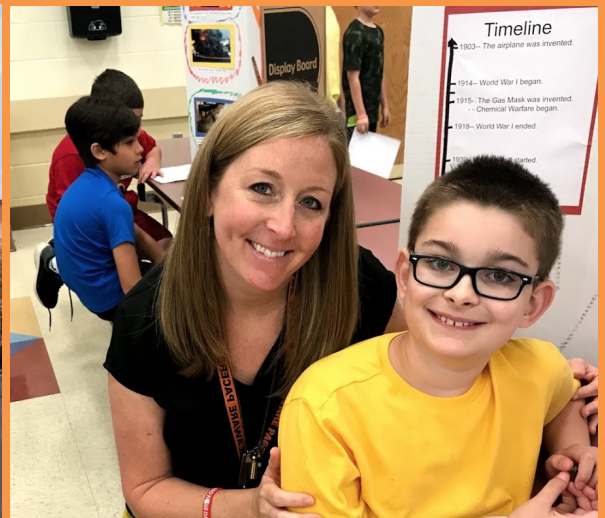


DELAWARE CITY SCHOOL DISTRICT

POPULAR ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDING JUNE 30, 2019
DELAWARE, OHIO

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DELAWARE CITY SCHOOLS BY THE NUMBERS - 2019

5,799 Students

2,699 Students Transported Daily

929,376 District Square Footage

2,616 Average Daily Bus Mileage

49 Buses in Fleet

402,056 Lunches Served

95,153 Breakfasts Served



4 Year Graduation Rate

94.5%

Student Attendance Rate

94.6%

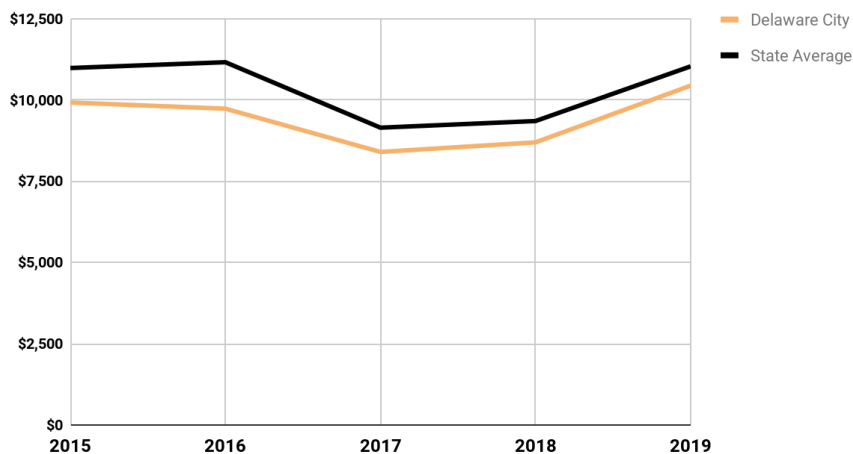
Students on Free/Reduced Lunch

29.0%

Students with Disabilities

15.4%

Expenditures Per Pupil



Source: Ohio Department of Education



"Achieving Excellence, Honoring Tradition"

December 23, 2019

W

e are pleased to present the Delaware City School District's Popular Annual

Financial Report (PAFR) for the fiscal year ending June 30, 2019. This report makes our district's finances easier to understand, and is intended to communicate our financial situation in an open and accountable manner.

The PAFR is intended to summarize the financial activities and operating results reported in the Delaware City School District's audited Comprehensive Annual Financial Report (CAFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis, which primarily deals with full disclosure and segregated funds. The statements presented on pages 3 and 8 consist of the General Fund of the District. The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are 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 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 at www.dcs.k12.oh.us.

