

*Worthington City
School District*



*Popular Annual Financial Report
For the Fiscal Year Ending
June 30, 2013
Worthington, Ohio*

Worthington Schools Community Members:

As the Chief Financial Officer of the District, I am committed to providing our residents with timely and reliable financial information that is readable and easy to understand. Therefore I am proud to present our Popular Annual Financial Report for the 2012-13 school year. It is a smaller version of our Comprehensive Annual Financial Report and not only summarizes where our resources come from and how they are spent, but also how well those resources are invested in our children's educational environment.



During fiscal year 2013, total state support of our District continued to decrease as illustrated on page 3 of this document. We received \$1.6 million less in 2013 compared to 2012 due to the continued phase-out of the tangible tax reimbursement. Combined with the 2012 loss of this revenue, the District received \$5.9 million less in total state support in 2013 than it did in 2011. Thankfully, voters understood the need to replace this lost state revenue and overwhelmingly supported an operating levy in November 2012 that allowed us to continue offering the programs and curriculum that make our District one of the best in the state.

Our administrative team continues to monitor expenditures closely to ensure resources are spent wisely, and total expenditures of the District decreased \$0.7 million in 2013 compared to 2012. Employees received no base pay raise or step increase during fiscal year 2013 and agreed to pay a higher portion of their insurance premiums. The District also experienced over forty teacher retirements at the end of fiscal year 2012 whose positions were filled with bright and upcoming educators at a savings of over \$1 million.

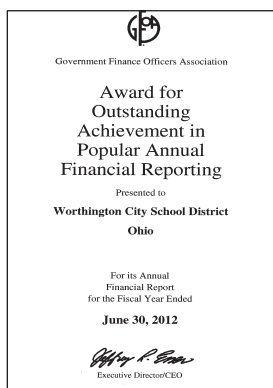
Looking ahead, the new state budget for fiscal years 2014 and 2015 improved the financial outlook for the District in the short term, but long term questions still remain, most notably a permanent replacement for lost tangible tax revenues. The current five year forecast shows the District to be funded through fiscal year 2018. However, the cost of many new state initiatives is yet to be determined, including the third grade reading guarantee, the new common core curriculum, new assessments and methods of assessment, and a new teacher evaluation system. Over forty more teachers retired at the end of 2013, which will save the District another \$1 million in 2014. In addition, the District will become self-insured for medical insurance, which has the potential to save up to \$2.5 million in the first year. Residents also generously passed a \$40 million capital improvement bond levy, which will replace buses, upgrade technology, and perform necessary maintenance to our buildings over the next five years.

I hope you will read through this document, as well as the Superintendent's newsletter and other information on our website, www.worthington.k12.oh.us, and contact me with any questions at 614-450-6120 or jmccuen@worthington.k12.oh.us.

Sincerely,

A handwritten signature in black ink that reads "Jeff Mccuen".

