,120,629		2,120,629
Other	1,166,761		1,166,761
Support Services			
Pupil	5,661,710		5,661,710
Staff	4,144,559		4,144,559
General Administration	1,265,245		1,265,245
School Administration	7,784,403		7,784,403
Fiscal Administration	1,662,225		1,662,225
Business Operations	865,019		865,019
Operation & Maintenance	9,536,464		9,536,464
Student Transportation	5,317,633		5,317,633
Central Services	1,548,397		1,548,397
Community Services	445,488		445,488
Extra-curricular Activities	1,969,421		1,969,421
Interest and Fiscal Charges	8,719,392		8,719,392
Food Services	9,112	3,206,846	3,215,958
Uniform School Supplies	<u>-</u>	<u>215,195</u>	<u>215,195</u>
Total Expenses	<u>\$123,156,544</u>	<u>\$ 3,422,041</u>	<u>\$126,578,585</u>
Change in Net Assets	<u>\$ (373,602)</u>	<u>\$ 64,839</u>	<u>\$ (308,763)</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited

Governmental Activities

Net assets of the District's governmental activities decreased by \$373,602, and unrestricted net assets reflects a healthy positive balance of \$10.5 million. The positive balance is the result of passing a replacement 9.2 mill operating levy in May 2001. Any levy passed during one calendar year begins collection the following calendar year. The fiscal year 2002 financial statements reflect the first half year of collection for this 2001 levy. This levy has been replaced every two years since 1991 to provide continued financial support to the District.

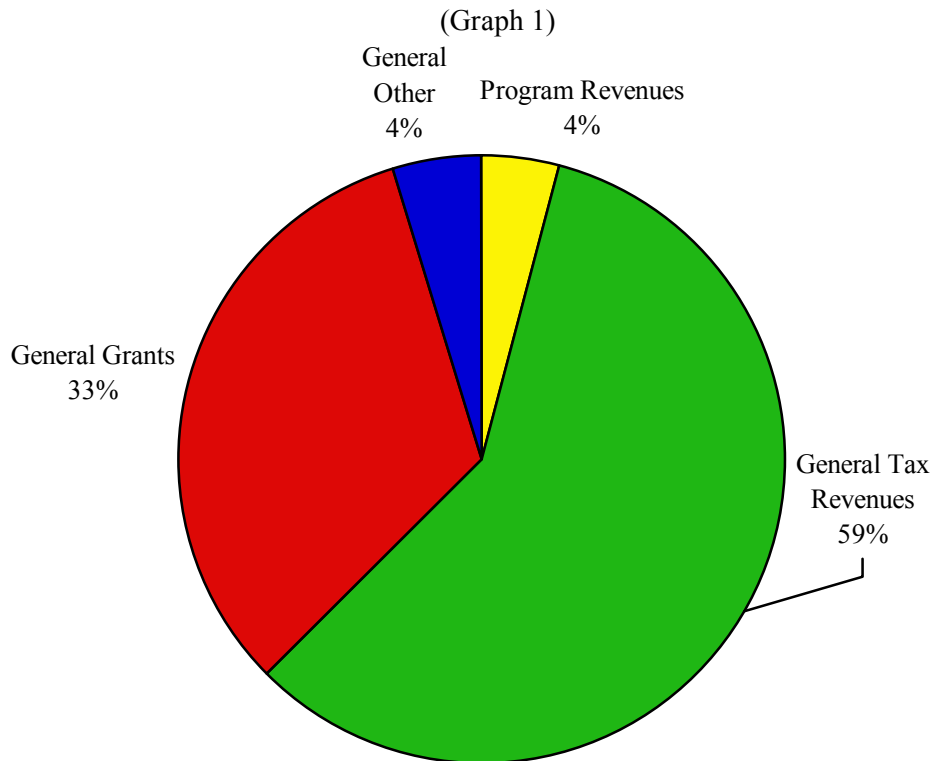
The property tax laws in Ohio create the need to periodically seek voter approval for additional operating funds. Tax revenues generated from a levy do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore school districts dependent upon property taxes, as a primary source of revenue, must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues, management of the resources is of paramount concern to District's administration and the voting public. The District utilizes a five-year cash financial forecast to estimate revenues and control expenditures to assure tax levy revenues can maintain operations for a significant period of time. The current forecast does not reflect a need for additional operating resources until fiscal year 2004.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited

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 2002	Net Cost of Services 2002
Program Expenses		
Instruction		
Regular	\$ 62,211,281	\$ 61,196,032
Special	8,728,805	8,133,483
Vocational	2,120,629	1,748,254
Other	1,166,761	1,166,761
Support Services		
Pupil	5,661,710	5,355,029
Staff	4,144,559	3,466,545
General Administration	1,265,245	1,265,245
School Administration	7,784,403	7,549,252
Fiscal Administration	1,662,225	1,662,225
Business Operations	865,019	864,919
Operation & Maintenance	9,536,464	9,530,074
Student Transportation	5,317,633	5,174,505
Central Services	1,548,397	1,422,509
Community Services	445,488	(2,126)
Food Services	9,112	9,112
Extracurricular Activities	1,969,421	932,924
Interest and Fiscal Charges	8,719,392	8,719,392
Miscellaneous	-	(2,500)
Total Expenses	<u>\$123,156,544</u>	<u>\$118,191,635</u>

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited



The District's reliance upon tax revenues is demonstrated by the graph above indicating 59% of total revenues from local taxes. The other large portion of general revenue support is the State Foundation program as 33% of total revenues. The reliance on general revenues is indicated by the net services column reflecting the need for \$118.1 million of support as well as the graph indicating general revenues comprise 96% of total revenues.

Business-Type Activities

Business-type activities include food service and uniform school supplies. These programs had an increase in net assets of \$64,839 for the fiscal year. The increase was primarily due to food service operations.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
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 \$93.1 million, which is below last years's total of \$123.2 million. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2002 and 2001.

(Table 4)

	Fund Balance June 30, 2002	Fund Balance June 30, 2001	Increase (Decrease)
General	\$ 17,664,955	\$ 15,735,447	\$ 1,929,508
Debt Service	7,720,099	7,435,092	285,007
Capital Projects	2,506,929	2,998,844	(491,915)
Building	64,217,299	96,174,439	(31,957,140)
Other Governmental	<u>1,014,664</u>	<u>897,908</u>	<u>116,756</u>
Total	<u>\$ 93,123,946</u>	<u>\$123,241,730</u>	<u>(\$30,117,784)</u>

General Fund

The District's general fund 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.

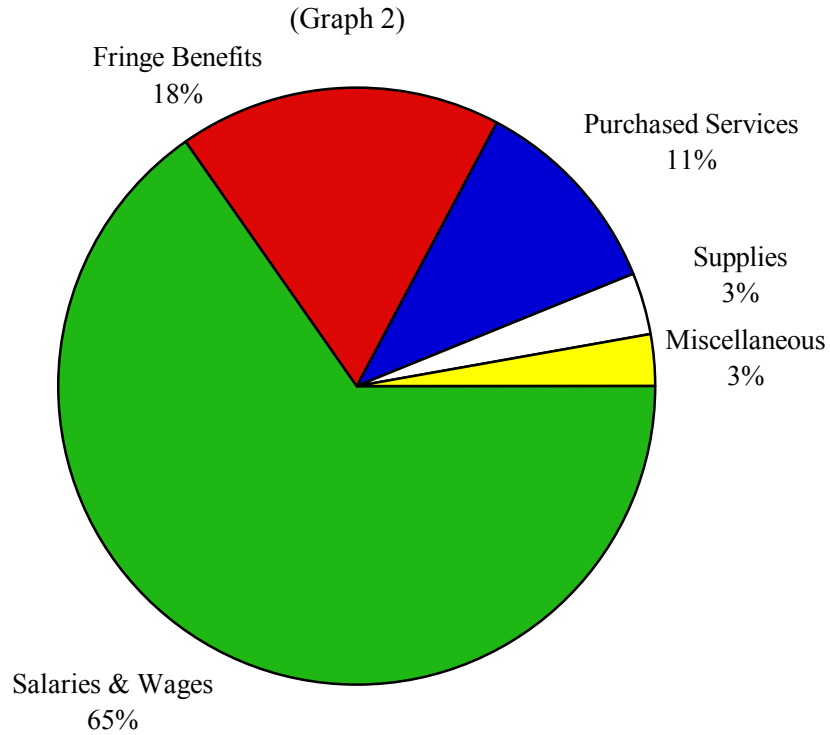
(Table 5)

<i>Revenues</i>	<i>2002 Amount</i>	<i>2001 Amount</i>	<i>Percentage Change</i>
Taxes	\$ 57,252,372	\$ 56,314,654	1.67%
Interest Earnings	1,895,534	2,718,706	(30.28)
Intergovernmental - State	39,304,136	34,232,002	14.82
Other Revenue	<u>1,283,072</u>	<u>1,425,525</u>	<u>(9.99)</u>
Total	<u>\$ 99,735,114</u>	<u>\$ 94,690,887</u>	5.33%

The property tax revenue is higher by \$.9 million due to tax collections related to the passage of a replacement 9.2 mill operating levy in May 2001. Interest earnings have decreased \$.82 million due to lower interest rate yields. State revenues are higher \$5.07 million due to the increased basic aid cost per pupil amount from the state foundation program and also stronger collections in homestead/rollback state reimbursement.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
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.



The effect of capital outlay is nil.

(Table 6)

	<i>2002</i>	<i>2001</i>	<i>Percentage</i>
	<u><i>Amount</i></u>	<u><i>Amount</i></u>	<u><i>Change</i></u>
<i>Expenditures by Object</i>			
Salaries and Wages	\$ 63,700,060	\$ 59,730,904	6.65%
Fringe Benefits	17,234,017	15,100,922	14.13
Purchased Services	10,898,396	9,061,121	20.28
Supplies	3,270,433	3,275,324	(.15)
Capital Outlay	555,090	1,007,352	(44.90)
Miscellaneous	2,127,539	2,174,945	(2.18)
Total	<u>\$ 97,785,535</u>	<u>\$ 90,350,568</u>	8.23%

The expenditures have increased \$7.43 million or 8.23% over the prior year mostly due to additional FTEs for student enrollment growth, higher health and dental insurance premiums, and additional costs related to regular/special education tuition. For general fund, the increase to fund balance indicates the improving financial health of the District.

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited

Other Funds

The District's debt service fund did not experience a significant change in fund balance. The revenues of the fund are property taxes, calculated by the county auditor, and state homestead and rollback money computed as a percentage of the tax due to the fund. The expenses of the fund include debt principal and interest payments as well as county auditor and treasurer fees.

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

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

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

General Fund Budget Information

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

The District amended its revenue estimates to reflect greater than originally anticipated revenues from taxes, interest and state sources. The appropriations or expenditure portion of the budget required changes in functional categories due to spending patterns, but the final budget for expenditures was \$224,232 more than the original budget.

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

Capital Assets

The District has \$95.3 million invested in capital assets net of depreciation, with \$95.1 million attributed to governmental activities. Acquisitions for governmental activities totaled \$30.3 million and depreciation was \$2.6 million. The majority of the acquisitions were for construction-in-progress and furniture/equipment replacement throughout the District.

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

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO
Management's Discussion & Analysis, Continued
For the Fiscal Year Ended June 30, 2002
Unaudited

Debt

At June 30, 2002, the District had \$137.8 million in outstanding bonds. The District paid \$2.3 million in principal on bonds outstanding and \$8.1 million in interest during the fiscal year.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property. At June 30, 2002, 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 the May 2001 operating levy and the November 2000 bond issue, the District is in the best financial position in its history. The operating levy combined with the bond issue provides the necessary funds for the District to manage current growth patterns while maintaining the educational program and the facilities. However, the future financial stability of the District is not without challenges.

The first challenge is for management to ensure resources can be preserved as long as possible. The five-year forecast of the general fund and the five-year capital plan are utilized by management as a tool to manage resources effectively. However, the District will be opening two new elementary schools and ten additions in the 2002-2003 school year and a new high school in 2003-2004 school year, which will be funded from the general fund cash balance. The District intends to return to the ballot in calendar year 2003 to secure additional resources for these school operations.

