

POPULAR ANNUAL FINANCIAL REPORT

For the Year ending June 30, 2021

OUR MISSION: TO EMPOWER A COMMUNITY OF LEARNERS WHO WILL CHANGE THE WORLD



We are proud to present the Popular Annual Financial Report for the 2020-21 school year. It summarizes where our resources come from, how they are used, and the projected future financial status of our District. Our goal is to provide financial transparency in an understandable manner.

The 2020-21 school year was marked by challenges and transitions. We started the year fully remote, transitioned to hybrid learning, and in the spring returned to in person learning. Our families, students, and staff did a remarkable job coordinating schedules, assignments, and following proper safety protocols. They absorbed the challenges and changes of the last year incredibly.

Financially, we closely monitored state revenue reports, hoping to avoid another round of cuts to state educational funding. Not only did Ohio recover economically, but revenues exceeded estimates for FY21. We are grateful for our state's leaders for navigating this pandemic. Our latest five year financial forecast illustrates that we are back on track with pre-pandemic projections. Thanks to federal resources and a strong, supportive local tax base, our short-term outlook is good.

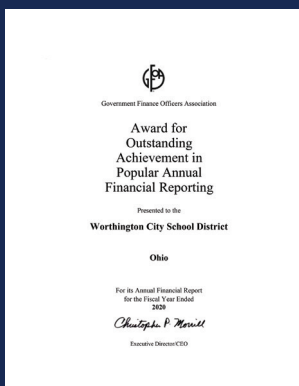
Phase 1 of our long term master facilities plan, which included additions and renovations to our four middle schools, was completed over summer. Students were able to begin the 2021-22 school year IN-PERSON learning IN AWESOME new spaces!

We recognize that challenges lie ahead, both academically and financially. We implemented a robust post-pandemic extended learning plan that prioritized connecting students with summer opportunities. We partnered with surrounding districts to create a foundational framework, called Bridge to Achievement and Well-Being, focusing on social-emotional well-being, academic achievement, culture and climate, and equity and accessibility.

A dedicated group of residents has been hard at work finalizing a recommendation for phase 2 of our master facilities plan. The plan will likely feature major renovations/replacement at our high schools, and require voters to approve a bond issue to finance the project. However, the District has considerable debt that will be paid off in the near term, which could allow for part or all of Phase 2 to be funded without increasing the current effective bond tax rate. The final increment of the 2018 operating levy will go into effect in 2022, after which our revenues will flatten. The new school funding formula does not provide our district with meaningful increases to revenue. We will need to return to voters for an operating levy request, with a focus on reasonable levies at reasonable intervals.

Thank you for your continued support. We hope this document provides a transparent accounting of the resources our community has entrusted us with. **We are committed to keeping you up to date on our financial status and are happy to answer any questions by calling 614 450-6120 or emailing tjcusick@wscloud.org.**

TJ CUSICK, CPA
Treasurer/CFO



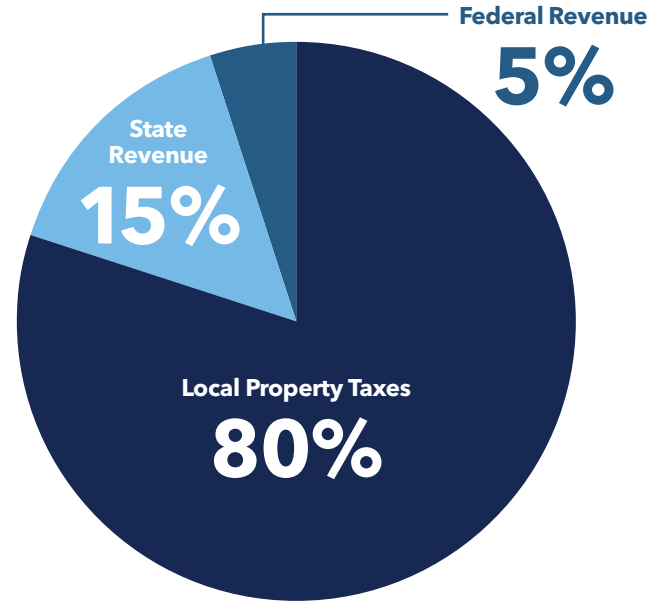
This is the 13th consecutive year this report has earned recognition from the Government Finance Officers Association as an outstanding achievement.