Jeff Mccuen, Treasurer/CFO

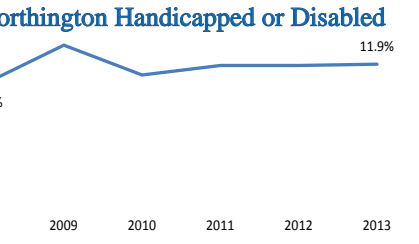
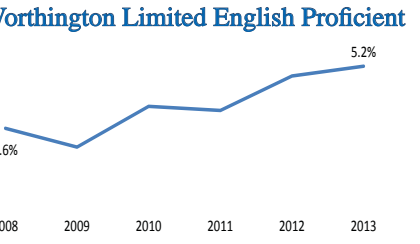
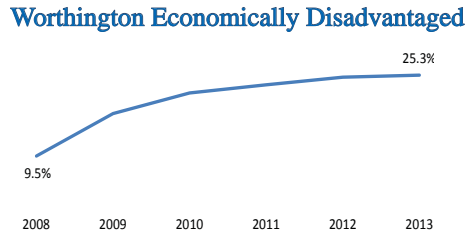
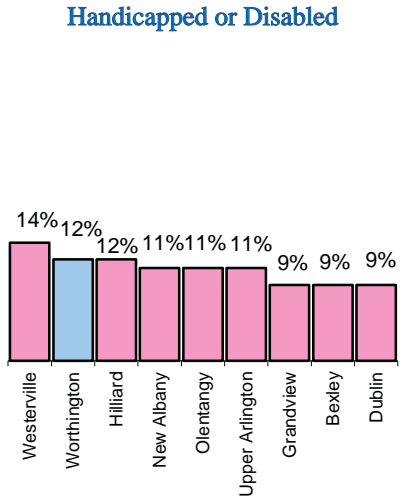
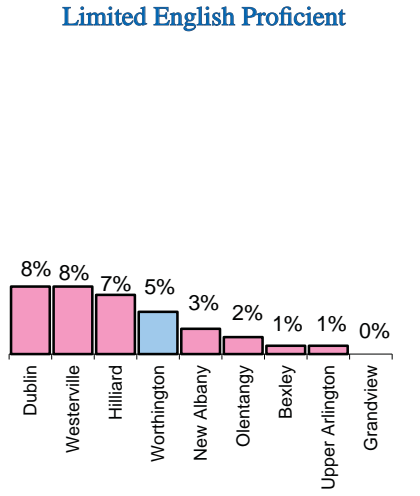
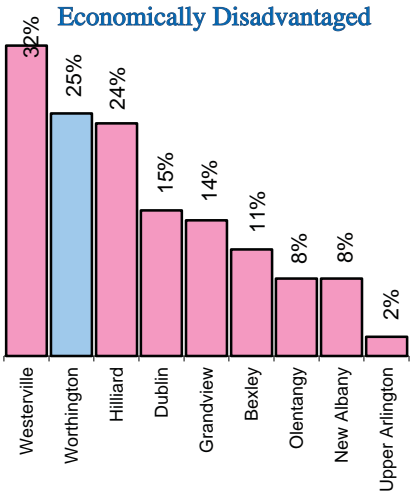


The Government Finance Officers Association of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Worthington Schools for its PAFR for the fiscal year ended June 30, 2012. The award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local reports. In order to receive an award, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An award is valid for a period of one year only. Worthington has received the award for the last 5 consecutive years and we believe our current report continues to conform to those standards and we are submitting it to the GFOA.

| 19 Schools |
|-----------------------------|
| 2 High Schools |
| 1 Alternative High School |
| 3 Middle Schools |
| 1 Alternative Middle School |
| 11 Elementary Schools |
| 1 Preschool |

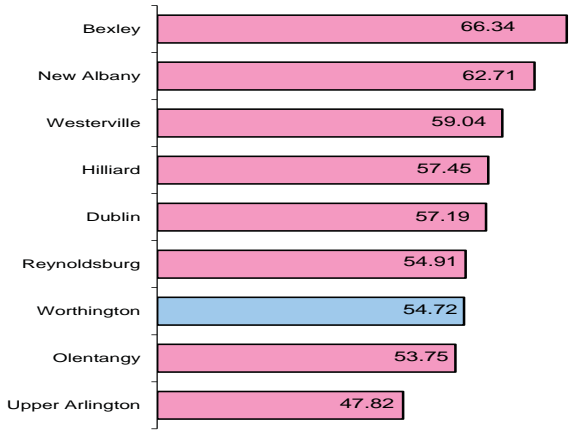
| Enrollment | |
|--------------------|--------------|
| Pre-Kindergarten | 198 |
| Elementary (K-6) | 5,145 |
| Middle (7-8) | 1,415 |
| High School (9-12) | 2,750 |
| Total | 9,508 |

| Student Population | |
|--------------------|-------|
| <i>Ethnicity:</i> | |
| White | 71.6% |
| Black | 8.5% |
| Multi-Racial | 7.5% |
| Asian Pacific | 6.2% |
| Hispanic | 6.1% |
| Native American | 0.1% |