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

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

Westerville City School District

Westerville, Ohio



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**Westerville City School District
Statement of Net Assets
As of June 30, 2002**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$105,699,698	\$686,367	\$106,386,065
Restricted cash	\$2,504,749	-	\$2,504,749
Receivables			
Taxes - current	64,247,681	-	64,247,681
Taxes - delinquent	3,811,064	-	3,811,064
Accounts	135,811	19	135,830
Accrued interest	499,710	-	499,710
Intergovernmental	93,066	62,128	155,194
Internal balances	3,310	(3,310)	-
Prepays	152,754	-	152,754
Materials & supplies inventory	74,133	23,570	97,703
Capital assets, net	95,064,825	252,738	95,317,563
Total assets	<u>272,286,801</u>	<u>1,021,512</u>	<u>273,308,313</u>
<u>LIABILITIES</u>			
Accounts payable	8,747,269	1,847	8,749,116
Accrued wages and benefits	10,952,763	96,567	11,049,330
Claims payable	116,749	-	116,749
Due to other governments	387,327	133,855	521,182
Due to others	178,322	-	178,322
Interest payable	604,078	-	604,078
Deferred revenue	58,460,728	1,703	58,462,431
Long-term liabilities			
Due within one year	6,200,779	4,340	6,205,119
Due in more than one year	140,815,509	151,072	140,966,581
Total liabilities	<u>226,463,524</u>	<u>389,384</u>	<u>226,852,908</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	21,436,170	252,738	21,688,908
Restricted for:			
Debt Service	7,643,409	-	7,643,409
Capital Projects	2,733,983	-	2,733,983
Special Revenue	1,014,664	-	1,014,664
Other	2,504,749	-	2,504,749
Unrestricted	10,490,302	379,390	10,869,692
Total net assets	<u>\$45,823,277</u>	<u>\$632,128</u>	<u>\$46,455,405</u>

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

**Westerville City School District
Statement of Activities
For the Year Ended June 30, 2002**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction				
Regular	\$62,211,281	\$654,732	\$360,517	-
Special	8,728,805	20,138	575,184	-
Vocational	2,120,629	-	359,000	13,375
Other Instruction	1,166,761	-	-	-
Support Services				
Pupils	5,661,710	-	306,681	-
Staff	4,144,559	-	678,014	-
General administration	1,265,245	-	-	-
School administration	7,784,403	-	235,151	-
Fiscal administration	1,662,225	-	-	-
Business operations	865,019	-	100	-
Operation & maintenance	9,536,464	-	6,390	-
Student transportation	5,317,633	-	143,128	-
Central services	1,548,397	-	125,888	-
Community services	445,488	-	447,614	-
Food Services	9,112	-	-	-
Extra-curricular activities	1,969,421	1,036,497	-	-
Interest and fiscal charges	8,719,392	-	-	-
Miscellaneous	-	-	2,500	-
Total governmental activities	<u>123,156,544</u>	<u>1,711,367</u>	<u>3,240,167</u>	<u>13,375</u>
Business-type Activities				
Food Service	3,206,846	2,797,923	457,399	-
Uniform School Supplies	215,195	214,735	-	-
Total business-type activities	<u>3,422,041</u>	<u>3,012,658</u>	<u>457,399</u>	<u>-</u>
Totals	<u>126,578,585</u>	<u>4,724,025</u>	<u>3,697,566</u>	<u>13,375</u>

General revenues

Property taxes levied for:

 General purposes

 Debt service

 Capital Projects

Grants and entitlements not restricted to specific programs

Investment income

Loss on sale of fixed assets

Miscellaneous

Total general revenues

Change in net assets

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

Net assets, end of the year

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

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
(\$61,196,032)	-	(\$61,196,032)
(8,133,483)	-	(8,133,483)
(1,748,254)	-	(1,748,254)
(1,166,761)	-	(1,166,761)
(5,355,029)	-	(5,355,029)
(3,466,545)	-	(3,466,545)
(1,265,245)	-	(1,265,245)
(7,549,252)	-	(7,549,252)
(1,662,225)	-	(1,662,225)
(864,919)	-	(864,919)
(9,530,074)	-	(9,530,074)
(5,174,505)	-	(5,174,505)
(1,422,509)	-	(1,422,509)
2,126	-	2,126
(9,112)	-	(9,112)
(932,924)	-	(932,924)
(8,719,392)	-	(8,719,392)
2,500	-	2,500
<u>(118,191,635)</u>	<u>-</u>	<u>(118,191,635)</u>
-	48,476	48,476
<u>-</u>	<u>(460)</u>	<u>(460)</u>
<u>-</u>	<u>48,016</u>	<u>48,016</u>
<u>(118,191,635)</u>	<u>48,016</u>	<u>(118,143,619)</u>
57,705,984	-	57,705,984
9,786,788	-	9,786,788
4,201,615	-	4,201,615
40,380,438	-	40,380,438
4,849,723	14,142	4,863,865
(267,424)	-	(267,424)
1,160,909	2,681	1,163,590
<u>117,818,033</u>	<u>16,823</u>	<u>117,834,856</u>
(373,602)	64,839	(308,763)
<u>46,196,879</u>	<u>567,289</u>	<u>46,764,168</u>
<u>45,823,277</u>	<u>632,128</u>	<u>46,455,405</u>

**Westerville City School District
Balance Sheet
Governmental Funds
As of June 30, 2002**

	General	Debt Service	Capital Projects	Building	Other Governmental	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$ 23,536,234	\$ 6,968,075	\$ 2,434,050	\$ 70,410,820	\$ 1,431,326	\$ 104,780,505
Restricted cash and investments	2,504,749	-	-	-	-	2,504,749
Receivables (net of allowances for uncollectibles):						
Taxes - current	51,897,522	8,651,795	3,698,364	-	-	64,247,681
Taxes - delinquent	3,056,622	527,388	227,054	-	-	3,811,064
Accounts	113,524	-	-	-	15,880	129,404
Accrued interest	144,334	-	-	355,376	-	499,710
Intergovernmental	-	-	-	-	93,066	93,066
Interfund loan receivable	20,880	-	-	-	-	20,880
Prepays	152,754	-	-	-	-	152,754
Inventories	74,133	-	-	-	-	74,133
Total assets	\$ 81,500,752	\$ 16,147,258	\$ 6,359,468	\$ 70,766,196	\$ 1,540,272	176,313,946
<u>LIABILITIES</u>						
Accounts payable	\$ 1,796,274	\$ -	\$ 261,759	\$ 6,548,897	\$ 124,327	\$ 8,731,257
Accrued wages and benefits	11,292,553	-	-	-	199,979	11,492,532
Due to other:						
Governments	310,433	54,080	22,814	-	-	387,327
Funds	105,790	-	-	-	2,100	107,890
Other	-	-	-	-	178,322	178,322
Interfund loan payable	-	-	-	-	20,880	20,880
Deferred revenue	50,330,747	8,373,079	3,567,966	-	-	62,271,792
Total liabilities	63,835,797	8,427,159	3,852,539	6,548,897	525,608	83,190,000
<u>FUND BALANCES</u>						
Reserved						
Future years' appropriation	4,707,258	806,104	357,452	-	-	5,870,814
Encumbrances	1,039,015	-	848,805	38,840,641	380,160	41,108,621
Budgetary stabilization	2,504,749	-	-	-	-	2,504,749
Prepays	152,754	-	-	-	-	152,754
Inventories	74,133	-	-	-	-	74,133
Unreserved, reported in:						
General	9,187,046	-	-	-	-	9,187,046
Debt Service	-	6,913,995	-	-	-	6,913,995
Capital Projects	-	-	1,300,672	25,376,658	-	26,677,330
Special Revenue	-	-	-	-	634,504	634,504
Total fund balances	17,664,955	7,720,099	2,506,929	64,217,299	1,014,664	93,123,946
Total liabilities and fund balances	\$ 81,500,752	\$ 16,147,258	\$ 6,359,468	\$ 70,766,196	\$ 1,540,272	\$ 176,313,946

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

**Westerville City School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 For the Year Ended June 30, 2002**

Total Governmental Fund Balances \$93,123,946

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 95,064,825

Other long-term assets are not available to pay for current period
 expenditures and therefore are deferred in the funds. 3,811,064

An internal service fund used by management to charge the cost
 of insurance to individual funds. The assets and liabilities of
 the internal service fund are included in governmental
 activities in the statement of net assets. 904,039

Long-term liabilities, including bonds payable, are not due and
 payable in the current period and therefore are not reported
 in the funds.

Interest Payable	(604,078)
Compensated Absences	(8,630,565)
General Obligation Debt	<u>(137,845,954)</u>

Net Assets of Governmental Activities 45,823,277

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

Westerville City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	General	Debt Service	Capital Projects	Building	Other Governmental	Total Governmental Funds
REVENUES						
Taxes	\$ 57,252,372	\$ 9,743,479	\$ 4,171,144	\$ -	\$ -	\$ 71,166,995
Tuition	399,296	-	-	-	-	399,296
Extra-curricular	-	-	-	-	1,036,497	1,036,497
Investment income	1,895,534	-	-	2,926,020	4,303	4,825,857
Other local	276,606	-	-	-	146,467	423,073
Intergovernmental - State	39,304,136	1,116,197	485,266	-	1,024,077	41,929,676
Intergovernmental - Federal	-	-	-	-	1,556,805	1,556,805
Other revenue	607,170	-	332,425	91,836	129,478	1,160,909
Total revenues	99,735,114	10,859,676	4,988,835	3,017,856	3,897,627	122,499,108
EXPENDITURES						
Current:						
Instruction						
Regular	49,980,173	-	-	-	372,523	50,352,696
Special	8,220,514	-	-	-	520,463	8,740,977
Vocational	2,121,867	-	-	-	16,535	2,138,402
Other Instruction	1,166,761	-	-	-	-	1,166,761
Support services						
Pupils	5,074,365	-	-	-	517,660	5,592,025
Staff	3,441,851	-	-	-	722,912	4,164,763
General administration	1,265,245	-	-	-	-	1,265,245
School administration	7,291,007	-	-	-	238,225	7,529,232
Fiscal administration	1,519,966	130,822	-	-	-	1,650,788
Business operations	858,308	-	-	-	-	858,308
Operation & maintenance	9,391,638	-	-	-	3,072	9,394,710
Student transportation	4,898,506	-	-	-	13,221	4,911,727
Central services	1,448,554	-	-	-	104,874	1,553,428
Community services	-	-	-	-	445,488	445,488
Extra-curricular	1,089,081	-	-	-	861,898	1,950,979
Capital outlay	17,700	-	5,489,146	34,974,996	-	40,481,842
Debt service:						
Principal retirement	-	2,328,533	-	-	-	2,328,533
Interest	-	8,115,314	-	-	-	8,115,314
Total expenditures	97,785,536	10,574,669	5,489,146	34,974,996	3,816,871	152,641,218
Excess (deficiency) of revenues over (under) expenditures	1,949,578	285,007	(500,311)	(31,957,140)	80,756	(30,142,110)
Other financing sources (uses):						
Proceeds on sale of assets	15,930	-	8,396	-	-	24,326
Operating transfers in	-	-	-	-	36,000	36,000
Operating transfers out	(36,000)	-	-	-	-	(36,000)
Total other financing sources (uses)	(20,070)	-	8,396	-	36,000	24,326
Net change in fund balances	1,929,508	285,007	(491,915)	(31,957,140)	116,756	(30,117,784)
Fund balances, July 1	15,735,447	7,435,092	2,998,844	96,174,439	897,908	123,241,730
Fund balances, June 30	<u>\$ 17,664,955</u>	<u>\$ 7,720,099</u>	<u>\$ 2,506,929</u>	<u>\$ 64,217,299</u>	<u>\$ 1,014,664</u>	<u>\$ 93,123,946</u>

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

Westerville City School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2002

Net Change in Fund Balances - Total Governmental Funds (30,117,784)

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. 27,673,793

In the statement of activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these assets. (291,750)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Taxes 527,392

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. 2,328,533

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (604,078)

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. Compensated Absences 28,323

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. 81,969

Change in Net Assets of Governmental Activities (373,602)

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

Westerville City School District
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Fund				
Revenues:				
Real Estate Taxes	\$ 47,657,223	\$ 47,657,223	\$ 47,658,104	881
Personal Property Taxes	6,921,874	6,705,226	6,771,177	65,951
State Revenue	32,309,692	32,987,272	33,313,592	326,320
Homestead/Rollback	5,715,972	5,990,972	5,990,544	(428)
Tuition, Fess, Interest & Misc	3,155,000	2,831,500	2,691,133	(140,367)
Transfers, Advances, Refund of Prior Year	95,000	240,000	156,798	(83,202)
	<u>\$ 95,854,761</u>	<u>\$ 96,412,193</u>	<u>\$ 96,581,348</u>	<u>\$ 169,155</u>
Total Revenue and Other Sources				
Expenditures:				
Salaries and Wages	64,776,858	65,170,474	64,711,208	459,266
Benefits & Insurance	17,958,515	17,602,631	17,507,583	95,048
Purchased Services	11,228,784	11,325,284	11,071,393	253,891
Supplies & Materials	3,524,861	3,524,861	3,322,347	202,514
New & Replacement Equipment	595,908	595,908	563,901	32,007
Other Expenses	2,174,552	2,264,552	2,161,311	103,241
	<u>\$ 100,259,478</u>	<u>\$ 100,483,710</u>	<u>\$ 99,337,743</u>	<u>\$ 1,145,967</u>
Total Expenditures and Other Uses				
Net Change in Fund Balance	(4,404,717)	(4,071,517)	(2,756,395)	1,315,122
Fund Balance, July 1	23,588,852	23,588,852	23,588,852	-
Prior Year Encumbrances Appropriated	2,199,651	2,199,651	2,199,651	-
Fund Balance, June 30	<u>\$ 21,383,786</u>	<u>\$ 21,716,986</u>	<u>\$ 23,032,108</u>	<u>\$ 1,315,122</u>

Westerville City School District
Statement of Net Assets
Proprietary Funds
As of June 30, 2002

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Uniform School Supplies	Total	
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 655,565	\$ 30,802	\$ 686,367	\$ 919,193
Receivables:				
Accounts	-	19	19	6,407
Intergovernmental	62,128	-	62,128	-
Interfund	-	-	-	111,200
Materials & supplies inventory	23,570	-	23,570	-
Total current assets	741,263	30,821	772,084	1,036,800
Non-current assets:				
Capital assets, net	252,738	-	252,738	-
Total assets	994,001	30,821	1,024,822	1,036,800
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	188	1,659	1,847	16,012
Accrued wages and benefits	96,567	-	96,567	-
Claims payable	-	-	-	116,749
Due to:				
Other governments	133,855	-	133,855	-
Other funds	3,310	-	3,310	-
Deferred revenue	1,703	-	1,703	-
Total current liabilities	235,623	1,659	237,282	132,761
Non-current liabilities:				
Compensated absences payable	155,412	-	155,412	-
Total liabilities	391,035	1,659	392,694	132,761
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	252,738	-	252,738	-
Unrestricted	350,228	29,162	379,390	904,039
Total net assets	602,966	29,162	632,128	904,039

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

Westerville City School District
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year ended June 30, 2002