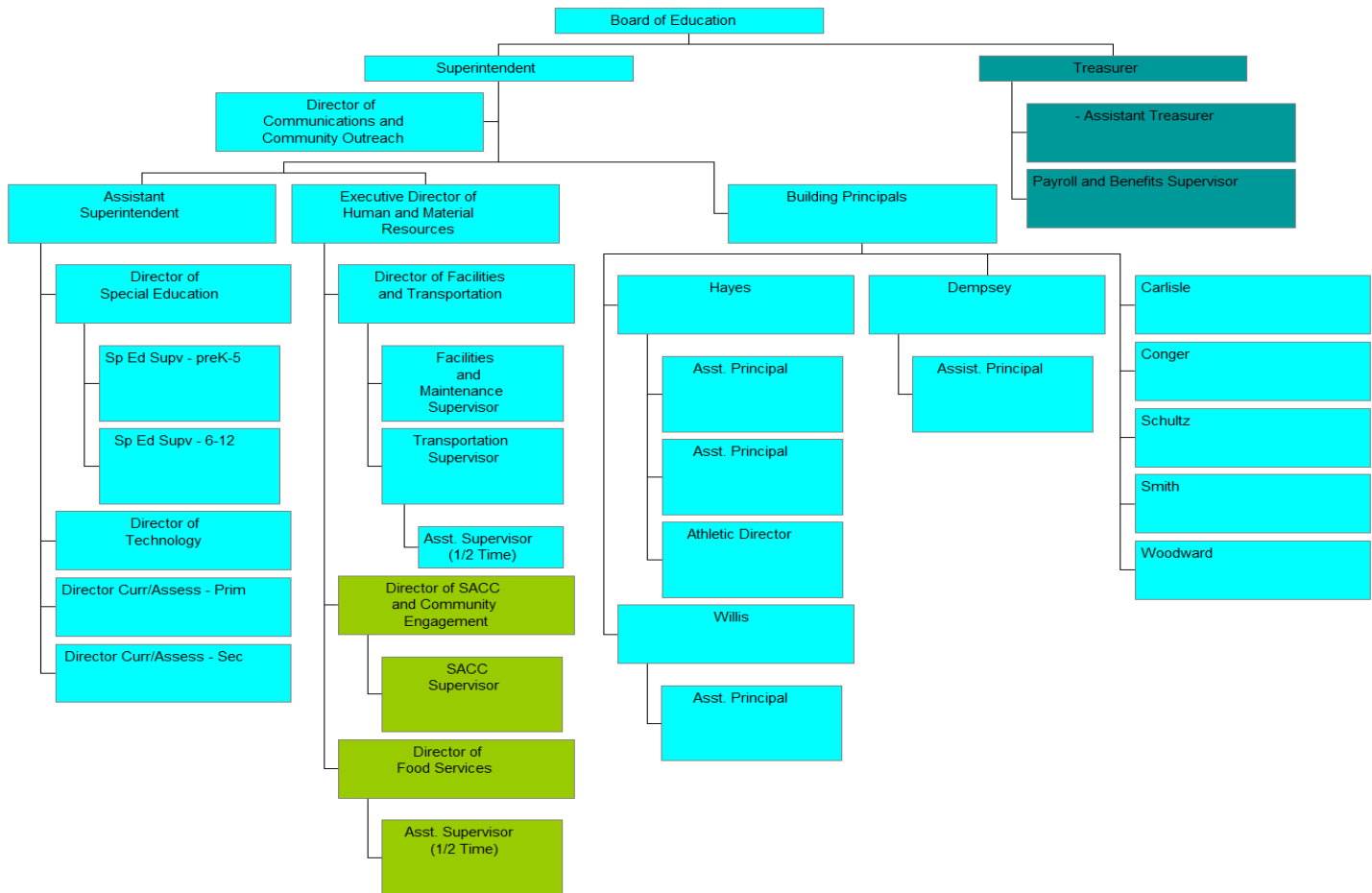
The Delaware City School District is proud of the creation of this report. Ultimately, we would like to thank our citizens for their encouragement in creating a report designed to more adequately address their needs as taxpayers, as well as for the opportunity to serve them. Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Treasurer's office at (740) 833-1100 or at swearime@delawarecityschools.org.