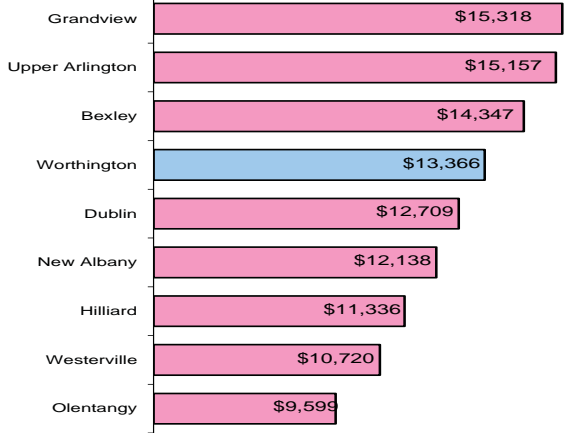


The graphs above indicate the growing populations in the demographics which typically require additional resources for instruction.

2013 Residential Effective Millage Rates



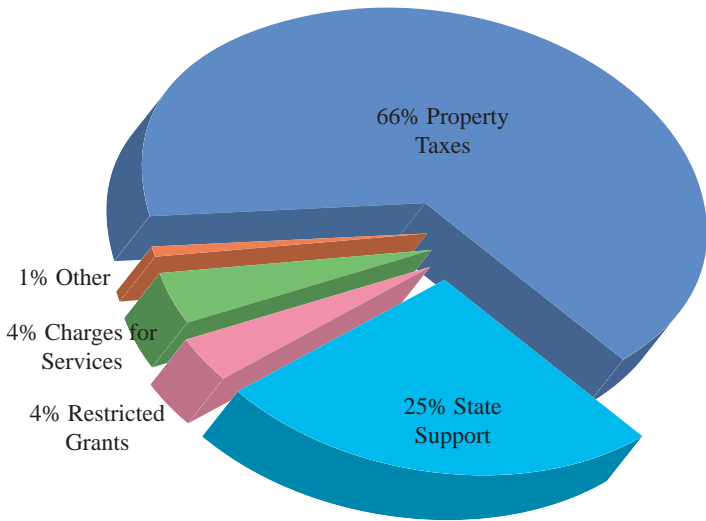
2012 Expenditure Per Pupil (Latest Available)



The District continues to have one of the lowest residential millage rates of surrounding districts, which translates into lower property taxes.

The expenditures per pupil of the District are close to the average of the surrounding area schools. Management has closely monitored spending to ensure resources are efficiently utilized.

2013 Total Revenues \$136.7 (in millions)



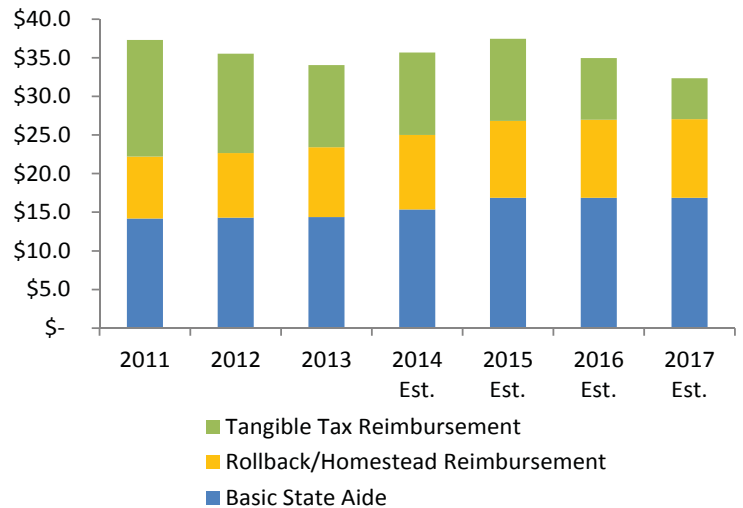
| | 2013 | 2012 | 2011 |
|----------------------|--------------|--------------|--------------|
| Local Property Taxes | \$90.2 | \$88.4 | \$85.1 |
| State Support | 35.0 | 36.6 | 38.7 |
| Charges for Services | 4.9 | 5.0 | 5.4 |
| Restricted Grants | 5.7 | 5.6 | 7.5 |
| Other | 0.9 | 1.1 | 1.1 |
| Total | 136.7 | 136.7 | 138.1 |

As the graph illustrates, the District received the majority of its revenue from local sources in the form of property taxes, accounting for 66% of total revenues, up from 65% last year. The District was able to offset a \$1.6 million reduction in State funding with a \$1.8 million increase in local property taxes as a result of the voter approved 2012 operating levy. This will allow the District to maintain programs in place and provide a top notch education to residents.