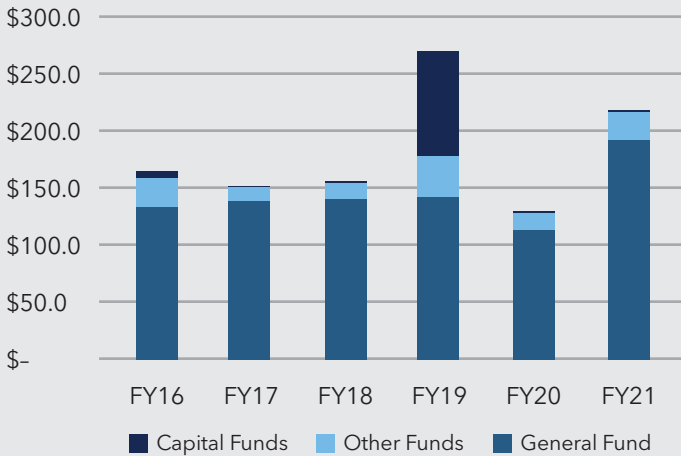
DISTRICT REVENUES AND RESOURCES

Worthington is a predominantly locally funded school district, with local revenues accounting for 80% of total revenues in fiscal year 2021. Local revenue consists mainly of residential and commercial property taxes, accounting for \$175.3 million of the \$179.8 million total local revenues. Voters overwhelmingly supported an incremental operating levy in 2018, which increased the rate 2.9 mills that tax year, and an additional 2 mills each tax year from 2019 to 2021. State revenue totaled \$32.7 million and consists of state educational formula aid as well as property tax reimbursements related to Ohio's homestead and rollback tax credit provisions. State funding was reduced in FY20 due to the pandemic, and although state revenues exceeded expectations in FY21, not all of the reduction was restored, and the District received less aid in FY21 than it did in FY19. Federal revenue consists of the National School Lunch Program and various federal grant programs such as Title I and IDEA. For FY21 it also included \$3.6 million in federal COVID relief funds to assist with mitigation efforts and intervention services.

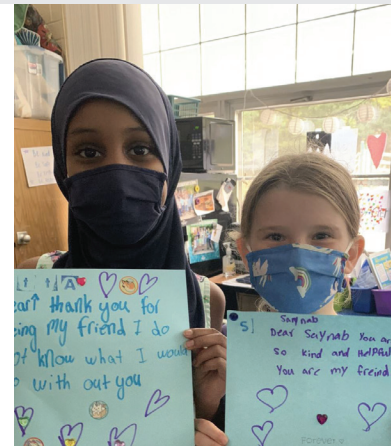
Total Revenues 2021 All Governmental Funds \$223.7 Million



Total Governmental Revenues FY16 to FY21



Total revenues of the general fund, the district's main operating fund, rose incrementally each year since passage of the 2018 incremental levy. The dip and spike, in FY20 and FY21 respectively, is a result of the county auditor delaying property tax due dates from June 2020 to August 2020 in response to COVID, pushing revenue from FY20 into FY21. Capital fund revenue in FY19 included the sale of \$89 million in bonds after passage of the 2018 bond levy, with the proceeds being used to renovate and add on to our four middle schools, as well as maintain our bus fleet, technology infrastructure, and furnishings and fixtures including a major upgrade (\$2 million) of our band and string instruments. The district does not have an ongoing capital permanent improvements levy. Other funds consist of federal grant funds. This revenue was higher than in years past due to receipt of federal COVID relief funds provided to local schools to assist with mitigation and efforts to return to in-person learning, as well as the USDA's initiative to provide free meals to all students during this period.



DISTRICT SERVICES AND EXPENDITURES

Expense Categories

Direct Instruction

Direct instruction of our students, including teachers, classroom services and supplies

Pupil & Staff Support

This includes guidance counselors, nurses, speech, hearing and occupational therapists, psychological services, librarians, and technology services.

Business/Administration

School building principals, secretarial staff, and central office staff are included in this category as well as services such as liability insurance, tax collection fees, construction management, and modular unit leasing.