Respectfully submitted,

Melissa N. Swearingen
Treasurer/CFO

Administrative Structure

DCS Administrative Organizational Chart

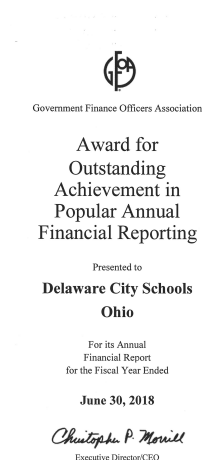


Award for Outstanding Achievement in Popular Annual Financial Reporting

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 Delaware City School District for its PAFR for the fiscal year ended June 30, 2018. 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.

In order 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 a period of one year only. Delaware City School District has received a Popular Award for the last four consecutive years (fiscal years 2015-2018). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.



Revenues & Resources Over Expenditures & Services

Readers of the Financial Activity Statement (below) and Financial Position Statement (page seven) should keep in mind that the numbers in both reports represent only the General Fund and are taken from the district's Comprehensive Annual Financial Report (CAFR), but are presented in a non-GAAP format. The CAFR can be obtained from the Treasurer's office or at dcs.k12.oh.us.

The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the district.

Income statement data for fiscal years 2016 through 2019 is presented below. In FY 19, revenues increased by 7.49% from FY 18 and Expenditures increased by 2.75%.

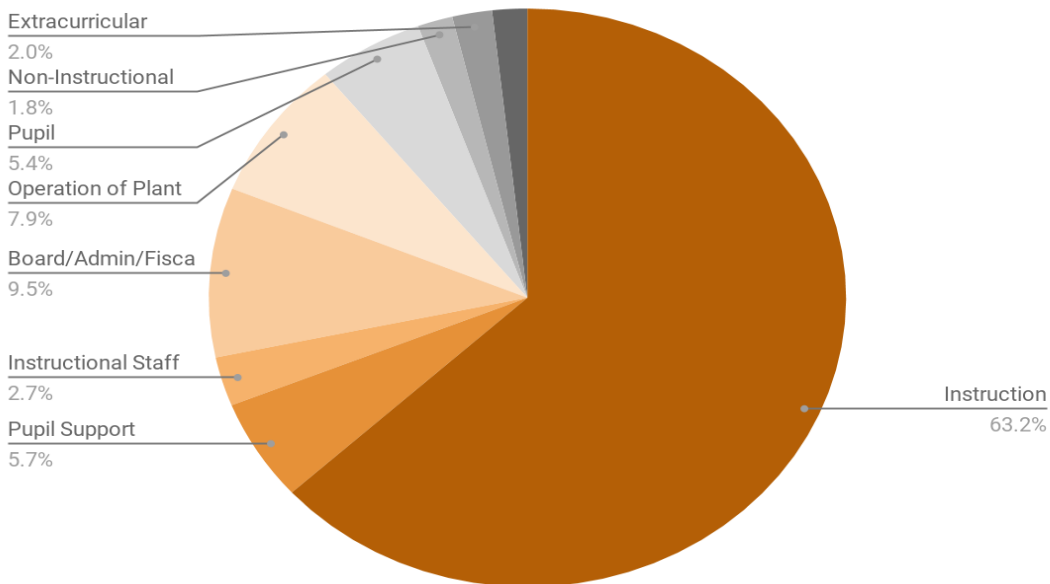
RESOURCES TAKEN IN (in thousands of \$)	FY19	FY18	FY17	FY16
Local Taxes	\$38,319,516	\$35,078,744	\$29,589,937	\$29,932,709
State and Federal Revenue	22,856,823	22,024,034	21,104,716	20,759,169
Investment Income	559,918	294,748	249,145	306,982
Tuition & Fees	2,210,520	2,324,552	1,644,544	1,744,258
Miscellaneous	1,598,654	1,256,537	1,022,539	1,041,433
Total Revenues & Resources	\$65,545,431	\$60,978,615	\$53,610,881	\$53,784,551

