

Dave Yost • Auditor of State

OHIO AUDITOR OF STATE KEITH FABER



January 17, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

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**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY
JUNE 30, 2018**

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**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	\$149,577
Cash Assistance		
School Breakfast Program	10.553	175,374
National School Lunch Program	10.555	815,560
Special Milk Program for Children	10.556	299
Summer Food Service Program for Children	10.559	13,203
Total Nutrition Cluster		<u>1,154,013</u>
Total U.S. Department of Agriculture		<u>1,154,013</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Special Education Cluster		
Special Education - Grants to States	84.027	1,158,806
Special Education - Preschool Grants	84.173	40,628
Total Special Education Cluster		<u>1,199,434</u>
Title I Grants to Local Educational Agencies	84.010	552,877
English Language Acquisition State Grants	84.365	18,886
Improving Teacher Quality State Grants	84.367	152,228
Twenty-First Century Community Learning Centers	84.287	143,840
Student Support and Academic Enrichment Program	84.424	12,161
Total U.S. Department of Education		<u>2,079,426</u>
Total Expenditures of Federal Awards		<u>\$3,233,439</u>

The accompanying notes are an integral part of this schedule.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Delaware City School District (the District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Delaware City School District
Delaware County
74 West Williams Street
Delaware, Ohio 43074

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware City School District, Delaware County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2018, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Delaware City School District
Delaware County
74 West Williams Street
Delaware, Ohio 43015

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited the Delaware City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Delaware City School District's major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each Major Federal Program

In our opinion, the Delaware City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Delaware City School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 21, 2018. Our opinion also explained that the District adopted *Governmental Accounting Standard No. 75* during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements.

Delaware City School District
Delaware County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
Page 3

We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

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**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDA #10.553, 10.555, 10.556, 10.559 Title I Grants to Local Agencies CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Delaware City School District

Delaware, Ohio



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018

Delaware City School District

Delaware, Ohio



BACKSIDE OF FRONT COVER

Delaware City School District

Delaware, Ohio



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018

Issued by:
Office of the Treasurer

Melissa N. Lee
Treasurer/C.F.O

Delaware City School District

Delaware, Ohio



Introductory Section

Introductory Section



Delaware City School District

Delaware, Ohio



BACKSIDE OF INTRODUCTORY SECTION DIVIDER

DELAWARE CITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2018

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Delaware City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



**Delaware City School District
Elected Officials and Administrative Staff
as of June 30, 2018**

BOARD OF EDUCATION MEMBERS

President	Mr. Ted Backus
Vice President	Ms. Jayna McDaniel-Browning
Member	Mrs. Frances O'Flaherty
Member	Mr. Matt Weller
Member	Mr. Michael Wiener

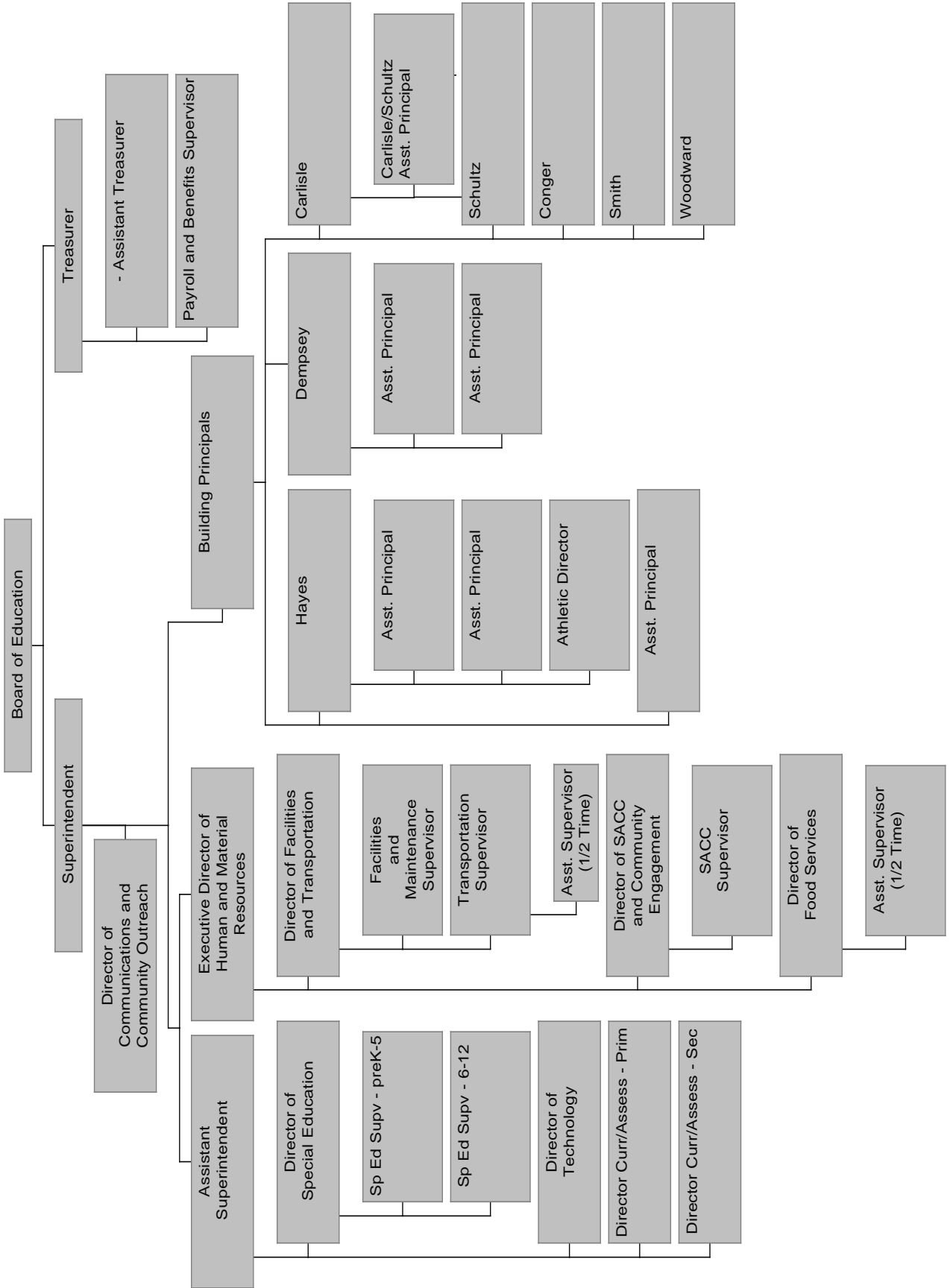
APPOINTED OFFICIALS

Superintendent	Paul A. Craft
Treasurer/CFO	Melissa N. Lee

ADMINISTRATIVE STAFF

Assistant Superintendent	Heidi Kegley
Assistant Treasurer	Monika Ray
Executive Director, Communications	Jen Ruhe
Executive Director, Facilities & Transportation	Jason Sherman
Executive Director, Human and Material Resources	Jerry Stewart
Executive Director, Technology	Stan McDonald
Director, Elementary Curriculum & Assessment	Joseph Uher
Director, Secondary Curriculum & Assessment	Aaron Cook
Director, Food Service	Sally Rathje
Director, School Age Child Care	Pamela Steurer
Director, Special Education	Angela Macwhinney
Supervisor, Custodial and Maintenance	George Harmon
Supervisor, Payroll	Laura Hallett
Supervisor, PreK-5 Special Education	Leanna Ford
Supervisor, Secondary Special Education	Ben Jenkins
Supervisor, Transportation	Butch Rice
Principal, Delaware Hayes High School	Richard Stranges
Principal, Dempsey Middle School	Daniel Bartha
Principal, Carlisle Elementary School	Paula Vertikoff
Principal, Conger Elementary School	Joshua Page
Principal, Schultz Elementary School	Travis Woodworth
Principal, Smith Elementary School	Rochelle Thompson
Principal, Woodward Elementary School	Ryan Malany
Assistant Principal, Carlisle and Schultz Elementaries	Taryn Fuller

DCS Administrative Organizational Chart





December 21, 2018

To the Citizens and Board of Education of the Delaware City School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Delaware City School District (the "District"). This CAFR, which includes an unmodified opinion from the Auditor of the State of Ohio, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rest with the District's management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report.

This report includes all funds of the District. The District provides a full range of traditional and nontraditional educational programs, services and facilities. These include elementary and secondary curriculum at the general, college preparatory and vocational levels, as well as a broad range of co-curricular and extracurricular activities, special education programs and facilities.

In addition to providing these general activities the District has administrative responsibility for State funds distributed to St. Mary's School, Delaware Christian School and Grace Community School, private schools located within the School District boundaries. In accordance with GASB Statement 24, this responsibility is included in the reporting entity as a special revenue fund. While these organizations share operational and service similarity with the District, all are separate and distinct entities. Because of their independent nature, these organizations' financial statements are not included in this report.

PROFILE OF THE SCHOOL DISTRICT

The District was organized in the late 1800's and is a fiscally independent political subdivision of the State of Ohio. The District is a public school system located in Delaware County. The District's area is approximately 36 square miles in and around the City of Delaware. Also included are portions of Troy, Delaware, and Brown Townships. Located approximately 25 miles north of the downtown area of the City of Columbus, the District is largely suburban in character and has experienced significant growth over the past several years.

The Board of Education (the "Board") of the District is composed of five members elected at large by the citizens of the District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the District. The Board is responsible for the adoption of the

annual operating budget and the approval of all expenditures of the District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Code.

The District had an enrollment of 5,769 students for the fiscal year end June 30, 2018 compared to 5,452 students for the fiscal year ended June 30, 2017. This makes the District the second largest public school district in Delaware County. These students are housed in 5 elementary schools (grades pre-k to 5), 1 middle school (grades 6 to 8), and 1 comprehensive high school (grades 9 to 12). The age of buildings varies with the oldest built in 1869 and the latest which opened in the fall of 2000. Of the District's 8 instructional buildings, 2 have been built since 1994. Additionally, the District operates an administration building and a transportation compound. The District estimates enrollment to be 5,846; 5,943; and 6,009 for the fiscal years ended June 30, 2019, 2020, and 2021 respectively. The District's enrollment figures do not include students living within the District's attendance area who attend charter schools. Currently, the District has 162 students attending 19 different charter schools.

Economic Condition and Outlook

Local Economy - The School District is in the Columbus, Ohio Metropolitan Statistical Area (MSA), which is comprised of the counties of Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway and Union, and is the thirty-second largest MSA of 362 in the United States at the time of the 2010 census.

Employment in Delaware County has decreased just slightly with unemployment increasing from 3.6% in June of 2017 to 4.0% in June 2018. Employment in the District is diversified with a majority in the service sector. One of the largest employers in the District with approximately 1,159 employees is Delaware County, located within the City of Delaware. Another employer within the City is Grady Memorial Hospital with approximately 1,108 employees. Additionally, the District is home to many small manufacturing companies as a result of State Routes 23, 42, 36 and 37 intersecting the District.

The City of Delaware is aggressive in recruiting new businesses and will make use of all economic incentives to increase the tax base. The city has made use of tax abatements and Tax Increment Financing to attract businesses. Through negotiations with the city the District has been reimbursed for property taxes it would have otherwise collected ranging from complete reimbursements to the minimums required by law.

Long-term Financial Planning – The financial forecast of General Fund operations for the next five years demonstrates that the District's fiscal year 2019 ending General Fund cash balance is projected to be approximately at \$9.8 million. One year ago, the District had projected cash deficits for fiscal year 2019 and beyond, however voters approved a 5-year, \$6.2 million Emergency Operating Levy in November 2017, which will alleviate that projected deficit.

The need to ask local taxpayers for additional funding frequently is a reflection of the challenge posed by the manner in which Ohio funds its school districts. The District had been essentially flat-funded (no increase in state funding) since 2009. The State of Ohio implemented an Evidence Base Funding Model (EBM) in Fiscal Year 2010 called PASS (Pathway to Student Success) which resulted in a 2% drop in the FY2011 foundation revenue. In FY 2012 the Bridge formula replaced the PASS model until a new funding mechanism could be formulated. Under the Bridge formula, the District's Fiscal Year 2013 total state funding is divided by a per pupil costs formula from the ADM count the first full week of October 2012. The Statewide per pupil adjustment amount must be determined by the Department of Education such that the State's total education aid obligation does not exceed the aggregate appropriated amount. A supplemental funding provision for Fiscal Year 2013 guaranteed to each school district operating funding in an amount equal to at least the amount of State operating funding (excluding any State Fiscal Stabilization Fund money) the district received for Fiscal Year 2011 under the Evidence Based Model. In addition, the Department of Education is required to pay an additional amount for high performing

schools equivalent to \$17 per student to each school district that is rated as “Excellent with Distinction” or “Excellent” on the annual district and school academic performance report cards. For 2012-2013 the District was rated as “Excellent with Distinction” and would have maintained this rating for 2013-14 if those designations had been used. A new funding formula was introduced for FY 2014 and FY 2015, which allowed the District to see an increase in State foundation revenue. These increases were capped at 6.25% and 10.5% for Fiscal Years 2014 and 2015 respectively and at 7.50% for fiscal years 2016 and 2017. This formula will remain in place for through FY 2019, with increases capped at 3% each year of the two-year period. For FY 2018, the District was nearly \$8.1 million into the cap, which means we did not receive 33% of the funds in which the formula says we are entitled. Fiscal year 2019 foundation revenue is anticipated to increase by 2.4% over those received in FY 2018.

In addition, there is no permanent reimbursement plan to replace tangible tax revenues eliminated through Amended Substitute House Bill 66 passed in June 2005, and possible further eroding of the District’s tax base through future legislation. The budget passed in 2009 modified the reimbursement plan for school districts for lost tangible taxes. These reimbursements were to begin to be phased out in 2011, but the reimbursement was extended at 100% for two years to 2014. In fiscal year 2012, the District received approximately \$2.6 million through this reimbursement. The reimbursement dropped to \$1.7 million in FY13 and FY14 and was completely eliminated by FY17.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Accomplishments for 2018

Financial: The District applied for and received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the fifth time. In addition, the District applied for and received the Certificate of Excellence in Popular Reporting for the third time. In November 2017, the District passed a five-year \$6.2 million emergency operating levy, which began collection in calendar year 2018.

Instruction:

- ❖ Updated our Balanced Literacy Framework Document
- ❖ Revamped our K - 3 report card to reflect revised academic content standards
- ❖ Implementation of project based learning instructional design within K - 12 grade classrooms
- ❖ Job embedded professional development in literacy and math classrooms K – 5
- ❖ Highly qualified professional development provided to all teachers with cluster groupings and serviced learners identified as being gifted
- ❖ Used RTI data to devise professional development rooted in instructional design to close the achievement gap in grades K – 2
- ❖ Adoption of new science curricular resource to support specific content area teachers
- ❖ Updating curriculum documents to reflect revised Ohio ELA and Math Standards
- ❖ Professional development in literacy and math at the secondary level
- ❖ Highly qualified professional development provided to all teachers with cluster groupings and serviced learners identified as being gifted
- ❖ Continued work in blended learning, including the personalization of learning, via our Canvas Learning Management System and job embedded coaching
- ❖ Full implementation of a credit recovery program to minimize high school dropouts and increase on time graduation

Facilities:

- ❖ Completed \$39 million dollars in additions and improvements at all District schools and started additions and upgrades to the transportation center.
- ❖ Continued replacing older diesel-powered school buses with buses that run on propane gas, achieving Green Fleet status for the first time.

- ❖ Completed a comprehensive overhaul of the two-way radio system used throughout the District in all schools.
- ❖ Initiated and completed numerous safety and security projects including door and hardware upgrades, glass reinforcement and camera system repair and maintenance.
- ❖ Completed numerous roofing, paving and HVAC upgrades throughout the District.

Initiatives for 2019

Financial: The District will continue its focus on the implementation of new state and national standards during the 2018-2019 school year. Financial resources will be used to accommodate needed professional development for teachers through this process. The District is also working towards implementing recommendations from its financial sustainability and facilities work groups.

Instruction:

- ❖ Update our Balanced Literacy Framework Document
- ❖ Create job embedded course in literacy K – 5
- ❖ Create second job embedded course in project based learning instructional design K – 12
- ❖ Screen for gifted in creative thinking and service according to state laws
- ❖ Screen for gifted in visual and performing arts and service according to state laws
- ❖ Adopted new socials studies curricular resource at the primary level
- ❖ Adopted new math curricular resource at the primary level
- ❖ Implement curriculum documents that reflect revised Ohio ELA and Math Standards
- ❖ Continue professional development in literacy and math at the secondary level
- ❖ Create second job embedded course in project based learning instructional design K – 12
- ❖ Screen for gifted in creative thinking and service according to state laws
- ❖ Screen for gifted in visual and performing arts and service according to state laws
- ❖ Study and update curriculum documents to reflect revised Ohio Science Standards
- ❖ Study and update curriculum documents to reflect revised Ohio Social Studies Standards
- ❖ Continue to implement and revise the DCS-Hayes High School credit recovery program to minimize high school dropouts and increase on time graduation
- ❖ Provide professional development and job embedded coaching in blended learning, including the personalization of learning, via our Canvas Learning Management System

Facilities: In 2018-19 the District will begin planning for the possibility of more additions and upgrades to schools to accommodate increasing enrollment.

FINANCIAL INFORMATION

Internal Controls

The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Budgetary Controls

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternative tax budget document, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The

certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, commercial papers, agency securities, and the State Treasury Asset Reserve of Ohio (STAR Ohio). At June 30, 2018, the District had \$13.6 million of pooled investments which produced nearly \$300,000 in interest revenues for the year, an increase of 12.8% over those reported for the prior year.

Independent Audit

Ohio Revised Code Section 117 requires an annual audit by independent auditors. The Ohio Auditor of State conducted the District's 2018 fiscal year audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The auditor's report on the basic financial statements is included in the financial section of this report.

Awards

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for Comprehensive Annual Financial Reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for their review.

Acknowledgements

Preparation of this report could not have been accomplished without the support and hard work of the staff of the Treasurer's office, Superintendent's office, and the Communication's office. Credit must also be given to the Board of Education. Without their leadership and commitment to excellence this report would not be possible.

Respectfully submitted,



Melissa N. Lee
Treasurer/CFO



Paul A. Craft
Superintendent



Financial Section



Financial Section

Delaware City School District

Delaware, Ohio



BACKSIDE OF FINANCIAL SECTION DIVIDER



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Delaware City School District
Delaware County
74 West Williams Street
Delaware, Ohio 43015

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware City School District, Delaware County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware City School District, Delaware County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

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DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

The discussion and analysis of the Delaware City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- Total net position increased by 53.2 percent during fiscal year 2018 as the increase in assets plus deferred outflows of resources, coupled with the significant decrease in liabilities was much larger than the increase in the deferred inflows of resources reported at year-end.
- Total assets of governmental activities increased by \$6.6 million (4.7 percent) from one year prior. The increase in current and other assets relate to the passage of a \$6.2 million emergency operating levy in November 2017 with collections beginning in calendar year 2018. Capital assets increased 2.9 percent during the year as the School District is nearing completion of the district-wide renovation and expansion projects at each facility. Total liabilities decreased by \$31.7 million from one year prior with the decreases in net pension and OPEB liabilities accounting for 88.2 percent of the total decrease in liabilities. Accounts payable decreased as the school construction projects are near completion. Other long-term liabilities decreased due to scheduled debt service payments made during the fiscal year.
- General revenues accounted for \$65.4 million or 88.3 percent of total revenue. Program specific revenues in the form of charges for services, as well as operating grants and contributions account for \$8.7 million or 11.7 percent of total revenues of \$74.1 million. Total revenue reported for fiscal year 2018 increased 11.5 percent from the amount reported for the prior year as the School District begins to receive additional revenues related to the \$6.2 million emergency operating levy passed by voters in November 2017. In addition, charges for services reported a 22.5 percent increase due to a significant increase in the number of open enrollment students attending the School District for the year.
- The \$28.4 million decrease in program expenses for fiscal year 2018 compared to the prior year is associated with the significant negative expenses reported for pension and OPEB plans for the year.
- The General Fund, the School District's most significant fund, had an ending fund balance of \$13.4 million or 61.3 percent of the total ending fund balance for governmental funds. The Building Fund reported an ending fund balance of \$741,425, or a decrease of \$3.6 million during the year, as the school construction projects neared completion. In total, the School District's four major funds reported 99.2 percent of the ending governmental fund balance at June 30, 2018.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Delaware City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. While the General Fund is the general operating fund of the Delaware City School District, individual fund statements are also presented for the Debt Service, Permanent Improvement and Building Funds since the School District considers those to be major governmental funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and the change in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins after the Statement of Activities. The School District uses many funds to account for a multitude of financial transactions. All the funds of the School District can be divided into two categories: governmental and fiduciary funds. The School District does not have any funds which are classified as proprietary. The fund financial statements focus on the School District's most significant funds, and therefore only the major funds are presented separate from the other funds. For fiscal year 2018, the School District has four major governmental funds: the General, Debt Service, Permanent Improvement, and Building Funds.