Transportation/Central

Busing and other transportation services as well as human resource management and information services

Food Service

Includes operation of the District's student breakfast and lunch programs

Community Service

Activities surrounding family engagement as well as required non-public equitable services

Co-curricular

This includes after school activities such as athletics, music and band, theater, as well as our many student club activities

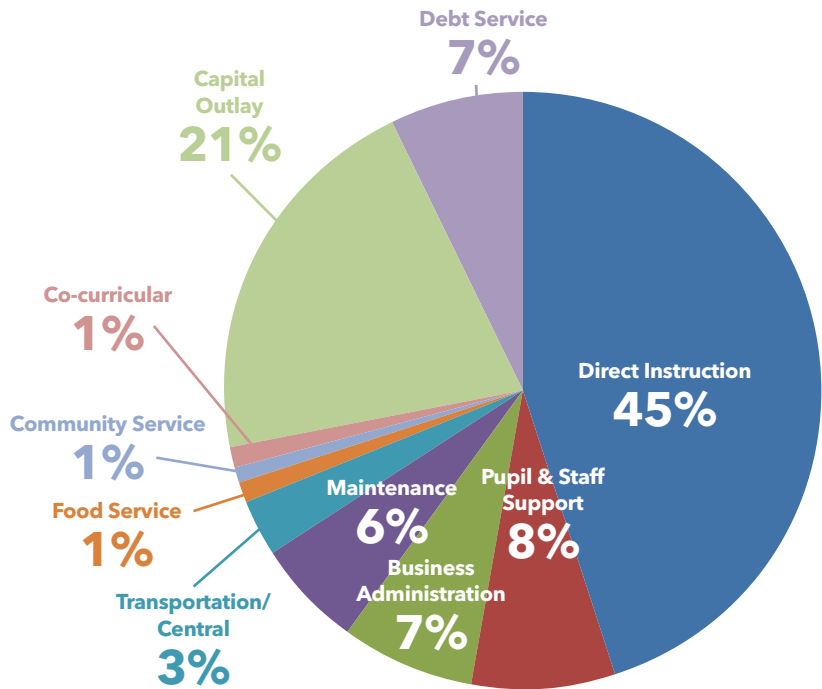
Capital Outlay

Construction, renovation, and major repairs of district facilities and equipment

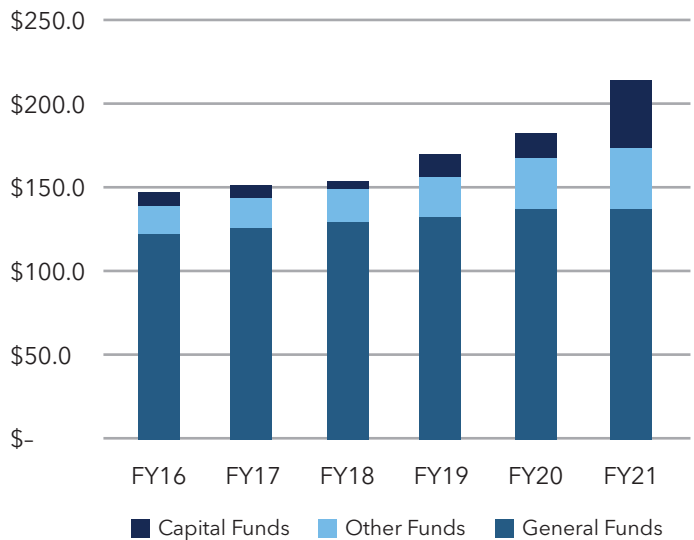
Debt Service

Principal and interest on debt

Total Expenses FY21 All Governmental Funds \$215.8 Million



Total Governmental Expenses FY16 to FY21



General fund expenditures were \$142.8 million for FY21, an increase of \$1.7 million (1%) from the prior year. The District operated much of the year in remote and hybrid models, leading to lower than budgeted expenses. Capital fund expenditures were significantly higher than the prior year at \$44.5 million, the result of the majority of middle school construction taking place this year.

2018 BOND ISSUE UPDATE

Voters overwhelmingly approved an \$89 million bond issue in November of 2018, with the majority of the proceeds going toward expansion and renovations to our four middle schools to accommodate enrollment growth. The remainder of the proceeds were earmarked for replacement of busses, technology, maintenance systems, and other equipment throughout the District. Enrollment projections updated during the design process indicated the need for additional classroom space and a tight construction market along with high cost of raw materials led to higher than anticipated project costs. As the chart illustrates, the District was able to shift bond issue funds and utilize facility rental funds to cover the increased cost of the projects. Construction is wrapping up, and the remaining funds will be used this year on bus replacements, technology upgrades, several roof replacements, and HVAC upgrades.