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>	
<u>OPERATING REVENUES</u>				
Charges for services	\$ -	\$ -	\$ -	\$ 1,565,114
Food service sales	2,797,265	-	2,797,265	-
Class material fees	-	214,735	214,735	-
Other	658	-	658	-
Total operating revenues	<u>2,797,923</u>	<u>214,735</u>	<u>3,012,658</u>	<u>1,565,114</u>
<u>OPERATING EXPENSES</u>				
Claims	-	-	-	1,348,828
Wages and benefits	1,637,764	-	1,637,764	-
Purchased services	17,696	-	17,696	142,171
Materials and supplies	1,486,051	215,195	1,701,246	16,012
Depreciation	47,616	-	47,616	-
Other	17,719	-	17,719	-
Total operating expenses	<u>3,206,846</u>	<u>215,195</u>	<u>3,422,041</u>	<u>1,507,011</u>
Operating income (loss)	(408,923)	(460)	(409,383)	58,103
<u>NON-OPERATING REVENUES</u>				
Grants:				
State sources	15,270	-	15,270	-
Federal sources	442,129	-	442,129	-
Investment income	14,142	-	14,142	23,866
Other	-	2,681	2,681	-
Total non-operating revenues	<u>471,541</u>	<u>2,681</u>	<u>474,222</u>	<u>23,866</u>
Change in net assets	62,618	2,221	64,839	81,969
Net assets at beginning of year	<u>540,348</u>	<u>26,941</u>	<u>567,289</u>	<u>822,070</u>
Net assets at end of year	<u>\$ 602,966</u>	<u>\$ 29,162</u>	<u>\$ 632,128</u>	<u>\$ 904,039</u>

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

Westerville City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2002

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	Food Service	Uniform School Supplies	Total	
Cash flows from operating activities:				
Cash received from customers	\$ 2,797,768	\$ 217,397	\$ 3,015,165	\$ -
Cash payments for salaries	(1,234,566)	-	(1,234,566)	-
Cash payments for fringe benefits	(330,835)	-	(330,835)	-
Cash received from quasi-external transactions with other funds	-	-	-	1,558,833
Cash payments for goods and services	(1,444,604)	(213,735)	(1,658,339)	(142,171)
Cash received for other revenues	872	-	872	-
Cash payments for other expenses	(6,298)	-	(6,298)	-
Cash payments for claims	-	-	-	(2,520,790)
Net cash provided by (used for) operating activities	<u>(217,663)</u>	<u>3,662</u>	<u>(214,001)</u>	<u>(1,104,128)</u>
Cash flows from noncapital financing activities:				
Cash flows from operating grants	373,178	-	373,178	-
Other non-operating cash receipts	-	2,681	2,681	-
Net cash provided by noncapital financing activities	373,178	2,681	375,859	-
Cash flows from investing activities:				
Investment income	14,142	-	14,142	23,866
Net increase in cash and investments	169,657	6,343	176,000	(1,080,262)
Cash and investments at beginning of year	485,908	24,459	510,367	1,999,455
Cash and investments at end of year	<u>\$ 655,565</u>	<u>\$ 30,802</u>	<u>\$ 686,367</u>	<u>\$ 919,193</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating gain (loss)	\$ (408,923)	\$ (460)	\$ (409,383)	\$ 58,103
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	47,616	-	47,616	-
Donated commodities	68,309	-	68,309	-
Changes in assets and liabilities:				
Decrease in other receivables	717	2,662	3,379	2,942
Increase in due from other funds	-	-	-	(9,223)
Decrease in inventory	3,299	-	3,299	-
Decrease in claims payable	-	-	-	(1,171,790)
Increase in accounts payables	36	1,460	1,496	15,840
Increase in accrued wages	2,109	-	2,109	-
Increase in due to retirement system	85,195	-	85,195	-
Increase in due to other funds	773	-	773	-
Decrease in deferred revenue	(892)	-	(892)	-
Decrease in compensated absences payable	(15,902)	-	(15,902)	-
Net cash provided by (used for) operating activities	<u>\$ (217,663)</u>	<u>\$ 3,662</u>	<u>\$ (214,001)</u>	<u>\$ (1,104,128)</u>

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

**Westerville City School District
Statement of Net Assets
Fiduciary Funds
As of June 30, 2002**

	Private-Purpose Trust	Agency
<u>ASSETS</u>		
Cash and investments	\$11,813	\$268,613
Total assets	11,813	268,613
<u>LIABILITES</u>		
Accounts payable	-	18,036
Due to students	-	250,577
Total liabilities	-	\$268,613
<u>NET ASSETS</u>	\$11,813	

**Westerville City School District
Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2002**

	Private-Purpose Trust
<u>ADDITIONS</u>	
Gifts and contributions	\$20,487
Investment income	893
<u>DEDUCTIONS</u>	
Scholarships awarded	19,000
Other deductions	395
Change in net assets	1,985
Net assets, beginning of the year	9,828
Net assets, end of the year	\$11,813

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

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

(1) DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Westerville City School District (the District) was organized in the early 1850's and is a fiscally independent political subdivision of the State of Ohio. The District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under a locally elected five-member board and is responsible for the provision of public education to residents of the District. The District encompasses 52 square miles and provides services to approximately 13,834 students.

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) *Basis of Presentation*

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

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

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

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

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

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

(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.

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

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

Proprietary Funds

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

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. Both of the District's enterprise funds are reported as major and are as follows:

Food Service Fund—The Food Service Fund is used to account for all financial transactions related to the food service operation.

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

Uniform School Supplies Fund—The Uniform School Supplies Fund is used to account for the purchase and sale of school supplies to students as adopted by the Board of Education.

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

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

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

Fiduciary Funds

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

(c) Basis of Accounting

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

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

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

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

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

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

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

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

The preparation of the general purpose 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 2002 was as follows:

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

WESTERVILLE CITY SCHOOL DISTRICT, OHIO

Notes to Basic Financial Statements, Continued

For the Fiscal Year Ended June 30, 2002

3. Prior to March 15, the Board of Education accepts by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources (the Certificate), which states the projected revenue for each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for fiscal 2002.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and object level of expenditures for the General fund and Food Service fund and at the fund level for all other funds, which are the legal levels of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or alter object appropriations within the fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds and functions completed the year within the amount of their legally authorized appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, decreased or increased the originally appropriated amounts. All supplemental appropriations were legally adopted by the Board during fiscal 2002.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund and object level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. On the governmental funds balance sheet, encumbrances are reported as reservations of fund balance, in accordance with GAAP, since they do not constitute expenditures or liabilities.

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

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

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

(e) Cash and Investments

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

During fiscal year 2002, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, commercial paper, bankers' acceptances, federal agency securities and StarOhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market rates. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Under existing statutes, all investment earnings accrue to the General Fund except earnings specifically related to the Building, Food Service, Self Insurance, Private Purpose Trust and Auxiliary Funds. Interest credited to the General Fund during fiscal year 2002 was \$1,895,534 which includes \$990,379 assigned from other funds.

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

(f) Inventories

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

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

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

(g) Capital Assets and Depreciation

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

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

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

<u>Description</u>	<u>Useful Life</u>
Land	not depreciated
Land Improvements	30 years
Buildings & Improvements	10-50 years
Furniture & Equipment	5-15 years
Buses & Vehicles	10 years

(h) Compensated Absences

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

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

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

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

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

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

(j) *Fund Balance Reserves*

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

(k) *Interfund Transactions*

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

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

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

(l) *Statement of Cash Flows*

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

(m) *Net Assets*

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

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

(3) CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

(a) *Change in Accounting Principles*

For fiscal year 2002, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus"; Statement No. 38 "Certain Financial Statement Note Disclosures"; and Interpretation No. 6, "Recognition and Measurement Focus of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in total in a single column. Fiduciary funds are reported by type.

The government-wide financial statements split the District's programs between governmental activities and business-type activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2001, caused by conversion to the accrual basis of accounting. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from the prior fiscal year.

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

GASB Statement No. 38 modifies several provisions of GASB Statement No. 34, including the Management's Discussion and Analysis, and modifies, establishes and rescinds certain financial statement disclosure requirements.

GASB Interpretation No. 6 clarifies the application standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or could potentially arise, in interpretation and practice.

For 2002, the District changed the capitalization threshold for capital assets from \$500 to \$2,500. The effect of this change was to reduce governmental assets as previously reported by \$9,850,452. (These assets are referred to as capital assets in the current year).

(b) Restatement of Fund Equity

The restatement due to the implementation of the above statements and interpretation had the following effect on fund equity of the major and nonmajor funds of the District as they were previously reported.

The restatement from governmental fund balance to net assets of governmental activities:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Building</u>	<u>Other Governmental</u>	<u>Total Governmental Activities</u>
Fund balance at June 30, 2001	\$15,735,447	\$7,435,092	\$2,998,844	\$96,174,439	\$897,908	\$123,241,730
GASB No. 34 adjustment						
Internal service						822,070
Property taxes receivable						3,283,672
Capital assets						67,682,782
Bonds payable						(140,174,487)
Compensated Absences Payable						<u>(8,658,888)</u>
Governmental Activities Net						
Assets at June 30, 2001						<u><u>\$46,196,879</u></u>

The restatement of the business-type activities:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Business-Type Activities</u>
Fund Equity at June 30, 2001	\$644,321	\$26,941	\$671,262
Capital Assets Threshold	<u>(103,973)</u>	<u>—</u>	<u>(103,973)</u>
Total	<u><u>\$540,348</u></u>	<u><u>\$26,941</u></u>	<u><u>\$567,289</u></u>

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

(4) CASH AND INVESTMENTS

(a) Cash

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

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

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

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

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

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

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

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

Under state law, public depositories must give security for all public funds on deposit. For amounts not covered by FDIC, these institutions may either specifically collateralize individual accounts, or may pledge a pool of government securities valued at least 105% of the total value of public moneys on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 2 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name.

During 2002, the District complied with the provision of these statutes.

(b) Deposits with financial institutions

At year-end, the District carried account balances at three banks. The carrying amount of all District deposits was \$30,505,512, including \$4,000,000 in non-negotiable certificates of deposit. The total balance at these banks was \$39,330,647 of which \$236,808 was covered by FDIC insurance and \$39,093,838 was uninsured and uncollateralized.

(c) Investments

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

<u>Type of investment</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying/ fair value</u>
Federal agency securities	-	\$54,994,737	-	\$54,994,737
StarOhio	-	-	-	20,924,031
Repurchase agreement	-	-	\$2,746,960	\$2,746,960
Total	-	<u>\$54,994,737</u>	<u>\$2,746,960</u>	<u>\$78,665,728</u>

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

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

	Cash & Investments Deposits	Investments
GASB Statement No. 9	109,171,240	-
Investments:		
Federal agency securities	(54,994,737)	54,994,737
StarOhio	(20,924,031)	20,924,031
Repurchase agreement	(2,746,960)	2,746,960
Total	\$30,505,512	\$78,665,728

(5) PROPERTY TAXES

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

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

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

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 2002, upon which the 2001 levies were based, were as follows:

Real Estate	
Agricultural/Residential	\$1,329,528,040
Commercial/Industrial	378,913,700
Personal Property	
General	115,766,508
Public Utility	<u>54,993,020</u>
Total	<u><u>\$1,879,201,268</u></u>

Accrued delinquent property taxes receivable represent taxes outstanding for real property, personal property and public utility taxes, and are offset by a credit to deferred revenue. 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, 2002.

(6) RECEIVABLES

Receivables and due from other governments at June 30, 2002 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	\$ 68,058,745
Accounts	135,811
Accrued Interest	499,710
Intergovernmental – State & Federal	93,066
Business-Type Activities	
Accounts	19
Intergovernmental – State & Federal	<u>62,128</u>
Total Receivables	<u><u>\$68,849,479</u></u>

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

(7) INTERFUND TRANSACTIONS

Interfund balances on the fund statements at June 30, 2002 consist of the following receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General	\$20,880	-
Other Local	-	15,880
Miscellaneous State	-	5,000
Total	\$20,880	\$20,880

The balances exist as these grants are funded on a reimbursement basis and the monies were not received from the grantor by June 30, 2002.

Interfund transfers on the fund statements at June 30, 2002 consist of the following:

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

(8) CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2001</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2002</u>
<i>Governmental Activities</i>				
Land	\$5,813,922	-	-	\$5,813,922
Land Improvements	3,345,787	578,000	-	3,923,787
Buildings/improvements	83,562,508	-	343,117	83,219,391
Furniture/equipment	3,032,390	147,433	-	3,179,823
Buses	5,120,245	589,358	-	5,709,603
Vehicles	463,209	77,106	-	540,315
Construction in Progress	1,922,620	28,887,634 *	-	30,810,254
Totals at Cost	\$103,260,681	\$30,279,531	343,117	\$133,197,095
Less Accumulated Depreciation:				
Land Improvements	\$2,145,800	148,148	-	\$2,293,948
Buildings/Improvements	28,487,918	1,668,479	51,367	30,105,030
Furniture/Equipment	1,667,196	264,170	-	1,931,366
Buses	2,962,623	492,481	-	3,455,104
Vehicles	314,362	32,460	-	346,822
Total Accumulated Depreciation	\$35,577,899	2,605,738 #	51,367	\$38,132,270
Capital assets, Net	67,682,782	27,673,793	291,750	95,064,825

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

	Balance			Balance
<i>Business-Type Activities</i>	<u>June 30, 2001</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2002</u>
Furniture/Equipment	\$796,982	\$ –	\$ –	\$796,982
Less Accumulated Depreciation	496,628	47,616	–	544,244
Capital Assets, Net	<u>\$300,354</u>	<u>\$47,616</u>	<u>\$ –</u>	<u>\$252,738</u>

*- Construction in progress represents two new elementary schools, a new high school and major renovations at all other school buildings, which were under construction at June 30, 2002. The two new elementary schools and Phase I and Phase II renovations were completed in August 2002. The new high school and Phase III renovations are expected to be complete in August 2003.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,884,994
Vocational	2,812
Support Services:	
Pupil	3,766
Instructional Staff	1,916
School Administration	6,475
Fiscal Services	1,360
Business Operations	8,189
Operations & Maintenance	108,132
Pupil Transportation	499,445
Central Services	61,095
Food Services	9,112
Extracurricular	18,442
Total Depreciation Expense	<u>\$2,605,738</u>

(9) LONG-TERM OBLIGATIONS

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

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

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate (1)</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Balance at June 30, 2002</u>
Public library (2)	09/01/79	6.00%	12/01/02	1,450,000	\$60,000
Construction and improvements (3)	02/01/87	6.25%	12/01/10	37,000,000	14,490,000
Public library (4)	09/15/95	5.69%	12/01/18	6,899,981	5,496,448
Construction and improvements (5)	08/01/96	5.74%	12/01/22	19,984,875	18,264,874
Construction and improvements (6)	03/15/01	5.00%	12/01/27	99,534,632	99,534,632
					\$137,845,954

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

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

<u>Year ending June 30,</u>	<u>Interest rates</u>	<u>Principal</u>	<u>Interest</u>
2003	3.70—6.25	5,661,010	7,244,563
2004	3.70—6.25	4,222,469	7,067,858
2005	3.70—6.25	4,437,844	6,743,157
2006	3.70—6.25	4,895,000	6,179,840
2007	3.70—6.25	5,030,000	5,940,540
2008-2012	3.70—6.25	23,684,631	28,062,202
2013-2017	3.70—6.25	24,045,000	20,162,435
2018-2022	3.70—6.25	29,525,000	12,900,825
2023-2027	3.70—6.25	29,805,000	5,354,467
2028	3.70—6.25	6,540,000	163,500
Total		\$ 137,845,954	\$ 99,819,387

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 \$169,128,114. The total District debt (including the Bonds) subject to this limitation is \$137,845,954. The total District unvoted debt that could be issued subject to the 1/10 of 1% limitation is \$1,879,201. The District has no debt subject to such limitation, leaving \$1,879,201 available for unvoted debt. Including the balance in the Debt Service Fund at June 30, 2002, the effects of these debt limitations at June 30, 2002 are a voted debt margin of \$38,250,235 and an unvoted debt margin of \$1,879,201.