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018 (Unaudited)

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support programs of the School District. The accounting used for fiduciary funds is much like that in the district-wide financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2018 compared to 2017:

**TABLE 1
NET POSITION**

	2018	Restated 2017
<i>Assets:</i>		
Current and other Assets	\$ 62,894,703	\$ 58,612,335
Capital Assets	82,758,828	80,437,125
Total Assets	<u>145,653,531</u>	<u>139,049,460</u>
<i>Deferred Outflows of Resources:</i>		
Deferred Charge on Refunding	502,472	639,458
Pension and OPEB	23,495,647	18,551,351
Total Deferred Outflows of Resources	<u>23,998,119</u>	<u>19,190,809</u>
<i>Liabilities:</i>		
Current Liabilities	7,760,439	8,724,732
Noncurrent Liabilities:		
Due Within One Year	2,809,481	2,735,682
Due in More than One Year:		
Net Pension Liability	69,199,839	93,547,455
Net OPEB Liability	15,456,966	19,023,376
Other Obligations	66,555,129	69,403,399
Total Liabilities	<u>161,781,854</u>	<u>193,434,644</u>

(Continued)

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

TABLE 1
NET POSITION
(Continued)

	2018	Restated 2017
<i>Deferred Inflows of Resources:</i>		
Property Taxes	32,303,169	26,177,658
Pension and OPEB	<u>4,427,131</u>	<u>269,154</u>
Total Deferred Inflows of Resources	<u>36,730,300</u>	<u>26,446,812</u>
<i>Net Position:</i>		
Net Investment in Capital Assets	16,153,794	14,834,201
Restricted	8,104,512	7,474,969
Unrestricted	<u>(53,118,810)</u>	<u>(83,950,357)</u>
Total Net Position	<u>\$ (28,860,504)</u>	<u>\$ (61,641,187)</u>

(Concluded)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27". For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 required the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange.

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018 (Unaudited)

However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement systems. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net pension liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event the contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from a \$42.8 million deficit to a deficit of \$61.6 million.

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2018, the School District's total net position was a \$28.9 million deficit. Of that amount, approximately \$16.2 million was the net investment in capital assets. Another \$8.1 million was subject to external restrictions upon its use. The remainder is reported as unrestricted and is available for future use as directed by the Board of Education and the School District's administration. The decrease in the reported unrestricted deficit for the year resulted primarily from the decreases in the proportionate share of the net pension and OPEB liabilities reported by the State-wide pension systems at year-end as well as reported increase in cash and taxes receivable as a result of the new emergency operating levy approved in November 2017. If the amounts related to the net pension and OPEB liabilities calculations are excluded, the unrestricted net position reported by the School District would be a positive \$12.5 million instead of the \$53.1 million deficit currently report. As the operation of the state-wide pension plans is outside the control of the School District and varies significantly from year to year based on performance of investments, it is important to know how significant the recognition of the net pension liability has on the School District's reported net position.

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

Total assets of governmental activities increased by \$6.6 million (4.7 percent) from the amount reported one year prior. Besides the increases in cash and taxes receivable noted above, capital asset increased by \$2.3 million due primarily to the continuance of the school construction projects during the year. Total liabilities of the School District decreased by \$31.7 million over those reported one year prior. Decreases in the net pension and OPEB liabilities amounted to \$24.3 million and \$3.6 million, respectively, as a result of changes in the assumptions used in the plan valuations as well as improved earnings by the plans. The remaining liability accounts decreased by \$3.7 million during the year as scheduled debt service payments reduced debt obligations by \$2.3 million while accounts payables reported at June 30, 2018 are \$1.4 million less than those reported for the prior fiscal year as the school construction projects near completion.

Table 2 shows the changes in net position for fiscal year 2018 as compared to those for fiscal year 2017.

TABLE 2
CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 3,742,641	\$ 3,055,237
Operating Grants and Contributions	4,915,057	4,999,228
General Revenues:		
Property Taxes	42,077,584	36,042,006
Grants and Entitlements	21,963,185	21,264,771
Other	<u>1,356,767</u>	<u>1,043,103</u>
Total Revenues	<u>74,055,234</u>	<u>66,404,345</u>
Program Expenses		
Instruction	17,004,873	39,238,639
Support Services:		
Pupil and Instructional Staff	2,175,005	5,193,203
Board of Education, Administration, Fiscal and Business	3,828,687	6,252,417
Plant Operation and Maintenance	4,980,465	5,829,134
Pupil Transportation	3,411,789	3,492,357
Central	511,744	747,366
Operation of Non-Instructional Services	3,500,496	3,656,700
Extracurricular Activities	1,434,272	1,486,499
Unallocated Depreciation	1,682,895	949,989
Interest and Fiscal Charges	<u>2,744,325</u>	<u>2,813,989</u>
Total Expenses	<u>41,274,551</u>	<u>69,660,293</u>
Change in Net Position	32,780,683	(3,255,948)
Net Position, Beginning of Year - Restated	<u>(61,641,187)</u>	<u>N/A</u>
Net Position, End of Year	<u>\$ (28,860,504)</u>	<u>\$ (61,641,187)</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense equal to the contractually required contributions to the plans (GASB 27), which was \$134,133. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows or resources. The contractually required contribution is no longer a component of OPEB

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

expense. Under GASB 75, the 2018 statements report negative OPEB expense of nearly \$2.4 million. Consequently, in order to compare 2018 total program expense to 2017, the following adjustments are needed.

Total FY2018 program expenses under GASB 75	\$ 41,274,551
Negative OPEB expense under GASB 75	2,368,981
FY2018 contractually required OPEB contributions	<u>169,664</u>
Adjusted FY2018 program expenses	43,813,196
Total FY2017 program expenses under GASB 45	<u>(69,660,293)</u>
Decrease in program expenses not related to OPEB	<u><u>\$ (25,847,097)</u></u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. Property taxes made up 56.8 percent of the total revenue for governmental activities for the Delaware City School District for fiscal year 2018 compared with 54.3 percent for fiscal year 2017. Property tax revenue increased by 16.7 percent as the collections of the new emergency property tax levy approved in November 2017 began in calendar year 2018. Unrestricted grants and entitlements revenue, or state foundation revenue, increased by 3.3 percent over the state funding received in fiscal year 2017.

Program revenues increased \$603,233, or 7.5 percent, over those reported for the prior year. The increase in charges for service revenues was due to additional tuition and fees revenue generated as the School District provided educational services to more students who do not reside within the boundaries of the School District and are ultimately reimbursed for those student by the resident school district (open enrollment).

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services for each function for fiscal year 2018 as compared with fiscal year 2017.

**TABLE 3
TOTAL AND COST OF PROGRAM SERVICES
GOVERNMENTAL ACTIVITIES (in 000's)**

	2018		2017	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 17,005	\$ 13,258	\$ 39,239	\$ 36,025
Support Services:				
Pupil and Instructional Staff	2,175	2,101	5,193	4,876
Board of Education, Administration, Fiscal and Business	3,829	3,562	6,252	6,127
Plant Operation and Maintenance	4,980	4,856	5,829	5,725
Pupil Transportation	3,412	3,131	3,492	3,229
Central	512	470	747	703
Operation of Non-Instructional Services	3,501	(248)	3,657	16
Extracurricular Activities	1,434	1,060	1,487	1,141
Unallocated Depreciation	1,683	1,683	950	950
Interest and Fiscal Charges	<u>2,744</u>	<u>2,744</u>	<u>2,814</u>	<u>2,814</u>
Total Expenses	<u><u>\$ 41,275</u></u>	<u><u>\$ 32,617</u></u>	<u><u>\$ 69,660</u></u>	<u><u>\$ 61,606</u></u>

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

As noted on the previous page, total expenses of the School District decreased by \$25.8 million after excluding the effect of implementing GASB Statement 75 from those reported for the prior period. The most significant change related to the allocation of pension expense. For the current fiscal year, the School District allocated negative \$26.2 million (total pension expense and deferral of current year pension contributions) of expenses to the functional categories based on the pension plans activity for the measurement period. In fiscal year 2017, the pension related expenses allocated was a positive \$3.2 million. Therefore, the activity reported by pension plans accounted for a \$29.4 million decrease in total expenses from fiscal year 2017 to fiscal year 2018. If expenses related to activity of pension and OPEB plans are excluded from each year, total expenses would have increased by approximately 1.4 percent for the current fiscal year, primarily related to increased cost of personnel reported for the current year. In fiscal year 2018, certificated staff received normal step wage increase as well as a return of a step increase from the 2012 wage freeze, instituted to contain costs, or a stipend payment. Classified staff and administrators received a cost of living increase of 2.0 percent to the base pay in addition to normal step increase.

As shown in Table 3 above, the total net cost of service decreased by \$29.0 million compared with those reported for the prior fiscal year. However, the amount of expenses funded by program revenues increased by 7.5 percent in fiscal year 2018 compared with fiscal year 2017 due to the increase in program revenue total, primarily tuition and fees related to open enrollment. The total change in net position for the current period was a positive \$32.8 million compared with a negative \$3.3 million reported in the prior period. This change indicates the significant impact recognizing pension and OPEB plans' activity has on the operating results reported by the School District annually.

Unallocated depreciation represents current period depreciation charges associated with capital assets that are utilized by several different functions, typically school buildings and related improvements throughout the District. Depreciation expense on specific assets of a functional area is included in the expense reported for those functions.

The School District's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$74.1 million and expenditures of \$74.9 million. The net change in fund balance was most significant in the Building Fund, a decrease of \$3.6 million due to the previously mentioned construction and renovation projects nearing completion. These projects are being financed using the proceeds from general obligation bonds issued in prior years. The General Fund reported an increase in fund balance of \$2.1 million compared with a decrease of \$1.4 million in the prior year. Expenditures of the General Fund increased in fiscal year 2018 by approximately \$3.9 million over those reported for the prior year due to increases in cost of personnel (wages and benefits) as well as a slight increase in personnel positions for the year. The ending fund balance of the General Fund was \$13.4 million at June 30, 2018, of which approximately \$12.7 million was reported as unassigned. The ending unassigned fund balance of the general fund at June 30, 2018 represents 21.5 percent of the total general fund expenditures reported for the fiscal year, up from the 16.6 percent at the end of the previous fiscal year due to the increase in property taxes received during the year outpacing increases in the expenditure accounts.

The remaining two major funds, the Debt Service Fund and the Permanent Improvement Fund, both reported increases in fund balance for fiscal year 2018 of \$533,771 and \$156,955, respectively. The increase in both funds were due to an increase in property tax revenue reported for the year as compared to the prior year.

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, budget basis revenue was \$57.7 million as compared to the original budget estimates of \$54.5 million or a 5.9 percent positive variance. In the original budget, the School District conservatively estimated the state foundation and other revenue sources based on information available when the original budget was adopted, however as the year progressed it became apparent additional funding would be received associated as these two funding sources. As a result, the School District amended its original revenue budget during the year by \$2.7 million. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$57.2 million, or less than 1.0 percent higher than what was anticipated in the originally budgeted appropriations. Budgeted expenditure amounts increased by \$1.1 million for the General Fund during the fiscal year primarily to provide for additional positions, wage increase and certain projects not anticipated when the original budget was adopted.

Actual budgetary fund balance at year end was \$1.1 million more than the ending balance projected in the final budget adopted for the year.

Capital Assets

At the end of fiscal year 2018, the School District had \$82.8 million invested in land, construction in progress, buildings, furniture and equipment, vehicles, and textbooks and library books in governmental activities. Table 4 shows fiscal year 2018 balances compared to 2017, however for greater detail readers should review Note 10 to the basic financial statements.

**TABLE 4
CAPITAL ASSETS AT JUNE 30**

	2018	Revised 2017
Land	\$ 3,269,434	\$ 3,269,434
Construction in Progress	4,112,108	38,858,317
Buildings and Improvements	103,067,387	64,195,606
Furniture & Equipment	3,141,113	2,926,722
Vehicles	4,551,676	4,339,129
Less: Accumulated Depreciation	<u>(35,382,890)</u>	<u>(33,152,083)</u>
Total Net Capital Assets	<u>\$ 82,758,828</u>	<u>\$ 80,437,125</u>

Overall, net capital assets increased \$2.3 million from the fiscal year 2017 total net capital assets. The increase in net capital assets results from current year acquisition of capital assets being a greater amount than depreciation expense reported for the year.

Significant capital asset acquisitions by the School District during the fiscal year included; nearly \$4.0 million in construction in progress related to the school facilities construction and renovation project, four new buses costing \$366,072, improvements to athletic facilities amount to \$162,101 as well as various other pieces of equipment and improvements. Total capital asset additions for the year were valued at \$4.9 million with depreciation expense for the year reported at \$2.6 million.

DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

(Unaudited)

Cost associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item, is included within the plant operation and maintenance function.

Debt Administration

At June 30, 2018, the School District had five general obligation bond issues outstanding with a combined outstanding principal of \$63.8 million, of which \$2.4 million is due within one year. Two of the outstanding bond issues were used to advance refund portions of previously issued bond issues to achieve savings on reduced debt service payments in the future, while the remaining three bond issues provided financing for the school construction and renovation projects which are nearing completion.

The School District has \$1.8 million in energy conservation notes outstanding at year-end which were used to finance various building improvements throughout the School District. These notes mature in fiscal year 2027 with \$181,900 being due within one year.

At June 30, 2018, the School District had a legal debt margin imposed by State statute of \$13.0 million. The School District has been classified by the State of Ohio as a "special needs" district as it relates to issuing debt for purposes of constructing and renovating classroom facilities. This classification allows the School District to exceed the established voted debt limit, if needed.

For more detailed disclosures regarding the School District's debt obligations the reader should refer to Note 15 to the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer's Office at Delaware City School District, 74 West William Street, Delaware, OH 43015 or call (740) 833-1100.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 17,393,511
Investments	5,053
Materials and supplies inventory	93,332
Accrued interest receivable	39
Accounts receivable	65,591
Intergovernmental receivable	644,040
Prepaid items	163,497
Property and other local taxes receivables	44,529,640
Capital assets:	
Non-depreciable	7,381,542
Depreciable, net of accumulated depreciation	75,377,286
Total Assets	145,653,531
<u>Deferred Outflows of Resources:</u>	
Deferred charge on refunding	502,472
Pension and OPEB	23,495,647
Total Deferred Outflows of Resources	23,998,119
<u>Liabilities:</u>	
Accounts payable	343,980
Accrued wages and benefits payable	6,149,310
Intergovernmental payable	913,740
Accrued interest payable	234,208
Matured compensated absences payable	119,201
Long Term Liabilities:	
Due within one year	2,809,481
Due in more than one year:	
Net pension liability	69,199,839
Net OPEB liability	15,456,966
Other amounts due in more than one year	66,555,129
Total Liabilities	161,781,854
<u>Deferred Inflows of Resources:</u>	
Property taxes levied for subsequent year	32,303,169
Pension and OPEB	4,427,131
Total Deferred Inflows of Resources	36,730,300
<u>Net Position:</u>	
Net investment in capital assets	16,153,794
Restricted for:	
Debt service	4,628,510
Capital projects	3,023,264
State and federal grants	202,558
Student activities	227,746
Other purposes	17,328
Perpetual care:	
Expendable	4,200
Nonexpendable	906
Unrestricted	(53,118,810)
Total Net Position	\$ (28,860,504)

See accompanying notes to the basic financial statements.



**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for services & sales	Operating grants and contributions	Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 10,382,778	\$ 1,284,822	\$ 66,524	\$ (9,031,432)
Special	5,621,522	-	1,659,651	(3,961,871)
Vocational	123,794	-	36,636	(87,158)
Student intervention services	1,038,810	-	699,181	(339,629)
Other	(162,031)	-	-	162,031
Support Services:				
Pupils	1,188,719	-	-	(1,188,719)
Instructional staff	986,286	-	74,312	(911,974)
Board of education	188,644	-	-	(188,644)
Administration	2,038,594	74,610	191,975	(1,772,009)
Fiscal	1,312,276	-	-	(1,312,276)
Business	289,173	-	-	(289,173)
Operation and maintenance of plant	4,980,465	124,176	-	(4,856,289)
Pupil transportation	3,411,789	-	280,491	(3,131,298)
Central	511,744	-	42,393	(469,351)
Operation of non-instructional services	3,500,496	1,932,290	1,816,511	248,305
Extracurricular activities	1,434,272	326,743	47,383	(1,060,146)
Interest and fiscal charges	2,744,325	-	-	(2,744,325)
Unallocated depreciation *	1,682,895	-	-	(1,682,895)
Total Governmental Activities	\$ 41,274,551	\$ 3,742,641	\$ 4,915,057	(32,616,853)

General Revenues:

Property taxes and other local taxes:	
Levied for general purposes	35,139,687
Levied for debt service	5,055,287
Levied for capital improvements	1,882,610
Payments in Lieu of Property Taxes	46,856
Grants and entitlements not restricted to specific programs	21,963,185
Investment earnings	271,197
Miscellaneous	1,038,714

Total General Revenues	65,397,536
Change in net position	32,780,683
Net position at beginning of year - Restated	(61,641,187)
Net position at end of year	\$ (28,860,504)

* - This amount excludes the depreciation that is included in the direct expense of the various functions.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Debt Service Fund	Permanent Improvement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 10,380,872	\$ 3,404,303	\$ 2,330,708	\$ 776,798	\$ 500,830	\$ 17,393,511
Investments	-	-	-	-	5,053	5,053
Materials and supplies inventory	87,200	-	-	-	6,132	93,332
Accrued interest receivable	-	-	-	-	39	39
Accounts receivable	64,378	-	-	-	1,213	65,591
Interfund receivable	23,369	-	-	-	-	23,369
Intergovernmental receivable	167,555	-	-	-	476,485	644,040
Prepaid items	163,497	-	-	-	-	163,497
Property and other local taxes receivable	37,339,110	5,259,943	1,930,587	-	-	44,529,640
Total Assets	\$ 48,225,981	\$ 8,664,246	\$ 4,261,295	\$ 776,798	\$ 989,752	\$ 62,918,072
<u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 234,735	\$ -	\$ 38,278	\$ 35,373	\$ 35,594	\$ 343,980
Accrued wages and benefits payable	5,760,128	-	-	-	389,182	6,149,310
Interfund payable	-	-	-	-	23,369	23,369
Intergovernmental payable	862,263	-	-	-	51,477	913,740
Matured compensated absences payable	104,247	-	-	-	14,954	119,201
Total Liabilities	6,961,373	-	38,278	35,373	514,576	7,549,600
<u>Deferred Inflows of Resources:</u>						
Property taxes levied for subsequent year	27,098,789	3,801,528	1,402,852	-	-	32,303,169
Unavailable revenue	772,562	101,704	39,010	-	302,388	1,215,664
Total Deferred Inflows of Resources	27,871,351	3,903,232	1,441,862	-	302,388	33,518,833
<u>Fund Balances:</u>						
Nonspendable	250,697	-	-	-	4,200	254,897
Restricted	-	4,761,014	2,781,155	741,425	333,914	8,617,508
Assigned	455,692	-	-	-	-	455,692
Unassigned (Deficit)	12,686,868	-	-	-	(165,326)	12,521,542
Total Fund Balances	13,393,257	4,761,014	2,781,155	741,425	172,788	21,849,639
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 48,225,981	\$ 8,664,246	\$ 4,261,295	\$ 776,798	\$ 989,752	\$ 62,918,072