2018 Bond Issue as of October 31, 2021

	Original	Current	Spent/ Encumbered	Remaining
Maintenance/Capital Improvements				
Bus Purchase	2,500,000	2,500,000	1,847,612	652,388
Technology	5,000,000	5,000,000	4,099,052	900,948
Maintenance/CI	22,000,000	20,600,000	9,426,243	11,173,757
Equipment replace	6,000,000	6,000,000	3,518,120	2,481,880
Contingency	5,500,000	–	–	–
Construction				
Kilbourne Middle	2,500,000	4,211,984	4,196,984	15,000
McCord Middle	2,500,000	8,518,731	8,500,758	17,973
Perry Middle	20,000,000	25,353,112	25,338,112	15,000
Worthingway Middle	20,000,000	23,640,528	23,625,528	15,000
Thomas Worthington High School Design	1,000,000	500,000	82,000	418,000
Contingency	2,000,000	–	–	–
Subtotal	89,000,000	96,324,355	80,634,409	15,689,946

The District is utilizing \$3.6 million of bond interest earnings and \$3.7 million of facility rental proceeds to cover project costs in excess of the \$89 million bond proceeds.



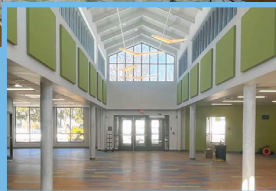
CONSTRUCTION UPDATE

We celebrated completion of Phase 1 of our Master Facilities Plan which included a total investment of \$61.7 million into our four middle schools to build capacity for 6th grade as well as provide modern learning spaces.

WORTHINGWAY



Originally built in 1966. Worthingway features 105,552 square feet of new and renovated learning space. The new space features a commons area which houses the cafeteria and various student learning spaces. Also new is the media center, STEM labs and a performance stage. The newly located office features a secure entrance.



PERRY



Originally built in 1969. The largest of the new middle schools, Perry, is 123,904 square feet. The building is home to four school programs: Perry Middle School, Phoenix, Worthington Academy, and Rockbridge Academy and has the capacity to house 865 students. The building has 40 new or renovated classroom spaces. The commons area is home to the cafeteria, and flexible space for various student learning. New spaces also include an updated kitchen, a media center, STEM labs, a performance stage and an auxiliary gym.



KILBOURNE MIDDLE



Originally built in 1939. KMS features the charm of old Worthington's Village Green, maintaining a historical facade as well as newly renovated teaching and learning spaces. There are 30 classroom spaces with the capacity to house 600 students. The total square footage is 90,718. New spaces include the expansion of the cafeteria and commons area, and the front entrance to the building has been relocated with a secured office area.



MCCORD



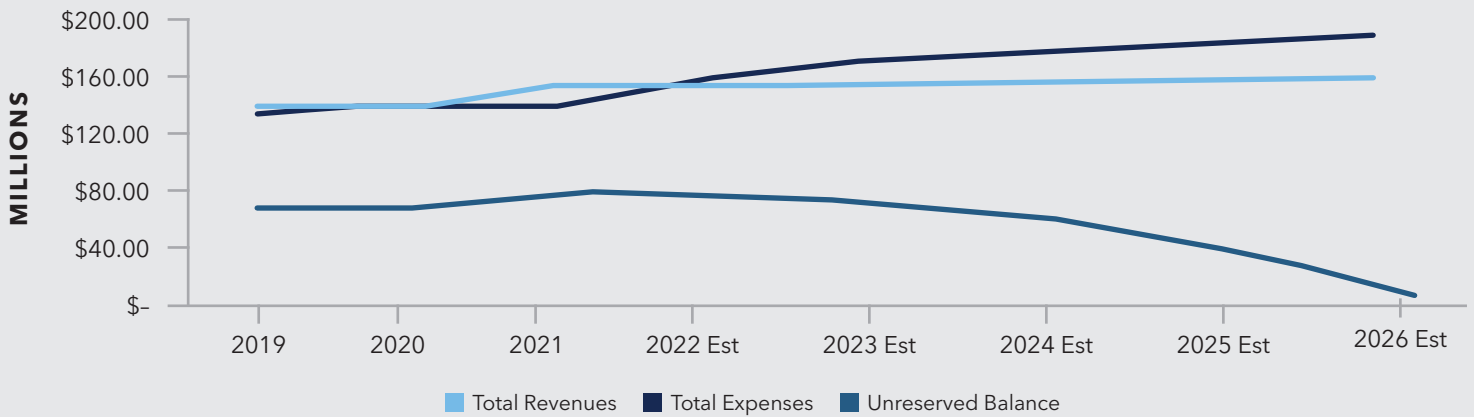
Originally built in 1986. An interior, secure courtyard is the feature of the new wing. There are 36 classroom spaces. New space features the commons area home to the cafeteria and flexible space for various student learning. The office has been relocated and now uses a secured entry. New spaces also include renovated spaces for special education learning, STEM labs and vocal and instrumental music. Total square footage is 94,085.