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

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, 2002, the District and the Library have complied with the requirement that unvoted overlapping debt must not exceed 1% (10 mills) of the assessed property value.

The Library is a school district library created under Chapter 3375 of the Ohio Revised Code and is located in the District. In May 1995, as required by state law, the District approved, on behalf of the Library, general obligation library improvement bonds during a general election of the District voters. On September 15, 1995, these bonds were issued in the amount of \$6,899,981. The bonds bear interest at rates ranging from 3.7% to 5.69% with principal maturities through 2018. Additionally, in April 1979, 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 1, 1979, these bonds were issued in the amount of \$1,450,000. The bonds bear interest at rates of 6% with principal maturities through 2002.

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

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

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

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

	Balance at			Balance at	Amounts Due
<i>Governmental Activities</i>	<u>June 30, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2001</u>	<u>In One Year</u>
General Obligation Bonds	\$140,174,487	\$ –	\$2,328,533	\$137,845,954	\$5,661,010
Compensated Absences	8,831,207	339,127	–	9,170,334	539,769
Total Governmental Activities	<u>\$149,005,694</u>	<u>\$339,127</u>	<u>\$2,328,533</u>	<u>\$147,016,288</u>	<u>\$6,200,779</u>
 <i>Business-Type Activities</i>					
Compensated Absences	<u>\$171,314</u>	<u>\$ –</u>	<u>\$15,902</u>	<u>\$155,412</u>	<u>\$4,340</u>

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

(10) SET ASIDE CALCULATIONS AND FUND RESERVES

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

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

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

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, July 1, 2001	–	–	\$2,504,749
Required Set-Aside	1,674,864	1,674,864	–
Qualifying Expenditures	(2,931,993)	(4,523,916)	–
Total	<u>(\$1,257,129)</u>	<u>(\$2,849,052)</u>	<u>\$2,504,749</u>
Balance Carried Forward at June 30, 2002	<u>–</u>	<u>–</u>	<u>\$2,504,749</u>

(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	\$1,929,508
Increase (decrease):	
Due to revenues	(3,169,696)
Due to expenditures	1,319,082
Due to encumbrances	<u>(2,835,289)</u>
Budget basis	<u>(\$2,756,395)</u>

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

(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, Columbus, Ohio 43215 or by calling (614) 222-5853.

Funding Policy—Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% for employers of annual covered payroll. 5.46% was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The contribution requirements for the years ended June 30, 2002, 2001 and 2000 from the District were \$666,799, \$480,139 and \$596,827 respectively, equal to the required contributions for each year. \$338,242 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

(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. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salaries. The District is required to contribute 14%; 9.5% 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. The District's contribution requirement for the years ended June 30, 2002, 2001 and 2000 was \$5,203,711, \$4,895,543, and \$2,913,963 respectively, equal to the required contributions for each year. \$877,627 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

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

(13) POSTEMPLOYMENT BENEFITS

(a) SERS

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

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2002, the allocation rate is 8.54%. 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 2002, the minimum pay has been established as \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$1,089,168.

The surcharge rate, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available) were \$161.44 million and the target level was \$242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits were \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

(b) STRS Ohio

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the ORC, the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the costs of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$2,464,916 for fiscal year 2002.

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

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

(14) CONTINGENCIES

(a) Grants

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

(b) Litigation

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

(15) JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOL

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

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

(16) STATE SCHOOL FUNDING DECISION

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

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

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

(17) RISK MANAGEMENT

The District provides dental coverage for its employees and is self-insured up to an individual stop loss limit of \$100,000 and an aggregate stop loss limit of \$8,230,285 for the cost of providing this coverage. This internal service fund is funded through employee premiums and Board contributions. Employee and Board contributions are determined by negotiated agreements. Amounts are paid into this fund from other funds and are recorded as charges for services. Allocations to funds and functions within funds are based upon employee assignments and are recorded as expenditures within those funds.

Expenses for claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The liability reported in the Internal Service fund at June 30, 2002 was not discounted. An actuary was used to determine the incurred but not reported (IBNR) liability on an Optimistic (\$93,055), Intermediate (\$116,749), and a Pessimistic (\$140,098) basis. A liability that approximates the Intermediate basis IBNR liability was recorded as those potential expenses are reasonably possible. However, actual expenses may exceed this estimated liability.

The following is a summary of activity for self-insurance claims liability for the years ended June 30, 2002, 2001 and 2000:

	2002	2001	2000
Claims liability at July 1	\$1,288,711	\$1,137,249	\$905,372
Incurred claims	1,348,828	7,771,597	6,830,714
Claims paid	<u>(2,520,790)</u>	<u>(7,620,135)</u>	<u>(6,598,837)</u>
Claims liability at June 30	<u>\$116,749</u>	<u>\$1,288,711</u>	<u>\$1,137,249</u>

In prior years, medical insurance was offered to employees through a self-insurance internal service fund. Effective July 1, 2001, the District changed from a self-insured healthcare plan to a fully insured healthcare plan. Medical Mutual of Ohio was chosen as the District's insurance carrier.

For fiscal year 2002, 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

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

the “Equity Pooling Fund”. This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to districts that can meet the Program’s selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Program.

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

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

The District provides life insurance and accidental death and dismemberment insurance to all employees in an amount related to the employee’s position, ranging from \$30,000 to \$235,000.

(18) CONTRACTUAL COMMITMENTS

The District has entered into various contracts relating to the construction of the two new elementary schools, the new high school and the renovations at the existing school buildings. At June 30, 2002 the District had remaining contractual commitments in the amount of \$45,386,538. The largest contracts are as follows:

<u>Contractor</u>	<u>Balance June 30, 2002</u>
Apex/M & P Construction, LLC	\$7,094,560
Kirk Williams Company	5,987,000
Miles-McClellan Construction	5,032,381
Romanoff Electric of Columbus	2,819,125
RWS Building Company	2,384,302
Cody Zeigler, Inc.	1,610,495
The Quandel Group, Inc.	1,515,000
Thomas Glass Company	1,422,723
Gene’s Refrigeration, Inc.	1,183,740
Dupont Flooring Systems	1,061,043
Corna Kokosing Construction Company	1,027,551
Total	<u>\$31,137,920</u>

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

(19) SUBSEQUENT EVENT

Dental insurance was offered to employees through a self-insurance internal service fund. The District was self insured with CoreSource serving as the third party administrator. Effective October 1, 2002, the District changed from a self-insured dental plan to a fully insured dental plan. Met Life was chosen as the District's insurance carrier.

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

Other Governmental Funds

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

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

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

Venture Capital – This fund is used to account for monies provided by the state for approved programs, which promote innovations in education.

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.

Teacher Professional Development – This fund was established to account for monies received and expended in accordance with the guidelines established by the Ohio Department of Education. The purpose of this fund is to support locally developed professional development and teacher training activities to support student achievement, including proficiency test performance.

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

Management Information Systems – 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).

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

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 – This fund is provided to account for monies received from the State of Ohio to implement entry-year programs pursuant to division (T) of section 3317.024 of the Ohio 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.

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.

Summer Intervention – This fund is used to account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

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

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

Title II – This fund is used to account for Federal monies received through the Ohio Department of Education for the purpose of improving the skills of teachers (science and math), and increasing the access of all students to that instruction.

Title VI-B – This fund is provided to account for Federal monies which assist states in the identification of handicapped children, and provision of full educational opportunities to handicapped children at the elementary and secondary levels.

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.

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

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

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 VI – This fund is provided to account for Federal monies which support the implementation of a variety of programs such as computer education, inservice and staff development.

Emergency Immigrant Education – This fund is provided to account for Federal monies that are used for supplemental educational services for immigrant students.

Drug Free Schools – This fund is provided to account for Federal monies which support the implementation and improvement of local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in elementary and secondary schools.

Preschool Handicapped – This fund is used to account for Federal monies which provide for the education of handicapped children ages three through five.

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

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

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

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

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

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds
June 30, 2002**

	Special Revenue			
	Public School Support	Other Local	Venture Capital	District Managed
<u>ASSETS</u>				
Cash and investments	\$ 236,017	\$ 44,000	\$ -	\$ 296,962
Receivables (net of allowances for uncollectibles)				
Accounts	-	15,880	-	-
Intergovernmental	-	-	-	-
Total assets	\$ 236,017	\$ 59,880	\$ -	\$ 296,962
<u>LIABILITIES</u>				
Accounts payable	15,341	9,571	-	22,228
Accrued wages and benefits	-	-	-	83
Due to other:				
Funds	-	-	-	-
Other	-	-	-	-
Interfund loan payable	-	15,880	-	-
Deferred revenue	-	-	-	-
Total liabilities	15,341	25,451	-	22,311
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	22,770	2,543	-	31,779
Unreserved	197,906	31,886	-	242,872
Total fund balances	220,676	34,429	-	274,651
Total Liabilities and Fund Balances	\$ 236,017	\$ 59,880	\$ -	\$ 296,962

Special Revenue

Auxiliary Services	Career Development	Teacher Professional Development	Excellence in Education	Management Information Systems	School Building Incentive
\$ 221,624	\$ 6,633	\$ -	\$ 531	\$ 58,890	\$ 47,008
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 221,624</u>	<u>\$ 6,633</u>	<u>\$ -</u>	<u>\$ 531</u>	<u>\$ 58,890</u>	<u>\$ 47,008</u>
136	410	-	166	-	569
42,833	-	-	-	-	-
332	-	-	-	-	-
178,322	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>221,623</u>	<u>410</u>	<u>-</u>	<u>166</u>	<u>-</u>	<u>569</u>
19,585	6,223	-	365	5,300	10,571
(19,584)	-	-	-	53,590	35,868
<u>1</u>	<u>6,223</u>	<u>-</u>	<u>365</u>	<u>58,890</u>	<u>46,439</u>
<u>\$ 221,624</u>	<u>\$ 6,633</u>	<u>\$ -</u>	<u>\$ 531</u>	<u>\$ 58,890</u>	<u>\$ 47,008</u>

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2002**

	Special Revenue			
	Entry Year	Data Communications	School Net Professional Development	Ohio Reads
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 64,443	\$ 3,859	\$ 10,774
Receivables (net of allowances for uncollectibles)				
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Total assets	-	64,443	3,859	10,774
<u>LIABILITIES</u>				
Accounts payable	-	-	-	3,689
Accrued wages and benefits	-	-	-	-
Due to other:				
Funds	-	-	-	-
Other	-	-	-	-
Interfund loan payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	3,689
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	-	64,443	409	4,796
Unreserved	-	-	3,450	2,289
Total fund balances	-	64,443	3,859	7,085
Total Liabilities and Fund Balances	\$ -	\$ 64,443	\$ 3,859	\$ 10,774

Special Revenue

Alternative Schools	Miscellaneous State	Title II	Title VI-B	Vocational Education: Carl D. Perkins	Transition Program for Refugee Children
\$ 85,392	\$ 73,625	\$ 9,845	\$ 11,568	\$ 96,114	\$ 2,174
-	-	-	-	-	-
-	5,000	-	88,066	-	-
<u>85,392</u>	<u>78,625</u>	<u>9,845</u>	<u>99,634</u>	<u>96,114</u>	<u>2,174</u>
30,120	2,996	9,111	10,310	2,186	-
9,561	-	-	88,419	-	-
141	-	-	905	-	-
-	-	-	-	-	-
-	5,000	-	-	-	-
-	-	-	-	-	-
<u>39,822</u>	<u>7,996</u>	<u>9,111</u>	<u>99,634</u>	<u>2,186</u>	<u>-</u>
37,302	65,317	-	700	92,971	1,381
8,268	5,312	734	(700)	957	793
<u>45,570</u>	<u>70,629</u>	<u>734</u>	<u>-</u>	<u>93,928</u>	<u>2,174</u>
<u>\$ 85,392</u>	<u>\$ 78,625</u>	<u>\$ 9,845</u>	<u>\$ 99,634</u>	<u>\$ 96,114</u>	<u>\$ 2,174</u>

(Continued)

**Westerville City School District
Combining Balance Sheet
Other Governmental Funds, Continued
June 30, 2002**

	Special Revenue			
	Title I	Title VI	Emergency Immigrant Education	Drug Free Schools
<u>ASSETS</u>				
Cash and investments	\$ 47,367	\$ 44,333	\$ -	\$ 12,216
Receivables (net of allowances for uncollectibles)				
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Total assets	47,367	44,333	-	12,216
<u>LIABILITIES</u>				
Accounts payable	-	13,468	-	404
Accrued wages and benefits	43,677	-	-	1,116
Due to other:				
Funds	417	-	-	-
Other	-	-	-	-
Interfund loan payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	44,094	13,468	-	1,520
<u>EQUITY AND OTHER CREDITS</u>				
Fund balances (deficit):				
Reserved for encumbrances	-	6,463	-	2,177
Unreserved	3,273	24,402	-	8,519
Total fund balances	3,273	30,865	-	10,696
Total Liabilities and Fund Balances	\$ 47,367	\$ 44,333	\$ -	\$ 12,216