See accompanying notes to the basic financial statements.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total Governmental Fund Balances:		\$ 21,849,639
<u>Amounts reported for governmental activities in the statement of net position are different because:</u>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		82,758,828
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as "unavailable" in the funds.		1,215,664
Deferred charge on refunding is not recognized as an expenditure in the period the transaction occurs, therefore it is reported as deferred outflows of resources in the funds. On the full accrual statements, this amount is amortized over a period of time and the unamortized amount is reported on the statement of net position.		502,472
Long-term liabilities which are not due and payable in the current period and therefore not reported in the funds.		
Refunding bonds payable	(13,955,000)	
General obligations bonds payable	(49,810,000)	
Accrued interest payable	(234,208)	
Premium on refunding bonds	(2,058,072)	
Compensated absences	(1,718,778)	
Long-term notes payable	<u>(1,822,760)</u>	
Total		(69,598,818)
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred outflows/inflows of resources associated with the net pension and OPEB liabilities are not reported in governmental funds.		
Deferred outflows of resources - pension and OPEB	23,495,647	
Deferred inflows of resources - pension and OPEB	(4,427,131)	
Net pension liability	(69,199,839)	
Net OPEB liability	<u>(15,456,966)</u>	
Total		<u>(65,588,289)</u>
Net Position of Governmental Activities		<u>\$ (28,860,504)</u>

See accompanying notes to the basic financial statements.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Debt Service Fund	Permanent Improvement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property and other local taxes	\$ 35,078,744	\$ 5,056,602	\$ 1,884,002	\$ -	\$ -	\$ 42,019,348
Intergovernmental	22,024,034	674,860	217,907	-	3,887,805	26,804,606
Interest	294,748	-	-	(6,389)	201	288,560
Tuition and fees	2,324,552	-	-	-	-	2,324,552
Rentals	124,176	-	-	-	-	124,176
Extracurricular activities	154,526	-	-	-	274,261	428,787
Gifts and donations	86,074	-	-	-	28,893	114,967
Customer sales and services	9,170	-	-	-	855,956	865,126
Payments in lieu of property taxes	46,856	-	-	-	-	46,856
Miscellaneous	835,735	-	-	87,709	115,270	1,038,714
Total Revenues	60,978,615	5,731,462	2,101,909	81,320	5,162,386	74,055,692
Expenditures:						
Current:						
Instruction:						
Regular	26,988,302	-	373,947	-	2,741	27,364,990
Special	9,085,772	-	-	-	994,338	10,080,110
Vocational	200,283	-	-	-	-	200,283
Student intervention services	323,225	-	-	-	716,087	1,039,312
Other instruction	666,683	-	-	-	-	666,683
Support Services:						
Pupils	3,123,523	-	-	-	72,597	3,196,120
Instructional staff	1,495,641	-	-	-	96,838	1,592,479
Board of education	194,562	-	-	-	-	194,562
Administration	3,933,059	-	5,940	-	183,525	4,122,524
Fiscal	1,303,006	69,902	26,362	-	-	1,399,270
Business	329,192	-	107,967	-	-	437,159
Operation and maintenance of plant	4,863,125	-	73,056	-	-	4,936,181
Pupil transportation	3,363,242	-	374,323	-	882	3,738,447
Central	483,709	-	234,333	-	12,600	730,642
Non-instructional services	1,086,297	-	-	-	2,776,730	3,863,027
Extracurricular activities	1,214,230	-	-	-	323,988	1,538,218
Capital outlay	6,802	-	749,026	3,727,920	-	4,483,748
Debt Service:						
Principal retirement	177,180	2,335,000	-	-	-	2,512,180
Interest and fiscal charges	50,890	2,792,789	-	-	-	2,843,679
Total Expenditures	58,888,723	5,197,691	1,944,954	3,727,920	5,180,326	74,939,614
Net Change in Fund Balance	2,089,892	533,771	156,955	(3,646,600)	(17,940)	(883,922)
Fund Balance at Beginning of Year	11,303,365	4,227,243	2,624,200	4,388,025	190,728	22,733,561
Fund Balance at End of Year	<u>\$ 13,393,257</u>	<u>\$ 4,761,014</u>	<u>\$ 2,781,155</u>	<u>\$ 741,425</u>	<u>\$ 172,788</u>	<u>\$ 21,849,639</u>

See accompanying notes to the basic financial statements.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (883,922)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following represents the capital asset activity for the year.

Capital asset acquisition cost	4,937,967	
Current year depreciation	(2,595,738)	
Total		2,342,229

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Loss on disposed of capital assets		(20,526)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	58,236	
Intergovernmental	(41,331)	
Interest earnings	(17,363)	
Total		(458)

The repayment of long-term debt principal consumes the current financial resources of the governmental funds. However, within the statement of net position the payments only reduce long-term liabilities. Also, governmental funds report the effects of premiums, discounts, deferred charges on refunding when the debt is issued, whereas these amounts are amortized in the statement of activities.

Repayment of long-term debt	2,512,180	
Current year amortization of bond premium	230,810	
Current year amortization of deferred charge on refunding	(136,986)	
Total		2,606,004

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest payable on long-term debt	5,530	
Compensated absences	31,481	
Total		37,011

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of activities reports these amounts as deferred outflows.

Pension	4,864,157	
OPEB	169,664	
Total		5,033,821

Except for amounts reported as deferred outflows or inflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expenses which are allocated to the functions in the statement of activities.

Negative pension expense	21,297,543	
Negative OPEB expense	2,368,981	
Total		23,666,524

Change in Net Position of Governmental Activities \$ 32,780,683

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final Revised		
Revenues:				
Taxes	\$ 33,610,072	\$ 33,610,072	\$ 33,612,187	\$ 2,115
Intergovernmental	19,106,421	21,795,978	22,020,797	224,819
Interest	264,252	215,000	304,559	89,559
Tuition and Fees	1,085,535	1,176,120	1,251,116	74,996
Rentals	124,669	150,000	143,685	(6,315)
Extracurricular Activities	33,165	32,000	38,224	6,224
Payment in Lieu of Taxes	40,655	20,000	46,856	26,856
Miscellaneous	278,981	289,500	321,535	32,035
Total Revenues	54,543,750	57,288,670	57,738,959	450,289
Expenditures:				
Current:				
Instruction:				
Regular	26,188,925	26,548,492	26,431,687	116,805
Special	8,961,782	9,062,175	9,044,855	17,320
Vocational	219,388	223,980	221,422	2,558
Student Intervention Services	320,351	323,407	323,321	86
Other Instruction	631,862	638,109	637,719	390
Support Services:				
Pupils	3,067,537	3,114,834	3,095,970	18,864
Instructional Staff	1,398,172	1,442,926	1,411,133	31,793
Board of Education	203,766	207,415	205,655	1,760
Administration	3,823,963	3,917,534	3,859,410	58,124
Fiscal	1,300,523	1,354,756	1,312,578	42,178
Business	328,133	339,342	331,175	8,167
Operation and Maintenance of Plant	4,967,693	5,148,454	5,013,742	134,712
Pupil Transportation	3,390,254	3,481,009	3,421,680	59,329
Central	480,382	540,768	484,835	55,933
Extracurricular Activities	1,185,243	1,209,773	1,196,230	13,543
Debt Service:				
Principal Retirement	177,180	177,180	177,180	-
Interest and Fiscal Charges	50,890	50,890	50,890	-
Total Expenditures	56,696,044	57,781,044	57,219,482	561,562
Excess of Revenues Over (Under) Expenditures	(2,152,294)	(492,374)	519,477	1,011,851
Other Financing Sources:				
Refund of Prior Year Expenditures	250,000	250,000	289,067	39,067
Total Other Financing Sources	250,000	250,000	289,067	39,067
Net Change in Fund Balances	(1,902,294)	(242,374)	808,544	1,050,918
Fund Balance at Beginning of Year	7,375,612	7,375,612	7,375,612	-
Prior Year Encumbrances Appropriated	296,044	296,044	296,044	-
Fund Balance at End of Year	\$ 5,769,362	\$ 7,429,282	\$ 8,480,200	\$ 1,050,918

See accompanying notes to the basic financial statements.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust	Agency Funds
Assets:		
Equity in pooled cash and cash equivalents	\$ 45,022	\$ 270,697
Investments	72,491	-
Accrued interest receivable	610	-
Accounts receivable	-	3,864
Total Assets	118,123	274,561
Liabilities:		
Accounts payable	-	292
Undistributed monies	-	5,335
Due to students	-	268,934
Total Liabilities	-	\$ 274,561
Net Position:		
Held in trust for scholarships	\$ 118,123	

See accompanying notes to the basic financial statements.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Private Purpose Trust</u>
Additions:	
Gifts and Donations	\$ 10,413
Investment Earnings	<u>677</u>
Total Additions	<u>11,090</u>
Deductions:	
Payments in accordance with trust agreements	<u>3,922</u>
Total Deductions	<u>3,922</u>
Change in Net Position	7,168
Net Position Beginning of Year	<u>110,955</u>
Net Position End of Year	<u>\$ 118,123</u>

See accompanying notes to the basic financial statements.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Delaware City School District (School District) operates under a locally-elected five member board form of government and provides educational services mandated by state and, or federal agencies. This Board controls the School District's eight instructional/support facilities staffed by 226 non-certificated employees and 374 certificated employees, including 32 administrative employees, to provide services to a student enrollment of 5,769 students.

The School District was established in 1871 through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The School District serves an area of approximately 41 square miles within Delaware County, including all of the City of Delaware, Ohio and portions of surrounding townships. The School District is the second largest in Delaware County in terms of enrollment. It currently operates five elementary schools, one middle school and one comprehensive high school.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading.

The primary government consists of all funds and departments, not legally separate from the School District, which provide various services including instruction, student guidance, extracurricular activities, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing body and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations for which the School District approves the budget, the issuance of debt or the levying of taxes.

The School District does not have any component units.

The District is associated with two organizations, which are defined as jointly governed. These organizations include META Solutions and the Delaware Area Career Center. These organizations are presented in Note 17 to the basic financial statements.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Delaware City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets less liabilities and deferred inflows of resources is reported as fund balance. The General, Debt Service, Permanent Improvement, and Building Funds are the School District's major funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the repayment of, the School District's general obligation debt, including the three school improvement bonds previously approved by voters within the School District's boundaries.

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for financial resources, specifically property and other local taxes generated by the District's permanent improvement levy, to be used to maintain the School District's facilities, as well as provide for major equipment and instructional material purchases.

Building Fund – The Building Fund is used to account for the resources, received through the issuance of general obligation bonds, which are restricted to significant construction and renovation projects to existing and new school buildings within the School District.

The other governmental funds of the School District account for grants and other resources of the School District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has various funds established to provide scholarships to its students that are classified as private-purpose trust funds. Funds used to account for OHSAA tournament games as well as the activity of the numerous student managed activities within the School District are classified as agency funds.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources along with current liabilities and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore provide a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds are reported using the economic resources measurement focus, with the exception of agency funds which have no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Private purpose trust funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed to be both measurable and available: property taxes available as an advance, grants, investment earnings, tuition, and student fees.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and student fees. These amounts are deferred and recognized as an inflow of resources as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 12 and 13).

Expenditures/Expenses

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by the employee. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

The accrual basis of accounting utilized on the government-wide financial statements and by private purpose trust funds recognizes revenues when they are earned, and expenses are recognized at the time they are incurred.

E. Budget Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board has established the legal level of control at the individual fund level.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue, are identified by the School District. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

The appropriation resolution is subject to amendment by the Board throughout the school year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled in a central bank account. Monies for all funds are pooled in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2018, investments were limited to U.S. Treasury securities, certificates of deposit, mutual funds, commercial paper and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and nonnegotiable certificates of deposit, are reported at cost.

The School District has invested funds in the State Treasury Assets Reserves of Ohio (STAR Ohio) during fiscal year 2018. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants". The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The School District has allocated interest according to Ohio statutes. Interest revenue credited to the General Fund during fiscal year 2018 amounted to \$294,748, which includes \$138,143 assigned from other funds.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method and recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Capital Assets and Depreciation

General capital assets generally result from expenditures in the governmental funds. These assets are reported within the governmental activities on the government-wide statement of net position but are not reported in the fund statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at the acquisition value as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 to 50 years
Furniture and Equipment	8 to 20 years
Vehicles	10 years

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures or expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources and uses in governmental funds. Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued using the vesting method which states that the School District will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments. The amount is based on accumulated sick and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated sick leave for all employees after fifteen years of current service with the School District.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

M. Pensions/Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension and OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension and OPEB plans report investments at fair value.

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

O. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District's governing board. Those committed amounts cannot be used for any other purpose unless the governing board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District's governing board.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the general fund, assigned amounts represent intended uses established by the governing board or an official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balance via purchase orders, provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the School District implemented the Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, No. 81, *Irrevocable Split-Interest*, No. 85, *Omnibus 2017*, and No. 86, *Certain Debt Extinguishment Issues*.

GASB Statement No. 75 replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB provided to employees. Statement 75 also requires governments in all types of OPEB plans to provide more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The implementation of GASB Statement No. 75 required the School District to restate beginning net position of governmental activities at July 1, 2017.

The implementation of GASB Statement No. 75 for fiscal year 2018 had the following effect on the governmental activities net position as reported June 30, 2017:

	<u>Governmental Activities</u>
Net Position at June 30, 2017 as previously reported	\$ (42,751,944)
Adjustments:	
Net OPEB Liability at June 30, 2017	(19,023,376)
Deferred Outflows - Payments Subsequent to Measurement Date	<u>134,133</u>
Net Position at June 30, 2017 as restated	<u>\$ (61,641,187)</u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred outflows or inflows of resources as the information needed to generate these restatements was not available.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION
(Continued)

GASB Statement No. 81 requires the government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB Statement No. 85 establishes accounting and reporting requirements for blending component units, goodwill, fair value measurement and applications, and postemployment benefits (pension and other postemployment benefits). GASB Statement No. 86 establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the purpose of extinguishing debt. The implementation of these Standards had no effect on the School District’s financial statements.

NOTE 4 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	Permanent Improvement	Building	Nonmajor Governmental Funds	Total
Nonspendable for:						
Inventory and Prepaids	\$ 250,697	\$ -	\$ -	\$ -	\$ -	\$ 250,697
Library and Land Trust	-	-	-	-	4,200	4,200
Total Nonspendable	<u>250,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>254,897</u>
Restricted for:						
Debt Service	-	4,761,014	-	-	-	4,761,014
Capital Improvements	-	-	2,781,155	741,425	-	3,522,580
Library and Land Trust	-	-	-	-	906	906
District Managed Activities	-	-	-	-	227,746	227,746
Other Purpose	-	-	-	-	17,328	17,328
State Educational Grants	-	-	-	-	87,234	87,234
Federal Educational Grants	-	-	-	-	700	700
Total Restricted	<u>-</u>	<u>4,761,014</u>	<u>2,781,155</u>	<u>741,425</u>	<u>333,914</u>	<u>8,617,508</u>
Assigned for:						
School Programs	114,198	-	-	-	-	114,198
Subsequent Expenditures	341,494	-	-	-	-	341,494
Total Assigned	<u>455,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,692</u>
Unassigned (Deficit)	<u>12,686,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,326)</u>	<u>12,521,542</u>
Total Fund Balances	<u>\$ 13,393,257</u>	<u>\$ 4,761,014</u>	<u>\$ 2,781,155</u>	<u>\$ 741,425</u>	<u>\$ 172,788</u>	<u>\$ 21,849,639</u>

Fund balance restricted for state and federal educational grants represent fund balance that must be spent in accordance within specific grant requirements on educational programs targeted to enhance student learning. Nonspendable fund balance is not reported in the nonmajor governmental funds for materials and supplies inventory as the inventory will ultimate be utilized by the food service fund for sales which are restricted to meet the ongoing food service operations.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 5 – ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

At June 30, 2018, the following nonmajor special revenue funds reported fund deficits: Food Service (\$7,732), Miscellaneous State Grants (\$5,234), Title VI(B) Grant (\$86,834), Title I Grant (\$47,047), Preschool Special Education Grant (\$2,279), Improving Teacher Quality Grant (\$13,728), and Miscellaneous Federal Grants (\$2,472).

These deficits resulted from adjustments for accrued liabilities. Management expects the deficits, in the funds mentioned above, to be corrected early in the next fiscal year. The General Fund is liable for any deficit in other funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 6 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis for the general fund are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. For GAAP reporting purposes, certain funds which are budgeted separately from the general fund, are reported as part of the general fund.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
<u>General Fund</u>	
GAAP Basis	\$ 2,089,892
Revenue Accruals	(1,820,480)
Expenditure Accruals	424,061
Encumbrances	(410,044)
Other Financing Sources	289,067
Change in Fund Balance of Funds Combined with General Fund for Reporting Purposes	<u>236,048</u>
Budget Basis	<u>\$ 808,544</u>

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 7 – DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the School District into three categories.

Active Monies – Those monies required to be kept in a “cash” or “near-cash” status for the immediate use of the district. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificate of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities (see Note 2F).

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements” and amended by GASB Statement No. 40, “Deposit and Investment Risk Disclosure”.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the School District’s deposits may not be returned to it. The School District does not have a custodial credit risk policy. At fiscal year-end, \$1,637,603 was exposed to custodial credit risk since it was uninsured and collateralized with securities under the Ohio Treasurer’s Ohio Pooled Collateral System, but not in the School District’s name.

Investments

As of June 30, 2018, the School District’s investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Matures in</u>		<u>% of Portfolio</u>
		<u>less than One Year</u>	<u>One to Three Years</u>	
Commercial Paper	\$ 3,469,791	\$ 3,469,791	\$ -	25.5%
Negotiable CDs	2,614,776	2,368,991	245,785	19.3%
U.S. Treasury Note	497,560	497,560	-	3.7%
Mutual Fund	59,457	59,457	-	0.4%
STAR Ohio	6,938,169	6,938,169	-	51.1%
Total	<u>\$ 13,579,753</u>	<u>\$ 13,333,968</u>	<u>\$ 245,785</u>	

The School District’s investment policy permits the purchase of any security specifically authorized by the Ohio Revised Code (the ORC) and includes the following:

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District’s investment policy limits investment maturities to five years or less.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 7 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – The School District has no policy limiting investments based on credit risk other than those established in the ORC. The School District’s investments had the following credit risk ratings:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Mutual Fund	AAAm	Standard Poor's
Commercial Paper	P-1	Moody's
STAROhio	AAAm	Standard Poor's

Custodial Credit Risk – All investments shall be issued in the name of the School District.

Concentration of Credit Risk – Diversification shall ensure potential losses on individual securities do not exceed the income generated from the remainder of the initial investment.

Fair Value Measurement

The School District’s investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly, or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment’s risk. The School District had the following reoccurring fair value measurements as of June 30, 2018:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Commercial Paper	\$ 3,469,791	\$ -	\$ 3,469,791	\$ -
Negotiable CDs	2,614,776	-	2,614,776	-
U.S. Treasury Note	497,560	497,560	-	-
Mutual Fund (amortized cost)	59,457	-	-	-
STAR Ohio (NAV)	6,938,169	-	-	-
Total	<u>\$ 13,579,753</u>	<u>\$ 497,560</u>	<u>\$ 6,084,567</u>	<u>\$ -</u>

Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment managers. The School District’s investments in Mutual Funds and STAR Ohio are not reported by category as they are reported at amortized cost and net asset value, respectively, instead of at fair value.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 8 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility tangible personal property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State Law at 35 percent of appraised market value. All property is required to be reevaluated every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value and are levied after April 1 on the value listed as of December 31 of the current year.

Real property taxes are payable annually or semi-annually. The first payment is due February 10, with the remainder payable by July 10.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Delaware City School District. The County Auditor periodically remits to the School District its portion of the taxes collected. The full tax rate for all School District operations for the year ended June 30, 2018 was \$83.55 per \$1,000 of assessed value. The assessed values upon which the fiscal year 2018 taxes were collected are as follows:

	<u>2018 First Half Collections</u>	<u>2017 Second Half Collections</u>
Agricultural/residential and other real estate property	\$ 793,376,590	\$ 715,549,460
Public utility personal property	<u>29,333,820</u>	<u>27,806,060</u>
Total	<u>\$ 822,710,410</u>	<u>\$ 743,355,520</u>

Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies that are measurable as of June 30, 2018. Although total property tax collections for the next year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2018 was recognized as revenue.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis this amount is reported as deferred inflows of resources – unavailable revenue.

