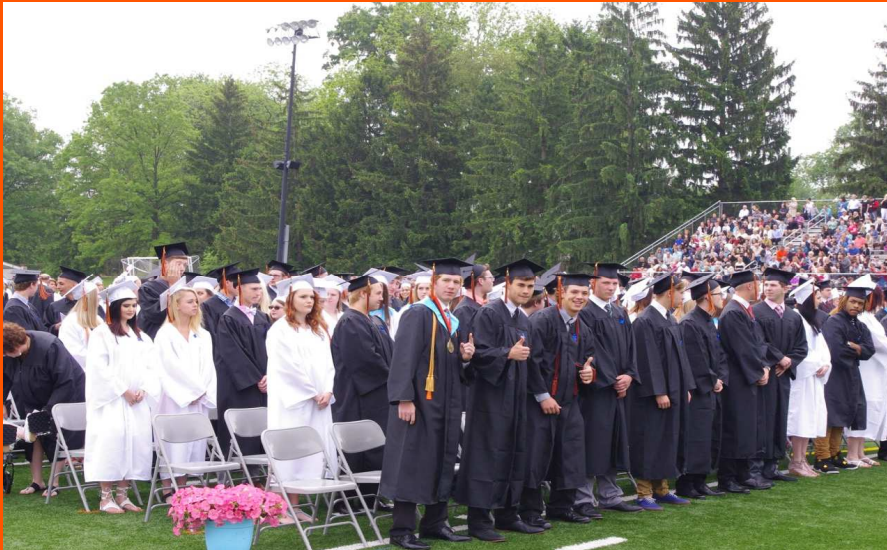


DELAWARE CITY SCHOOL DISTRICT

POPULAR ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDING JUNE 30, 2017

DELAWARE, OHIO

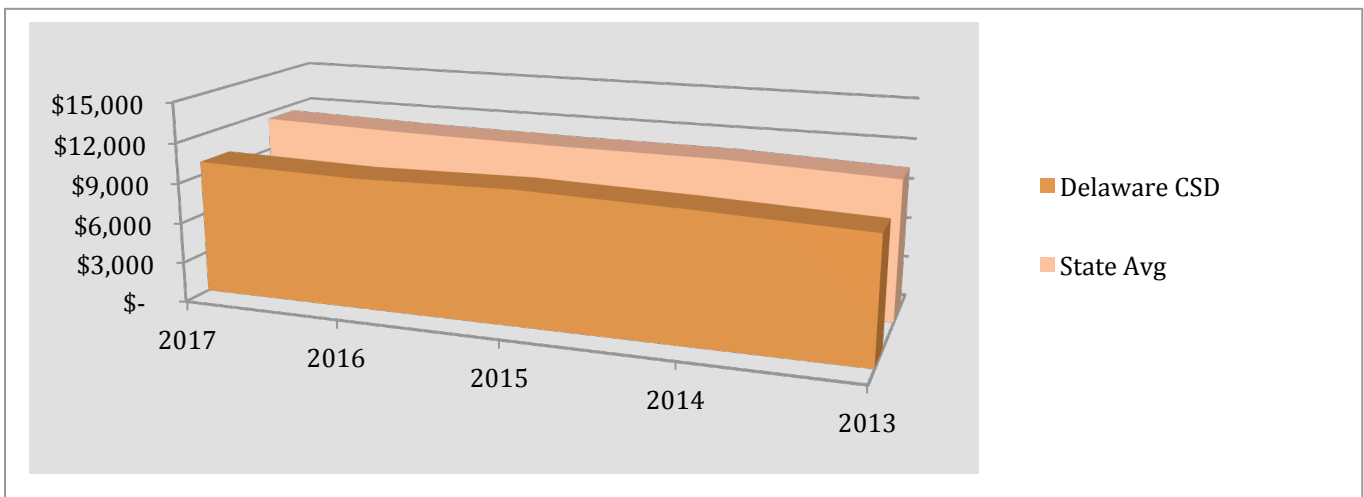
DELAWARE CITY SCHOOLS BY THE NUMBERS

5,451	Students
2,841	Students Transported Daily
928,049	District Square Footage
2,618	Average Daily Bus Mileage
47	Buses in Fleet
446,498	Lunches Served
116,261	Breakfasts Served



4 Year Graduation Rate	92.6%
Students on Free/Reduced Lunch	32.9%
Students with Disabilities	14.3%

Expenditures Per Pupil



Source: Ohio Department of Education



"Achieving Excellence, Honoring Tradition"

December 27, 2017

We are pleased to present the Delaware City School District's Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2017. This report makes our district's finances easier to understand, and is intended to communicate our financial situation in an open and accountable manner.

