



POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING JUNE 30, 2021
PATASKALA, OHIO



AWARD FOR OUTSTANDING ACHIEVEMENT



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Licking Heights Local School District
Ohio**

For its Annual Financial Report
for the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Licking Heights Local School District for its PAFR for the fiscal year ended June 30, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.





December 3, 2021

TO THE CITIZENS OF THE LICKING HEIGHTS LOCAL SCHOOL DISTRICT,

We are pleased to present the Licking Heights Local School District's Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2021. This report makes our District's finances easier to understand, and communicates our financials in an open and accountable manner.

The PAFR summarizes the financial activities and operating results previously reported in the Licking Heights Local School District's audited Comprehensive Annual Financial Report. The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis, which addresses full disclosure and segregated funds. The PAFR focuses on the District's General Fund. The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund. The most significant items not reported in the General Fund include: debt issuance and retirement, building and permanent improvements, retirement, and food service. For more detailed financial information, a copy of the Comprehensive Annual Financial Report is available from the Treasurer's office or can be viewed on the District's website www.lhschools.org/Financial.aspx

The Licking Heights Local School District is proud of this report. Ultimately, we thank our citizens for their encouragement in creating a report designed to more adequately address their needs as taxpayers. Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Treasurer's office at 740-927-6926 or at tgriffith@lhschools.org

Respectfully submitted,

Todd Griffith
Treasurer

LICKING HEIGHTS LEADERSHIP

BOARD OF EDUCATION

The Licking Heights Board of Education is made up of five members. Ohio law requires that Board members must be a resident of the District in which they serve.



The Licking Heights Board Members are (from left to right):

Tracy Russ, Mark Rader (President), Brian Bagley, Tiffany Blumhorst, and Paul Johnson (Vice President).



SUPERINTENDENT

Philip H. Wagner, Ph.D.



TREASURER

Todd Griffith



DISTRICT REVENUES & RESOURCES OVER EXPENDITURES

GENERAL FUND

The Financial Activity Statement (below) and Financial Position Statement (page seven) represent only the General Fund from the District's Comprehensive Annual Financial Report and are presented in a non-GAAP format.

The Financial Activity Statement, also known as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the District.

Income statement data for fiscal years 2017 through 2021 are presented below. The 47% increase in local taxes from FY20 to FY21 is attributable to the increase in available advance amounts. Conversely, investment income decreased by 93% and tuition & fees revenue decreased by 37%. Overall, total Revenues increased by 20% and Expenditures increased by 5% within the General Fund from FY20 to FY21.

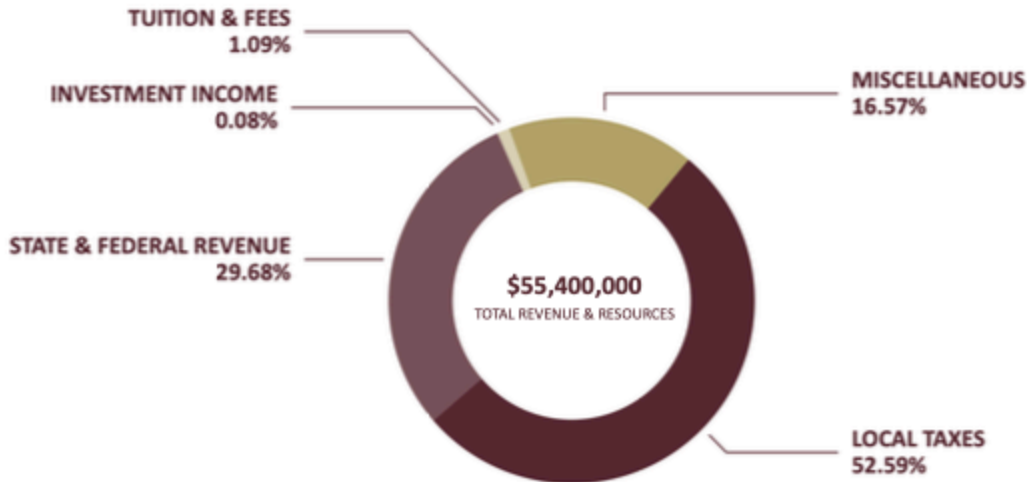
RESOURCES TAKEN IN*	FY21	FY20	FY19	FY18	FY17
LOCAL TAXES	\$29,133	\$19,754	\$20,929	\$22,815	\$18,844
STATE AND FEDERAL REVENUE	16,444	15,730	15,815	14,936	14,511
INVESTMENT INCOME	42	628	440	98	52
TUITION & FEES	602	958	676	472	684
MISCELLANEOUS	9,179	9,066	6,375	6,481	4,188
TOTAL REVENUES & RESOURCES	\$55,400	\$46,136	\$44,235	\$44,802	\$38,279