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts-of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2018, the School District contracted with Liberty Mutual Insurance Company for general liability insurance with a \$1 million single occurrence and a \$3 million aggregate limit and property insurance which holds a \$1,000 deductible per occurrence. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for any part of the last three years.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 10 - CAPITAL ASSETS

A summary of the School District's general capital assets for fiscal year 2018 is as follows:

	Revised Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<i><u>Capital Assets, not being depreciated</u></i>				
Land	\$ 3,269,434	\$ -	\$ -	\$ 3,269,434
Construction in Progress	38,858,317	3,976,138	(38,722,347)	4,112,108
	<u>42,127,751</u>	<u>3,976,138</u>	<u>(38,722,347)</u>	<u>7,381,542</u>
<i><u>Capital Assets, being depreciated</u></i>				
Buildings and Improvements	64,195,606	38,897,485	(25,704)	103,067,387
Furniture and Equipment	2,926,722	385,856	(171,465)	3,141,113
Vehicles	4,339,129	400,835	(188,288)	4,551,676
Total Depreciable Capital Assets	<u>71,461,457</u>	<u>39,684,176</u>	<u>(385,457)</u>	<u>110,760,176</u>
<i><u>Less: Accumulated Depreciation</u></i>				
Buildings and Improvements	(27,710,881)	(2,152,398)	6,175	(29,857,104)
Furniture and Equipment	(2,308,987)	(133,503)	170,468	(2,272,022)
Vehicles	(3,132,215)	(309,837)	188,288	(3,253,764)
Total Accumulated Depreciation	<u>(33,152,083)</u>	<u>(2,595,738) *</u>	<u>364,931</u>	<u>(35,382,890)</u>
Depreciable Capital Assets, Net	<u>38,309,374</u>	<u>37,088,438</u>	<u>(20,526)</u>	<u>75,377,286</u>
Total Capital Assets, Net	<u>\$ 80,437,125</u>	<u>\$ 41,064,576</u>	<u>\$ (38,742,873)</u>	<u>\$ 82,758,828</u>

* - Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 22,787
Special	610
Support Services:	
Instructional support	1,742
Administration	2,031
Operation and maintenance of plant	479,811
Pupil transportation	317,811
Central	9,176
Operation of non-instructional services	27,516
Extracurricular activities	51,359
Unallocated depreciation	1,682,895
Total Depreciation Expense	<u>\$ 2,595,738</u>

Unallocated depreciation is depreciation of the individual school buildings throughout the School District, which essentially serve all functions/programs, and therefore is not included as a direct expense of any function or program but disclosed as a separate expense.

During fiscal year 2018, the School District removed the library and textbooks capital asset category previously reported as they did not individually meet the School District's capitalization policy. As these items were fully depreciated, there was no effect on the beginning net position of the governmental activity for this change.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 11 - RECEIVABLES

Receivables at June 30, 2018, consisted of current and delinquent property taxes, accounts (rent and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

General Fund:

Miscellaneous amounts due from other governments	\$ 167,555
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Non-major Governmental Funds:

Title VI-B Grant	227,086
Title I Grant	95,642
Title II-A	29,548
Twenty-First Century Grant	84,001
Other non-major funds	<u>40,208</u>
Non-major Governmental Funds	<u>476,485</u>
Total Intergovernmental Receivables	<u>\$ 644,040</u>

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the way pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 **	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or age 60 with 25 years of service credit

** - Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2% for the first 30 years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the 14% employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,073,631 for fiscal year 2018. Of this amount, \$199,029 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring August 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14%-member rate goes to the DC Plan and 2% goes the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with 5 years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately \$3,790,526 for fiscal year 2018. Of this amount, \$638,928 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 14,035,213	\$ 55,164,626	\$ 69,199,839
Proportion of the net pension liability	0.2349077%	0.2322211%	
Change in proportionate share	-0.0025832%	0.0046787%	
Pension (negative) expense	\$ (668,670)	\$ (20,628,873)	\$ (21,297,543)

At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 604,028	\$ 2,130,200	\$ 2,734,228
Change in assumptions	725,771	12,065,108	12,790,879
Change in School District's proportionate share and difference in employer contributions	-	2,199,220	2,199,220
School District contributions subsequent to the measurement date	<u>1,073,631</u>	<u>3,790,526</u>	<u>4,864,157</u>
Total	<u>\$ 2,403,430</u>	<u>\$ 20,185,054</u>	<u>\$ 22,588,484</u>

(Continued)

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 444,604	\$ 444,604
Net difference between projected and actual earnings on pension plan investments	66,622	1,820,497	1,887,119
Change in School District's proportionate share and difference in employer contributions	<u>294,613</u>	<u>-</u>	<u>294,613</u>
Total	<u>\$ 361,235</u>	<u>\$ 2,265,101</u>	<u>\$ 2,626,336</u>

\$4,864,157 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ 395,674	\$ 3,182,221	\$ 3,577,895
2020	724,085	5,658,725	6,382,810
2021	175,995	4,050,225	4,226,220
2022	<u>(327,190)</u>	<u>1,238,256</u>	<u>911,066</u>
	<u>\$ 968,564</u>	<u>\$ 14,129,427</u>	<u>\$ 15,097,991</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US stocks	22.50%	4.75%
Non-US stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

Discount Rate – Total pension liability was calculated using the discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 19,477,229	\$ 14,035,213	\$ 9,476,416

Actuarial Assumptions - STRS

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumptions	July 1, 2017 Valuation	July 1, 2016 Valuation and Prior
Inflation	2.50%	2.75%
Salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment rate of return, including inflation	7.45%, net of investment expenses	7.75%, net of investment expenses
Payroll increases	3.00%	3.50% per annum compounded annually for the next two years, 4.00% thereafter
Cost-of-living adjustments (COLA)	0.00% effective July 1, 2017	2.00% simple for members retiring August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA commences on 5th anniversary of retirement date
Mortality tables	RP-2014	RP-2000

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disability mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally, using mortality improvement scale MP-2016.

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return **
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<u>1.00%</u>	<u>2.25%</u>
Total	<u>100.00%</u>	<u>6.84%</u>

** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 79,076,615	\$ 55,164,626	\$ 35,022,361

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, the minimum compensation amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$129,900.

The surcharge, added to the 0.5% allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS, including surcharge, was \$169,664 for fiscal year 2018. Of this amount \$7,371 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description—The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net OPEB liability	\$ 6,396,555	\$ 9,060,411	\$ 15,456,966
Proportion of the net OPEB liability	0.2383451%	0.2322211%	
Change in proportionate share	-0.0021272%	0.0046787%	
OPEB (negative) expense	\$ 360,025	\$ (2,729,006)	\$ (2,368,981)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 523,026	\$ 523,026
Difference between employer contributions and proportionate share of contributions	-	214,473	214,473
School District contributions subsequent to the measurement date	<u>169,664</u>	<u>-</u>	<u>169,664</u>
Total	<u>\$ 169,664</u>	<u>\$ 737,499</u>	<u>\$ 907,163</u>
<u>Deferred Inflows of Resources:</u>			
Net difference between projected and actual earnings on OPEB plan investments	\$ 16,892	\$ 387,264	\$ 404,156
Change in assumptions	607,001	729,846	1,336,847
Difference between employer contributions and proportionate share of contributions	<u>59,792</u>	<u>-</u>	<u>59,792</u>
Total	<u>\$ 683,685</u>	<u>\$ 1,117,110</u>	<u>\$ 1,800,795</u>

\$169,664 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ (245,815)	\$ (95,541)	\$ (341,356)
2020	(245,815)	(95,541)	(341,356)
2021	(187,832)	(95,541)	(283,373)
2022	(4,223)	(95,541)	(99,764)
2023	-	1,275	1,275
2024	-	1,278	1,278
	<u>\$ (683,685)</u>	<u>\$ (379,611)</u>	<u>\$ (1,063,296)</u>

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS’ actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee’s entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Investment rate of return, including inflation	7.50% net of investment expense
Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Municipal bond index rate:	
Prior measurement date	2.92%
Measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Prior measurement date	2.98%
Measurement date	3.63%
Municipal bond index rate:	
Pre-Medicare	7.50% - 5.00%
Medicare	5.50% - 5.00%

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. PR-2000 Disabled Mortality Table with 90% for males rate and 100% for female rates set back five years.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US stocks	22.50%	4.75%
Non-US stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63%. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56% as of June 30, 2017 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 3.63%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63%) and one percentage point higher (4.63%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$ 7,724,665	\$ 6,396,555	\$ 5,344,361

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.5% decreasing to 4.0%) and one percentage point higher (8.5% decreasing to 6.0%) than the current rates.

	1% Decrease (6.50% decreasing to 4.00%)	Current Trend Rate (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
School District's proportionate share of the net OPEB liability	\$ 5,190,325	\$ 6,396,555	\$ 7,993,021

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017 actuarial valuation are presented below:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Blended discount rate of return	4.13%
Investment rate of return	7.45%, net of investment expenses, including inflation
Health care cost trends	6.00% - 11.00% initially, 4.50% ultimate
Cost-of-living adjustments	0.00% effective July 1, 2017

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<u>1.00%</u>	<u>2.25%</u>
Total	<u>100.00%</u>	<u>6.84%</u>

** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58% as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13%, which represents the long-term expected rate of return of 7.45% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58% for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26% which represents the long term expected rate of return of 7.75% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85% for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 4.13%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) and one percentage point higher (5.13%) than the current rate. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$ 12,163,457	\$ 9,060,411	\$ 6,607,992

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
School District's proportionate share of the net OPEB liability	\$ 6,294,786	\$ 9,060,411	\$ 12,700,299

NOTE 14 – OTHER EMPLOYEE BENEFITS

A. Accumulated Unpaid Vacation

School District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 14 – OTHER EMPLOYEE BENEFITS (Continued)

B. Accumulated Unpaid Sick Leave

School District employees may accumulate sick leave. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum of sixty days for certified and classified employees. As of June 30, 2018, the School District’s total obligation for sick leave accrual as a whole was \$1,837,979.

NOTE 15 - LONG-TERM OBLIGATIONS

The activity of the School District’s long-term obligations during fiscal year 2018 was as follows:

	Restated Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018	Due within One Year
General Obligation Bonds:					
2013 Refunding					
Current Interest Serial 2.0-5.0%	\$ 5,295,000	\$ -	\$ 1,245,000	\$ 4,050,000	\$ 1,300,000
2013 School Construction & Improvement					
Current Interest Serial 2.0-5.25%	19,880,000	-	10,000	19,870,000	10,000
2014 School Construction & Improvement					
Current Interest Serial 2.5-4.0%	2,725,000	-	5,000	2,720,000	5,000
Current Interest Term 2.25%-4.0%	7,265,000	-	-	7,265,000	-
2015A School Construction & Improvement					
Current Interest Serial 2.0-5.0%	7,145,000	-	25,000	7,120,000	25,000
Current Interest Term 3.75%-5.0%	12,835,000	-	-	12,835,000	-
2015B Refunding					
Current Interest Serial 0.75-4.0%	10,955,000	-	1,050,000	9,905,000	1,075,000
Deferred Amounts:					
Add: Bond Premium	2,288,882	-	230,810	2,058,072	-
Total General Obligation Bonds	68,388,882	-	2,565,810	65,823,072	2,415,000
Long-Term Notes Payable	1,999,940	-	177,180	1,822,760	181,900
Compensated Absences	1,750,259	71,895	103,376	1,718,778	212,581
Net Pension Liability:					
SERS	17,382,145	-	3,346,932	14,035,213	-
STRS	76,165,310	-	21,000,684	55,164,626	-
Net OPEB Liability:					
SERS	6,854,348	-	457,793	6,396,555	-
STRS	12,169,028	-	3,108,617	9,060,411	-
Total Long-Term Obligations	\$ 184,709,912	\$ 71,895	\$ 30,760,392	\$ 154,021,415	\$ 2,809,481

General Obligation Bonds

The general obligation bond issues will be paid through the debt service fund from property taxes collected by the County Auditor. The School District issued general obligation debt for the following purposes:

- \$8,720,000, issued in fiscal year 2013 and maturing in fiscal year 2021, for the partial advance refunding of \$8,790,000 of refunding general obligation bonds issued in 2004. These bonds are current interest serial bonds.
- \$19,910,000, issued in fiscal year 2014 and maturing in fiscal year 2050, to provide financing for the construction and improvement of certain school facilities of the School District. These bonds are current interest serial bonds.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

- \$30,000,000, issued in fiscal year 2015 (two different series) and maturing in fiscal year 2046, to provide financing for the construction and improvement of certain school facilities of the School District. These bonds are current interest serial and term bonds.
- \$11,580,000 (series 2015B), issued in fiscal year 2015 and maturing in fiscal year 2026, for the advance refunding of \$8,730,000 and \$2,995,000 in general obligation refunding bonds issued in 2005 and 2006, respectively. These bonds are current interest serial bonds.

Principal and interest requirements to retire the District's long-term general obligation bonds outstanding at June 30, 2018 are shown in the table below.

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$ 2,415,000	\$ 2,727,770	\$ 5,142,770
2020	2,495,000	2,656,207	5,151,207
2021	2,580,000	2,571,131	5,151,131
2022	1,245,000	2,499,114	3,744,114
2023	1,630,000	2,445,570	4,075,570
2024-2028	8,180,000	11,270,577	19,450,577
2029-2033	8,075,000	9,577,811	17,652,811
2034-2038	8,235,000	7,435,001	15,670,001
2039-2043	10,585,000	4,941,965	15,526,965
2044-2048	15,595,000	1,980,632	17,575,632
2049-2050	2,730,000	158,700	2,888,700
Total	<u>\$ 63,765,000</u>	<u>\$ 48,264,478</u>	<u>\$ 112,029,478</u>

Long-Term Notes Payable

In December 2012, the School District issued \$2,819,270 of energy conservation notes payable to finance various building improvements throughout the District. These notes carry an interest rate of 2.6625 percent and mature in fiscal year 2027. Debt service payments will be made from the General Fund using savings in utility costs realized as a result of the projects. Principal and interest requirements to retire the long-term notes payable are shown in the table below.

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$ 181,900	\$ 46,110	\$ 228,010
2020	186,750	41,202	227,952
2021	191,720	36,163	227,883
2022	196,820	30,991	227,811
2023	202,060	25,681	227,741
2024-2027	863,510	46,736	910,246
Total	<u>\$ 1,822,760</u>	<u>\$ 226,883</u>	<u>\$ 2,049,643</u>

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Legal Debt Margins

At June 30, 2018 the School District's legal debt, unvoted, and energy conservation debt margins were \$13.0 million, \$8.2 million and \$5.6 million, respectively. The School District has been classified by the State of Ohio as a "special needs" district as it relates to issuing debt for purposes of constructing and renovating classroom facilities. This classification allows the School District to exceed the established voted debt limit, if necessary.

Other Long-Term Obligations

The School District pays obligations related to employee compensation (compensated absences and required pension and OPEB plan contributions) from the fund benefitting from their service. If no funds are available within those funds, the general fund will assume responsibility for payment.

NOTE 16 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

B. Full-Time Equivalency Review

The School District funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the end of the fiscal year. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable; however based on information currently available, management does not believe the effects of these reviews will have a material effect on the School District's financial statements.

C. Litigation

The School District is not currently party to any legal proceedings.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

META Solutions

The School District is a member of META Solutions which is an association of public entities throughout Ohio. META Solutions was formed through the merger of Tri-Rivers Educational Computer Association (TRECA) Educational Solutions and Metropolitan Educational Council (MEC). The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts while providing an open marketplace where customer choice is not limited by geography.

The governing board of META Solutions consists of an eight person Board of Directors, with each of the directors elected by a majority vote of all members within each county in META Solutions membership. Financial information can be obtained from Wade Lucas, who serves as Chief Executive Officer, at 100 Executive Drive, Marion, Ohio 43302. The School District paid \$384,870 to META Solutions during fiscal year 2018.

Delaware Area Career Center

The Delaware Area Career Center (Career Center) is a distinct political subdivision of the State of Ohio, which provides vocational education. The Career Center operates under the direction of a Board consisting of one representative from each of the five participating school district's Board of Education. The degree of control exercised by the School District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Treasurer's Office at 4565 Columbus Pike Road, Delaware, Ohio 43015.

NOTE 18 – COMMITMENTS - ENCUMBRANCES

At year end the School District had the following amounts encumbered for future purchase obligations:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 553,998
Permanent Improvement Fund	311,786
Building Fund	239,751
Non-major Governmental Funds	<u>120,635</u>
	<u>\$ 1,226,170</u>

NOTE 19 – INTER-FUND TRANSACTIONS

At year end, the following non-major special revenue funds owed the General Fund for deficit positions within the School District's pooled cash and cash equivalents at year end that was covered by the General Fund; Title VI(B) Grant (\$11,921), Title I Grant (\$6,187), Preschool Special Education Grant (\$532) and Miscellaneous Federal Grants (\$4,729). The negative position within the cash pool corrected itself shortly into the subsequent fiscal year when grant funding was received.

DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 20 - SET-ASIDE CALCULATION

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amount for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2017	\$ -
Current Year Set-aside Requirement	980,822
Current Year Offsets	<u>(2,134,086)</u>
Total	<u>\$ (1,153,264)</u>
Balance Carried forward to FY 2019	<u>\$ -</u>
Set-aside Reserve Balance June 30, 2018	<u>\$ -</u>

Although the School District had qualifying disbursements during the year that reduced the set-aside below zero due to current year offsets, the extra amounts may not be used to reduce the set-aside requirements of future years.

NOTE 21 – TAX ABATEMENTS

Pursuant to GASB Statement No. 77, Tax Abatement Disclosures, the School District is required to disclose certain information on its use of tax abatement incentives. A tax abatement incentive, under this Statement, is an agreement between the local government and an individual or entity in which the local government promises to forgo tax revenue, while the individual or entity promises to take a specific action after the agreement has been entered into that contributes to the economic development or otherwise benefits the local government or the citizens of the local government.

During fiscal year 2018, the School District’s property tax revenues were reduced by \$636,999 and \$0 under Community Reinvestment Area (CRA) and Enterprise Zone (EZ) agreements, respectively, entered into by the City of Delaware. Under Ohio Revised Code Sections 3735 and 5709, the City of Delaware may offer a property tax incentive to an individual or entity for improvements within certain targeted areas of the City. The CRA program abates 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, which are administered as a reduction in the property tax bill, and last for 7 years after the improvements are completed. The EZ program enables property tax abatements to encourage improvements and reinvestment to buildings and unimproved or redeveloped land in the EZ zones following a specific return on investment formula and guidelines. Retail or restaurant project abatements are limited to the Downtown Historic Districts. Commercial and industrial project abatements may not exceed 15 years for CRAs or 10 years for EZs. During fiscal year 2018, the School District received \$110,764 from the City related to property tax revenues lost under these abatement agreements.

NOTE 22 – TAX ABATEMENTS

On December 10, 2018, the Board of Education approved a resolution to declare the necessity of a bond issue in an amount not to exceed \$36,500,000.