SERVICES PROVIDED (in thousands of \$)	FY19	FY18	FY17	FY16
Instruction	\$38,262,943	\$37,264,265	\$34,028,862	\$31,771,988
Pupil Support	3,447,217	3,123,523	3,236,634	2,937,684
Instructional Staff	1,662,220	1,495,641	1,478,412	1,103,387
Board/Admin/Fiscal	5,727,748	5,437,429	5,262,037	4,634,575
Business Support	361,906	329,192	305,495	299,414
Plant Operations	4,785,539	4,863,125	4,812,338	4,680,331
Transportation	3,245,093	3,363,242	3,097,915	2,964,169
Central	484,003	483,709	479,964	215,367
Extracurricular	1,223,951	1,214,230	1,186,375	1,040,621
Non-Instructional Services	1,077,375	1,086,297	892,708	1,037,096
Debt Service	228,009	228,070	228,136	228,248
Total Expenditures & Services	\$60,506,004	\$58,888,723	\$55,008,876	\$50,912,881

Revenues & Resources Over Expenditures & Services	\$ 5,039,427	\$ 2,089,892	\$ (1,397,995)	\$ 281,300
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Our Expenditures & Services: Where the Money Goes

General Fund Total Expenditures & Services = \$60,506,004



Note: Other includes categories with less than 1% of expenditures (Business Support, Central, & Debt Service)

Definitions

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

PUPIL SUPPORT areas comprise all 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/ADMINISTRATION/FISCAL costs represent those of the administration and Board of Education's operation of the District. Also included in this category is school building secretarial support and financial services, such as payroll, accounts payable and receivable, auditing, budgeting and reporting, and fringe benefits administration.

BUSINESS SUPPORT costs include business services such as risk management, safety/security, inventory management and courier services.

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

TRANSPORTATION expenditures relate to providing transportation (mostly by bus) to all students who live in the Delaware City School District, consistent with Board of Education policies and the laws of the State of Ohio. In FY2019 the bus fleet transported 2,699 regular and special education students to Delaware City Schools, non-public and community schools daily.

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

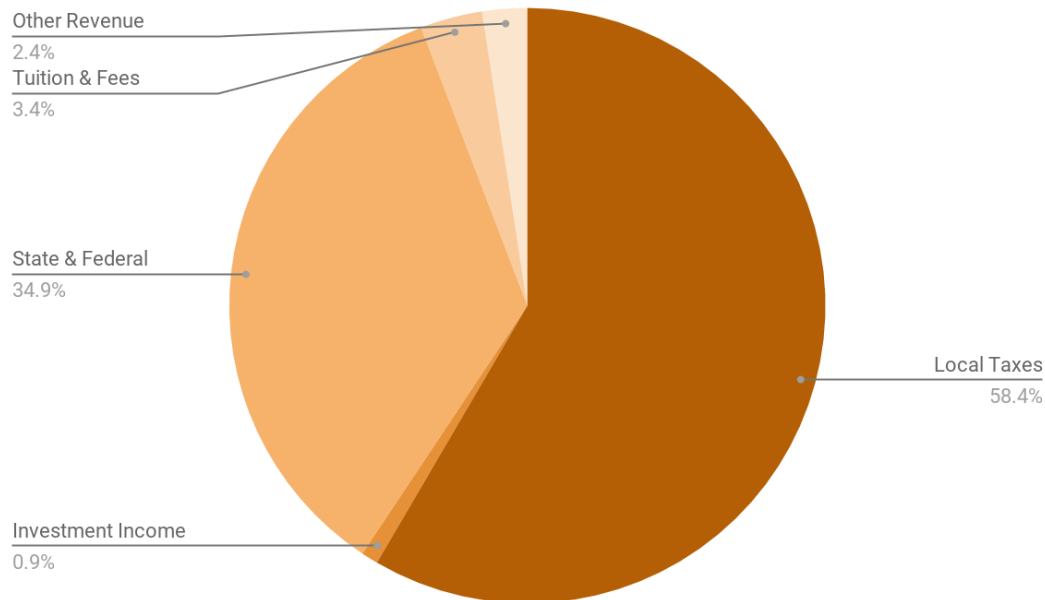
EXTRACURRICULAR expenditures account for the salaries and benefits of club advisors and athletic coaches.