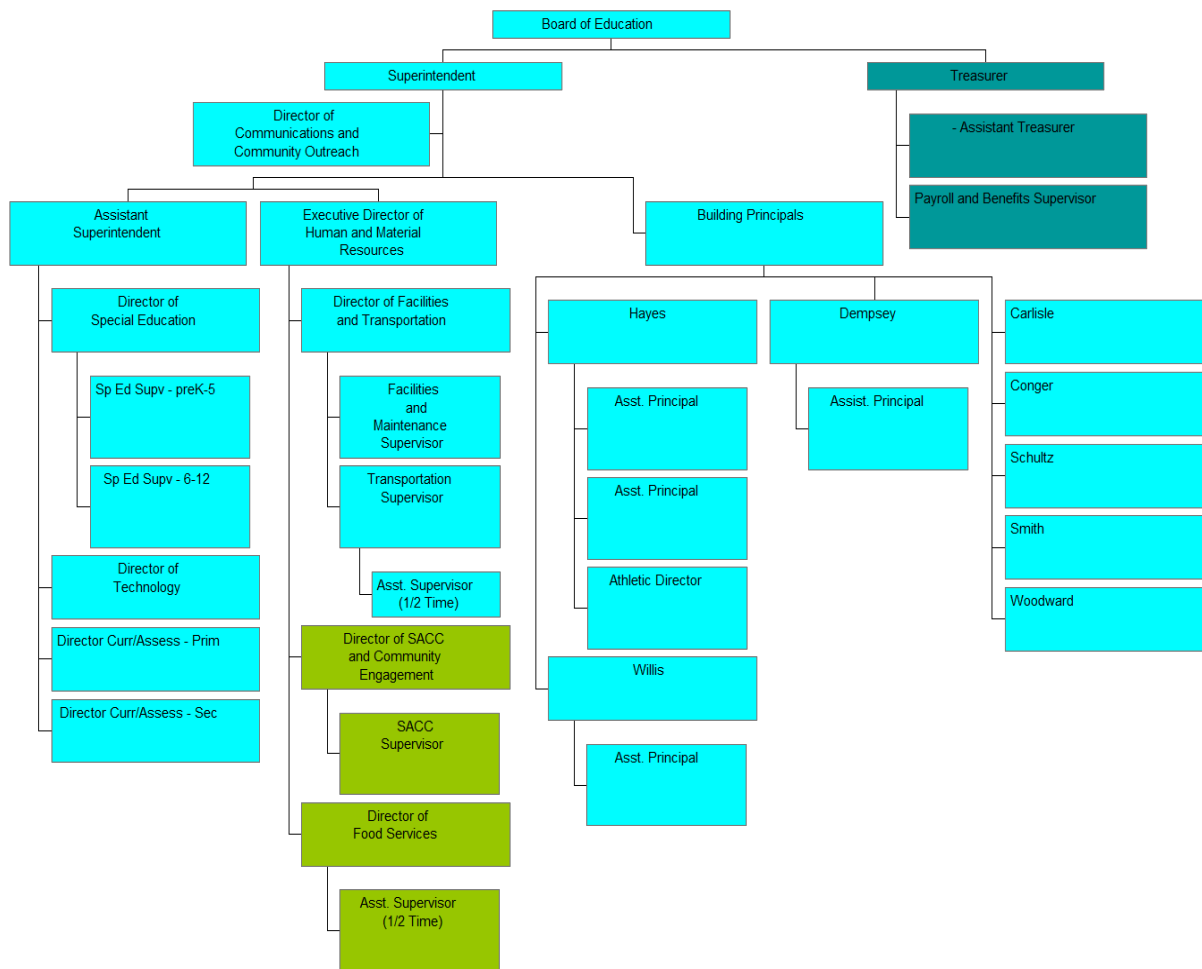
The PAFR is intended to summarize the financial activities and operating results reported in the Delaware City School District's audited Comprehensive Annual Financial Report (CAFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis, which primarily deals with full disclosure and segregated funds. The statements presented on pages 3 and 7 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 leeme@delawarecityschools.org.

Respectfully submitted,

Melissa N. Lee
Treasurer/CFO

DCS Administrative Organizational Chart

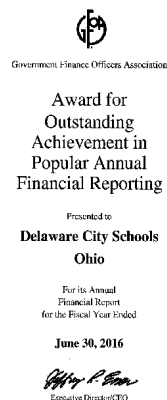


Award for Outstanding Achievement in Popular Annual Financial Reporting

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, 2016. 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 two consecutive years (fiscal years 2015-2016). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.