REQUIRED SUPPLEMENTARY INFORMATION

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE MEASUREMENT YEARS (1)

	2017	2016	2015	2014	2013
<u>School Employees Retirement System of Ohio:</u>					
District's Proportion of the Net Pension Liability	0.2349077%	0.2374909%	0.2433465%	0.2448130%	0.2448130%
District's Proportionate Share of the Net Pension Liability	\$ 14,035,213	\$ 17,382,145	\$ 13,885,586	\$ 12,389,847	\$ 14,558,243
District's Covered Payroll	\$ 7,767,186	\$ 7,375,586	\$ 7,781,791	\$ 7,185,642	\$ 7,450,470
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	180.70%	235.67%	178.44%	172.43%	195.40%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
<u>State Teachers Retirement System of Ohio</u>					
District's Proportion of the Net Pension Liability	0.2322211%	0.2275424%	0.2228738%	0.2184130%	0.2184130%
District's Proportionate Share of the Net Pension Liability	\$ 55,164,626	\$ 76,165,310	\$ 61,595,805	\$ 53,125,597	\$ 63,282,865
District's Covered Payroll	\$ 25,529,864	\$ 23,941,836	\$ 23,253,150	\$ 24,032,369	\$ 23,879,077
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.08%	318.13%	264.89%	221.06%	265.01%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) - Information Prior to 2013 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**SCHEDULE OF THE SCHOOL DISTRICT'S PENSION CONTRIBUTION
LAST EIGHT FISCAL YEARS (1)**

	2018	2017	2016	2015	2014	2013	2012	2011
<u>School Employees Retirement System of Ohio:</u>								
Contractually Required Contribution	\$ 1,073,631	\$ 1,087,406	\$ 1,032,582	\$ 1,025,640	\$ 995,930	\$ 1,031,145	\$ 911,702	\$ 918,181
Contributions in Relation to the Contractually Required Contribution	(1,073,631)	(1,087,406)	(1,032,582)	(1,025,640)	(995,930)	(1,031,145)	(911,702)	(918,181)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	7,952,822	7,767,186	7,375,586	7,781,791	7,185,642	7,450,470	6,778,454	7,304,543
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
<u>State Teachers Retirement System of Ohio</u>								
Contractually Required Contribution	\$ 3,790,526	\$ 3,574,181	\$ 3,351,857	\$ 3,255,441	\$ 3,124,208	\$ 3,104,280	\$ 3,043,008	\$ 3,176,904
Contributions in Relation to the Contractually Required Contribution	(3,790,526)	(3,574,181)	(3,351,857)	(3,255,441)	(3,124,208)	(3,104,280)	(3,043,008)	(3,176,904)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District Covered Payroll	27,075,186	25,529,864	23,941,836	23,253,150	24,032,369	23,879,077	23,407,754	24,437,723
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

(1) - Information Prior to 2011 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

See accompanying notes to the required supplementary information.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TWO MEASUREMENT YEARS (1)

	2017	2016
<u>School Employees Retirement System of Ohio:</u>		
District's Proportion of the Net OPEB Liability	0.2383451%	0.2404722%
District's Proportionate Share of the Net OPEB Liability	\$ 6,396,555	\$ 6,854,348
District's Covered Payroll	\$ 7,767,186	\$ 7,375,586
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	82.35%	92.93%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Liability	12.46%	11.49%
<u>State Teachers Retirement System of Ohio</u>		
District's Proportion of the Net OPEB Liability	0.2322211%	0.2275424%
District's Proportionate Share of the Net OPEB Liability	\$ 9,060,411	\$ 12,169,028
District's Covered Payroll	\$ 25,529,864	\$ 23,941,836
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.49%	50.83%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) - Information prior to 2016 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

See accompanying notes to the required supplementary information.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S OPEB CONTRIBUTION
LAST THREE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>School Employees Retirement System of Ohio:</u>			
Contractually Required Contribution (2)	\$ 169,664	\$ 134,133	\$ 120,823
Contributions in Relation to the Contractually Required Contribution	<u>(169,664)</u>	<u>(134,133)</u>	<u>(120,823)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	7,952,822	7,767,186	7,375,586
Contributions as a Percentage of Covered Payroll (2)	2.13%	1.73%	1.64%
<u>State Teachers Retirement System of Ohio</u>			
Contractually Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered Payroll	27,075,186	25,529,864	23,941,836
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

(1) - Information prior to 2016 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

(2) - In addition to the allocation of employer contributions, SERS assesses a surcharge on employers for employees earning less than an actuarially determined minimum compensation amount, which is pro-rated if less than a full year of service credit is earned.

See accompanying notes to the required supplementary information.

DELAWARE CITY SCHOOL DISTRICT
Delaware County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

NOTE 1 – DEFINED BENEFITS PENSION PLANS

School Employees Retirement System of Ohio:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

State Teachers Retirement System of Ohio:

Change in assumptions. In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Change in benefit terms. Effective July 1, 2017, the COLA was reduced to zero.

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

School Employees Retirement System of Ohio:

Change in assumption. Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

DELAWARE CITY SCHOOL DISTRICT
Delaware County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (Continued)

State Teachers Retirement System of Ohio:

Change in assumption. For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 % to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.



Governmental Fund Types

Combining and Individual Fund Financial Statements and Schedules

General Fund

The General Fund is used to account for and report all financial resources, except those required to be accounted for in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Since the Board of Education adopts the annual appropriations for the General Fund at the fund level and the Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget (Non-GAAP) and Actual presented in the basic financial statements reports at the functional level within the fund, a separate schedule to demonstrate budgetary compliance with the legal level of control is not necessary.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes other than debt service or capital projects. The School District has several special revenue funds, none of which are deemed to be major funds.

Food Service

To account for and report the financial transactions related to the restricted food service operation of the School District.

Local and Other Grants

To account for and report the proceeds of specific revenue sources, except for state and federal grants, that are legally restricted to expenditures for a specific purpose.

District Managed Student Activities

To account for and report local funds generated to assist student activities, which are managed by District personnel. This fund includes athletic programs and other similar types of activities.

Auxiliary Services

To account for and report monies which provide services and materials to pupils attending non-public schools within the School District.

Data Communications

To account for and report restricted monies for the purpose of accessing the Ohio Education Computer Network.

Miscellaneous State Grants

To account for and report restricted revenues received from state agencies which are not classified elsewhere.

Title VI(B) Grant

To account for and report restricted monies received under a federal grant to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full education opportunities to handicapped children at the elementary and secondary levels.

Governmental Fund Types

Combining and Individual Fund Financial Statements and Schedules

Special Revenue Funds (continued)

Title III Grant

To account for and report federal monies restricted for elementary and secondary school programs designed to assist students to meet grade promotion and graduation standards.

Title I Grant

To account for and report monies received under a federal grant to assist schools in meeting the special needs of educationally deprived children.

Preschool Special Education Grant

To account for and report restricted federal monies received under a federal grant program to improve and expand the services for handicapped children ages three to five years.

Improving Teacher Quality Grant

To account for and report restricted monies received under a federal grant to help improve the quality of educational services delivered to students by district teachers.

Miscellaneous Federal Grants

To account for and report restricted monies received under federal grants which are not classified elsewhere.

Delaware Foundation

A fund used to account for and report gifts, donations and other resources provided to the School District without condition or limitations. Funds are to be used for operating or capital costs for programs designed to enhance or promote education within the District. This fund is budgeted as a special revenue fund, but is included with the General Fund for GAAP reporting as it does not have restricted or committed revenue source.

Public School Support

A fund used to account for and report local revenue sources (other than taxes) generated by the individual school buildings (i.e. sale of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs. This fund is budgeted as a special revenue fund, but is included with the General Fund for GAAP reporting as it does not have restricted or committed revenue source.

After School Childcare

A fund used to account for and report the tuition and fees, and other revenue, generated by the School District's "latch-key" program which provides childcare to students during the hours following the end of the school day. This fund is budgeted as a special revenue fund, but is included with the General Fund for GAAP reporting as it does not have restricted or committed revenue source.

Governmental Fund Types

Combining and Individual Fund Financial Statements and Schedules

Debt Service Fund

Debt service funds are used to account for and report the accumulation of restricted local property taxes received and the payment of general long-term obligations, specifically the refunding general obligations bonds issued. The School District has one debt service fund which is reported as a major fund.

Capital Project Funds

Capital projects funds are used to account for and report financial resources that are restricted for the financing and acquisition or construction of major capital facilities, such as new school buildings and additions to existing buildings, or for major renovation projects. The School District has two capital projects funds, both of which are reported as major funds.

Permanent Improvement

To account for and report restricted resources, including a local property tax levy, to be used for the acquisition or maintenance of general capital assets.

Building

To account for and report restricted local resources, including proceeds from long-term obligations, related to school construction, additions and renovation projects.

Permanent Fund

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs. The School District has one permanent fund, the Land Grant Fund which accounts for and reports the endowments established to support the School District's library and land lab programs. The original principal of these endowments must be maintained, however the School District may spend the interest earnings as long as those expenditures benefit the operations and maintenance of the land lab or libraries within the District.



**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 500,816	\$ 14	\$ 500,830
Investments	-	5,053	5,053
Materials and supplies inventory	6,132	-	6,132
Accrued interest receivable	-	39	39
Accounts receivable	1,213	-	1,213
Intergovernmental receivable	476,485	-	476,485
Total Assets	\$ 984,646	\$ 5,106	\$ 989,752
<u>Liabilities, Deferred Inflows of Resources and Fund Balance:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 35,594	\$ -	\$ 35,594
Accrued wages and benefits	389,182	-	389,182
Interfund payable	23,369	-	23,369
Intergovernmental payable	51,477	-	51,477
Matured compensated absences payable	14,954	-	14,954
Total Liabilities	514,576	-	514,576
 <u>Deferred Inflows of Resources:</u>			
Unavailable revenue	302,388	-	302,388
 <u>Fund Balance:</u>			
Nonspendable	-	4,200	4,200
Restricted	333,008	906	333,914
Unassigned (Deficit)	(165,326)	-	(165,326)
Total Fund Balance	167,682	5,106	172,788
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 984,646	\$ 5,106	\$ 989,752

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Food Service	Local and Other Grants	District Managed Student Activities	Auxiliary Services
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 110,733	\$ 18,735	\$ 227,746	\$ 141,571
Materials and supplies inventory	6,132	-	-	-
Accounts receivable	1,213	-	-	-
Intergovernmental receivable	10,457	-	-	-
Total Assets	<u>\$ 128,535</u>	<u>\$ 18,735</u>	<u>\$ 227,746</u>	<u>\$ 141,571</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>				
Liabilities:				
Accounts payable	\$ 1,580	\$ 57	\$ -	\$ 22,435
Accrued wages and benefits	105,573	60	-	28,066
Interfund payable	-	-	-	-
Intergovernmental payable	14,160	1,290	-	3,836
Matured compensated absences payable	14,954	-	-	-
Total Liabilities	<u>136,267</u>	<u>1,407</u>	<u>-</u>	<u>54,337</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Fund Balance:				
Restricted	-	17,328	227,746	87,234
Unassigned (Deficit)	<u>(7,732)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>(7,732)</u>	<u>17,328</u>	<u>227,746</u>	<u>87,234</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 128,535</u>	<u>\$ 18,735</u>	<u>\$ 227,746</u>	<u>\$ 141,571</u>

<u>Data Communications</u>	<u>Miscellaneous State Grants</u>	<u>Title VI(B) Grant</u>	<u>Title III Grant</u>	<u>Title I Grant</u>	<u>Preschool Special Education Grant</u>	<u>Improving Teacher Quality Grant</u>
\$ -	\$ 259	\$ -	\$ 800	\$ -	\$ -	\$ 972
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>7,136</u>	<u>227,086</u>	<u>10,340</u>	<u>95,642</u>	<u>12,275</u>	<u>29,548</u>
<u>\$ -</u>	<u>\$ 7,395</u>	<u>\$ 227,086</u>	<u>\$ 11,140</u>	<u>\$ 95,642</u>	<u>\$ 12,275</u>	<u>\$ 30,520</u>
\$ -	\$ 2,767	\$ 3,979	\$ 100	\$ 469	\$ 3,835	\$ 123
-	3,799	145,277	-	75,706	3,440	22,780
-	-	11,921	-	6,187	532	-
-	587	18,504	-	9,330	524	2,433
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>7,153</u>	<u>179,681</u>	<u>100</u>	<u>91,692</u>	<u>8,331</u>	<u>25,336</u>
<u>-</u>	<u>5,476</u>	<u>134,239</u>	<u>10,340</u>	<u>50,997</u>	<u>6,223</u>	<u>18,912</u>
-	-	-	700	-	-	-
<u>-</u>	<u>(5,234)</u>	<u>(86,834)</u>	<u>-</u>	<u>(47,047)</u>	<u>(2,279)</u>	<u>(13,728)</u>
<u>-</u>	<u>(5,234)</u>	<u>(86,834)</u>	<u>700</u>	<u>(47,047)</u>	<u>(2,279)</u>	<u>(13,728)</u>
<u>\$ -</u>	<u>\$ 7,395</u>	<u>\$ 227,086</u>	<u>\$ 11,140</u>	<u>\$ 95,642</u>	<u>\$ 12,275</u>	<u>\$ 30,520</u>

(Continued)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018
(Continued)

	Miscellaneous Federal Grants	Total
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ -	\$ 500,816
Materials and supplies inventory	-	6,132
Accounts receivable	-	1,213
Intergovernmental receivable	84,001	476,485
 Total Assets	 \$ 84,001	 \$ 984,646
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>		
Liabilities:		
Accounts payable	\$ 249	\$ 35,594
Accrued wages and benefits	4,481	389,182
Interfund payable	4,729	23,369
Intergovernmental payable	813	51,477
Matured compensated absences payable	-	14,954
 Total Liabilities	 10,272	 514,576
 Deferred Inflows of Resources:		
Unavailable revenue	76,201	302,388
 Fund Balance:		
Restricted	-	333,008
Unassigned (Deficit)	(2,472)	(165,326)
 Total Fund Balance	 (2,472)	 167,682
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 84,001	 \$ 984,646

(Concluded)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 3,887,805	\$ -	\$ 3,887,805
Interest	155	46	201
Extracurricular activities	274,261	-	274,261
Gifts and donations	28,893	-	28,893
Customer sales and services	855,956	-	855,956
Miscellaneous	115,270	-	115,270
Total Revenues	5,162,340	46	5,162,386
Expenditures:			
Current:			
Instruction:			
Regular	2,741	-	2,741
Special	994,338	-	994,338
Student intervention services	716,087	-	716,087
Support Services:			
Pupils	72,597	-	72,597
Instructional staff	96,838	-	96,838
Administration	183,525	-	183,525
Pupil transportation	882	-	882
Central	12,600	-	12,600
Non-instructional services	2,776,652	78	2,776,730
Extracurricular activities	323,988	-	323,988
Total Expenditures	5,180,248	78	5,180,326
Net Change in Fund Balances	(17,908)	(32)	(17,940)
Fund Balance at Beginning of Year	185,590	5,138	190,728
Fund Balance at End of Year	\$ 167,682	\$ 5,106	\$ 172,788

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Food Service</u>	<u>Local and Other Grants</u>	<u>District Managed Student Activities</u>	<u>Auxiliary Services</u>
Revenues:				
Intergovernmental	\$ 1,209,940	\$ -	\$ -	\$ 605,511
Interest	-	-	-	155
Extracurricular activities	-	-	274,261	-
Gifts and Donations	-	-	28,893	-
Customer sales and services	855,956	-	-	-
Miscellaneous	<u>-</u>	<u>78,473</u>	<u>36,797</u>	<u>-</u>
Total Revenues	<u>2,065,896</u>	<u>78,473</u>	<u>339,951</u>	<u>605,666</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	-	-
Student intervention services	-	-	-	-
Support Services:				
Pupils	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Non-instructional services	2,103,722	65,233	-	574,679
Extracurricular activities	<u>-</u>	<u>57</u>	<u>323,931</u>	<u>-</u>
Total Expenditures	<u>2,103,722</u>	<u>65,290</u>	<u>323,931</u>	<u>574,679</u>
Net Change in Fund Balances	(37,826)	13,183	16,020	30,987
Fund Balance at Beginning of Year	<u>30,094</u>	<u>4,145</u>	<u>211,726</u>	<u>56,247</u>
Fund Balance at End of Year	<u>\$ (7,732)</u>	<u>\$ 17,328</u>	<u>\$ 227,746</u>	<u>\$ 87,234</u>

<u>Data Communications</u>	<u>Miscellaneous State Grants</u>	<u>Title VI(B) Grant</u>	<u>Title III Grant</u>	<u>Title I Grant</u>	<u>Preschool Special Education Grant</u>	<u>Improving Teacher Quality Grant</u>
\$ 12,600	\$ 28,222	\$ 1,146,577	\$ 19,688	\$ 529,640	\$ 44,176	\$ 149,633
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>12,600</u>	<u>28,222</u>	<u>1,146,577</u>	<u>19,688</u>	<u>529,640</u>	<u>44,176</u>	<u>149,633</u>
-	2,741	-	-	-	-	-
-	-	949,776	-	-	44,562	-
-	-	-	9,289	524,284	-	147,407
-	29,897	27,228	6,862	-	-	-
-	-	6,550	2,835	-	-	2,633
-	-	160,523	-	-	-	-
-	-	-	-	882	-	-
12,600	-	-	-	-	-	-
-	-	24,918	-	3,632	-	4,468
-	-	-	-	-	-	-
<u>12,600</u>	<u>32,638</u>	<u>1,168,995</u>	<u>18,986</u>	<u>528,798</u>	<u>44,562</u>	<u>154,508</u>
-	(4,416)	(22,418)	702	842	(386)	(4,875)
-	<u>(818)</u>	<u>(64,416)</u>	<u>(2)</u>	<u>(47,889)</u>	<u>(1,893)</u>	<u>(8,853)</u>
<u>\$ -</u>	<u>\$ (5,234)</u>	<u>\$ (86,834)</u>	<u>\$ 700</u>	<u>\$ (47,047)</u>	<u>\$ (2,279)</u>	<u>\$ (13,728)</u>

(Continued)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

	Miscellaneous Federal Grants	Total
Revenues:		
Intergovernmental	\$ 141,818	\$ 3,887,805
Interest	-	155
Extracurricular activities	-	274,261
Gifts and Donations	-	28,893
Customer sales and services	-	855,956
Miscellaneous	-	115,270
Total Revenues	141,818	5,162,340
Expenditures:		
Current:		
Instruction:		
Regular	-	2,741
Special	-	994,338
Student intervention services	35,107	716,087
Support Services:		
Pupils	8,610	72,597
Instructional staff	84,820	96,838
Administration	23,002	183,525
Pupil transportation	-	882
Central	-	12,600
Non-instructional services	-	2,776,652
Extracurricular activities	-	323,988
Total Expenditures	151,539	5,180,248
Net Change in Fund Balances	(9,721)	(17,908)
Fund Balance at Beginning of Year	7,249	185,590
Fund Balance at End of Year	\$ (2,472)	\$ 167,682

(Concluded)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Food Service Fund			
Total Revenues and Other Sources	\$ 2,000,000	\$ 1,883,625	\$ (116,375)
Total Expenditures and Other Uses	<u>2,103,000</u>	<u>1,924,768</u>	<u>178,232</u>
Net Change in Fund Balances	(103,000)	(41,143)	61,857
Fund Balance, July 1	125,816	125,816	-
Prior Year Encumbrances	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 25,816</u>	<u>\$ 87,673</u>	<u>\$ 61,857</u>
Local and Other Grants Fund			
Total Revenues and Other Sources	\$ 78,400	\$ 78,473	\$ 73
Total Expenditures and Other Uses	<u>85,970</u>	<u>70,206</u>	<u>15,764</u>
Net Change in Fund Balances	(7,570)	8,267	15,837
Fund Balance, July 1	6,779	6,779	-
Prior Year Encumbrances Appropriated	<u>670</u>	<u>670</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (121)</u>	<u>\$ 15,716</u>	<u>\$ 15,837</u>
District Managed Student Activities Fund			
Total Revenues and Other Sources	\$ 343,000	\$ 342,835	\$ (165)
Total Expenditures and Other Uses	<u>521,209</u>	<u>332,590</u>	<u>188,619</u>
Net Change in Fund Balances	(178,209)	10,245	188,454
Fund Balance, July 1	207,861	207,861	-
Prior Year Encumbrances	<u>1,209</u>	<u>1,209</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 30,861</u>	<u>\$ 219,315</u>	<u>\$ 188,454</u>

(Continued)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Auxiliary Services Fund			
Total Revenues and Other Sources	\$ 570,000	\$ 605,667	\$ 35,667
Total Expenditures and Other Uses	<u>610,898</u>	<u>604,562</u>	<u>6,336</u>
Net Change in Fund Balances	(40,898)	1,105	42,003
Fund Balance, July 1	55,616	55,616	-
Prior Year Encumbrances	<u>35,898</u>	<u>35,898</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 50,616</u>	<u>\$ 92,619</u>	<u>\$ 42,003</u>
Data Communication Fund			
Total Revenues and Other Sources	\$ 12,600	\$ 12,600	\$ -
Total Expenditures and Other Uses	<u>12,600</u>	<u>12,600</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Miscellaneous State Grant Fund			
Total Revenues and Other Sources	\$ 29,500	\$ 28,625	\$ (875)
Total Expenditures and Other Uses	<u>30,751</u>	<u>32,531</u>	<u>(1,780)</u>
Net Change in Fund Balances	(1,251)	(3,906)	(2,655)
Fund Balance, July 1	1,140	1,140	-
Prior Year Encumbrances	<u>251</u>	<u>251</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 140</u>	<u>\$ (2,515)</u>	<u>\$ (2,655)</u>