Local Property Taxes include both residential and commercial property taxes. **State Support** includes our per-pupil allotment, tangible tax reimbursement, and homestead/rollback credit. **Restricted Grants** include federal targeted grants such as Title I Economically Disadvantaged and Special Education grants. **Charges for Services** include extracurricular fees, all day kindergarten tuition, and other charges.

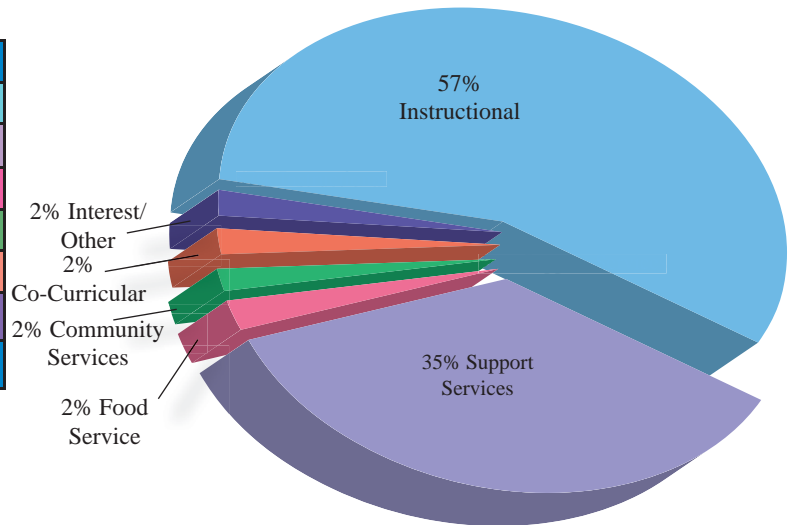
State Support totaled \$35.0 million, a decrease of \$1.6 million from 2012, a direct result from lost tangible tax reimbursement. In 2005, the state eliminated the tangible personal property tax, assessed on business equipment and machinery, which was a major source of revenue for our District. The state had been holding districts harmless by reimbursing that lost revenue. However to balance the State budget, that reimbursement was reduced in 2012 and 2013, and the District lost \$6.6 million in total. Although the reimbursement has been frozen for the next biennium budget at \$10.6 million, the District needs to continue to engage legislators to come up with a permanent replacement for those lost revenues as we currently anticipate the phase out to continue in 2016.

State Support (In Millions)



2013 Total Expenses \$131.5 (in millions)

| | 2013 | 2012 | 2011 |
|--------------------------|--------------|--------------|--------------|
| Instructional | \$74.5 | \$74.0 | \$77.1 |
| Support Services | 47.1 | 48.0 | 49.2 |
| Food Service | 2.9 | 3.1 | 3.4 |
| Community Services | 2.0 | 1.6 | 1.6 |
| Co-Curricular Activities | 2.7 | 2.7 | 2.7 |
| Interest and Other | 2.3 | 2.8 | 2.5 |
| Total | 131.5 | 132.2 | 136.5 |



Total expenses decreased \$0.7 million from last year. This was mainly the result of over forty retirements at the end of fiscal year 2012. The District was able to utilize the savings from lower replacement salaries to offset inflationary increases in healthcare costs, purchased services and supplies.

The District will continue to look for areas where cost saving measures can be utilized to offset declining state revenues. Over forty additional teachers retired at the end of 2013 and were replaced with lower salaried teachers, further reducing costs \$1 million. The District will become self-insured in January 2014 for health insurance potentially saving the District up to \$2.5 million in the first year.