General Fund

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 2015 through 2017 is presented below. In FY 17, revenues decreased by 0.32% from FY 16 and Expenditures increased by 8.05%.

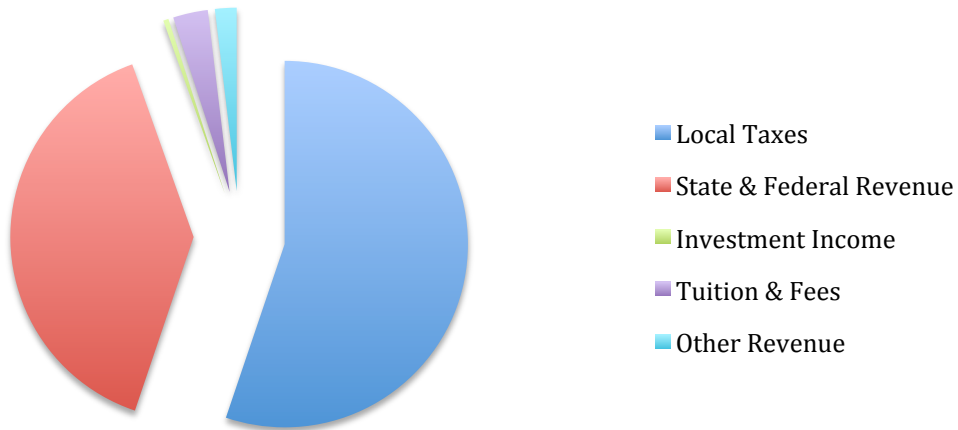
RESOURCES TAKEN IN (in thousands of \$)	FY17	FY16	FY15
Local Taxes	\$29,589,937	\$29,932,709	\$28,087,430
State and Federal Revenue	21,104,716	20,759,169	20,303,899
Investment Income	249,145	306,982	222,979
Tuition & Fees	1,644,544	1,744,258	1,439,531
Miscellaneous	1,022,539	1,041,433	1,140,342
Total Revenues & Resources	\$53,610,881	\$53,784,551	\$51,194,181

SERVICES PROVIDED (in thousands of \$)	FY17	FY16	FY15
Instruction	\$34,028,862	\$31,771,988	\$30,785,590
Pupil Support	3,236,634	2,937,684	2,652,436
Instructional Staff	1,478,412	1,103,387	906,891
Board/Admin/Fiscal	5,262,037	4,634,575	4,562,121
Business Support	305,495	299,414	298,611
Plant Operations	4,812,338	4,680,331	4,350,320
Transportation	3,097,915	2,964,169	2,862,666
Central	479,964	215,367	228,678
Extracurricular	1,186,375	1,040,621	989,395
Non-Instructional Services	892,708	1,037,096	1,049,840
Debt Service	228,136	228,249	228,313
Total Expenditures & Services	\$55,008,876	\$50,912,881	\$48,914,861

Revenues & Resources Over Expenditures & Services	\$(1,397,995)	\$ 281,300	\$1,692,707
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Our Revenues & Resources: Where the Money Comes From

Total Revenues \$53,610,881 General Fund



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

[Delawarecityschools.ohiocheckbook.com](http://delawarecityschools.ohiocheckbook.com)

The Delaware City Schools believes in transparency and that it's 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.