(Continued)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Title VI(B) Grant Fund			
Total Revenues and Other Sources	\$ 1,220,800	\$ 1,165,015	\$ (55,785)
Total Expenditures and Other Uses	<u>1,202,612</u>	<u>1,171,079</u>	<u>31,533</u>
Net Change in Fund Balances	18,188	(6,064)	(24,252)
Fund Balance, July 1	(20,442)	(20,442)	-
Prior Year Encumbrances Appropriated	<u>2,312</u>	<u>2,312</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 58</u>	<u>\$ (24,194)</u>	<u>\$ (24,252)</u>
Title III Grant Fund			
Total Revenues and Other Sources	\$ 23,800	\$ 20,158	\$ (3,642)
Total Expenditures and Other Uses	<u>23,330</u>	<u>23,042</u>	<u>288</u>
Net Change in Fund Balances	470	(2,884)	(3,354)
Fund Balance, July 1	(699)	(699)	-
Prior Year Encumbrances	<u>229</u>	<u>229</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ (3,354)</u>	<u>\$ (3,354)</u>
Title I Grant Fund			
Total Revenues and Other Sources	\$ 578,000	\$ 553,518	\$ (24,482)
Total Expenditures and Other Uses	<u>570,394</u>	<u>553,348</u>	<u>17,046</u>
Net Change in Fund Balances	7,606	170	(7,436)
Fund Balance, July 1	(7,211)	(7,211)	-
Prior Year Encumbrances Appropriated	<u>394</u>	<u>394</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 789</u>	<u>\$ (6,647)</u>	<u>\$ (7,436)</u>

(Continued)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Preschool Special Education Grant Fund			
Total Revenues and Other Sources	\$ 45,500	\$ 38,374	\$ (7,126)
Total Expenditures and Other Uses	<u>47,160</u>	<u>46,170</u>	<u>990</u>
Net Change in Fund Balances	(1,660)	(7,796)	(6,136)
Fund Balance, July 1	(2,834)	(2,834)	-
Prior Year Encumbrances	<u>4,560</u>	<u>4,560</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 66</u>	<u>\$ (6,070)</u>	<u>\$ (6,136)</u>
 Improving Teacher Quality Grant Fund			
Total Revenues and Other Sources	\$ 155,000	\$ 151,317	\$ (3,683)
Total Expenditures and Other Uses	<u>156,050</u>	<u>152,651</u>	<u>3,399</u>
Net Change in Fund Balances	(1,050)	(1,334)	(284)
Fund Balance, July 1	(1,966)	(1,966)	-
Prior Year Encumbrances	<u>3,850</u>	<u>3,850</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 834</u>	<u>\$ 550</u>	<u>\$ (284)</u>
 Miscellaneous Federal Grants Fund			
Total Revenues and Other Sources	\$ 179,000	\$ 158,470	\$ (20,530)
Total Expenditures and Other Uses	<u>171,232</u>	<u>167,526</u>	<u>3,706</u>
Net Change in Fund Balances	7,768	(9,056)	(16,824)
Fund Balance, July 1	(8,430)	(8,430)	-
Prior Year Encumbrances Appropriated	<u>1,232</u>	<u>1,232</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 570</u>	<u>\$ (16,254)</u>	<u>\$ (16,824)</u>

(Continued)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Delaware Foundation Fund			
Total Revenues and Other Sources	\$ 150,000	\$ 177,288	\$ 27,288
Total Expenditures and Other Uses	<u>518,818</u>	<u>451,368</u>	<u>67,450</u>
Net Change in Fund Balances	(368,818)	(274,080)	94,738
Fund Balance, July 1	531,315	531,315	-
Prior Year Encumbrances	<u>18,818</u>	<u>18,818</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 181,315</u>	<u>\$ 276,053</u>	<u>\$ 94,738</u>
 Public School Support Fund			
Total Revenues and Other Sources	\$ 160,000	\$ 155,459	\$ (4,541)
Total Expenditures and Other Uses	<u>222,298</u>	<u>169,672</u>	<u>52,626</u>
Net Change in Fund Balances	(62,298)	(14,213)	48,085
Fund Balance, July 1	111,709	111,709	-
Prior Year Encumbrances	<u>2,298</u>	<u>2,298</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 51,709</u>	<u>\$ 99,794</u>	<u>\$ 48,085</u>
 After School Childcare Fund			
Total Revenues and Other Sources	\$ 1,175,000	\$ 1,077,780	\$ (97,220)
Total Expenditures and Other Uses	<u>1,149,144</u>	<u>1,076,456</u>	<u>72,688</u>
Net Change in Fund Balances	25,856	1,324	(24,532)
Fund Balance, July 1	970,352	970,352	-
Prior Year Encumbrances	<u>9,144</u>	<u>9,144</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,005,352</u>	<u>\$ 980,820</u>	<u>\$ (24,532)</u>

(Concluded)

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Debt Service Fund			
Total Revenues and Other Sources	\$ 5,386,977	\$ 5,737,276	\$ 350,299
Total Expenditures and Other Uses	<u>5,210,000</u>	<u>5,197,691</u>	<u>12,309</u>
Net Change in Fund Balances	176,977	539,585	362,608
Fund Balance, July 1	2,864,714	2,864,714	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,041,691</u>	<u>\$ 3,404,299</u>	<u>\$ 362,608</u>

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Projects Funds
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Permanent Improvement Fund			
Total Revenues and Other Sources	\$ 2,066,992	\$ 2,134,086	\$ 67,094
Total Expenditures and Other Uses	<u>2,615,780</u>	<u>2,238,778</u>	<u>377,002</u>
Net Change in Fund Balances	(548,788)	(104,692)	444,096
Fund Balance, July 1	1,907,838	1,907,838	-
Prior Year Encumbrances	<u>215,781</u>	<u>215,781</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,574,831</u>	<u>\$ 2,018,927</u>	<u>\$ 444,096</u>
Building Fund			
Total Revenues and Other Sources	\$ 85,000	\$ 87,709	\$ 2,709
Total Expenditures and Other Uses	<u>5,952,914</u>	<u>5,503,577</u>	<u>449,337</u>
Net Change in Fund Balances	(5,867,914)	(5,415,868)	452,046
Fund Balance, July 1	413,635	413,635	-
Prior Year Encumbrances Appropriated	<u>5,539,279</u>	<u>5,539,279</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 85,000</u>	<u>\$ 537,046</u>	<u>\$ 452,046</u>

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Fund
For the Fiscal Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Land Grant Fund			
Total Revenues and Other Sources	\$ 850	\$ 30	\$ (820)
Total Expenditures and Other Uses	<u>890</u>	<u>78</u>	<u>812</u>
Net Change in Fund Balances	(40)	(48)	(8)
Fund Balance, July 1	5,114	5,114	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,074</u>	<u>\$ 5,066</u>	<u>\$ (8)</u>

Fiduciary Fund Types

Combining and Individual Fund Financial Statements and Schedules

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for assets held by the School District, which have been restricted so that the principal and income of the fund benefit individuals, private organizations, or other governments and are not available to support the operations of the School District. The School District reports two individual private-purpose trust funds.

Scholarship Trust

To account for restricted donations, where the donations themselves may be used, to provide scholarships to selected students graduating from the School District.

Memorial Scholarship Trust

To account for the restricted donations, where the corpus of the donations may not be used, which were provided in memory of individuals to provide scholarship to selected District students.

Agency Fund

Agency funds account for monies held by the School District in a purely custodial nature for other organizations. Accordingly, all assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. The School District reports two individual agency funds.

OHSAA Tournaments

To account for revenue received for hosting tournament games operated by the Ohio High School Athletic Association which are used in facilitating future tournament events.

Student Managed Activities

To account for the resources belonging to the various student groups in the District, including sales and other revenue generating activities by student activity programs that have students involved in the management of the program.

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING STATEMENT OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2018

	Scholarship Trust Fund	Memorial Scholarship Trust Fund	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 39,317	\$ 5,705	\$ 45,022
Investments	13,206	59,285	72,491
Accrued interest receivable	110	500	610
Total Assets	52,633	65,490	118,123
Net Position:			
Held in trust for scholarships	52,633	65,490	118,123
Total Net Position	\$ 52,633	\$ 65,490	\$ 118,123

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Scholarship Trust Fund	Memorial Scholarship Trust Fund	Total
Additions:			
Gifts and donations	\$ 9,945	\$ 468	\$ 10,413
Investment earnings	(86)	763	677
Total Additions	9,859	1,231	11,090
Deductions:			
Payments in accordance with trust agreements	3,321	601	3,922
Total Deductions	3,321	601	3,922
Change in Net Position	6,538	630	7,168
Net Position, Beginning of Year	46,095	64,860	110,955
Net Position, End of Year	\$ 52,633	\$ 65,490	\$ 118,123

**DELAWARE CITY SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Student Managed Activities</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 223,906	\$ 562,971	\$ 521,515	\$ 265,362
Accounts receivable	2,788	3,864	2,788	3,864
Total Assets	<u>\$ 226,694</u>	<u>\$ 566,835</u>	<u>\$ 524,303</u>	<u>\$ 269,226</u>
Liabilities:				
Accounts Payable	\$ 205	\$ 292	\$ 205	\$ 292
Due to Students	226,489	566,543	524,098	268,934
Total Liabilities	<u>\$ 226,694</u>	<u>\$ 566,835</u>	<u>\$ 524,303</u>	<u>\$ 269,226</u>
<u>OHSAA Tournaments</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,324	\$ 4,552	\$ 3,541	\$ 5,335
Total Assets	<u>\$ 4,324</u>	<u>\$ 4,552</u>	<u>\$ 3,541</u>	<u>\$ 5,335</u>
Liabilities:				
Undistributed Monies	\$ 4,324	\$ 4,552	\$ 3,541	\$ 5,335
Total Liabilities	<u>\$ 4,324</u>	<u>\$ 4,552</u>	<u>\$ 3,541</u>	<u>\$ 5,335</u>
<u>All Agency Funds</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 228,230	\$ 567,523	\$ 525,056	\$ 270,697
Accounts receivable	2,788	3,864	2,788	3,864
Total Assets	<u>\$ 231,018</u>	<u>\$ 571,387</u>	<u>\$ 527,844</u>	<u>\$ 274,561</u>
Liabilities:				
Accounts Payable	\$ 205	\$ 292	\$ 205	\$ 292
Undistributed Monies	4,324	4,552	3,541	5,335
Due to Students	226,489	566,543	524,098	268,934
Total Liabilities	<u>\$ 231,018</u>	<u>\$ 571,387</u>	<u>\$ 527,844</u>	<u>\$ 274,561</u>

Statistical Section



Delaware City School District

Delaware, Ohio



BACKSIDE OF STATISTICAL SECTION DIVIDER

STATISTICAL SECTION

This part of the Delaware City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	97
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	102
These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	
Debt Capacity	111
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	115
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	117
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial statements for the relevant year.



Delaware City School District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2018	2017 (2)	2016	2015	2014 (1)	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in										
Capital Assets	\$ 16,153,794	\$ 14,834,201	\$ 13,548,590	\$ 13,135,136	\$ 11,096,878	\$ 9,770,962	\$ 9,102,298	\$ 8,255,663	\$ 7,106,503	\$ 6,591,590
Restricted	8,104,512	7,474,969	6,923,338	5,239,203	5,593,311	4,672,508	3,669,938	3,193,505	3,389,257	3,022,404
Unrestricted	(53,118,810)	(83,950,357)	(59,967,924)	(61,172,695)	(63,049,565)	8,848,140	5,062,383	1,572,829	3,181,418	4,769,871
Total Governmental Activities	\$ (28,860,504)	\$ (61,641,187)	\$ (39,495,996)	\$ (42,798,356)	\$ (46,359,376)	\$ 23,291,610	\$ 17,834,619	\$ 13,021,997	\$ 13,677,178	\$ 14,383,865
Net Position										

(1) - Restated for implementation of GASB 68 during fiscal year 2015. The District has elected to not restate prior fund balance amounts for fiscal years prior to implementation.

(2) - Restated for implementation of GASB 75 during fiscal year 2018. The District has elected to not restate prior fund balance amounts for fiscal years prior to implementation.

Delaware City School District
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2018 (1)	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 10,382,778	\$ 27,871,427	\$ 24,777,810	\$ 23,802,440	\$ 24,021,141	\$ 24,083,445	\$ 21,730,895	\$ 22,539,999	\$ 21,794,461	\$ 20,921,349
Special	5,621,522	9,700,013	8,804,863	8,208,897	8,153,629	6,669,914	5,731,574	6,254,257	5,210,222	5,187,008
Vocational	123,794	218,526	209,063	186,286	191,199	156,843	175,938	307,590	366,978	374,707
Student Intervention Services	1,038,810	1,119,597	1,132,341	1,028,329	896,541	43,894	87,694	108,645	88,162	196,574
Other	(162,031)	329,076	53,412	-	196,803	186,635	2,300,758	2,138,369	2,010,131	1,723,802
Support Services										
Pupils	1,188,719	3,482,764	3,076,941	2,962,830	2,879,114	2,631,496	2,519,897	2,468,366	2,562,505	2,397,861
Instructional Staff	986,286	1,710,439	1,714,957	1,284,377	1,176,256	2,854,028	2,589,706	3,153,118	3,301,322	2,817,316
Board of Education	188,644	166,893	148,854	188,355	179,140	176,816	173,989	163,664	187,628	122,478
General Administrative	2,038,594	4,237,249	3,763,992	3,361,037	3,329,166	3,080,098	2,942,025	2,930,373	3,014,373	3,016,704
Fiscal Services	1,312,276	1,420,869	1,371,514	1,207,386	1,250,327	1,154,372	1,105,356	1,135,862	1,032,913	1,110,043
Business	289,173	427,406	439,882	387,910	397,547	406,366	331,725	372,744	377,507	328,306
Operation & Maintenance of Plant	4,980,465	5,829,134	5,218,451	4,783,456	4,637,195	4,487,853	4,339,248	4,547,833	4,939,323	4,576,377
Pupil Transportation	3,411,789	3,492,357	3,409,485	2,749,739	3,618,131	3,164,713	3,222,859	3,374,544	3,587,477	2,983,616
Central	511,744	747,366	698,167	1,511,065	290,933	136,137	264,800	152,308	156,573	159,258
Operation of Non-Instructional Services	3,500,496	3,656,700	3,690,012	3,442,372	3,327,646	3,266,319	2,002,275	1,781,285	1,842,216	2,048,717
Extra Curricular Activities	1,434,272	1,486,499	1,483,181	1,362,236	1,563,002	1,265,322	1,173,635	1,166,815	1,372,834	1,161,904
Interest and Fiscal Charges	2,744,325	2,813,989	2,906,250	2,469,601	2,082,170	1,158,713	1,293,359	1,378,204	1,473,101	1,564,734
Unallocated Depreciation	1,682,895	949,989	894,345	918,393	861,035	989,183	947,128	949,603	951,944	951,516
Total Governmental Activities	41,274,551	69,660,293	63,793,520	59,854,709	59,060,975	55,912,147	52,932,861	54,923,579	54,269,670	51,632,270

Delaware City School District
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2018 (1)	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Revenues										
Governmental Activities:										
Charges for Services										
Instruction	\$ 1,284,822	\$ 655,281	\$ 746,128	\$ 1,439,531	\$ 1,560,282	\$ 1,521,079	\$ 1,536,768	\$ 1,361,358	\$ 1,350,446	\$ 1,172,696
Regular										
Support Services										
General Administrative	74,610	94,936	135,796	74,072	69,689	91,204	79,856	95,836	101,160	92,037
Operation & Maintenance of Plant	124,176	104,306	120,045	33,739	72,002	90,891	81,507	18,971	21,702	7,690
Pupil Transportation	-	-	-	1,017	5,226	2,683	10,449	1,595	4,178	177,173
Operation of Non-Instructional Services	1,932,290	1,897,179	1,940,927	855,383	915,838	919,965	1,009,024	976,268	997,008	1,020,596
Extra Curricular Activities	326,743	303,535	291,370	258,280	322,152	297,105	388,271	297,351	310,701	265,267
Operating Grants and Contributions	4,915,057	4,999,228	5,034,606	4,503,129	4,735,840	4,864,556	4,705,078	5,288,347	5,389,975	4,802,612
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	47,590
Total Governmental Activities	8,657,698	8,054,465	8,268,872	7,165,151	7,681,039	7,787,483	7,810,954	8,039,726	8,175,170	7,585,661
Program Revenues										
Net (Expense)/Revenue										
Governmental Activities	\$ (32,616,853)	\$ (61,605,828)	\$ (55,524,648)	\$ (52,689,558)	\$ (51,379,936)	\$ (48,124,664)	\$ (45,121,907)	\$ (46,883,853)	\$ (46,094,500)	\$ (44,046,609)
General Revenues and Other										
Changes in Net Position										
Governmental Activities										
Property Taxes Levied for:										
General Purposes (2)	\$ 35,139,687	\$ 29,379,701	\$ 29,960,282	\$ 28,236,313	\$ 29,222,750	\$ 29,753,957	\$ 27,391,062	\$ 22,881,148	\$ 22,450,075	\$ 21,823,705
Debt Service	5,055,287	4,801,469	4,892,178	4,478,533	4,087,819	3,364,962	3,120,099	3,013,956	2,972,585	2,986,156
Permanent Improvement	1,882,610	1,860,836	1,880,614	1,784,464	1,827,705	1,878,323	1,822,135	1,769,698	1,746,642	1,651,058
Payments in Lieu of Property Taxes	46,856	35,616	14,554	43,581	27,857	-	-	-	-	-
Grants and Entitlements not										
Restricted to Specific Programs	21,963,185	21,264,771	20,961,724	20,572,119	18,949,100	17,700,452	17,179,605	18,094,408	17,780,710	16,696,853
Investment Earnings	271,197	271,846	296,388	217,474	152,459	112,157	4,576	18,970	16,871	289,720
Miscellaneous	1,038,714	735,641	821,268	918,094	1,182,230	771,804	724,782	450,492	420,930	322,404
Total Governmental Activities	65,397,536	58,349,880	58,827,008	56,250,578	55,449,920	53,581,655	50,242,259	46,228,672	45,387,813	43,749,896
Change in Net Position										
Governmental Activities	\$ 32,780,683	\$ (3,255,948)	\$ 3,302,360	\$ 3,561,020	\$ 4,069,984	\$ 5,456,991	\$ 5,120,352	\$ (655,181)	\$ (706,687)	\$ (296,713)

(1) - Significant decreases in expenses for 2018 resulted from negative pension and OPEB expense recorded for fiscal year.

(2) - In November 2017, the District passed a five-year, \$6.2 million emergency operating levy, which began collections in calendar year 2018.

Delaware City School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010 *	2009
General Fund										
Nonspendable	\$ 250,697	\$ 237,643	\$ 241,488	\$ 256,692	\$ 266,032	\$ 214,383	\$ 221,327	\$ 224,542	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	-	3,509,603	3,779,714
Unreserved	-	-	-	-	-	-	-	-	103,384	367,699
Assigned	455,692	1,948,998	4,242,346	202,011	469,327	90,959	329,579	2,703,072	-	-
Unassigned	12,686,868	9,116,724	8,217,526	11,046,402	10,488,446	9,255,756	4,853,390	-	-	2,112,664
Total General Fund	\$ 13,393,257	\$ 11,303,365	\$ 12,701,360	\$ 11,505,105	\$ 11,223,805	\$ 9,561,098	\$ 5,404,296	\$ 2,927,614	\$ 3,612,987	\$ 6,260,077
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,517,845	\$ 1,074,747
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	1,315,386	1,081,802
Debt Service Fund	-	-	-	-	-	-	-	-	1,493,054	1,485,547
Capital Projects Fund	-	-	-	-	-	-	-	-	1,533,534	1,967,276
Permanent Fund	-	-	-	-	-	-	-	-	4,954	5,179
Nonspendable	4,200	4,200	39,200	30,952	33,323	35,408	26,052	22,025	-	-
Restricted	8,617,508	11,549,867	29,424,840	48,298,429	25,475,598	5,174,017	5,361,893	4,857,178	-	-
Unassigned	(165,326)	(123,877)	(180,209)	(122,931)	(94,535)	(86,413)	(55,070)	(10,207)	-	-
Total All Other Governmental Funds	\$ 8,456,382	\$ 11,430,196	\$ 29,283,831	\$ 48,206,450	\$ 25,414,366	\$ 5,123,012	\$ 5,332,875	\$ 4,868,996	\$ 5,864,773	\$ 5,614,551

* - Restated for implementation of GASB 54 during fiscal year 2011. The District has elected to not restate prior fund balance amounts for fiscal years prior to implementation.