Liberty (below left) celebrates our country and heroes for Veterans Day. A young student from Worthington Hills (bottom right) volunteers at the WKHS baseball game helping the team with the equipment.

Instructional Services include teachers, textbooks, materials, and anything else directly related to the classroom and student learning.

Support Services include teachers aides, secretaries and principals, maintenance, transportation, technology, and central administration.

Food Services are the costs associated with providing breakfast and lunch, which are covered by fees and federal subsidies.

Community Services include the costs associated with the District's all day kindergarten program as well as other pass through grants involving community services.

Co-Curricular costs include athletics, band, student clubs and organizations, and other costs of programs outside the normal classroom experience.

Other includes interest on the District's long term debt as well as tax collection fees paid to the county.



| Financial Position Statement | | | |
|---------------------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 |
| Assets | | | |
| Cash & Investments | \$69,096,941 | \$63,098,984 | \$107,912,344 |
| Receivables & Other Assets | 80,736,780 | 86,154,537 | 94,079,564 |
| Land, Buildings, & Equipment | 66,462,444 | 66,140,349 | 65,235,943 |
| Total Assets | \$216,296,165 | \$215,393,870 | \$267,227,851 |
| Deferred Outflows of Resources | \$221,047 | \$196,747 | \$172,447 |
| Liabilities | | | |
| Owed to Others | \$19,913,523 | \$18,776,743 | \$19,860,450 |
| Long Term Liabilities | 68,578,376 | 62,064,209 | 98,228,190 |
| Total Liabilities | \$88,491,899 | \$80,840,952 | \$118,088,640 |
| Deferred Inflows of Resources | \$47,253,000 | \$48,837,015 | \$58,200,707 |
| Net Position | | | |
| Invested In Capital Assets | \$20,534,189 | \$19,805,237 | \$16,037,554 |
| Restricted Net Position | 4,356,661 | 4,092,720 | 6,997,526 |
| Unrestricted Net Position | 55,881,463 | 62,014,693 | 68,075,871 |
| Net Position | \$80,772,313 | \$85,912,650 | \$91,110,951 |

At the end of 2013, the District had \$68.1 million in unrestricted net position that can be used to fund ongoing operations. Cash and Investments along with Long Term Liabilities increased due to debt issued during the year to fund capital improvements. Receivables increased due to property tax proceeds of the operating levy passed in November 2012.



TWHS students (above) and WKHS students (below) qualified as National Merit Scholar Semifinalists.



| The District's Debt | | | | |
|--------------------------------|----------|----------|---------------|---------------------|
| Purpose | Issued | Matures | Interest Rate | Balance |
| 1999 Energy Conservation Notes | 03/02/99 | 12/01/13 | 4.20% | \$245,000 |
| 2007 Refunding Certificates | 09/20/07 | 12/01/19 | 4-4.5% | 4,459,622 |
| 2006 Energy Conservation Note | 10/01/05 | 10/01/20 | 4.26% | 1,431,000 |
| 2007 School Improvement Bonds | 02/15/07 | 12/01/21 | 3.6-5.5% | 9,857,804 |
| 2007 School Improvement Bonds | 02/27/07 | 12/01/21 | 4-5.5% | 5,086,483 |
| 2010 School Improvement Bonds | 08/30/10 | 12/01/23 | 2-3.2% | 7,314,442 |
| 2008 Refunding & Improvement | 11/05/08 | 12/01/24 | 3.7-4.5% | 6,983,394 |
| 2009 School Improvement Bonds | 05/05/09 | 12/01/24 | 2.5-4.0% | 10,892,508 |
| 2010 Subsidized Improvement | 08/30/10 | 12/01/25 | 5.00% | 1,800,000 |
| 2013 School Improvement Bonds | 02/14/13 | 12/01/27 | 1.5-5.0% | 30,224,139 |
| 2013 School Improvement Bonds | 03/06/13 | 12/01/28 | 2.63-2.75% | 1,800,000 |
| Total Outstanding Debt | | | | \$88,399,592 |

The District issued \$37.2 million in new debt during the fiscal year, and paid \$4.5 million in principal payments and \$0.4 million in interest payments. The debt issued during the year was rated Aa1 by Moody's and AA by Standard & Poor's. Two prior issuances were paid off during the year including the 2000 Certificates of Participation and the 2002 Refunding Bonds. The District is well under debt limits set by state law, having issued only 45% of its allowable amount.