SERVICES PROVIDED*	FY21	FY20	FY19	FY18	FY17
INSTRUCTION	\$27,050	\$25,454	\$25,313	\$25,499	\$23,845
PUPIL SUPPORT	2,168	2,214	2,450	2,039	1,787
INSTRUCTIONAL STAFF	781	735	884	636	710
BOARD/ADMINISTRATION/FISCAL	4,764	4,163	4,081	3,227	3,423
PLANT OPERATION	3,951	3,543	3,447	3,427	3,553
TRANSPORTATION	2,260	3,035	3,398	3,234	2,744
CENTRAL	1,147	926	1,001	1,068	648
EXTRACURRICULAR	607	641	617	554	476
MISCELLANEOUS	183	4	3	0	11
TOTAL EXPENDITURES & SERVICES	\$42,911	\$40,715	\$41,194	\$39,684	\$37,197
REVENUES & RESOURCES OVER EXPENDITURES	\$12,489	\$5,421	\$3,041	\$5,118	\$1,082

*In thousands of \$

DISTRICT REVENUES & RESOURCES

GENERAL FUND

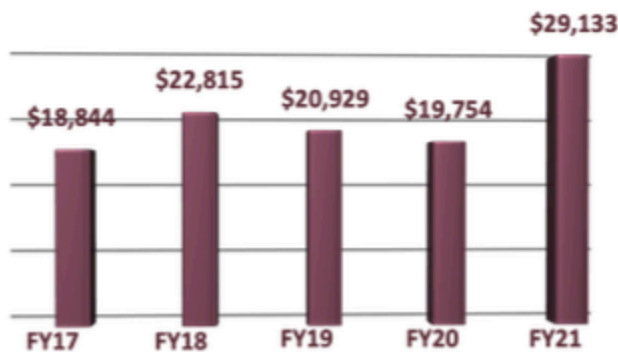


UNBUNDLING THE TAX RATE

All tax rates for the School District, except inside millage, are reduced as valuations increase. In accordance with House Bill 920, as property valuations increased during the triennial update and reappraisal, voted millage is reduced generating the same amount of tax revenue for the District, as was received when each levy was initially approved by the voters. The chart on the right shows the difference in the District's "Gross" or voted tax rates, compared to "Effective" rates or collected.

TYPE	GROSS RATE	EFFECTIVE RATE	LENGTH APPROVED
INSIDE-OPERATING*	4.80	4.800	Permanent
VOTED-OPERATING*	38.15	28.450	Permanent
BOND RETIREMENT	12.40	12.000	Various
IMPROVEMENT	1.99	1.430	Permanent
TOTAL RATES	57.34	46.68	

*Rates are for the 2020 tax year collected in the year 2021.



LOCAL PROPERTY TAXES

The graph on the left depicts collections received by the District from real and personal property taxes. Property taxes provide a majority of local revenue to operate and maintain our schools. Taxes paid on homes and businesses (both property and equipment) represent 52.6% of all general fund revenues.