delawarecityschools.ohiocheckbook.com



LOCAL PROPERTY TAXES

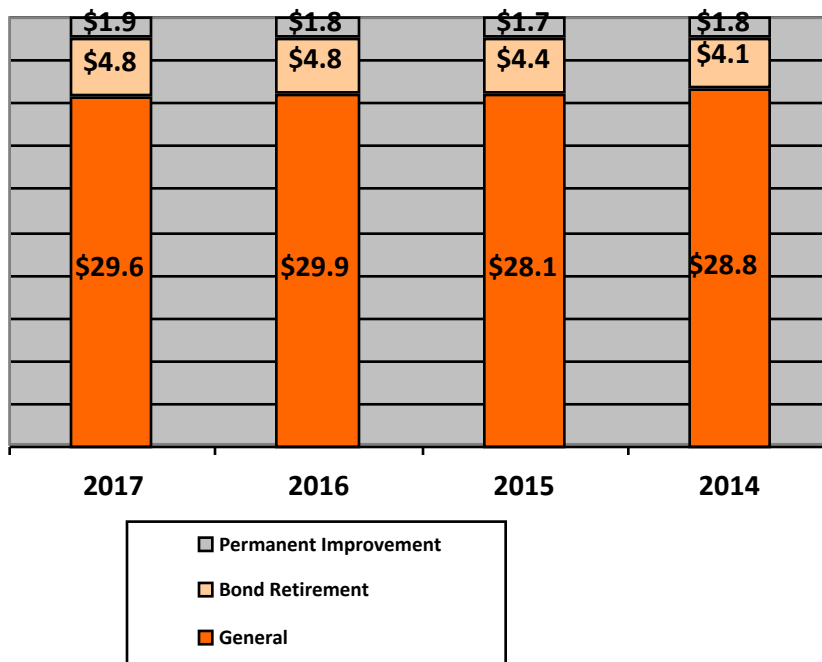
The graph below depicts the amount of cash collections received by the District from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. Taxes paid on homes and businesses (both property and public utilities) represent 55.19% of 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.

Property tax collections by levy type expressed in millions of \$



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 2016 tax year collected in calendar year 2017

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*	63.29	37.72	Various	Various
Bond Retirement	7.25	7.25	Various	Various
Permanent Improvement	3.00	2.76	2014	5 Years
Total Rates	77.94	52.13		

Assessed Values Of Property Real Estate Taxes

COLLECTION YEAR	RESIDENTIAL/ AGRICULTURAL	COMMERCIAL/ INDUSTRIAL	PUBLIC UTILITY REAL	PUBLIC UTILITY PERSONAL PROPERTY	TOTAL
2017	\$544,462,350	\$170,828,510	\$258,600	\$27,806,060	\$743,355,520
2016	536,894,410	159,566,030	280,390	27,342,750	724,083,580
2015	526,269,890	158,936,540	288,700	25,425,030	710,920,160
2014	514,959,090	154,770,770	278,150	25,111,470	695,119,480

State & Federal Sources – General Fund

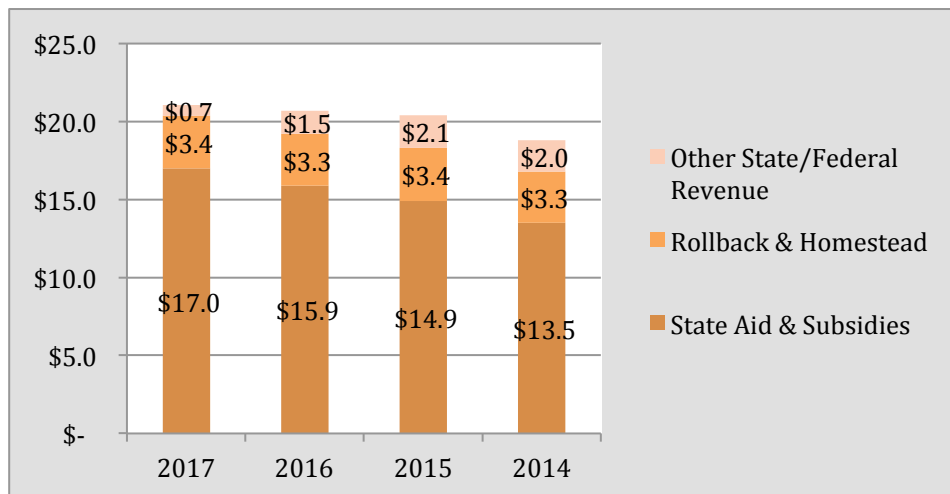
State and Federal sources of revenue generated \$21.1 million or 39.37% of all general fund revenue. Due to a relatively higher property valuation per pupil, and other demographic figures, the District is considered wealthy and receives less than the State average of 43.79% (FY2016). State support comes mostly from State Aid, which is a formula calculation based upon student enrollment. 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. FY16 was the final year of reimbursement for the District.