Special Revenue				Capital Projects			Total Other Governmental Funds
Preschool Handicapped	Goals 2000	Reducing Class Size	Miscellaneous Federal	Vocational Educational Equipment	School Net		
\$ 1,880	\$ 10,999	\$ 40,007	\$ 5,065	\$ -	\$ -	\$ 1,431,326	
-	-	-	-	-	-	15,880	
-	-	-	-	-	-	93,066	
<u>1,880</u>	<u>10,999</u>	<u>40,007</u>	<u>5,065</u>	<u>-</u>	<u>-</u>	<u>1,540,272</u>	
1,110	-	2,512	-	-	-	124,327	
287	-	14,003	-	-	-	199,979	
118	-	187	-	-	-	2,100	
-	-	-	-	-	-	178,322	
-	-	-	-	-	-	20,880	
-	-	-	-	-	-	-	
<u>1,515</u>	<u>-</u>	<u>16,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,608</u>	
-	-	-	5,065	-	-	380,160	
365	10,999	23,305	-	-	-	634,504	
<u>365</u>	<u>10,999</u>	<u>23,305</u>	<u>5,065</u>	<u>-</u>	<u>-</u>	<u>1,014,664</u>	
<u>\$ 1,880</u>	<u>\$ 10,999</u>	<u>\$ 40,007</u>	<u>\$ 5,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,540,272</u>	

Westerville City School District
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds
For the Year Ended June 30, 2002

	Special Revenue			
	Public School Support	Other Local	Venture Capital	District Managed
REVENUES				
Extra-curricular	\$ 265,680	\$ -	\$ -	\$ 770,817
Investment income	-	-	-	-
Other local sources	-	146,467	-	-
Intergovernmental - State	-	-	23,988	-
Intergovernmental - Federal	-	-	-	-
Other revenue	63,583	-	-	65,895
Total revenues	329,263	146,467	23,988	836,712
EXPENDITURES				
Current:				
Instruction				
Regular	2,334	34,530	38,448	-
Special	-	38,762	-	-
Vocational	-	-	-	-
Support services				
Pupils	293,161	-	-	-
Staff	239	55,482	28,345	-
School administration	-	225	-	-
Operation & maintenance	-	-	-	3,072
Student transportation	-	1,097	328	-
Central services	-	-	-	-
Community services	-	-	-	-
Extra-curricular	-	-	-	861,898
Total expenditures	295,734	130,096	67,121	864,970
Excess (deficiency) of revenues over (under) expenditures	33,529	16,371	(43,133)	(28,258)
Other financing sources:				
Operating transfers in	-	-	-	36,000
Total other financing sources	-	-	-	36,000
Net change in fund balances	33,529	16,371	(43,133)	7,742
Fund balances, July 1	187,147	18,058	43,133	266,909
Fund balances, June 30	<u>\$ 220,676</u>	<u>\$ 34,429</u>	<u>\$ -</u>	<u>\$ 274,651</u>

Special Revenue

Auxiliary Services	Career Development	Teacher Professional Development	Excellence in Education	Management Information Systems	School Building Incentive
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,303	-	-	-	-	-
-	-	-	-	-	-
421,936	16,000	(3,854)	-	50,207	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>426,239</u>	<u>16,000</u>	<u>(3,854)</u>	<u>-</u>	<u>50,207</u>	<u>-</u>
-	-	-	3,481	-	10,297
-	-	-	-	-	-
-	-	-	-	-	-
-	18,601	9,483	1,901	-	13,690
-	-	-	1,150	-	-
-	-	-	-	-	-
-	-	-	-	-	1,454
-	-	-	-	40,993	-
418,154	-	-	-	-	-
-	-	-	-	-	-
<u>418,154</u>	<u>18,601</u>	<u>9,483</u>	<u>6,532</u>	<u>40,993</u>	<u>25,441</u>
8,085	(2,601)	(13,337)	(6,532)	9,214	(25,441)
-	-	-	-	-	-
-	-	-	-	-	-
8,085	(2,601)	(13,337)	(6,532)	9,214	(25,441)
(8,084)	8,824	13,337	6,897	49,676	71,880
<u>\$ 1</u>	<u>\$ 6,223</u>	<u>\$ -</u>	<u>\$ 365</u>	<u>\$ 58,890</u>	<u>\$ 46,439</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, 2002

	Special Revenue			
	Entry Year	Data Communications	School Net Professional Development	Ohio Reads
<u>REVENUES</u>				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	-	70,000	10,592	93,362
Intergovernmental - Federal	-	-	-	-
Other revenue	-	-	-	-
Total revenues	-	70,000	10,592	93,362
<u>EXPENDITURES</u>				
Current:				
Instruction				
Regular	-	-	-	41,891
Special	-	-	-	-
Vocational	-	-	-	-
Support services				
Pupils	-	-	-	-
Staff	551	-	6,733	44,777
School administration	-	-	-	2,500
Operation & maintenance	-	-	-	-
Student transportation	-	-	-	-
Central services	-	31,516	-	900
Community services	-	-	-	314
Extra-curricular	-	-	-	-
Total expenditures	551	31,516	6,733	90,382
Excess (deficiency) of revenues over (under) expenditures	(551)	38,484	3,859	2,980
Other financing sources:				
Operating transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	(551)	38,484	3,859	2,980
Fund balances, July 1	551	25,959	-	4,105
Fund balances, June 30	<u>\$ -</u>	<u>\$ 64,443</u>	<u>\$ 3,859</u>	<u>\$ 7,085</u>

Special Revenue

Alternative Schools	Miscellaneous State	Title II	Title VI-B	Vocational Education: Carl D. Perkins	Transition Program for Refugee Children
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
93,189	169,477	-	-	-	-
-	-	33,483	712,748	93,874	6,750
-	-	-	-	-	-
<u>93,189</u>	<u>169,477</u>	<u>33,483</u>	<u>712,748</u>	<u>93,874</u>	<u>6,750</u>
78,609	11,167	-	-	-	-
-	14,999	-	179,032	-	10,301
-	-	-	-	2,800	-
21,921	-	-	185,239	-	-
8,344	85,479	60,260	132,653	9,282	-
-	-	-	214,541	-	-
-	-	-	-	-	-
-	8,650	-	-	1,692	-
-	-	-	-	-	-
-	13,013	120	8,842	-	-
-	-	-	-	-	-
<u>108,874</u>	<u>133,308</u>	<u>60,380</u>	<u>720,307</u>	<u>13,774</u>	<u>10,301</u>
(15,685)	36,169	(26,897)	(7,559)	80,100	(3,551)
-	-	-	-	-	-
-	-	-	-	-	-
(15,685)	36,169	(26,897)	(7,559)	80,100	(3,551)
61,255	34,460	27,631	7,559	13,828	5,725
<u>\$ 45,570</u>	<u>\$ 70,629</u>	<u>\$ 734</u>	<u>\$ -</u>	<u>\$ 93,928</u>	<u>\$ 2,174</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, 2002

	Special Revenue			
	Title I	Title VI	Emergency Immigrant Education	Drug Free Schools
REVENUES				
Extra-curricular	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Other local sources	-	-	-	-
Intergovernmental - State	-	-	-	-
Intergovernmental - Federal	265,286	106,124	7,000	52,634
Other revenue	-	-	-	-
Total revenues	<u>265,286</u>	<u>106,124</u>	<u>7,000</u>	<u>52,634</u>
EXPENDITURES				
Current:				
Instruction				
Regular	-	-	-	3,494
Special	256,160	-	7,000	-
Vocational	-	-	-	-
Support services				
Pupils	-	-	-	267
Staff	-	81,352	-	45,631
School administration	-	5,955	-	-
Operation & maintenance	-	-	-	-
Student transportation	-	-	-	-
Central services	-	-	-	-
Community services	-	4,695	-	350
Extra-curricular	-	-	-	-
Total expenditures	<u>256,160</u>	<u>92,002</u>	<u>7,000</u>	<u>49,742</u>
Excess (deficiency) of revenues over (under) expenditures	9,126	14,122	-	2,892
Other financing sources:				
Operating transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,126	14,122	-	2,892
Fund balances, July 1	(5,853)	16,743	-	7,804
Fund balances, June 30	<u>\$ 3,273</u>	<u>\$ 30,865</u>	<u>\$ -</u>	<u>\$ 10,696</u>

Special Revenue				Capital Projects		Total Other Governmental Funds
Preschool Handicapped	Goals 2000	Reducing Class Size	Miscellaneous Federal	Vocational Educational Equipment	School Net	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,036,497
-	-	-	-	-	-	4,303
-	-	-	-	-	-	146,467
-	-	-	-	13,735	65,445	1,024,077
29,328	50,758	150,322	48,498	-	-	1,556,805
-	-	-	-	-	-	129,478
<u>29,328</u>	<u>50,758</u>	<u>150,322</u>	<u>48,498</u>	<u>13,735</u>	<u>65,445</u>	<u>3,897,627</u>
-	-	108,962	7,541	-	31,769	372,523
(64)	-	-	14,273	-	-	520,463
-	-	-	-	13,735	-	16,535
17,072	-	-	-	-	-	517,660
-	58,037	14,414	45,447	-	2,211	722,912
13,854	-	-	-	-	-	238,225
-	-	-	-	-	-	3,072
-	-	-	-	-	-	13,221
-	-	-	-	-	31,465	104,874
-	-	-	-	-	-	445,488
-	-	-	-	-	-	861,898
<u>30,862</u>	<u>58,037</u>	<u>123,376</u>	<u>67,261</u>	<u>13,735</u>	<u>65,445</u>	<u>3,816,871</u>
(1,534)	(7,279)	26,946	(18,763)	-	-	80,756
-	-	-	-	-	-	36,000
-	-	-	-	-	-	36,000
(1,534)	(7,279)	26,946	(18,763)	-	-	116,756
1,899	18,278	(3,641)	23,828	-	-	897,908
<u>\$ 365</u>	<u>\$ 10,999</u>	<u>\$ 23,305</u>	<u>\$ 5,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,664</u>

Westerville City School District

Westerville, Ohio



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**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, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Debt Service Fund				
Total Revenue and Other Sources	\$ 10,311,483	\$ 10,425,483	\$ 10,403,174	\$ (22,309)
Total Expenditures and Other Uses	<u>\$ 13,020,303</u>	<u>\$ 10,586,848</u>	<u>\$ 10,579,141</u>	<u>\$ 7,707</u>
Net Change in Fund Balance	(2,708,820)	(161,365)	(175,967)	(14,602)
Fund Balance, July 1	<u>7,144,043</u>	<u>7,144,043</u>	<u>7,144,043</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 4,435,223</u></u>	<u><u>\$ 6,982,678</u></u>	<u><u>\$ 6,968,076</u></u>	<u><u>\$ (14,602)</u></u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Capital Projects Fund				
Total Revenue and Other Sources	\$ 4,374,017	\$ 4,737,844	\$ 4,774,203	\$ 36,359
Total Expenditures and Other Uses	<u>\$ 5,786,851</u>	<u>\$ 6,541,277</u>	<u>\$ 6,425,807</u>	<u>\$ 115,470</u>
Net Change in Fund Balance	(1,412,834)	(1,803,433)	(1,651,604)	151,829
Fund Balance, July 1	2,695,624	2,695,624	2,695,624	-
Prior Year Encumbrances Appropriated	<u>279,465</u>	<u>279,465</u>	<u>279,465</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 1,562,255</u></u>	<u><u>\$ 1,171,656</u></u>	<u><u>\$ 1,323,485</u></u>	<u><u>\$ 151,829</u></u>
Building Fund				
Total Revenue and Other Sources	\$ -	\$ 2,376,836	\$ 2,350,699	\$ (26,137)
Total Expenditures and Other Uses	<u>\$ 93,101,350</u>	<u>\$ 95,828,674</u>	<u>\$ 74,531,741</u>	<u>\$ 21,296,933</u>
Net Change in Fund Balance	(93,101,350)	(93,451,838)	(72,181,042)	21,270,796
Fund Balance, July 1	88,789,193	88,789,193	88,789,193	-
Prior Year Encumbrances Appropriated	<u>8,101,350</u>	<u>8,101,350</u>	<u>8,101,350</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 3,789,193</u></u>	<u><u>\$ 3,438,705</u></u>	<u><u>\$ 24,709,501</u></u>	<u><u>\$ 21,270,796</u></u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