ASSESSED VALUES OF PROPERTY REAL ESTATE TAXES

COLLECTION YEAR	RESIDENTIAL/AGRICULTURAL	COMMERCIAL/INDUSTRIAL	PUBLIC UTILITY	TOTAL
2021	\$596,744,030	\$149,324,090	\$72,200,800	\$818,268,920
2020	\$486,452,330	\$144,147,919	\$60,174,580	\$690,774,829
2019	\$471,452,490	\$130,938,950	\$43,543,300	\$645,934,740

DISTRICT REVENUES & RESOURCES

GENERAL FUND

STATE AND FEDERAL RESOURCES

State and Federal revenue generated \$16.4 million or 29.7% of all **General Fund** revenue for the District.

The majority of **State Aid & Subsidies** includes School Foundation aid, which is a formula calculation based upon student enrollment. The State of Ohio implemented a new funding formula in 2014, with revisions in 2015, and again in 2017. Due to Ohio's school funding cap, the District did not receive \$70 million over the last 8 years. In addition to Foundation revenue, the District also receives Poverty Based Assistance and Career Tech funding from the State.

The District also receives **Rollback and Homestead** payments, which represents the portion of the local tax bill paid by the State, instead of the local taxpayer. Currently, the State pays 10% of the taxes due on all property and an additional 2.5% on residential and agricultural owner-occupied property. An additional exemption is provided to senior and disabled citizens, regardless of income. However, the most recent State budget eliminated the property tax rollback on any new levy passed after August 2013.

Other State/Federal Revenue includes the public utility reimbursement, Medicaid reimbursement, catastrophic cost reimbursement, and casino revenue. Federal sources in this category include E-rate reimbursements for telecommunications services, internet access, and internal connections. The District receives these reimbursements based on its percentage of qualifying students for free and reduced-price lunches and other socio-economic factors.



EXPENDITURES & SERVICES

DEFINITIONS

INSTRUCTION is the largest expenditure category. Students are directly impacted by expenditures from this category, which relate to direct student instruction.

PUPIL SUPPORT areas include guidance services, nurses, speech, hearing, occupational therapy, physical therapy, and psychological services.

STAFF SUPPORT costs include library services, technology integration support, and literacy collaborative support.

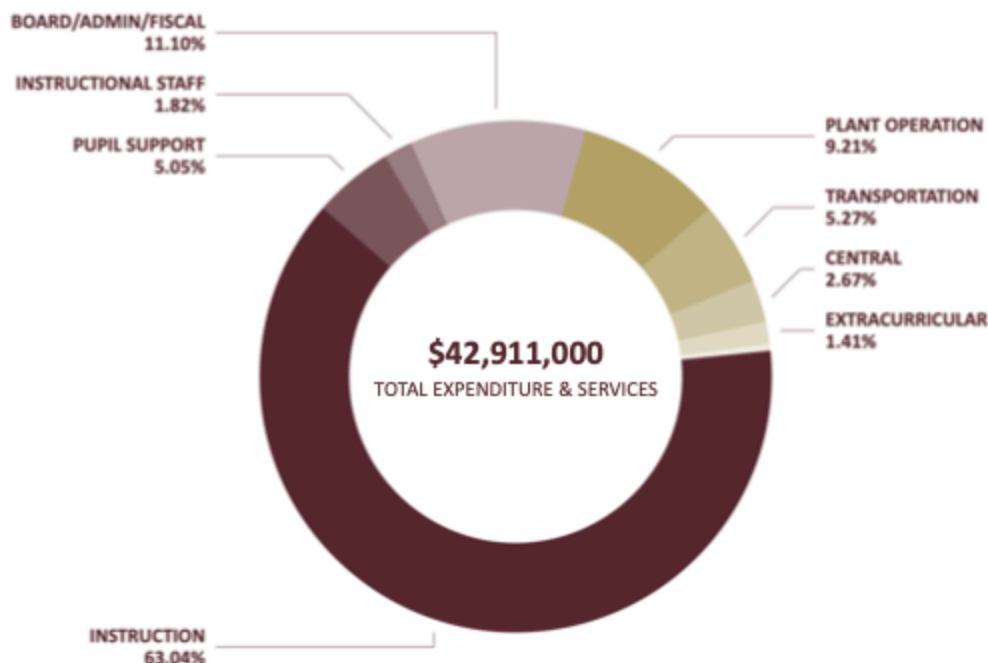
BOARD/ADMIN/FISCAL costs represent those of the administration and Board of Education's operation of the District. Also included in this category are school building secretarial support and financial services, such as: payroll, accounts payable and receivable, auditing, budgeting and reporting, and fringe benefits administration.