Delaware City School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Revenues:											
Property and Other Local Taxes	\$ 42,019,348	\$ 36,311,526	\$ 36,697,189	\$ 34,303,596	\$ 34,696,452	\$ 35,491,288	\$ 31,839,905	\$ 28,155,939	\$ 26,841,849	\$ 26,533,798	
Intergovernmental	26,804,606	26,157,152	25,786,372	25,155,914	23,706,698	22,252,327	21,591,349	23,477,846	22,840,044	21,451,994	
Interest	288,560	255,921	306,841	222,495	135,547	112,157	4,576	18,970	16,871	269,720	
Tuition and Fees	2,324,552	1,644,544	1,744,258	1,439,531	1,560,282	1,521,079	1,536,768	1,360,505	1,345,298	1,170,425	
Rentals	124,176	104,306	120,045	33,739	72,002	90,891	81,507	18,971	21,702	7,690	
Extracurricular Activities	428,787	389,567	413,981	322,053	418,822	370,972	450,404	375,297	404,044	351,456	
Gifts and Donations	114,967	118,475	105,472	97,651	230,750	137,710	126,850	100,147	82,484	153,210	
Customer Sales and Services	865,126	916,820	955,982	866,699	894,093	939,985	1,037,196	996,606	1,014,151	1,205,888	
Payment in Lieu of Property Taxes	46,856	35,616	14,554	43,581	27,857	27,857	-	-	-	-	
Miscellaneous	1,038,714	735,641	821,268	918,094	1,193,823	584,146	724,782	450,492	420,930	322,404	
Total Revenues	74,055,692	66,669,568	66,965,962	63,403,353	62,936,326	61,500,555	57,393,337	54,954,773	52,987,373	51,466,585	
Expenditures											
Current:											
Instruction	27,364,990	25,864,821	24,364,282	24,500,853	23,793,783	23,644,328	21,874,431	22,440,012	21,608,728	20,815,485	
Regular	10,080,110	9,160,554	8,730,695	8,403,417	8,210,721	6,631,601	5,782,525	6,223,816	5,150,845	5,212,199	
Special	200,283	201,880	194,430	189,790	178,911	156,218	216,310	310,320	353,597	346,734	
Vocational	1,039,312	1,119,597	1,160,091	1,032,622	896,083	43,894	87,694	108,645	98,747	196,574	
Student Intervention	666,683	204,184	53,412	3,779	152,642	186,635	2,300,758	2,138,369	2,010,131	1,723,802	
Other Instruction											
Support Services	3,196,120	3,264,970	3,051,046	3,040,376	2,863,936	2,618,690	2,585,628	2,488,683	2,518,564	2,391,453	
Pupils	1,592,479	1,604,171	1,714,547	1,343,293	1,196,884	2,845,809	2,591,311	3,131,096	3,254,374	2,720,981	
Instructional Staff	194,562	164,984	144,773	191,129	179,140	176,816	173,989	163,664	187,628	122,478	
Board of Education	4,122,524	3,989,378	3,747,771	3,507,893	3,298,393	3,064,169	2,946,144	2,917,671	3,042,611	3,009,811	
Administration	1,399,270	1,402,883	1,346,056	1,225,486	1,250,327	1,169,027	1,086,479	1,093,959	1,007,557	1,060,920	
Fiscal Services	437,159	404,057	440,405	397,924	400,554	398,364	329,307	372,441	377,307	327,897	
Business											
Operation & Maintenance of Plant	4,936,181	4,847,773	4,848,526	4,714,751	4,403,107	4,016,730	3,988,792	4,496,769	4,686,135	4,567,460	
Pupil Transportation	3,738,447	3,306,471	3,315,130	2,994,124	3,326,771	2,865,062	2,929,899	3,122,007	3,148,229	2,683,521	
Central	730,642	683,359	708,072	1,576,372	290,702	136,137	264,800	148,832	156,573	159,258	
Non-Instructional Services	3,863,027	3,544,750	3,635,699	3,470,873	3,335,134	3,241,302	2,003,170	1,776,700	1,828,851	2,029,209	
Extra Curricular Activities	1,538,218	1,437,579	1,424,513	1,345,343	1,530,591	1,226,922	1,144,501	1,155,990	1,332,903	1,137,966	
Capital Outlay	4,483,748	19,363,193	20,060,870	8,047,884	1,392,554	1,722,954	3,331,643	997,972	1,062,903	879,519	
Debt Service											
Principal Retirement	2,512,180	2,442,590	2,763,110	2,768,750	2,749,510	2,565,327	2,427,197	2,328,452	2,299,953	2,281,683	
Interest and Fiscal Charges	2,843,679	2,914,004	2,988,898	1,929,826	1,804,956	1,122,901	1,207,488	1,220,525	1,258,605	1,252,529	
Issuance Costs	-	-	-	478,789	200,263	-	-	-	-	-	-
Total Expenditures	\$ 74,939,614	\$ 85,921,198	\$ 84,692,326	\$ 71,163,274	\$ 61,454,962	\$ 57,832,886	\$ 57,272,046	\$ 56,635,923	\$ 55,384,241	\$ 52,939,479	
Excess (deficiency) of revenue over (under) expenditures	\$ (883,922)	\$ (19,251,630)	\$ (17,726,364)	\$ (7,759,921)	\$ 1,481,364	\$ 3,667,669	\$ 121,291	\$ (1,681,150)	\$ (2,396,868)	\$ (1,472,894)	
Other Financing (Sources) Uses											
Refund of prior year expenditure/receipt (net)	-	-	-	-	-	187,658	-	-	-	-	
Transfers In	-	-	-	-	-	-	-	-	-	-	
Transfers (out)	-	-	-	-	30,000	(30,000)	-	20,000	31,411	30,000	
Premium on Bonds Issued	-	-	-	1,519,061	562,717	-	-	(20,000)	(31,411)	(30,000)	
Premium and Interest on Bonds Sold	-	-	-	-	-	-	-	-	-	-	
General Obligation Bonds Issued	-	-	-	30,000,000	19,910,000	-	-	-	-	-	
Refunding Bonds Issued	-	-	-	11,580,000	-	8,720,000	-	-	-	-	
Notes Issued	-	-	-	-	-	-	-	-	-	-	
Payments to Refunded Bond Escrow	-	-	-	(12,265,776)	-	(9,639,596)	2,819,270	-	-	-	
Total Other Financing Sources (Uses)	-	-	-	30,833,285	20,472,717	279,270	2,819,270	-	-	-	
Net Change in Fund Balance	\$ (883,922)	\$ (19,251,630)	\$ (17,726,364)	\$ 23,073,364	\$ 21,954,081	\$ 3,946,939	\$ 2,940,561	\$ (1,681,150)	\$ (2,396,868)	\$ (1,472,894)	
Debt Service as a Percentage of Noncapital Expenditures	7.65%	8.01%	8.86%	7.43%	7.58%	7.04%	7.23%	6.81%	7.01%	15.25%	

**Delaware City School District
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Collection Years**

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)		Total		Tax Rate (d)
	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	Assessed Value	Est. Actual Value	
2018	\$ 793,376,590	\$ 2,266,790,257	\$ -	\$ -	\$ 29,333,820	\$ 83,810,914	\$ 822,710,410	\$ 2,350,601,171	52.94
2017	715,549,460	2,044,427,029	-	-	27,806,060	79,445,886	743,355,520	2,123,872,915	52.94
2016	696,740,830	1,990,688,086	-	-	27,342,750	78,122,143	724,083,580	2,068,810,229	52.95
2015	685,495,130	1,958,557,514	-	-	25,425,030	72,642,943	710,920,160	2,031,200,457	52.93
2014	670,008,010	1,914,308,600	-	-	25,111,470	71,747,057	695,119,480	1,986,055,657	52.93
2013	668,802,840	1,910,865,257	-	-	24,059,460	68,741,314	692,862,300	1,979,606,571	51.43
2012	670,334,220	1,915,240,629	-	-	24,044,560	68,698,743	694,378,780	1,983,939,372	51.04
2011	703,647,190	2,010,420,543	-	-	22,653,280	64,723,657	726,300,470	2,075,144,200	40.45
2010	706,235,230	2,017,814,943	769,695	2,026,288	20,223,180	57,780,514	727,228,105	2,077,621,745	40.35
2009	692,323,210	1,978,066,314	1,607,906	25,726,496	19,405,750	55,445,000	713,336,866	2,059,237,810	40.91

Source: Office of the County Auditor, Delaware County, Ohio

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the rules of the State Tax Commissioner.

(b) The rate at which tangible personal property used in business is assessed for purposes of ad valorem property taxation decreased one percent each year from 35% in 1983 until it reached 25% in 1993. The rate decreased by 6.25% in 2006 and by an additional 6.25% to 12.5% in 2007. The rate continued to decrease by 6.25% in 2008 and will reach 0 in 2009. Personal property assessed for collection year 2010 is for delinquent taxes outstanding.

(c) Assumes public utilities are assessed at true value which is 35%.

(d) Tax rates are per \$1,000 of assessed value. The rate represents the weighted average of all the effective (assessed) rates applied by property type.

Delaware City School District
 Real Property Tax Rates - Direct and Overlapping Governments
 Last Ten Years
 Delaware Township
 (Per \$1000 Assessed Value)

Collection Year	Delaware City School District		Delaware County		Delaware Area Career Center		Delaware Health Dept		Tri-Twp Fire District		Township		Other		Total Rate		Residential/ Agriculture Effective Rate		Commercial/ Industrial Effective Rate	
	School District	Delaware County	Delaware County	Delaware District Library	Delaware Area Career Center	Delaware Health Dept	Delaware Health Dept	Tri-Twp Fire District	Tri-Twp Fire District	Township	Other	Total Rate	Residential/ Agriculture Effective Rate	Commercial/ Industrial Effective Rate						
2018	83.55	5.86	1.00	3.20	0.70	6.40	2.23	2.40	2.23	105.34	75.016364	80.762779								
2017	77.94	5.88	1.00	1.50	0.70	6.40	2.23	2.40	2.23	98.05	70.926764	75.344835								
2016	78.24	5.90	1.00	3.20	0.70	6.40	1.30	2.40	1.30	99.14	71.371094	75.780621								
2015	78.51	5.91	1.00	3.20	0.70	6.40	2.05	2.40	2.05	100.17	72.427258	77.406301								
2014	78.20	5.91	1.00	3.20	0.70	5.40	2.05	2.40	2.05	98.86	72.453970	76.293884								
2013	76.73	5.05	1.00	3.20	0.70	5.40	2.05	2.40	2.05	96.53	70.101180	73.416746								
2012	76.38	5.05	1.00	3.20	0.70	5.40	2.05	2.40	2.05	96.18	69.700060	72.869693								
2011	66.91	5.05	1.00	3.20	0.70	5.40	2.05	2.40	2.05	86.71	58.838259	62.716264								
2010	66.83	5.04	1.03	3.20	0.70	5.40	2.05	2.40	2.05	86.65	58.704494	62.820631								
2009	67.42	4.25	0.04	3.20	0.70	5.40	2.05	2.40	2.05	85.46	57.455739	61.795647								

Note: The Delaware City School District currently consists of six taxing Districts:

- Delaware Township
- Delaware City
- Troy Township
- Delaware Township-Delaware City
- Brown Township-Delaware City
- Troy Township-Delaware City

"Other" column includes Del-Morrow Mental Health, 9-1-1 and Preservation Parks

Source: Office of the County Auditor, Delaware County, Ohio

Delaware City School District
Real Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
City of Delaware
(Per \$1000 Assessed Value)

Collection Year	Delaware City School District		Delaware County		Delaware Area Career Center		Delaware Health Dept		Other		Total Rate		Residential/ Agriculture		Commercial/ Industrial	
	School District	Delaware County	City of Delaware	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County
2018	83.55	5.86	2.70	1.00	3.20	0.70	2.23	99.24	70.248672	75.224294						
2017	77.94	5.88	2.70	1.00	1.50	0.70	2.23	91.95	65.706846	69.442996						
2016	78.24	5.90	2.70	1.00	3.20	0.70	1.30	93.04	66.101076	69.853772						
2015	78.51	5.91	2.70	1.00	3.20	0.70	2.05	94.07	67.154417	71.515893						
2014	78.20	5.91	2.70	1.00	3.20	0.70	2.05	93.76	67.524934	71.316492						
2013	76.73	5.05	2.70	1.00	3.20	0.70	2.05	91.43	65.176442	68.453865						
2012	76.38	5.05	2.70	1.00	3.20	0.70	2.05	91.08	64.784738	67.915646						
2011	66.91	5.05	2.70	1.00	3.20	0.70	2.05	81.61	54.025243	57.806992						
2010	66.83	5.04	2.70	1.03	3.20	0.70	2.05	81.55	53.910091	57.912998						
2009	67.42	4.25	2.70	0.04	3.20	0.70	2.05	80.36	52.670935	56.839017						

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Source: Office of the County Auditor, Delaware County, Ohio

Delaware City School District
 Real Property Tax Rates - Direct and Overlapping Governments
 Last Ten Years
 Troy Township
 (Per \$1000 Assessed Value)

Collection Year	Delaware City School District		Delaware County		Delaware Area Career Center		Delaware Health Dept		Tri-Twp Fire District		Township		Other		Total Rate		Residential/ Agriculture Effective Rate		Commercial/ Industrial Effective Rate	
	School District	Delaware County	Delaware County District Library	Delaware Area Career Center	Delaware Health Dept	Tri-Twp Fire District	Township	Other	Total Rate	Residential/ Agriculture Effective Rate	Commercial/ Industrial Effective Rate									
2018	83.55	5.86	1.00	3.20	0.70	6.40	2.20	2.23	105.14	74.980239	80.735378									
2017	77.94	5.88	1.00	1.50	0.70	6.40	2.20	2.23	97.85	70.826932	75.279142									
2016	78.24	5.90	1.00	3.20	0.70	6.40	2.20	1.30	98.94	71.258437	75.712632									
2015	78.51	5.91	1.00	3.20	0.70	6.40	2.20	2.05	99.97	72.312984	77.337537									
2014	78.20	5.91	1.00	3.20	0.70	5.40	2.20	2.05	98.66	72.303960	76.216492									
2013	76.73	5.05	1.00	3.20	0.70	5.40	2.20	2.05	96.33	69.953248	73.335953									
2012	76.38	5.05	1.00	3.20	0.70	5.40	2.20	2.05	95.98	69.553149	72.793777									
2011	66.91	5.05	1.00	3.20	0.70	5.40	2.20	2.05	86.51	58.717605	62.639412									
2010	66.83	5.04	1.03	3.20	0.70	5.40	2.20	2.05	86.45	58.588833	62.744435									
2009	67.42	4.25	0.04	3.20	0.70	5.40	2.20	2.05	85.26	57.340875	61.712491									

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Source: Office of the County Auditor, Delaware County, Ohio

**Delaware City School District
Real Property Tax Rates - Direct and Overlapping Governments
Last Ten Years**

**Delaware Township-Delaware City
(Per \$1000 Assessed Value)**

Collection Year	Delaware City School District		Delaware County		Delaware City of Delaware		Delaware County		Delaware Area Career Center		Delaware Health Dept		Township		Other		Total Rate		Residential/ Agriculture Effective Rate		Commercial/ Industrial Effective Rate	
	School District	Delaware County	Delaware County	City of Delaware	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County
2018	83.55	5.86	1.35	1.00	3.20	0.70	2.15	2.23	100.04	70.884797	75.851695											
2017	77.94	5.88	1.35	1.00	1.50	0.70	2.15	2.23	92.75	66.406678	70.108689											
2016	78.24	5.90	1.35	1.00	3.20	0.70	2.15	1.30	93.84	66.813733	70.521761											
2015	78.51	5.91	1.35	1.00	3.20	0.70	2.15	2.05	94.87	67.868691	72.184657											
2014	78.20	5.91	1.35	1.00	3.20	0.70	2.15	2.05	94.56	68.274944	71.993884											
2013	76.73	5.05	1.35	1.00	3.20	0.70	2.15	2.05	92.23	65.924374	69.134658											
2012	76.38	5.05	1.35	1.00	3.20	0.70	2.15	2.05	91.88	65.531649	68.591562											
2011	66.91	5.05	1.35	1.00	3.20	0.70	2.15	2.05	82.41	54.745897	58.483844											
2010	66.83	5.04	1.35	1.03	3.20	0.70	2.15	2.05	82.35	54.625752	58.589194											
2009	67.42	4.25	1.35	0.04	3.20	0.70	2.15	2.05	81.16	53.385799	57.522173											

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Source: Office of the County Auditor, Delaware County, Ohio

Delaware City School District
 Real Property Tax Rates - Direct and Overlapping Governments
 Last Ten Years
 Brown Township-Delaware City
 (Per \$1000 Assessed Value)

Collection Year	Delaware City School District		Delaware County		Delaware City of Delaware		Delaware County Library District		Delaware Area Career Center		Delaware Health Dept		Township		Other		Total Rate		Residential/ Agriculture Effective Rate		Commercial/ Industrial Effective Rate	
	School District	Delaware County	Delaware County	City of Delaware	Delaware County Library District	Delaware Area Career Center	Delaware Health Dept	Township	Other	Total Rate	Residential/ Agriculture Effective Rate	Commercial/ Industrial Effective Rate										
2018	83.55	5.86	1.35	1.00	3.20	0.70	3.85	2.23	101.74	71.741254	77.348951											
2017	77.94	5.88	1.35	1.00	1.50	0.70	3.85	2.23	94.45	67.265868	71.713806											
2016	78.24	5.90	1.35	1.00	3.20	0.70	3.85	1.30	95.54	67.662738	72.124582											
2015	78.51	5.91	1.35	1.00	3.20	0.70	3.85	2.05	96.57	68.718827	73.786703											
2014	78.20	5.91	1.35	1.00	3.20	0.70	3.85	2.05	96.26	69.361856	73.630829											
2013	76.73	5.05	1.35	1.00	3.20	0.70	3.85	2.05	93.93	67.015807	70.768202											
2012	76.38	5.05	1.35	1.00	3.20	0.70	3.85	2.05	93.58	66.621620	70.229633											
2011	66.91	5.05	1.35	1.00	3.20	0.70	3.85	2.05	84.11	55.916303	60.044849											
2010	66.83	5.04	1.35	1.03	3.20	0.70	3.85	2.05	84.05	55.806921	60.13707											
2009	67.42	4.25	1.35	0.04	3.20	0.70	3.85	2.05	82.86	54.559265	59.150289											

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Source: Office of the County Auditor, Delaware County, Ohio

Delaware City School District
 Real Property Tax Rates - Direct and Overlapping Governments
 Last Ten Years
 Troy Township-Delaware City
 (Per \$1000 Assessed Value)

Collection Year	Delaware City School District		Delaware County		Delaware City of Delaware		Delaware County		Delaware Area Career Center		Delaware Health Dept		Township		Other		Total Rate		Residential/ Agriculture Effective Rate		Commercial/ Industrial Effective Rate	
	School District	Delaware County	Delaware County	City of Delaware	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County	Delaware County
2018	83.55	5.86	1.35	1.35	1.00	3.20	0.70	1.35	2.23	99.24	70.248672	75.224294										
2017	77.94	5.88	1.35	1.35	1.00	1.50	0.70	1.35	2.23	91.95	65.706846	69.442996										
2016	78.24	5.90	1.35	1.35	1.00	3.20	0.70	1.35	1.30	93.04	66.101076	69.853772										
2015	78.51	5.91	1.35	1.35	1.00	3.20	0.70	1.35	2.05	94.07	67.154417	71.515893										
2014	78.20	5.91	1.35	1.35	1.00	3.20	0.70	1.35	2.05	93.76	67.524934	71.316492										
2013	76.73	5.05	1.35	1.35	1.00	3.20	0.70	1.35	2.05	91.43	65.176442	68.453865										
2012	76.38	5.05	1.35	1.35	1.00	3.20	0.70	1.35	2.05	91.08	64.784738	67.915646										
2011	66.91	5.05	1.35	1.35	1.00	3.20	0.70	1.35	2.05	81.61	54.025243	57.806992										
2010	66.83	5.04	1.35	1.35	1.03	3.20	0.70	1.35	2.05	81.55	53.910091	57.912998										
2009	67.42	4.25	1.35	1.35	0.04	3.20	0.70	1.35	2.05	80.36	52.670935	56.839017										