Other Governmental Funds:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Public School Support				
Total Revenue and Other Sources	\$ 370,000	\$ 366,890	\$ 329,864	\$ (37,026)
Total Expenditures and Other Uses	<u>\$ 456,877</u>	<u>\$ 431,877</u>	<u>\$ 338,222</u>	<u>\$ 93,655</u>
Net Change in Fund Balance	(86,877)	(64,987)	(8,358)	56,629
Fund Balance, July 1	174,388	174,388	174,388	-
Prior Year Encumbrances Appropriated	<u>31,877</u>	<u>31,877</u>	<u>31,877</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 119,388</u>	<u>\$ 141,278</u>	<u>\$ 197,907</u>	<u>\$ 56,629</u>
Other Local				
Total Revenue and Other Sources	\$ 10,000	\$ 139,904	\$ 147,499	\$ 7,595
Total Expenditures and Other Uses	<u>\$ 51,287</u>	<u>\$ 159,912</u>	<u>\$ 135,620</u>	<u>\$ 24,292</u>
Net Change in Fund Balance	(41,287)	(20,008)	11,879	31,887
Fund Balance, July 1	18,721	18,721	18,721	-
Prior Year Encumbrances Appropriated	<u>1,287</u>	<u>1,287</u>	<u>1,287</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (21,279)</u>	<u>\$ -</u>	<u>\$ 31,887</u>	<u>\$ 31,887</u>
Venture Capital				
Total Revenue and Other Sources	\$ -	\$ 25,000	\$ 25,000	\$ -
Total Expenditures and Other Uses	<u>\$ 35,148</u>	<u>\$ 68,175</u>	<u>\$ 68,175</u>	<u>\$ -</u>
Net Change in Fund Balance	(35,148)	(43,175)	(43,175)	-
Fund Balance, July 1	33,028	33,028	33,028	-
Prior Year Encumbrances Appropriated	<u>10,147</u>	<u>10,147</u>	<u>10,147</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 8,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget
District Managed				
Total Revenue and Other Sources	\$ 1,190,000	\$ 1,012,827	\$ 878,467	\$ (134,360)
Total Expenditures and Other Uses	<u>\$ 1,379,452</u>	<u>\$ 1,202,366</u>	<u>\$ 949,270</u>	<u>\$ 253,096</u>
Net Change in Fund Balance	(189,452)	(189,539)	(70,803)	118,736
Fund Balance, July 1	259,307	259,307	259,307	-
Prior Year Encumbrances Appropriated	<u>54,452</u>	<u>54,452</u>	<u>54,452</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 124,307</u></u>	<u><u>\$ 124,220</u></u>	<u><u>\$ 242,956</u></u>	<u><u>\$ 118,736</u></u>
Auxilliary Services				
Total Revenue and Other Sources	\$ 475,000	\$ 578,669	\$ 578,649	\$ (20)
Total Expenditures and Other Uses	<u>\$ 622,730</u>	<u>\$ 692,218</u>	<u>\$ 490,294</u>	<u>\$ 201,924</u>
Net Change in Fund Balance	(147,730)	(113,549)	88,355	201,904
Fund Balance, July 1	44,818	44,818	44,818	-
Prior Year Encumbrances Appropriated	<u>68,730</u>	<u>68,730</u>	<u>68,730</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ (34,182)</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ 201,903</u></u>	<u><u>\$ 201,904</u></u>
Career Development				
Total Revenue and Other Sources	\$ 28,000	\$ 16,000	\$ 16,000	\$ -
Total Expenditures and Other Uses	<u>\$ 36,722</u>	<u>\$ 24,824</u>	<u>\$ 24,824</u>	<u>\$ -</u>
Net Change in Fund Balance	(8,722)	(8,824)	(8,824)	-
Fund Balance, July 1	2,102	2,102	2,102	-
Prior Year Encumbrances Appropriated	<u>6,722</u>	<u>6,722</u>	<u>6,722</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 102</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Teacher Professional Development				
Total Revenue and Other Sources	\$ 72,000	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 15,703</u>	<u>\$ 15,703</u>	<u>\$ 15,703</u>	<u>\$ -</u>
Net Change in Fund Balance	56,297	(15,703)	(15,703)	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>15,703</u>	<u>15,703</u>	<u>15,703</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 72,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Vocational Educational Equipment				
Total Revenue and Other Sources	\$ -	\$ 13,735	\$ 13,735	\$ -
Total Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 13,735</u>	<u>\$ 13,735</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>
Excellence in Education				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 6,897</u>	<u>\$ 6,897</u>	<u>\$ 6,897</u>	<u>\$ -</u>
Net Change in Fund Balance	(6,897)	(6,897)	(6,897)	-
Fund Balance, July 1	6,897	6,897	6,897	-
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
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Management Information Systems				
Total Revenue and Other Sources	\$ 38,000	\$ 50,208	\$ 50,208	\$ -
Total Expenditures and Other Uses	<u>\$ 94,123</u>	<u>\$ 99,884</u>	<u>\$ 46,293</u>	<u>\$ 53,591</u>
Net Change in Fund Balance	(56,123)	(49,676)	3,915	53,591
Fund Balance, July 1	48,656	48,656	48,656	-
Prior Year Encumbrances Appropriated	<u>1,020</u>	<u>1,020</u>	<u>1,020</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ (6,447)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 53,591</u></u>	<u><u>\$ 53,591</u></u>
School Building Incentive				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 66,960</u>	<u>\$ 76,318</u>	<u>\$ 40,450</u>	<u>\$ 35,868</u>
Net Change in Fund Balance	(66,960)	(76,318)	(40,450)	35,868
Fund Balance, July 1	69,359	69,359	69,359	-
Prior Year Encumbrances Appropriated	<u>6,959</u>	<u>6,959</u>	<u>6,959</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 9,358</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 35,868</u></u>	<u><u>\$ 35,868</u></u>
Entry Year				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 551</u>	<u>\$ 551</u>	<u>\$ 551</u>	<u>\$ -</u>
Net Change in Fund Balance	(551)	(551)	(551)	-
Fund Balance, July 1	551	551	551	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SchoolNet				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>\$ 66,875</u>	<u>\$ 66,891</u>	<u>\$ 66,891</u>	<u>\$ -</u>
Net Change in Fund Balance	(66,875)	(66,891)	(66,891)	-
Fund Balance, July 1	31,465	31,465	31,465	-
Prior Year Encumbrances Appropriated	<u>35,426</u>	<u>35,426</u>	<u>35,426</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 16</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Data Communications				
Total Revenue and Other Sources	\$ 60,000	\$ 70,000	\$ 70,000	\$ -
Total Expenditures and Other Uses	<u>\$ 77,000</u>	<u>\$ 95,959</u>	<u>\$ 95,959</u>	<u>\$ -</u>
Net Change in Fund Balance	(17,000)	(25,959)	(25,959)	-
Fund Balance, July 1	8,959	8,959	8,959	-
Prior Year Encumbrances Appropriated	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 8,959</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School Net Professional Development				
Total Revenue and Other Sources	\$ -	\$ 7,142	\$ 10,592	\$ 3,450
Total Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 7,142</u>	<u>\$ 7,142</u>	<u>\$ -</u>
Net Change in Fund Balance	-	-	3,450	3,450
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>\$ 3,450</u></u>	<u><u>\$ 3,450</u></u>

**Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Ohio Reads				
Total Revenue and Other Sources	\$ -	\$ 93,362	\$ 93,362	\$ -
Total Expenditures and Other Uses	\$ 54,105	\$ 97,467	\$ 95,178	\$ 2,289
Net Change in Fund Balance	(54,105)	(4,105)	(1,816)	2,289
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	4,105	4,105	4,105	-
Fund Balance, June 30	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ 2,289</u>	<u>\$ 2,289</u>
Summer Intervention				
Total Revenue and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	\$ 54,000	\$ -	\$ -	\$ -
Net Change in Fund Balance	(54,000)	-	-	-
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ (54,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alternative Schools				
Total Revenue and Other Sources	\$ -	\$ 93,189	\$ 93,189	\$ -
Total Expenditures and Other Uses	\$ 130,000	\$ 167,610	\$ 149,640	\$ 17,970
Net Change in Fund Balance	(130,000)	(74,421)	(56,451)	17,970
Fund Balance, July 1	74,421	74,421	74,421	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, June 30	<u>\$ (55,579)</u>	<u>\$ -</u>	<u>\$ 17,970</u>	<u>\$ 17,970</u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Miscellaneous State				
Total Revenue and Other Sources	\$ 30,000	\$ 171,663	\$ 172,163	\$ 500
Total Expenditures and Other Uses	<u>\$ 125,629</u>	<u>\$ 206,400</u>	<u>\$ 201,589</u>	<u>\$ 4,811</u>
Net Change in Fund Balance	(95,629)	(34,737)	(29,426)	5,311
Fund Balance, July 1	29,108	29,108	29,108	-
Prior Year Encumbrances Appropriated	<u>5,629</u>	<u>5,629</u>	<u>5,629</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (60,892)</u>	<u>\$ -</u>	<u>\$ 5,311</u>	<u>\$ 5,311</u>
Title II				
Total Revenue and Other Sources	\$ 45,000	\$ 51,875	\$ 33,535	\$ (18,340)
Total Expenditures and Other Uses	<u>\$ 63,190</u>	<u>\$ 79,860</u>	<u>\$ 56,642</u>	<u>\$ 23,218</u>
Net Change in Fund Balance	(18,190)	(27,985)	(23,107)	4,878
Fund Balance, July 1	14,795	14,795	14,795	-
Prior Year Encumbrances Appropriated	<u>13,190</u>	<u>13,190</u>	<u>13,190</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 9,795</u>	<u>\$ -</u>	<u>\$ 4,878</u>	<u>\$ 4,878</u>
Title VI-B				
Total Revenue and Other Sources	\$ 520,000	\$ 750,739	\$ 624,682	\$ (126,057)
Total Expenditures and Other Uses	<u>\$ 795,815</u>	<u>\$ 819,186</u>	<u>\$ 692,572</u>	<u>\$ 126,614</u>
Net Change in Fund Balance	(275,815)	(68,447)	(67,890)	557
Fund Balance, July 1	59,632	59,632	59,632	-
Prior Year Encumbrances Appropriated	<u>8,815</u>	<u>8,815</u>	<u>8,815</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (207,368)</u>	<u>\$ -</u>	<u>\$ 557</u>	<u>\$ 557</u>

**Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Vocational Education: Carl D. Perkins				
Total Revenue and Other Sources	\$ 70,000	\$ 93,874	\$ 93,874	\$ -
Total Expenditures and Other Uses	<u>\$ 125,790</u>	<u>\$ 129,479</u>	<u>\$ 128,522</u>	<u>\$ 957</u>
Net Change in Fund Balance	(55,790)	(35,605)	(34,648)	957
Fund Balance, July 1	4,815	4,815	4,815	-
Prior Year Encumbrances Appropriated	<u>30,790</u>	<u>30,790</u>	<u>30,790</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ (20,185)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 957</u></u>	<u><u>\$ 957</u></u>
Transition Program for Refugee Children				
Total Revenue and Other Sources	\$ 6,750	\$ 6,750	\$ 6,750	\$ -
Total Expenditures and Other Uses	<u>\$ 12,475</u>	<u>\$ 12,475</u>	<u>\$ 11,682</u>	<u>\$ 793</u>
Net Change in Fund Balance	(5,725)	(5,725)	(4,932)	793
Fund Balance, July 1	-	-	-	-
Prior Year Encumbrances Appropriated	<u>5,725</u>	<u>5,725</u>	<u>5,725</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 793</u></u>	<u><u>\$ 793</u></u>
Title I				
Total Revenue and Other Sources	\$ 279,000	\$ 268,465	\$ 265,627	\$ (2,838)
Total Expenditures and Other Uses	<u>\$ 261,650</u>	<u>\$ 295,992</u>	<u>\$ 245,787</u>	<u>\$ 50,205</u>
Net Change in Fund Balance	17,350	(27,527)	19,840	47,367
Fund Balance, July 1	27,527	27,527	27,527	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 44,877</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,367</u></u>	<u><u>\$ 47,367</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Title VI				
Total Revenue and Other Sources	\$ 72,000	\$ 138,339	\$ 107,514	\$ (30,825)
Total Expenditures and Other Uses	<u>\$ 99,592</u>	<u>\$ 165,973</u>	<u>\$ 110,746</u>	<u>\$ 55,227</u>
Net Change in Fund Balance	(27,592)	(27,634)	(3,232)	24,402
Fund Balance, July 1	2,642	2,642	2,642	-
Prior Year Encumbrances Appropriated	<u>24,992</u>	<u>24,992</u>	<u>24,992</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 24,402</u>	<u>\$ 24,402</u>
Emergency Immigrant Education				
Total Revenue and Other Sources	\$ 4,000	\$ 7,000	\$ 7,000	\$ -
Total Expenditures and Other Uses	<u>\$ 4,000</u>	<u>\$ 7,000</u>	<u>\$ 7,000</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>
Drug Free Schools				
Total Revenue and Other Sources	\$ 32,000	\$ 52,634	\$ 52,634	\$ -
Total Expenditures and Other Uses	<u>\$ 55,079</u>	<u>\$ 61,660</u>	<u>\$ 52,026</u>	<u>\$ 9,634</u>
Net Change in Fund Balance	(23,079)	(9,026)	608	9,634
Fund Balance, July 1	8,947	8,947	8,947	-
Prior Year Encumbrances Appropriated	<u>79</u>	<u>79</u>	<u>79</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (14,053)</u>	<u>\$ -</u>	<u>\$ 9,634</u>	<u>\$ 9,634</u>

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget
Preschool Handicapped				
Total Revenue and Other Sources	\$ 32,000	\$ 33,898	\$ 29,328	\$ (4,570)
Total Expenditures and Other Uses	<u>\$ 32,000</u>	<u>\$ 38,482</u>	<u>\$ 33,142</u>	<u>\$ 5,340</u>
Net Change in Fund Balance	-	(4,584)	(3,814)	770
Fund Balance, July 1	4,583	4,583	4,583	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 4,583</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ 769</u></u>	<u><u>\$ 770</u></u>
Goals 2000				
Total Revenue and Other Sources	\$ 100,000	\$ 57,000	\$ 50,758	\$ (6,242)
Total Expenditures and Other Uses	<u>\$ 75,000</u>	<u>\$ 75,278</u>	<u>\$ 58,036</u>	<u>\$ 17,242</u>
Net Change in Fund Balance	25,000	(18,278)	(7,278)	11,000
Fund Balance, July 1	18,278	18,278	18,278	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 43,278</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,000</u></u>	<u><u>\$ 11,000</u></u>
Reducing Class Size				
Total Revenue and Other Sources	\$ 141,000	\$ 234,890	\$ 159,763	\$ (75,127)
Total Expenditures and Other Uses	<u>\$ 142,348</u>	<u>\$ 240,218</u>	<u>\$ 127,559</u>	<u>\$ 112,659</u>
Net Change in Fund Balance	(1,348)	(5,328)	32,204	37,532
Fund Balance, July 1	3,981	3,981	3,981	-
Prior Year Encumbrances Appropriated	<u>1,348</u>	<u>1,348</u>	<u>1,348</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ 3,981</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 37,533</u></u>	<u><u>\$ 37,532</u></u>

(Continued)

Westerville City School District
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget
Miscellaneous Federal				
Total Revenue and Other Sources	\$ 90,000	\$ 93,217	\$ 70,427	\$ (22,790)
Total Expenditures and Other Uses	\$ 470,250	\$ 99,410	\$ 99,410	\$ -
Net Change in Fund Balance	(380,250)	(6,193)	(28,983)	(22,790)
Fund Balance, July 1	1,733	1,733	1,733	-
Prior Year Encumbrances Appropriated	27,250	27,250	27,250	-
Fund Balance, June 30	\$ (351,267)	\$ 22,790	\$ -	\$ (22,790)

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 plan is currently inactive as indicated in Note 16 to the financial statements. The District's self-funded dental plan comprises the majority of activity in this fund. The Self Insurance Fund may make payments for services provided to employees, for reimbursement to employees who have paid providers, to third party administrators for claim payment administration, for stop-loss coverage, or any other reinsurance or similar purposes.