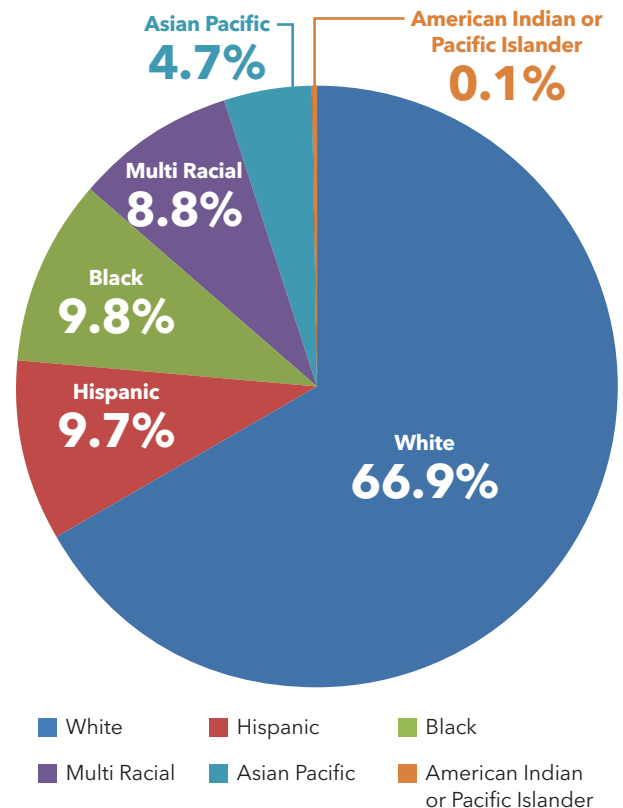
LOOKING AHEAD

Thanks to a strong local tax base and voter support of our 2018 operating levy, Worthington Schools' short-term outlook is good, as illustrated in our latest five year financial forecast approved by the board October 25, 2021. However, the last increment of that 2018 operating levy goes into effect next year, and at that point, our revenues begin to flatten. The new school funding formula, only being phased in at 1/6th each of the next two years, will not provide meaningful increases to revenue. As the graph illustrates, we begin to spend more than we are taking in this year, and our fund balance will quickly erode. Phase 1 of our master facility plan is wrapping up, and our task force will likely make a recommendation to renovate our high schools in phase 2. Both these items mean that, as we expected, we will need to return to voters for additional funding in the future. With reasonable levies at reasonable intervals, and careful planning, we will remain a district that provides a quality education and a good return on its investment.

Five Year Forecast Amounts



Ethnicity



DEBT, PROPERTY VALUATION, & FUTURE PHASES

The District's total outstanding debt (on a cash basis) was \$122.2 million at June 30, 2021, a decrease of \$9.5 million. Each year, the county auditor adjusts the tax rate so that sufficient revenue is generated to cover that year's debt obligation. The chart to the right illustrates our annual payment amount, the projected total property value of the District, and the estimated required millage to be assessed. As you can see, the rate is projected to go down significantly over the next several years. This could allow the district to fund a large portion of the next phase's projects without increasing the current tax rate.