PLANT OPERATION expenditures relate to the safe and efficient environment of school buildings, including building maintenance, grounds and custodial services.

TRANSPORTATION expenditures encompass Licking Heights student transportation (mostly by bus), consistent with Board of Education policies and the laws of the State of Ohio. In FY2021 the bus fleet transported 3,651 regular and special education students to Licking Heights Local School District.

CENTRAL SUPPORT expenditures include community relations and technology maintenance staff, computer network maintenance contracts, District wide postage costs, and strategic planning type activities.

EXTRACURRICULAR expenditures account for the salaries and benefits of club advisors and athletic coaches.



ASSETS OVER LIABILITIES

GENERAL FUND

The Financial Position Statement, also known as a balance sheet, reports available assets needed to provide services. Liabilities are District obligations for future expenses. The amount below represents the difference between the District assets and liabilities. This amount provides the “net worth” of the District. The District, as a whole, is financially improving.

ASSETS	FY21	FY20
CASH AND INVESTMENTS	\$27,688,909	\$22,378,557
RECEIVABLES	\$28,608,719	\$26,839,681
TOTAL ASSETS	\$56,297,628	\$49,218,238
LIABILITIES		
ACCOUNTS PAYABLE	\$135,354	\$104,626
DUE TO OTHER GOVT'S/EMPLOYEES	\$4,219,283	\$3,838,665
TOTAL LIABILITIES	\$4,354,637	\$3,943,291
DEFERRED INFLOWS		
PROPERTY TAXES	\$21,668,014	\$24,304,135
OTHER REVENUES	\$317,278	\$629,620
TOTAL DEFERRED INFLOWS	\$21,985,292	\$24,933,755
TOTAL LIABILITIES & DEFERRED INFLOWS	\$26,339,929	\$28,877,046
ASSETS OVER LIABILITIES & DEFERRED INFLOWS	\$29,957,699	\$20,341,192

ASSETS

Cash and Investments represent the physical cash held by the District to pay expenses, as well as, interim funds invested by the Treasurer in a variety of accounts. The investment of interim funds allows the District to earn interest on its cash. The 24% increase in Cash and Investments from FY20 to FY21 is the result of revenues exceeding expenditures in the General Fund.

Receivables represent the amounts that are owed to the District by June 30, 2021.

LIABILITIES & DEFERRED INFLOWS/OUTFLOWS

Liabilities are amounts the District owed to employees, other governments or vendors, for items or services provided to the District and payment is expected within twelve months.

Deferred Inflows and Outflows of Resources are neither assets nor liabilities as they relate to the current fiscal year. Unlike current assets and liabilities, amounts classified as “deferred inflows” or “deferred outflows” are amounts not recognized as a revenue or an expense until the future related inflows or outflows. The District’s FY21 General Fund reported deferred tax revenue inflows, but no outflows.

DISTRICT FINANCE

DEBT

As of June 30, 2021, the district had \$85.9 million in debt outstanding, the majority of which is related to 2017 school facilities improvement bonds. The 2017 bonds were issued for capital improvements, with majority portion to fund the construction of new high school. The refunding of bonds represent debt issued to refinance previous bond issues.