In November 2012, residents approved a \$40 million capital improvement bond issue with proceeds to provide technology upgrades, new buses, replacement furnishings and equipment, and various building and grounds maintenance projects. This bond issue will not raise taxes but instead allow the District to maintain its maintenance and replacement schedule as outlined below for the next five years. Please visit our website for further details.

| 2012 Bond Issue Summary | | | | | | |
|-------------------------|--------------|-------------|-------------|-------------|-------------|-------------|
| | Total | 2013 | 2014 | 2015 | 2016 | 2017 |
| Buses | \$2,276,222 | \$414,000 | \$509,232 | \$437,090 | \$450,200 | \$465,700 |
| Technology | 10,512,120 | 2,978,000 | 2,136,000 | 2,715,000 | 2,067,120 | 616,000 |
| Maintenance | 22,149,121 | 4,250,000 | 4,335,000 | 4,421,700 | 4,510,134 | 4,632,287 |
| Equipment | 2,562,537 | 500,000 | 500,000 | 500,000 | 500,000 | 562,537 |
| Contingency | 2,500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Totals | \$40,000,000 | \$8,642,000 | \$7,980,232 | \$8,573,790 | \$8,027,454 | \$6,776,524 |

Completed capital projects in 2013 included 5 new buses, a roofing project at McCord, a back-up generator at the Worthington Education Center, and a track replacement at Worthingway. The District started additional projects in the summer including security enhancements, a student welcome center, and purchasing upgraded technology equipment.

| 2012 Bond Issue Balances | | | |
|--------------------------|-------------------|-----------------------|--------------|
| | Approved & Issued | Expended & Encumbered | Remaining |
| Buses | \$2,276,222 | \$379,592 | \$1,896,630 |
| Technology | 10,512,120 | - | 10,512,120 |
| Maintenance | 22,149,121 | 56,834 | 22,092,287 |
| Equipment | 2,562,537 | 168,644 | 2,393,893 |
| Contingency | 2,500,000 | - | 2,500,000 |
| Totals | \$40,000,000 | \$605,070 | \$39,394,930 |



The District has a plan to replace 5 buses each year. The replacements will lead to greater fuel efficiency and safety for our students.



The replacement of the track and surrounding field area at Worthingway was finished during the year.

A back-up generator was installed at the Worthington Education Center to maintain servers and communication in the event of a power outage.



2012-2013 Report Card for Worthington City School District

Achievement



This grade combines two results for students who took the state tests. The first result answers the question – How many students passed the state test? The second result answers the question – How well did students do on the state test?

COMPONENT GRADE

Coming in
2015

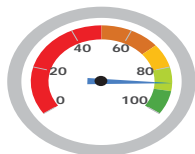
GRADE

B

Performance Index

The Performance Index measures the test results of every student, not just those who score proficient or higher. There are six levels on the index and districts receive points for every student in each of these levels. The higher the achievement level the more the points awarded in the district's index. This rewards schools and districts for improving performance.