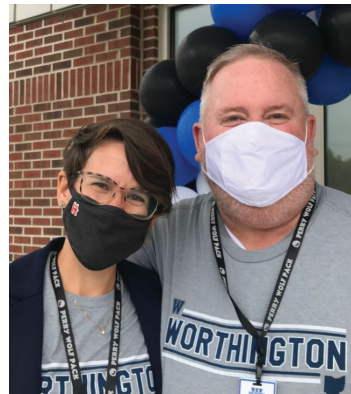
Worthington Schedule of Debt Requirements

Collection Year	Estimated Assessed Value (Millions)	Required Payment (Millions)	Estimated Required Millage
2021	\$2,419	\$12.8	5.60
2022	\$2,422	\$12.8	5.60
2023	\$2,466	\$12.8	5.55
2024	\$2,460	\$12.8	5.50
2025	\$2,474	\$12.8	5.45
2026	\$2,488	\$10.1	4.25
2027	\$2,502	\$5.9	2.50
2028	\$2,517	\$4.7	1.97
2029	\$2,531	\$4.7	1.96
2030	\$2,546	\$4.7	1.95
2031	\$2,561	\$4.7	1.94

School Property Tax Per \$100,000 Collection Year 2021**

Olentangy	\$1,991.01
Westerville	\$1,833.23
Worthington	\$1,819.81
Dublin	\$1,779.91
New Albany	\$1,737.69
Hilliard	\$1,640.15
Upper Arlington	\$1,617.46
Columbus	\$1,338.77

** Does not include any applicable homestead or rollback credits that may be eligible.



Assessed Property Tax Valuations and Rates

Collection Year	Total Assessed Property Value	Full Tax Rate	Effective Tax Rate
2021	\$2,418,843,440	105.64	51.99
2020	\$2,094,637,200	104.09	57.61
2019	\$2,073,735,070	102.09	55.67

Did You Know? House Bill 920 and Property Reappraisal

The county auditor updates all property values every three years and performs a complete reappraisal every six years. The triennial update occurred in tax year 2020, and most residents of our district received significant increases in value. However, House Bill 920 serves to protect taxpayers by reducing the tax rate of existing levies when property values increase. This has the effect of "equalizing" the actual tax collected by a school district regardless of changes from reappraisal. Thus unless a school district passes a new levy, the total revenue collected by the district will not materially increase due to reappraisal. Individual properties will fluctuate based on their change relative to the average change, but total district tax collected will not. This chart illustrates this process: district property value increased in 2021 and the effective tax rate decreased by 5.62 mills. Long term this leads to flattening revenues and one of the main reasons why districts must return to voters periodically for new levies.

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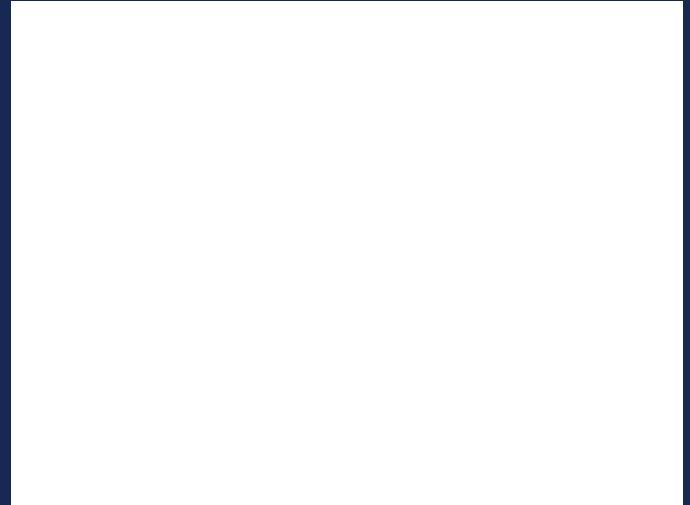


The District received the *Ohio Auditor of State Award with Distinction* as a result of clean and accurate records. **Only roughly 5% of public entities across the state receive this prestigious award each year!**



Administrative Offices
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OUR MISSION | **TO EMPOWER
A COMMUNITY OF
LEARNERS
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CHANGE
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BOARD OF EDUCATION



Charlie Wilson; Jennifer Best, President;
Nikki Hudson; Sam Shim; Amy Lloyd,
Vice President

OUR DISTRICT'S LEADERS



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tbowers@wscloud.org



TJ CUSICK
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