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

**Westerville City School District
Combining Statement of Net Assets
Internal Service Funds
As of June 30, 2002**

	<u>Self Insurance</u>	<u>Print Shop</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 885,452	\$ 33,741	\$ 919,193
Receivables:			
Accounts	6,407	-	6,407
Interfund	111,200	-	111,200
Total assets	<u>1,003,059</u>	<u>33,741</u>	<u>1,036,800</u>
<u>LIABILITIES</u>			
Accounts payable	-	16,012	16,012
Claims payable	116,749	-	116,749
Total liabilities	<u>116,749</u>	<u>16,012</u>	<u>132,761</u>
<u>NET ASSETS</u>			
Unrestricted	886,310	17,729	904,039
Total net assets	<u>\$ 886,310</u>	<u>\$ 17,729</u>	<u>\$ 904,039</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, 2002

	Self Insurance	Print Shop	Total
	<u> </u>	<u> </u>	<u> </u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 1,531,373	\$ 33,741	\$ 1,565,114
Total operating revenues	<u>1,531,373</u>	<u>33,741</u>	<u>1,565,114</u>
<u>OPERATING EXPENSES</u>			
Claims	1,348,828	-	1,348,828
Purchased services	142,171	-	142,171
Materials and supplies	-	16,012	16,012
Total operating expenses	<u>1,490,999</u>	<u>16,012</u>	<u>1,507,011</u>
Operating income	40,374	17,729	58,103
<u>NON-OPERATING REVENUES</u>			
Investment income	23,866	-	23,866
Total non-operating revenues	<u>23,866</u>	<u>-</u>	<u>23,866</u>
Change in net assets	64,240	17,729	81,969
Net assets at beginning of year	<u>822,070</u>	<u>-</u>	<u>822,070</u>
Net assets at end of year	<u>\$ 886,310</u>	<u>\$ 17,729</u>	<u>\$ 904,039</u>

Westerville City School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2002

	Governmental Activities - Internal Service		
	Self Insurance	Print Shop	Total
Cash flows from operating activities:			
Cash received from quasi-external transactions with other funds	\$ 1,525,092	\$ 33,741	\$ 1,558,833
Cash payments for goods and services	(142,171)	-	(142,171)
Cash payments for claims	(2,520,790)	-	(2,520,790)
Net cash provided by (used for) operating activities	(1,137,869)	33,741	(1,104,128)
Cash flows from investing activities:			
Investment income	23,866	-	23,866
Net increase in cash and investments	(1,114,003)	33,741	(1,080,262)
Cash and investments at beginning of year	1,999,455	-	1,999,455
Cash and investments at end of year	\$ 885,452	\$ 33,741	\$ 919,193
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income	\$ 40,374	\$ 17,729	\$ 58,103
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Changes in assets and liabilities:			
Decrease in other receivables	2,942	-	2,942
Decrease in claims payable	(1,171,790)	-	(1,171,790)
Increase (decrease) in accounts payable	(172)	16,012	15,840
Increase in due from other funds	(9,223)	-	(9,223)
Net cash provided by (used for) operating activities	\$ (1,137,869)	\$ 33,741	\$ (1,104,128)

Statistical Section

WCS



Board of Education
Westerville City School District
Westerville, Ohio

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

	GAAP 2002	GAAP 2001	GAAP 2000	GAAP 1999	GAAP 1998	GAAP 1997	GAAP 1996	GAAP 1995	1994	1993
Revenue from Local Sources										
Taxes	\$57,252,372	\$56,314,654	\$48,850,953	\$49,348,341	\$46,826,813	\$44,306,877	\$42,322,552	\$42,374,398	\$41,366,048	\$32,337,848
Tuition	399,296	446,027	261,034	953,350	244,153	298,588	343,051	305,744	237,238	184,146
Investment Income	1,895,534	2,718,706	2,041,455	1,815,540	1,736,322	1,556,489	1,424,198	1,183,926	580,677	476,614
Other-Local	276,606	332,157	319,699	311,981	314,277	274,292	265,350	285,170	244,409	240,808
Total Local Sources	59,823,808	59,811,544	51,473,141	52,429,212	49,121,565	46,436,246	44,355,151	44,149,238	42,428,372	33,239,416
Revenue from State Sources	39,304,136	34,232,002	30,319,189	28,762,235	25,561,834	23,966,187	23,562,323	23,140,034	22,790,041	22,319,890
Other Revenue	607,170	647,341	270,435	601,368	1,463,364	516,290	331,516	293,942	464,023	482,446
Other Financing Sources	15,930	1,083	21,990	3,117	5,183	6,131	7,525	47,400	49,245	54,255
Total Revenue and Other Sources	\$99,751,044	\$94,691,970	\$82,084,755	\$81,795,932	\$76,151,946	\$70,924,854	\$68,256,515	\$67,630,614	\$65,731,681	\$56,096,007

Source: School District Financial Records

1. Fiscal Years 1994 and prior reflect cash basis reporting

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

	GAAP 2002	GAAP 2001	GAAP 2000	GAAP 1999	GAAP 1998	GAAP 1997	GAAP 1996	GAAP 1995	1994	1993
Instructional										
Regular	\$49,980,173	\$46,931,935	\$44,774,188	\$41,676,294	\$38,669,610	\$36,376,275	\$36,643,033	\$34,600,905	\$32,570,772	\$31,625,144
Special	8,220,514	7,963,934	6,652,700	6,620,327	6,195,856	5,628,863	4,969,439	4,384,288	3,665,751	3,281,223
Vocational	2,121,867	1,833,039	2,158,270	1,970,865	1,613,923	1,548,789	1,404,185	1,487,761	1,301,560	1,318,933
Continuing	0	980	5,263	0	0	0	0	0	0	0
Other	1,166,761	945,198	755,637	780,973	436,572	628,321	548,445	455,996	835,242	750,834
Total Instructional	61,489,315	57,675,086	54,346,058	51,048,459	46,915,961	44,182,248	43,565,102	40,928,950	38,373,325	36,976,134
Support Services										
Pupils	5,074,365	3,762,584	3,242,433	3,164,378	2,892,537	2,721,595	2,620,691	2,460,261	2,190,020	2,222,645
Staff	3,441,851	2,609,462	2,351,645	2,171,074	2,202,704	2,055,924	1,904,624	1,954,087	1,752,339	1,745,852
General Administration	1,265,245	1,363,605	1,124,098	1,073,368	977,129	894,104	748,470	842,014	803,634	712,917
School Administration	7,291,007	6,348,192	6,126,073	5,568,432	5,143,305	4,989,448	4,704,977	4,604,374	4,314,044	4,117,174
Fiscal Administration	1,519,966	1,461,293	1,420,786	1,605,774	1,613,802	1,060,193	1,257,461	1,263,165	1,114,718	1,159,318
Business Operations	858,308	1,195,663	1,267,824	939,369	653,908	593,635	569,561	601,332	577,536	501,095
Operation & Maintenance	9,391,638	8,982,448	8,513,216	7,261,246	7,347,123	6,809,742	6,342,189	6,321,137	6,153,478	5,749,328
Student Transportation	4,898,506	4,613,886	4,188,079	3,625,695	3,647,685	3,349,120	3,182,275	3,196,747	2,732,257	2,655,498
Central Services	1,448,554	1,139,931	1,145,607	1,081,927	928,098	811,125	536,304	534,283	475,836	608,846
Food Services	0	0	0	0	300	140	130	125	265	290
Community Services	0	316	1,731	0	3,374	15,487	14,113	21,573	237	188
Extra-curricular Academic	1,089,081	62,066	62,557	53,778	56,172	74,387	52,712	55,011	49,124	46,352
Extra-curricular Occupational	0	0	0	0	0	0	0	0	0	0
Extra-curricular Sport	0	674,988	636,221	594,094	524,202	444,606	454,456	410,254	392,829	406,601
Extra-curricular Civic	0	263,028	244,278	186,417	153,793	120,654	124,001	134,509	136,461	134,578
Total Support Services	36,278,521	32,477,462	30,324,548	27,325,552	26,144,132	23,940,160	22,511,964	22,398,872	20,692,778	20,060,682
Total Capital Outlay	17,700	198,020	296,835	210,517	82,671	30,972	23,820	59,130	12,658	1,908
Other Financing Uses	36,000	36,000	36,000	0	0	0	0	0	12,800	40,000
Total Expenditures and Other Uses	\$97,821,536	\$90,386,568	\$85,003,441	\$78,584,528	\$73,142,764	\$68,153,380	\$66,100,886	\$63,386,952	\$59,091,561	\$57,078,724

Source: School District Financial Records

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

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

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection (1)	Percent of Current Levy Collected	Delinquent Collection (2)	Total Collection	Total Collection As a Percent of Total Levy	Delinquent Taxes Receivable
2001/02	\$55,511,182	\$3,051,334	\$58,562,516	\$53,514,087	96.40%	\$1,541,579	\$55,055,666	94.01%	\$3,544,953
2000/01	54,652,124	2,669,250	\$57,321,374	54,107,821	99.00%	1,532,826	55,640,647	97.07%	2,859,562
1999/00	49,423,043	2,410,391	\$51,833,434	48,087,673	97.30%	1,257,745	49,345,518	95.20%	1,986,166
1998/97	47,835,965	1,859,890	\$49,695,855	47,058,116	98.37%	1,148,512	48,206,628	97.00%	2,304,262
1997/98	47,075,734	2,057,961	\$49,133,695	46,517,483	98.81%	1,112,038	47,629,521	96.94%	2,094,690
1996/97	46,869,527	2,135,599	\$49,005,126	46,274,770	98.73%	1,278,792	47,553,562	97.04%	1,943,734
1995/96	45,127,604	1,618,771	\$46,746,375	44,308,178	98.18%	943,339	45,251,517	96.80%	2,023,468
1994/95	44,080,636	1,823,643	\$45,904,279	43,590,147	98.89%	1,219,297	44,809,444	97.61%	1,547,195
1993/94	43,930,457	2,289,297	\$46,219,754	43,249,348	98.45%	1,483,036	44,732,384	96.78%	1,735,346
1992/93	43,313,546	2,299,072	\$45,612,618	42,229,160	97.50%	1,339,248	43,568,408	95.52%	1,641,395

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

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

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

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

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility		Total	
	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value
2002	\$1,708,441,740	\$4,881,262,114	\$115,766,508	\$463,066,032	\$54,993,020	\$157,122,914	\$1,879,201,268	\$5,501,451,060
2001	1,624,735,960	4,642,102,743	117,792,551	471,170,204	64,511,420	184,318,343	1,807,039,931	5,297,591,290
2000	1,545,832,520	4,416,664,543	102,497,145	409,988,580	62,846,340	179,560,971	1,711,176,005	5,006,214,094
1999	1,338,755,350	3,825,015,286	94,171,271	376,685,084	61,625,950	176,074,143	1,494,552,571	4,377,774,513
1998	1,279,877,850	3,656,793,857	101,499,833	405,999,332	56,786,680	162,247,657	1,438,164,363	4,225,040,846
1997	1,229,777,160	3,513,649,029	91,171,898	364,687,592	62,159,260	177,597,386	1,383,108,318	4,055,934,007
1996	1,105,516,450	3,158,618,429	92,541,609	370,166,436	60,442,330	172,692,371	1,258,500,389	3,701,477,236
1995	1,052,236,780	3,006,390,800	92,849,278	371,397,112	61,322,780	175,207,943	1,206,408,838	3,552,995,855
1994	1,018,082,590	2,908,807,400	90,742,261	362,969,044	54,961,750	157,033,571	1,163,786,601	3,428,810,015
1993	910,447,590	2,601,278,829	73,319,516	293,278,064	53,827,480	153,792,800	1,037,594,586	3,048,349,693

Source: Franklin County Auditor

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

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

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

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

Tax Year/ Collection Year	Westerville City School District														
	Franklin County	Delaware County	City of Westerville	City of Columbus	Gen. Fd.	Voted Bond	Permanent Improvement	Unvoted	Total	Blendon Township	Genoa Township	Plain Township	Sharon Township	Minerva Park Corp.	Westerville Corp. (Genoa)
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
Res/Agr	13.63	4.82	9.24	3.14	27.07	5.60	2.70	3.80	38.81	12.99	11.89	9.22	15.00	13.75	9.24
Comm/Ind	15.27	4.77	9.79	3.14	25.62	5.60	2.70	3.80	37.43	14.65	12.07	7.88	16.19	13.47	9.79
2000/2001	17.64	5.92	14.54	3.14	51.30	5.70	2.70	3.80	63.50	22.16	12.80	13.58	19.08	16.32	14.54
1999/2000	17.64	6.72	14.57	3.14	51.30	1.86	2.70	3.80	59.66	22.41	10.80	10.72	19.10	12.32	14.57
1998/1999	17.54	6.12	14.65	3.14	51.30	3.35	2.70	3.80	61.15	22.43	11.20	9.34	13.10	16.31	14.65
1997/1998	15.22	6.12	14.69	3.14	51.30	3.52	2.70	3.80	61.32	22.60	11.20	9.42	13.10	15.10	14.69
1996/1997	15.12	6.12	14.72	3.14	51.30	3.51	2.70	3.80	61.31	21.45	11.20	9.21	13.10	10.10	14.72
1995/1996	14.82	7.12	14.44	3.14	51.30	3.23	2.70	3.80	61.03	19.00	10.70	9.16	13.10	10.10	14.44
1994/1995	14.57	7.12	12.38	3.14	51.30	3.02	2.70	3.80	60.82	19.00	10.70	8.20	8.10	10.10	12.38
1993/1994	14.57	6.62	12.45	3.14	51.30	3.35	2.70	3.80	61.15	16.50	10.70	8.20	8.10	10.10	12.45
1992/1993	14.57	6.62	12.58	3.14	50.70	4.00	2.70	3.80	61.20	16.50	10.70	8.20	11.10	10.10	12.58

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 in parenthesis reflect "effective" millage for residential/agricultural (upper) and commercial/industrial (lower) for the current collection year only. All other figures reflect voted millage.