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 most recent State budget, however, has eliminated the property tax rollback on any new levy passed after August of

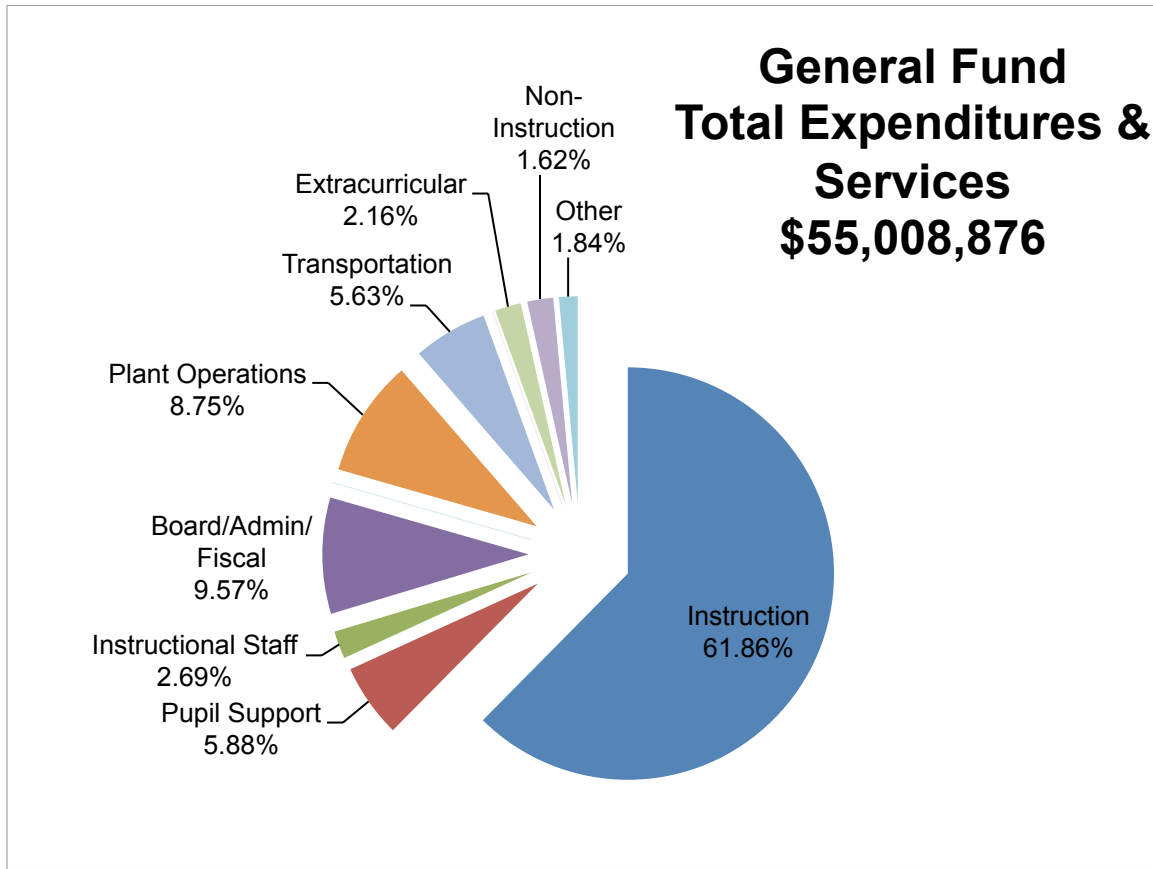
2013. Other State/Federal revenue includes the public utility reimbursement, tangible personal property tax loss reimbursement, Medicaid reimbursement, catastrophic cost reimbursement, and casino revenue. Federal sources in this category include E-rate reimbursements for telecommunications services, 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. Included in the 2016 other state revenue is \$734,154 in reimbursement for tangible personal property tax loss



\$ are in millions

Our Expenditures & Services: Where the Money Goes



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 FY2017 the bus fleet transported 2,841 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.

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

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, 2017.

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 FY17, 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 \$)	FY17	FY16	FY15	FY14
Cash and Investments	\$ 9,300	\$ 10,485	\$ 9,420	\$ 8,797
Receivables	30,275	29,848	29,254	28,785
Other Assets	238	241	256	266
Total Assets	\$39,813	\$40,574	\$38,930	\$37,848

LIABILITIES (in thousands of \$)	FY17	FY16	FY15	FY14
Accounts Payable	\$ 132	\$ 312	\$ 208	\$ 428
Due to Other Govt’s/Employees	6,291	5,943	5,482	5,426
Total Liabilities	\$6,423	\$6,255	\$5,690	\$5,854

DEFERRED INFLOWS (in thousands of \$)	FY17	FY16	FY15	FY14
Property Taxes	\$21,358	\$20,694	\$20,840	\$20,024
Other Revenues	729	923	895	747
Total Deferred Inflows	\$22,087	\$21,617	\$21,735	\$20,771

Total Liabilities and Deferred Inflows	\$28,510	\$27,872	\$27,425	\$26,625
Assets over Liabilities & Deferred Inflows	\$11,303	\$12,702	\$11,505	\$11,223

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