NON-INSTRUCTIONAL expenditures relate to various expenditures that are required to be reported under Generally Accepted Accounting Principals (GAAP). These are School-Aged Childcare expenses for our before/after school program, which are actually accounted for in an Agency fund on a cash basis. The program is self-supporting and no general fund dollars are used in its operations, even though we are required to report it in this manner.

DEBT SERVICE expenditures relate to payments on the District's energy conservation bonds.

Our Revenues & Resources: Where the Money Comes From

Total General Fund Revenues \$65,545,431



Note: Other includes categories with less than 1% of expenditures (Donations, Rentals, Extracurricular, and Miscellaneous)

Delawarecityschools.ohiocheckbook.com



The Delaware City Schools believes in transparency and that its community should have access to the district's financial information. In October 2017, the district launched its participation in OhioCheckbook.com, hosted by the Ohio Treasurer's Office. The site provides an overview of district expenditures, using charts, graphs and reports to demonstrate the amounts and percentages of district expenses by category. Data for the 2019 fiscal year is now available on the site.

delawarecityschools.ohiocheckbook.com

LOCAL PROPERTY TAXES

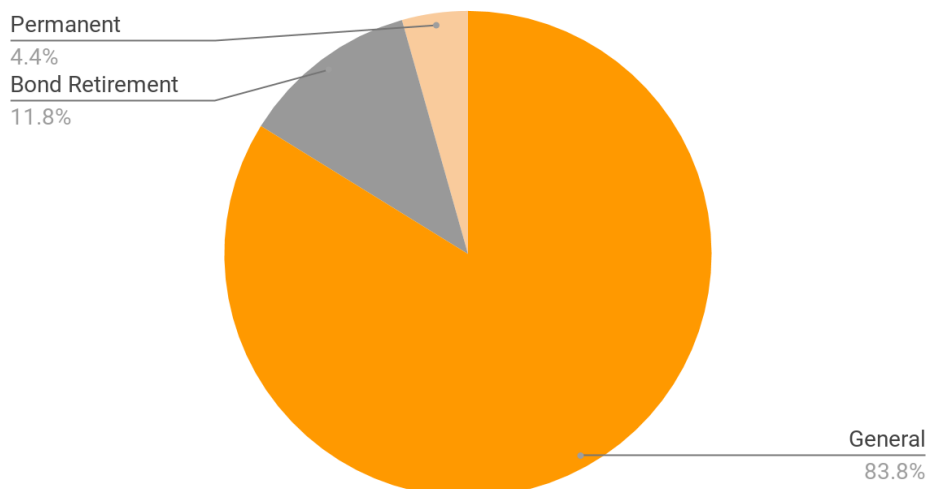
The graph below depicts the amount of cash collections received by the District from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. Taxes paid on homes and businesses (both property and public utilities) represent 58.46% of all general fund revenues.

GENERAL FUND – Tax dollars are received by the District and are utilized to conduct day-to-day operations, which primarily include employee salaries and benefits.

PERMANENT IMPROVEMENT – Tax dollars are received by the District and can only be used for repairs, improvements to facilities and grounds, and capital assets with a useful life of five years or more. These funds cannot be used for salaries or benefits.

BOND RETIREMENT – Tax dollars are received for the payment of principal and interest on voter approved bond issues related to the construction of buildings. The County Auditor reviews information provided by the District to set the bond issue millage rate. The District must generate sufficient revenue to pay the principal and interest on the bonds issued.

Tax Dollars Collected



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 increase during the triennial update and reappraisal periods, the voted millage is reduced in order to generate 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, as compared to the "Effective" rates, which are what is being collected.