PURPOSE	MATURES	INTEREST RATE	OUTSTANDING BALANCE
2000 SCHOOL IMPROVEMENT BONDS	12/1/28	6.40%	\$855,000
2011 ADVANCE REFUNDING BONDS	12/1/21	2-2.5%	\$2,840,000
2012 ADVANCE REFUNDING BONDS	12/1/32	2-3.1%	\$7,155,000
2013 ADVANCE REFUNDING BONDS	12/1/22	0.4-3.6%	\$1,485,000
2016 ADVANCE REFUNDING BONDS	12/1/25	1.73%	\$8,145,000
2017A SCHOOL FACILITIES IMPROVEMENT BONDS	10/1/37	3-5%	\$40,715,000
2017B SCHOOL FACILITIES IMPROVEMENT BONDS	10/1/37	3-5%	\$7,670,000
2017C REFUNDING BONDS	10/1/28	4-5%	\$4,750,000
2020 ADVANCE REFUNDING BONDS	12/1/28	0.59-1.43%	\$12,335,000
TOTAL OUTSTANDING			\$85,950,000



FIVE-YEAR FORECAST

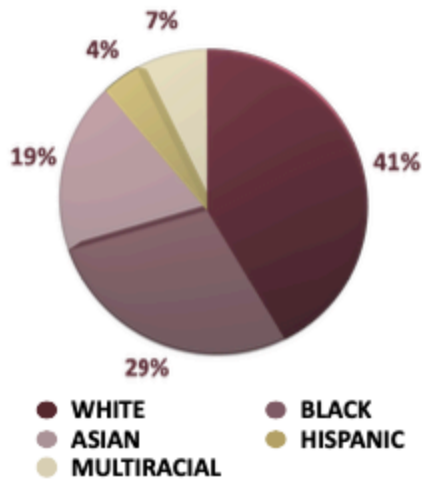
The District has an improving financial position. The current five-year forecast (November 2021) projects that Licking Heights Schools will maintain a positive end-of-year cash balance through fiscal year 2025; yet, Ohio's school funding cap still poses significant financial challenges. Such past challenges have been marginally surmounted by the District's focus on managing residential growth and stimulating economic development.

	FISCAL YEAR 2021 ACTUAL	FISCAL YEAR 2022 PROJECTED	FISCAL YEAR 2023 PROJECTED	FISCAL YEAR 2024 PROJECTED	FISCAL YEAR 2025 PROJECTED	FISCAL YEAR 2026 PROJECTED
BEGINNING BALANCE	\$22,011,530	\$28,512,156	\$24,413,191	\$25,163,834	\$20,935,148	\$12,341,682
REVENUE	51,990,148	50,956,408	52,476,208	53,579,989	53,660,426	55,209,109
EXPENDITURES	-45,489,522	-55,055,373	-51,725,565	-57,808,675	-62,253,892	-69,558,031
REVENUE SURPLUS OR (DEFICIT)	6,500,626	-4,098,965	750,643	-4,228,686	-8,593,466	-14,348,922
ENDING BALANCE	\$28,512,156	\$24,413,191	\$25,163,834	\$20,935,148	\$12,341,682	-\$2,007,240

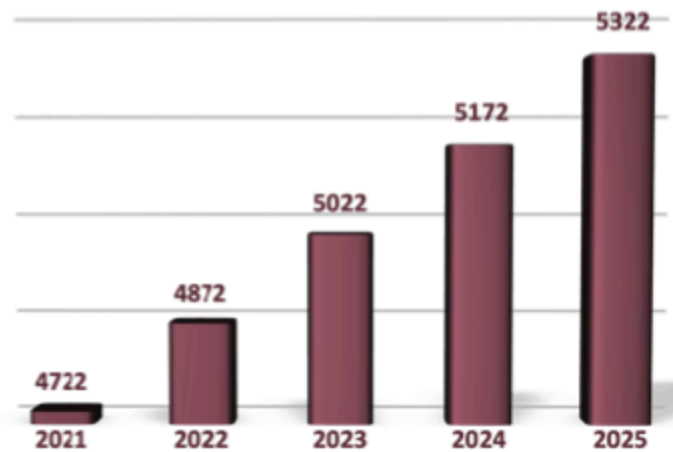


ENROLLMENT & DISTRICT DEMOGRAPHICS

STUDENT DEMOGRAPHICS



ENROLLMENT PROJECTIONS



Licking Heights Local School District served 4,722 students during the 2020-21 school year in grades Pre K through 12. The District operates one high school, one middle school, one intermediate school, three elementary schools, one administrative building and a bus garage.