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

Year	(a) MORPC Population *	(b) Membership	Assessed Value	(d) Gross Bonded Debt	(e) Less Debt Service	Net Bonded Debt	% of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita	Net Bonded Debt Per ADM
2002	69,939	13,834	1,879,201,268	137,845,954	6,968,076	130,877,878	0.0696	1,871.3147	9,460.5955
*2001	68,805	13,706	1,807,059,931	140,174,487	7,144,043	133,030,444	0.0736	1,933.4415	9,706.0006
2000	80,761	13,609	1,711,176,005	43,049,855	4,350,532	38,699,323	0.0226	479.1833	2,843.6566
1999	75,273	13,390	1,494,552,571	45,554,855	5,011,856	40,542,999	0.0271	538.6128	3,027.8565
1998	75,021	13,225	1,438,164,363	47,969,855	1,553,479	46,416,376	0.0323	618.7118	3,509.7449
1997	74,013	13,059	1,383,108,318	50,049,855	1,583,593	48,466,262	0.0350	654.8344	3,711.3303
1996	72,647	12,791	1,258,500,389	32,239,981	1,659,867	30,580,114	0.0243	420.9412	2,390.7524
1995	72,058	12,756	1,206,408,838	26,850,000	2,125,824	24,724,176	0.0205	343.1149	1,938.2389
1994	N/A	12,601	1,163,786,601	43,697,531	3,927,896	39,769,635	0.0342	N/A	3,156.0698
1993	N/A	12,532	1,037,594,586	47,685,422	3,393,821	44,291,601	0.0427	N/A	3,534.2803

Sources:

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

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

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

Westerville City Schools
 Computation of Legal Debt Margin
 as of June 30, 2002

Assessed Valuation	<u>\$1,879,201,268</u>	
Voted and Unvoted Debt Limit - 9% of Assessed Valuation		\$169,128,114
Balance in Debt Service Fund		\$6,968,076
Total Debt Outstanding	\$137,845,954	
Less: Exempted Debt	\$0	
Net subject to 9% limit		\$137,845,954
Total Legal Voted and Unvoted Debt Margin		<u>\$38,250,235</u>

Source: Franklin County Auditor and School District financial records

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

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

Westerville City School District
 Computation of Direct and Overlapping General Obligation Bonded Debt
 as of June 30, 2002

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percent Applicable to Westerville City School District</u>	<u>Amount Applicable to Westerville City School District</u>
Westerville City School District	\$137,845,954	100.00%	\$137,845,954
Delaware County	61,351,000	14.79%	\$9,073,813
Franklin County	135,785,000	6.11%	\$8,296,464
City of Columbus	906,595,000	3.73%	\$33,815,994
City of Westerville	23,607,500	98.60%	\$23,276,995
Plain Township	3,920,000	0.97%	\$38,024
Minerva Park Corporation	<u>305,000</u>	100.00%	<u>\$305,000</u>
	<u><u>\$1,269,409,454</u></u>		<u><u>\$212,652,243</u></u>

Source: Ohio Municipal Advisory Council

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

Overlapping governments with no outstanding debt are not reflected.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund (1) Expenditures</u>	<u>Percent of Debt Service to General Fund Expenditures</u>
2002	\$2,328,533	\$8,115,314	\$10,443,847	\$97,821,536	10.68%
2001	2,410,000	2,584,128	\$4,994,128	90,386,568	5.53%
2000	2,505,000	2,514,441	\$5,019,441	85,003,441	5.90%
1999	2,415,000	2,653,260	\$5,068,260	78,584,528	6.45%
1998	2,080,000	2,782,466	\$4,862,466	73,142,764	6.65%
1997	2,175,000	2,730,694	\$4,905,694	68,153,380	7.20%
1996	1,975,000	1,855,281	\$3,830,281	66,100,886	5.79%
1995	2,090,000	1,731,850	\$3,821,850	63,386,952	6.03%
1994	2,130,000	1,862,164	\$3,992,164	59,078,761	6.76%
1993	2,405,000	1,997,765	\$4,402,765	57,038,724	7.72%

Source: School District Financial records

(1) Includes other financing uses

Note: Does not include unvoted bonded debt

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

Tax Year	Assessed Values New Construction (1)			Total New Construction	Real Property	Appraised Values Property Value (1)		Total Property Value	Bank Deposits (2)
	Agricultural/Residential	Commercial/Industrial				Tangible Personal	Public Utility		
2001	8,179,100	6,462,630		\$14,641,730	\$4,881,262,114	\$463,066,032	\$157,122,914	\$5,501,451,060	\$36,931,205,000
2000	4,612,080	11,288,050		15,900,130	\$4,642,102,743	\$471,170,204	184,318,343	5,297,591,290	39,568,044,000
1999	3,342,980	7,962,440		11,305,420	\$4,416,664,343	\$409,988,580	179,560,971	5,006,213,894	41,599,732,000
1998	6,678,840	3,802,570		10,481,410	\$3,815,015,286	\$376,685,084	176,074,143	4,367,774,513	19,077,211,000
1997	9,774,960	4,298,580		14,073,540	\$3,656,793,857	\$405,999,332	162,247,657	4,225,040,846	20,604,499,000
1996	9,217,090	4,715,950		13,933,040	\$3,513,649,029	\$364,687,592	177,597,886	4,055,934,507	20,065,000,000
1995	10,648,450	2,841,130		13,489,580	\$3,158,618,429	\$370,166,436	172,692,371	3,701,477,236	19,048,525,000
1994	6,014,560	2,935,050		8,949,610	\$3,006,390,800	\$371,397,112	175,207,043	3,552,994,955	18,074,036,000
1993	9,578,240	2,209,445		11,787,685	\$2,908,807,400	\$362,969,044	157,033,571	3,428,810,015	17,270,114,000
1992	N/A	N/A		N/A	\$2,601,278,829	\$293,278,064	153,792,800	3,048,349,693	17,698,307,000

Sources:

- (1) Office of the County Auditor, Franklin County, Ohio - New Construction data is for the Franklin County portion of the District.
- (2) Total deposits of all banks headquartered in Franklin County (includes national and state chartered banks). State of Ohio, Department of Commerce, Division of Financial Institutions.

Note: Information reflected is for prior tax year due to unavailability of current data from County Auditor due to different fiscal year ending dates. Real Property assessment rate is 35%. Public Utility rate is 35%. Tangible Personal rate is 26% for 1992 and 25% thereafter.

N/A - New construction figures for 1992 were not available.

Westerville City School District
Principal Taxpayers
as of June 30, 2002

	Total Assessed Valuation	% of Total Assessed Valuation
<u>Public Utilities</u>		
1. Columbus Southern Power Co.	\$18,354,940	0.98%
2. Ohio Bell Telephone Co.	11,295,630	0.60%
3. Nextel West Corporation	10,716,100	0.57%
4. Citizens Utilities	2,690,520	0.14%
5. Columbia Gas of Ohio, Inc.	2,464,000	0.13%
<u>Real Estate</u>		
1. Banc One Management Corp.	18,469,610	0.98%
2. Corporate Exchange	12,676,640	0.67%
3. Partners at Brooksedge	11,376,130	0.61%
4. Chestnut Hill Apartments	9,345,700	0.50%
5. Eastrich No. 167 Corp.	8,505,010	0.45%
6. St. Ann's Hospital	7,565,320	0.40%
7. Casa 94 L P	6,412,650	0.34%
8. AAC Funding Partnership	5,005,020	0.27%
9. Friendship Village	4,940,250	0.26%
10. Arfo Northeast LLC	4,367,840	0.23%
<u>Tangible Personal Property</u>		
1. Banc One Corporation	20,557,520	1.09%
2. Chase Manhattan Mortgage Corp.	6,604,840	0.35%
3. Comdisco Inc.	5,486,050	0.29%
4. IBM Credit Corporation	3,366,280	0.18%
5. Exel Logistics, Inc.	2,182,110	0.12%
6. Mid-Ohio Imported Car Company, Inc.	2,070,130	0.11%
7. Roush Equipment Company, Inc.	2,022,370	0.11%
8. Home Depot USA, Inc.	1,892,240	0.10%
9. Time Warner Entertainment Company	1,860,570	0.10%
10. Frontstep, Inc.	1,652,040	0.09%
All Others	1,699,785,758	90.46%
Total Assessed Valuation	<u>\$1,881,665,268</u>	<u>100.00%</u>

Source: Franklin County Auditor

Note: Assessed values are for the valuation year of 2001

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

<u>School Year Ended</u>	<u>Number of Graduates</u>	<u>Average Daily Membership (ADM)</u>	<u>Percentage ADM Increase (Decrease)</u>
2002	933	13,834	0.93%
2001	928	13,706	0.71%
2000	917	13,609	1.64%
1999	931	13,390	1.25%
1998	880	13,225	1.27%
1997	887	13,059	2.10%
1996	800	12,791	0.27%
1995	877	12,756	1.23%
1994	780	12,601	0.55%
1993	813	12,532	1.33%

Source: School District Student Records

Westerville City School District
 Cost to Educate a 2001 Graduate
 Westerville City School vs. The State of Ohio

<u>School Year Ended</u>	<u>Grade</u>	<u>Westerville Annual Per Pupil Cost</u>	<u>State Average</u>
2001	12	\$7,424	\$7,602
2000	11	6,896	7,057
1999	10	6,518	6,642
1998	9	6,335	6,232
1997	8	5,690	5,939
1996	7	5,580	5,284
1995	6	5,336	5,353
1994	5	5,295	5,241
1993	4	4,745	5,024
1992	3	4,499	4,473
1991	2	4,273	4,386
1990	1	4,181	4,349
1989	Kindergarten	3,761	4,019
Total Cost		<u><u>\$70,533</u></u>	<u><u>\$71,601</u></u>

Source: State of Ohio Department of Education

Westerville City School District
 Educational Statistics
 Last Five School Years

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
9th Grade Proficiency Tests:					
Writing	96%	97%	97%	95%	88%
Reading	94%	94%	93%	93%	78%
Mathematics	80%	82%	83%	80%	94%
Citizenship	91%	92%	90%	88%	90%
Science	83%	87%	86%	83%	81%
All Parts	73%	77%	77%	NA	N/A
ACT Scores (Averages)					
Westerville	22.7	22.4	22.6	22.5	22.4
National	21.0	21.0	21.0	21.0	20.8
SAT Scores (Averages)					
Westerville					
Verbal	*541	536	541	533	540
Mathematics	*571	555	551	558	563
National					
Verbal	505	505	505	506	504
Mathematics	512	511	514	514	516
National Merit Scholars (Percent of Senior Class)	N/A	2.57	2.28	2.60	2.76
4th Grade Proficiency Tests:					
Writing	68%	73%	92%	88%	83%
Reading	57%	69%	73%	70%	77%
Mathematics	58%	66%	71%	77%	78%
Citizenship	72%	81%	79%	76%	81%
Science	63%	65%	68%	68%	77%
All Parts	NA	43%	52%	NA	NA
6th Grade Proficiency Tests:					
Writing	90%	81%	85%	89%	92%
Reading	62%	62%	59%	66%	66%
Mathematics	59%	64%	65%	72%	71%
Citizenship	75%	80%	79%	79%	82%
Science	59%	57%	64%	70%	71%
All Parts	NA	43%	44%	NA	NA

Source: School District Student Records

N/A = Not Available/Not Applicable

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

Westerville City School District
 Ten Year Enrollment Projection
 Next Ten Years

Grade Level	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
PS	69	60	60	60	60	60	60	60	60	60
K	929	995	1,003	1,011	1,019	1,027	1,035	1,043	1,051	1,059
1	1,060	1,086	1,095	1,104	1,112	1,121	1,130	1,139	1,148	1,156
2	1,048	1,055	1,085	1,094	1,103	1,112	1,121	1,129	1,138	1,147
3	1,063	1,069	1,063	1,094	1,103	1,112	1,121	1,130	1,129	1,138
4	1,059	1,068	1,084	1,078	1,109	1,118	1,127	1,136	1,145	1,144
5	1,096	1,068	1,079	1,095	1,089	1,120	1,129	1,139	1,148	1,157
Elementary	6,324	6,401	6,469	6,536	6,595	6,670	6,723	6,776	6,819	6,861
6	1,090	1,137	1,090	1,101	1,117	1,111	1,143	1,153	1,162	1,171
7	1,109	1,068	1,156	1,108	1,119	1,136	1,130	1,163	1,172	1,181
8	1,134	1,100	1,071	1,160	1,112	1,123	1,140	1,133	1,166	1,176
Middle	3,333	3,305	3,317	3,369	3,348	3,370	3,413	3,449	3,500	3,528
9	1,273	1,164	1,175	1,145	1,240	1,188	1,200	1,218	1,211	1,247
10	1,125	1,114	1,116	1,127	1,098	1,189	1,140	1,151	1,168	1,161
11	1,035	1,128	1,099	1,100	1,111	1,083	1,172	1,124	1,135	1,152
12	928	1,015	1,084	1,056	1,057	1,068	1,040	1,127	1,080	1,090
High	4,361	4,421	4,474	4,428	4,506	4,528	4,552	4,620	4,594	4,650
District Totals	14,018	14,127	14,260	14,333	14,449	14,568	14,688	14,845	14,913	15,039

Source: School District records

Westerville City School District

Westerville, Ohio



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**Auditor of State
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WESTERVILLE CITY SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2003**