*Rates are for the 2018 tax year collected in calendar year 2019

Tax Burden on Owner of a \$100,000 Home

TYPE	GROSS RATE	EFFECTIVE RATE	YEAR APPROVED	LENGTH APPROVED
Inside – Operating	4.40	4.40	N/A	Permanent
Voted – Operating	68.95	42.45	Various	Various
Bond Retirement	7.00	7.00	Various	Various
Permanent Improvement	3.00	2.48	2019	Continuing
Total Rates	83.35	56.33		

Assessed Values Of Property for Real Estate Taxes

COLLECTION YEAR	RESIDENTIAL/ AGRICULTURAL	COMMERCIAL/ INDUSTRIAL	PUBLIC UTILITY REAL	PUBLIC UTILITY PERSONAL PROPERTY	TOTAL
2019	\$ 621,048,220	\$ 180,142,620	\$ 249,330	\$31,634,190	\$ 833,074,360
*2018	610,880,730	182,244,770	251,090	29,333,820	822,710,410
2017	544,462,350	170,828,510	256,600	27,806,060	743,355,520
2016	536,894,410	159,566,030	280,390	27,342,750	724,083,580

* 2018 was a reappraisal year for Delaware County.

State & Federal Sources – General Fund

State and Federal sources of revenue generated \$22.9 million or 34.9% of all general fund revenue. Due to a relatively higher property valuation per pupil, and other demographic factors, the District is considered wealthy and receives less State foundation funding than the State average of 42.56% (FY2019). State support comes mostly from State Aid, which is a formula calculation based upon student enrollment. The current budget continues to cap the increase in State funding that a district can receive each year. For FY2019, the formula indicated that the District should receive an additional \$7.3 million (cash basis) than the 3% cap increase allowed.

The District was impacted by the State's decision in 2005 to eliminate the tangible personal property tax (HB 66). The District received reimbursement from the State for the lost revenues, which were to hold the District harmless through FY13, and then phase the payments out annually until completely eliminated by 2018. The 2011 biennium budget (HB

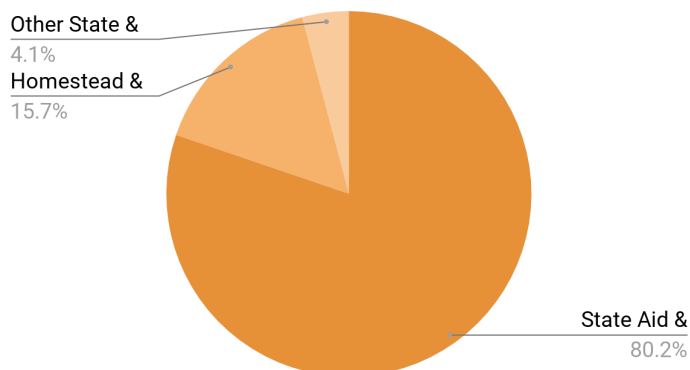
153), however, reduced this revenue source by 25% in FY12 and 33% in FY13. The State budget maintained future reimbursements at FY13 levels, but these reimbursements were further reduced for FY16 and beyond. In fiscal year 2016, the District received approximately \$734,000 through this reimbursement. This amount continues to decrease each year and was \$62,700 in FY2019.

A significant portion of State revenue also comes from 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. The prior State budget, however, eliminated the property tax rollback on any new levy passed after August of 2013. Current Emergency levies need to be passed as renewals, rather than replacements in order to maintain their

eligibility for Homestead and Rollback exemptions. The new Emergency Levy passed in November 2017 ballot is not eligible for the State homestead/rollback exemptions. Other State/Federal revenue includes the public utility reimbursement, tangible personal property tax loss 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 students qualifying for free and reduced-price lunches and other socio-economic factors.

The chart below depicts state school funding in actual cash receipts for the District's General Fund. Years are presented on a June 30 fiscal year-end basis.

State & Federal Revenue - General Fund



General Fund Assets Over Liabilities

The Financial Position Statement, known in accounting terms as the balance sheet, reports the assets available to provide services. Liabilities are the amounts for which the district is obligated to pay in the future. The amount below represents the difference between the assets of the district and the liabilities, which it must pay. This amount provides the “net worth” of the district. Information is provided for the district’s General Fund.