ACADEMIC INNOVATIONS

CAREER PATHS

The District offers traditional college preparation courses, Advanced Placement (AP), College Credit Plus (CCP), as well as pathways for students interested in a military career or to immediately enter the workforce after high school graduation. Students also are eligible to graduate with an honors diploma or elect as juniors to attend Licking County's career technical school (C-TEC). Any student who completes one of these curricula will meet the academic requirements necessary for graduation. The District launched new college and career pathways in Fall, 2021 to coincide with the new high school, such as STEAM. Licking Heights also offers two career tech pathways in partnership with C-TEC that are hosted onsite at the high school: Teaching Careers and State Tested Nursing Assistant (STNA).

LANGUAGES

Licking Heights is one of the fastest-growing school districts in Ohio, with a diverse student population speaking more than 42 languages. The District offers Spanish, Mandarin Chinese world languages and recently started American Sign Language (ASL). The District has offered Mandarin Chinese since its initial pilot in 2012 and currently serves 227 students in grades 7-12. The program has two Confucius Classroom teachers. The program was recognized as a Confucius Classroom at the 2014 National Chinese Language Conference in Los Angeles and has led four student trips to China in 2015, 2016, 2017 and 2018.

READY FOR THE FUTURE

The District has an ongoing partnership with the Cleveland Browns Foundation to increase student attendance and graduation rates. The District is one of 19 schools in Ohio to partner with National Center for Rural Education Research Networks and Proving Ground, focusing on school improvement. The District has partnered with Columbus State Community College and the Educational Service Center of Central Ohio on multiple grants and initiatives: i3 College and Career Readiness Grant, Striving Readers Grants focused on literacy in grades 6-12 and Expanding Opportunities Career Pathways grant. The District has also partnered with Facebook/META that provided Chromebooks to our students during the pandemic. Facebook also sponsored the District's first STEAM classroom at our recently constructed high school.

COVID-19

Ohio's state of emergency ended in June of 2021, while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

EMPLOYERS & TAXPAYERS

TOP 5 PRINCIPAL TAXPAYERS	TOTAL ASSESSED VALUATION	% OF TOTAL VALUATION
AEP OHIO TRANSMISSION COMPANY INC	\$33,159,670	45.94%
OHIO POWER COMPANY	\$29,014,360	40.19%
COLUMBIA GAS OF OHIO	\$673,590	0.93%
NATIONAL GAS AND OIL CORP	\$664,870	0.92%
LICKING RURAL ELECTRIC INC	\$462,580	0.64%



TOP 5 EMPLOYERS IN CITY OF PATASKALA*



LICKING HEIGHTS LOCAL SCHOOL DISTRICT	6%
AMERICAN ELECTRIC POWER SERVICE CORP.	2%
SOUTHWEST LICKING LOCAL SCHOOL DISTRICT	2%
WEST LICKING JOINT FIRE DISTRICT	2%
KROGER	2%

*This information reflects 2020 data and percentages are rounded.

NUMBERS BEHIND LICKING HEIGHTS



BREAKFAST SERVED

221,832

LUNCH SERVED

334,707



**OPERATING SPENDING
PER PUPIL**

\$7,296

BUSES IN FLEET

60

MILES DRIVEN DAILY

4,846

STUDENTS BUSSED DAILY

3,651



**SQUARE FOOTAGE
MAINTAINED BY THE
DISTRICT**

770,022



520 EMPLOYEES



4,722 STUDENTS

STUDENTS WITH SPECIAL NEEDS



2021 GRADUATES

306

ENGLISH LANGUAGE LEARNERS



**ECONOMICALLY
DISADVANTAGED STUDENTS**





**HONORING OUR LEGACY.
INSPIRING THE PRESENT.
READY FOR THE FUTURE.**

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