Performance Index

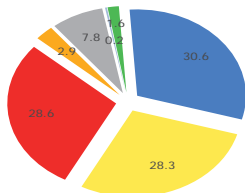


86.7%

104.1 of a possible 120.0

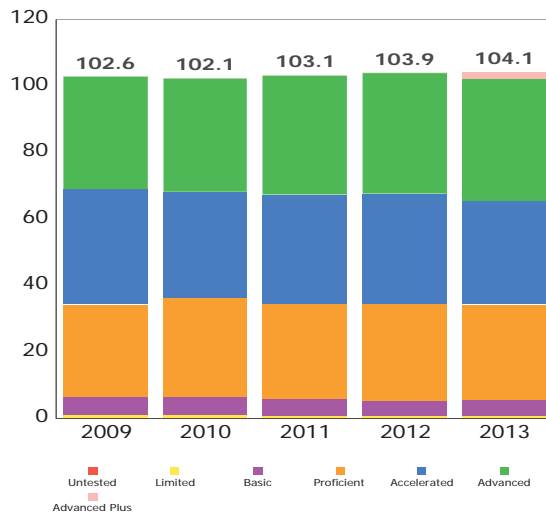
A = 90.0 - 100.0%
B = 80.0 - 89.9%
C = 70.0 - 79.9%
D = 50.0 - 69.9%
F = 0.0 - 49.9%

| Achievement Level | Pct of Students | Points for this Level | Points Received |
|-------------------|-----------------|-----------------------|-----------------|
| Advanced Plus | 1.6 | x 1.3 | = 2.1 |
| Advanced | 30.6 | x 1.2 | = 36.7 |
| Accelerated | 28.3 | x 1.1 | = 31.1 |
| Proficient | 28.6 | x 1.0 | = 28.6 |
| Basic | 7.8 | x 0.6 | = 4.7 |
| Limited | 2.9 | x 0.3 | = 0.9 |
| Untested | 0.2 | x 0.0 | = 0.0 |
| | | | 104.1 |



Advanced Plus
Advanced
Accelerated
Proficient
Limited
Basic
Untested

Performance Index Trend



2012-2013 Report Card for Worthington City School District

GRADE

A

Indicators Met

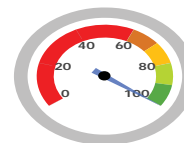
Indicators Met measures how many students have passed the state tests at a minimum level, called proficient, or higher. Test results are reported for each student in a grade and subject. At least 75 percent of students must pass to get credit for the indicator. Starting in the 2013-14 school year, a district or school needs to have 80 percent of their students pass at a minimum level or higher in order to "meet" an indicator.

Indicators Met %

100.0%

24.0 out of 24.0

A = 90.0 - 100.0%
B = 80.0 - 89.9%
C = 70.0 - 79.9%
D = 50.0 - 69.9%
F = 0.0 - 49.9%



Grades 3-5

| Grade | Subject | Percentage | Status |
|-----------|-------------|------------|--------|
| 3rd Grade | Mathematics | 90.7% | ✓ |
| | Reading | 92.4% | ✓ |
| 4th Grade | Mathematics | 91.0% | ✓ |
| | Reading | 94.7% | ✓ |
| 5th Grade | Mathematics | 81.4% | ✓ |
| | Reading | 85.0% | ✓ |
| | Science | 79.7% | ✓ |

Grades 6-8

| Grade | Subject | Percentage | Status |
|-----------|-------------|------------|--------|
| 6th Grade | Mathematics | 84.2% | ✓ |
| | Reading | 91.8% | ✓ |
| 7th Grade | Mathematics | 85.1% | ✓ |
| | Reading | 91.5% | ✓ |
| 8th Grade | Mathematics | 84.7% | ✓ |
| | Reading | 92.8% | ✓ |
| | Science | 82.0% | ✓ |

Ohio Graduation Test

| Grade | Subject | Percentage | Status |
|-------------------|----------------|------------|--------|
| OGT, 10th Graders | Mathematics | 94.0% | ✓ |
| | Reading | 95.8% | ✓ |
| | Science | 90.9% | ✓ |
| | Social Studies | 94.2% | ✓ |
| | Writing | 95.1% | ✓ |
| OGT, 11th Graders | Mathematics | 94.0% | ✓ |
| | Reading | 94.3% | ✓ |
| | Science | 92.4% | ✓ |
| | Social Studies | 94.2% | ✓ |
| | Writing | 94.2% | ✓ |

This document is an abridged, unaudited version of the 2013 Comprehensive Annual Financial Report and is mostly based on the Government Wide Statement of Net Position. We encourage readers to access the full audited version of the CAFR on the District's website at www.worthington.k12.oh.us. The entire report card can be found on the Department of Education's website at www.education.ohio.gov.