ASSETS:

CASH is the amount of physical cash held by the District in checking accounts and on hand for purposes of paying expenses.

INVESTMENTS are made up of the funds not needed to pay expenses. The Treasurer invests these funds in a variety of accounts. This allows the District to earn interest on its cash.

RECEIVABLES represent the amounts that are owed to the District at June 30, 2019.

LIABILITIES & DEFERRED INFLOWS/OUTFLOWS:

LIABILITIES are those amounts the District owed to employees, other governments or vendors for items or services that have been provided to the District, for which payment is expected to be made within twelve months.

DEFERRED INFLOWS OF RESOURCES AND DEFERRED 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 which will not be recognized as a revenue or an expense until the future period to which the inflows or outflows are related. For FY19, the District’s General Fund reported deferred inflows related to tax revenue received but not available for use until a future period, and no deferred outflows.

ASSETS (in thousands of \$)	FY19	FY18	FY17	FY16
Cash and Investments	\$ 14,550	\$ 10,381	\$ 9,300	\$ 10,485
Receivables	37,670	37,594	30,275	29,848
Other Assets	262	251	238	241
Total Assets	\$ 52,482	\$ 48,226	\$ 39,813	\$ 40,574

LIABILITIES (in thousands of \$)	FY19	FY18	FY17	FY16
Accounts Payable	\$ 254	\$ 234	\$ 132	\$ 312
Due to Other Govt's/Employees	6,789	6,727	6,291	5,943
Total Liabilities	\$ 7,043	\$ 6,961	\$ 6,423	\$ 6,255

DEFERRED INFLOWS (in thousands of \$)	FY19	FY18	FY17	FY16
Property Taxes	\$ 26,291	\$ 27,099	\$ 21,358	\$ 20,694
Other Revenues	711	772	729	923
Total Deferred Inflows	\$ 27,002	\$ 27,871	\$ 22,087	\$ 21,617

Total Liabilities and Deferred Inflows	\$ 34,045	\$ 34,832	\$ 28,510	\$ 27,872
Assets over Liabilities & Deferred Inflows	\$ 18,437	\$ 13,394	\$ 11,303	\$ 12,702

In May 2019, our voters approved a \$36.5 million bond levy for improvements and additions at all of our buildings, with no additional bond millage to be collected. We are in the design phase of these projects with Triad Architects. The District has completed roofing improvements at Dempsey Middle School and Schutz Elementary and has acquired several pieces of property in order to complete the next round of building additions at Conger and Smith Elementaries .

ENROLLMENT PROJECTIONS (HEADCOUNT)

GRADE	2017-18 ACTUAL	2018-19 ACTUAL	2019-20	2020-21	2021-22	2022-23	2023-24
Pre-K	230	268	261	264	250	262	264
K	418	416	475	480	454	477	480
1	446	423	484	486	490	467	489
2	423	445	434	490	491	498	472
3	370	424	446	430	486	488	491
4	442	374	416	443	426	481	484
5	447	440	368	416	443	426	481
6	443	457	444	365	411	435	411
7	413	432	449	445	366	412	436
8	417	397	449	454	450	370	417
9	372	448	423	455	460	455	375
10	456	380	422	422	454	459	454
11	401	450	375	425	426	458	463
12	411	390	453	369	419	419	451
Pre-K - 12 TOTAL	5689	5744	5899	5944	6026	6107	6168
Ungraded	21	55	22	22	22	23	23
GRAND TOTAL	5710	5799	5921	5966	6048	6130	6191

Source: FutureThink enrollment report dated July 30, 2018

VISION

The Delaware City Schools will promote a culture of excellence that engages and empowers students and staff to embrace the challenges of our global society. We will build on our traditions, respect our diversity and partner for a strong community.



Achieving Excellence, Honoring Tradition

74 West William Street | Delaware, Ohio 43015 | (740) 833-1100

<http://www.dcs.k12.oh.us/>