Note: The Delaware City School District currently consists of six taxing Districts:

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"Other" column includes Del-Morrow Mental Health, 9-1-1 and Preservation Parks

Source: Office of the County Auditor, Delaware County, Ohio

**Delaware City School District
Principal Property Taxpayers
June 30, 2018 and June 30, 2009**

			<u>June 30, 2018</u>	
			Total Assessed Valuation	% of Total Assessed Valuation
Public Utilities				
1 .	Ohio Power Company	\$	20,500,000	2.49%
2 .	Columbia Gas of Ohio		4,682,430	0.57%
3 .	Consolidated Electric Cooperative		1,419,180	0.17%
4 .	AEP Ohio Transmission Company Inc		1,371,160	0.17%
Real Estate				
1 .	HPI Troy Farms LLC		8,353,450	1.02%
2 .	Carson Farms Investments LLC		5,428,500	0.66%
3 .	The Crown Group Limited		4,906,740	0.60%
4 .	Willow Brook Christian Communities Inc.		4,465,480	0.54%
5 .	Delaware Preserve LLC		4,221,600	0.51%
6 .	Bowtown Apartments Inc.		4,056,220	0.49%
7 .	USPG Portfolio Two LLC		3,951,030	0.48%
8 .	Delaware Development Plan Ltd		3,896,100	0.47%
9 .	S A R B G Delaware Ltd		3,754,420	0.46%
10 .	Delaware Preserve Two LLC		3,524,610	0.43%
ALL OTHERS			<u>748,179,490</u>	<u>90.94%</u>
TOTAL ASSESSED VALUATION			<u><u>\$ 822,710,410</u></u>	<u><u>100.00%</u></u>

			<u>June 30, 2009</u>	
			Total Assessed Valuation	% of Total Assessed Valuation
Public Utilities				
1 .	Columbus Southern Power Company	\$	14,690,550	2.06%
2 .	Columbia Gas of Ohio		2,975,350	0.42%
3 .	Consolidated Electric Cooperative		540,300	0.08%
4 .	Ohio Edison Co		261,950	0.04%
Real Estate				
1 .	HPI Troy Farms LLC		7,149,980	1.00%
2 .	Bowtown Apartments, Inc.		4,529,210	0.63%
3 .	Willow Brook Christian Communities Inc.		4,438,120	0.62%
4 .	S A R B G Delaware Ltd		3,871,670	0.54%
5 .	Long Real Estate Inc.		3,404,140	0.48%
6 .	USPG Portfolio Two LLC		3,204,720	0.45%
7 .	Western Auto Supply Company		2,584,440	0.36%
8 .	Machom IV LLC		2,545,830	0.36%
9 .	City of Delaware		2,445,190	0.34%
10 .	PPG Industries Ohio Inc.		2,226,810	0.31%
ALL OTHERS			<u>658,468,606</u>	<u>92.31%</u>
TOTAL ASSESSED VALUATION			<u><u>\$ 713,336,866</u></u>	<u><u>100.00%</u></u>

Source: Office of the County Auditor, Delaware County, Ohio

Assessed Values are for the tax year of 2017 and 2008 respectively

**Delaware City School District
Property Tax Levies and Collections
Last Ten Years**

Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2018	\$ 48,086,018	\$ 46,722,088	97.16	\$ 886,905	\$ 47,608,993	99.01	\$ 1,080,911	2.25
2017	40,047,720	38,929,901	97.21	738,061	39,667,962	99.05	1,121,207	2.80
2016	39,332,628	38,744,353	98.50	1,144,905	39,889,258	101.42	1,484,240	3.77
2015	38,851,962	37,929,532	97.63	857,208	38,786,740	99.83	1,581,867	4.07
2014	37,933,774	37,423,452	98.65	1,015,516	38,438,968	101.33	1,529,565	4.03
2013	36,659,443	35,349,835	96.43	1,133,087	36,482,922	99.52	760,721	2.08
2012	36,500,780	34,746,751	95.19	930,110	35,676,861	97.74	926,639	2.54
2011	30,525,403	29,313,120	96.03	1,274,355	30,587,475	100.20	1,508,954	4.94
2010	30,503,394	28,708,056	94.11	835,846	29,543,902	96.85	1,363,026	4.47
2009	30,310,888	29,350,480	96.83	1,343,737	30,694,216	101.26	1,176,211	3.88

Note: The information above is for real estate, public utilities and tangible personal property collections and levies.

Source: Office of the County Auditor, Delaware County, Ohio

**Delaware City School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Year	Governmental Activities						
	(a) Gross Bonded Debt	(b) Energy Conservation Notes Payable	(b) Capital Leases	Total Primary Government	(c) Percentage of Personal Income	(c) Per Capita	(c) Per Enrollment
2018	\$ 65,823,072	\$ 1,822,760	\$ -	67,645,832	6.05%	\$ 1,723	\$ 11,726
2017	68,388,882	1,999,940	-	70,388,822	6.64%	1,822	12,911
2016	70,889,692	2,172,530	-	73,062,222	7.20%	1,975	13,749
2015	73,698,035	2,340,640	-	76,038,675	7.73%	2,086	14,081
2014	45,563,414	2,504,390	-	48,067,804	5.20%	1,338	8,652
2013	27,803,895	2,663,900	-	30,467,795	3.30%	848	5,574
2012	30,109,237	2,819,270	14,957	32,943,464	3.61%	929	6,259
2011	32,490,263	-	72,154	32,562,417	3.61%	930	6,260
2010	34,725,620	-	125,606	34,851,226	4.83%	996	6,905
2009	36,880,507	-	175,559	37,056,066	5.26%	1,085	7,597

Sources :

- (a) See schedule "Ratios of Net General Bonded Debt Outstanding" for net bonded debt information
- (b) See notes to the financial statements regarding the District's long-term notes and capital leases payable
- (c) See Schedule "Demographic and Economic Statistics, Last Ten Years" for personal income, population and enrollment information

**Delaware City School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Year	(a) Assessed Value	(b) Gross Bonded Debt	(c) Less Debt Service	Net Bonded Debt	% of Net Bonded Debt to Assessed Valuation	(d) Net Bonded Debt Per Capita	(d) Net Bonded Debt Per Enrollment
2018	\$ 822,710,410	\$ 65,823,072	\$ 4,628,510	61,194,562	7.44%	\$ 1,558	\$ 10,607
2017	743,355,520	68,388,882	4,090,524	64,298,358	8.65%	1,664	11,794
2016	724,083,580	70,889,692	3,821,895	67,067,797	9.26%	1,813	12,621
2015	710,920,160	73,698,035	3,166,805	70,531,230	9.92%	1,935	12,912
2014	695,119,840	45,563,414	1,851,359	43,712,055	6.29%	1,217	7,868
2013	692,862,300	27,803,895	1,450,094	26,353,801	3.80%	734	4,821
2012	694,378,780	30,109,237	221,031	29,888,206	4.30%	843	5,679
2011	726,300,470	32,490,263	-	32,490,263	4.47%	928	6,246
2010	727,228,105	34,725,620	-	34,725,620	4.78%	992	6,880
2009	713,336,866	36,880,507	-	36,880,507	5.17%	1,079	7,561

Sources :

- (a) Office of the County Auditor, Delaware County, Ohio
- (b) General Obligation debt outstanding end of fiscal year. School District Records
- (c) Net position restricted for debt service at end of fiscal year
- (d) See Schedule "Demographic and Economic Statistics, Last Ten Years" for population and enrollment information

**Delaware City School District
 Computation of Direct and Overlapping General Obligation Bonded Debt
 as of June 30, 2018**

Governmental Unit	<u>Gross Debt Outstanding</u>	<u>Percent Applicable to School Dist.</u>	<u>Amount Applicable to Delaware City School District</u>
Delaware City School District	\$ 65,587,760	100.00%	\$65,587,760
Delaware City	17,050,000	88.92%	15,160,860
Delaware County	<u>47,368,300</u>	10.51%	<u>4,978,408</u>
 Total Direct	 65,587,760		 65,587,760
Total Overlapping	<u>64,418,300</u>		<u>20,139,268</u>
Total Direct and Overlapping	<u>\$ 130,006,060</u>		<u>\$85,727,028</u>

Note: Percent applicable to Delaware City School District calculated using assessed valuation of the School District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

Overlapping governments with no outstanding debt are not reflected.

Source: Ohio Municipal Advisory Council

**Delaware City School District
Legal Debt Margin Information
Last Ten Years**

	2018	2017	2016	2015*	2014	2013	2012	2011	2010	2009
Assessed Valuation	\$ 822,710,410	\$ 743,355,520	\$ 724,083,580	\$ 710,920,160	\$ 695,119,840	\$ 692,862,300	\$ 694,378,780	\$ 726,300,470	\$ 727,228,105	\$ 713,336,866
Voted Debt Limit - 9% of Assessed Valuation	74,043,937	66,901,997	65,167,522	63,982,814	62,560,786	62,357,607	62,494,090	65,367,042	65,450,529	64,200,318
Net Indebtedness (a)	61,062,058	64,161,639	66,988,059	69,726,622	42,474,761	25,224,353	28,083,176	30,512,054	32,819,837	34,927,213
Less Exempted Debt (b)	-	-	-	-	42,474,761	-	-	-	-	-
Net Voted Indebtedness	61,062,058	64,161,639	66,988,059	69,726,622	-	25,224,353	28,083,176	30,512,054	32,819,837	34,927,213
Legal Debt Margin*	12,981,879	2,740,358	(1,800,537)	(5,743,808)	20,086,025	37,133,254	34,410,914	34,854,988	32,630,692	29,273,105
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	82%	96%	103%	109%	68%	40%	45%	47%	50%	54%
Unvoted Debt Limit - 0.1% of Assessed Valuation (General Limitation)	\$ 822,710	\$ 743,356	\$ 724,084	\$ 710,920	\$ 695,120	\$ 692,862	\$ 694,379	\$ 726,300	\$ 727,228	\$ 713,337
Unvoted Net Indebtedness	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	822,710	743,356	724,084	710,920	695,120	692,862	694,379	726,300	727,228	713,337
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unvoted Debt Limit - 9/10 of 1% of Assessed Valuation (energy conservation limit)	\$ 7,404,394	\$ 6,690,200	\$ 6,516,752	\$ 6,398,281	\$ 6,256,079	\$ 6,235,761	\$ 6,249,409	\$ 6,536,704	\$ 6,545,053	\$ 6,420,032
Energy Conservation Net Indebtedness	1,822,760	1,999,940	2,172,530	2,340,640	2,504,390	2,663,900	2,819,270	-	-	-
Legal Debt Margin	5,581,634	4,690,260	4,344,222	4,057,641	3,751,689	3,571,861	3,430,139	6,536,704	6,545,053	6,420,032
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	25%	30%	33%	37%	40%	43%	45%	0%	0%	0%

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt exclusive of certain exemptions and exceptions.

(a) - For debt margin calculation, net indebtedness is gross bonded debt of District less balance of General Obligation Bond Retirement fund at end of fiscal year.

(b) - Exempt debt of District would be for tax anticipation notes issued under 133.04(B)(1). The District has not issued any TANs.

* - The District exceeded the bonded debt limit imposed by State statute by \$5.3 million. However, the School District has been classified by the State of Ohio as a "special needs" district as it relates to issuing debt for purposes of constructing and renovating classroom facilities. See Note 15 to the basic financial statements for further detail.

Source: Office of the County Auditor, Delaware County, Ohio & Bond Council

**Delaware City School District
Demographic and Economic Statistics
Last Ten Years**

Year	(a) Estimated Population	(b) Per Capita Income	Personal Income	(c) Unemployment Rate *	(b) % of Population 25 Years and Older with Bachelor's Degree or Higher	(d) Enrollment Membership
2018	39,267	\$ 28,481	\$ 1,118,347,225	4.00%	37.87%	5,769
2017	38,643	27,426	1,059,823,000	3.60%	33.50%	5,452
2016	37,002	27,421	1,014,632,000	3.70%	34.20%	5,314
2015	36,459	26,992	984,101,328	3.60%	34.20%	5,453
2014	35,925	25,743	924,817,275	4.10%	31.90%	5,556
2013	35,925	25,728	924,278,400	5.00%	32.10%	5,466
2012	35,450	25,728	912,057,600	5.00%	32.10%	5,263
2011	35,011	25,728	900,763,008	6.10%	32.10%	5,202
2010	35,000	20,633	722,155,000	7.10%	18.30%	5,047
2009	34,168	20,633	704,988,344	6.90%	18.30%	4,878

Sources :

(a) Population for the District is estimated based on estimates from Census data & the City of Delaware

(b) US Census Bureau: For 2010 and before, 2000 Census Demographic Profiles for the City of Delaware
For 2011 and after, 2010 US Census Bureau Fact Finder

(c) June Data from Bureau of Labor Statistics

* Specific employment figures for the Delaware City School District area are not available.
Unemployment figures presented are for Delaware County.

(d) District Power School Enrollment Reports

**Delaware City School District
Principal Employers
Current Year and Nine Years Ago**

2018		
Employer	Employees	Type of Business
Delaware County	1,159	County Government
Ohio Health (Grady Memorial Hospital)	1,108	Healthcare
Delaware City School District	632	Education
American Showa, Inc.	600	Manufacturing
Ohio Wesleyan University	520	Education
	<u>4,019</u>	

2009		
Employer	Employees	Type of Business
Delaware County	1,082	Government
American Showa, Inc.	709	Manufacturing
Ohio Wesleyan University	612	Education
Grady Memorial Hospital	577	Healthcare
Delaware City Schools	538	Education
	<u>3,518</u>	

Note: Percentage of total employment is not available, as total employment figures for the District were not available. Information presented on calendar year as that is manner available.

Source: Delaware County; Delaware, Ohio

**Delaware City School District
Staffing Statistics - Full Time Equivalents (FTE) by Type and Function
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Professional Staff:										
Teaching Staff:										
Regular Education Teaching	250.00	250.60	247.67	241.72	240.07	229.00	225.35	233.71	229.42	230.57
Special Education Teaching*	66.00	62.00	61.00	59.00	60.00	57.13	57.34	56.71	56.83	52.50
Vocational Education Teaching	2.00	2.00	2.00	3.00	3.00	2.57	2.57	2.57	2.57	3.57
Tutors/Small Group Instruction	4.00	-	-	-	-	-	0.19	0.19	-	-
Administrators										
District/Building	30.00	34.00	34.00	28.00	27.00	20.00	21.00	22.00	21.00	21.00
Auxiliary Positions										
Psychologists	7.00	7.00	6.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Counseling	14.00	13.00	14.00	13.00	11.00	10.00	11.00	11.00	10.00	10.00
Nurses	5.00	4.00	4.64	3.40	2.00	2.00	2.00	2.00	2.00	2.00
Speech and Language Therapist	5.00	6.00	5.00	5.00	5.00	5.00	4.00	3.00	4.00	4.00
Adapted Phys Ed/Occupational Therapist										
Physical Therapist										
Social Work	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	3.00	3.00
Librarian/Media	1.00	1.00	1.90	1.90	2.00	2.00	2.00	1.00	2.00	2.00
Remedial Specialist	11.00	12.00	9.54	9.00	8.00	10.00	10.00	12.00	10.00	5.00
Planning, Curriculum										
Other Professional	16.00	18.00	15.80	17.00	11.22	8.00	9.00	11.00	11.00	11.00
Support Staff										
Clerical	31.00	33.00	32.00	31.00	29.00	30.00	30.00	30.00	30.00	30.00
Instructional Paraprofessional	63.00	57.00	39.00	43.00	39.00	37.00	31.00	38.00	34.00	32.00
Teaching Aides	-	3.00	17.00	4.00	1.00	1.00	1.00	3.00	1.00	1.00
Library Aide	10.00	9.00	9.00	10.00	9.00	8.00	8.00	9.00	10.00	12.00
Other Technical/Service	-	-	1.00	3.00	-	-	-	-	-	-
Accounting, Bookkeeping	6.00	6.00	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Food Service	44.00	43.00	47.00	45.00	39.00	40.00	37.00	37.00	37.00	36.00
Dispatching	3.00	3.00	3.00	3.00	2.00	1.00	1.00	1.00	1.00	2.00
Vehicle Operator (non-bus)	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Custodial	38.00	32.00	32.00	34.00	29.00	31.00	30.00	31.00	30.00	30.00
Maintenance	7.00	6.00	7.00	5.00	5.00	3.00	3.00	4.00	4.00	4.00
Electrician	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	1.00
Bus Drivers	55.00	52.00	52.00	51.00	44.00	42.00	37.00	36.00	37.00	34.00
Mechanics	5.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	<u>675.00</u>	<u>658.60</u>	<u>651.55</u>	<u>625.02</u>	<u>580.29</u>	<u>554.70</u>	<u>538.45</u>	<u>560.18</u>	<u>549.82</u>	<u>538.64</u>

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Instruction										
Regular and Special	333.00	326.60	320.21	312.72	311.07	298.70	295.45	305.18	298.82	291.64
Support Services										
Pupils	48.00	49.00	46.44	43.40	35.22	31.00	32.00	33.00	34.00	34.00
Instructional Staff	74.00	70.00	66.90	58.90	51.00	48.00	42.00	51.00	47.00	47.00
School Administration	48.00	54.00	53.00	46.00	43.00	37.00	38.00	39.00	38.00	38.00
Fiscal	7.00	7.00	7.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Business	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance	48.00	41.00	42.00	42.00	37.00	39.00	38.00	40.00	39.00	38.00
Transportation	65.00	60.00	60.00	60.00	51.00	48.00	43.00	42.00	43.00	41.00
Central	3.00	3.00	4.00	6.00	3.00	3.00	3.00	3.00	3.00	3.00
Community Service	45.00	44.00	48.00	46.00	40.00	41.00	38.00	38.00	38.00	37.00
Extra Curricular Activities	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Governmental Activities	675.00	658.60	651.55	625.02	580.29	554.70	538.45	560.18	549.82	538.64
Total Primary Government	<u>675.00</u>	<u>658.60</u>	<u>651.55</u>	<u>625.02</u>	<u>580.29</u>	<u>554.70</u>	<u>538.45</u>	<u>560.18</u>	<u>549.82</u>	<u>538.64</u>

* Includes Preschool and Gifted

Source - School District EMIS (Education Management Information System) Records sorted by Position Code and for Regular, Special Ed and Vocational Instruction then sorted by Assignment Area.

**Delaware City School District
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Instruction										
Regular and Special										
Support Services - Pupil										
Enrollment (Students)	5,769	5,452	5,314	5,453	5,556	5,466	5,263	5,202	5,047	4,878
Graduation Rate*	90.2%	92.6%	93.8%	90.9%	93.2%	90.4%	90.4%	90.2%	92.6%	91.5%
% of Students with Disabilities	15.2%	14.3%	14.7%	14.4%	14.3%	14.5%	14.1%	14.8%	14.2%	14.5%
% of Limited English Proficient Students	2.6%	1.3%	0.7%	1.4%	1.1%	1.1%	1.0%	1.4%	1.7%	1.4%
Support Services										
Instructional Staff										
Information Technology Services										
Work Orders Completed	2,273	2,262	2,778	3,014	2,885	2,596	2,278	2,636	2,446	2,153
School Administration										
Student Attendance Rate	94.7%	94.9%	95.2%	95.2%	95.7%	95.0%	94.8%	95.1%	94.6%	94.5%
Fiscal										
Purchase Orders Processed	2,488	3,384	3,406	3,919	4,023	4,290	4,100	4,492	4,559	4,501
Nonpayroll Checks Issued	3,847	4,365	4,361	4,724	5,665	5,703	5,312	4,862	4,937	5,048
Maintenance										
District Square Footage Maintained by Custodians and Maintenance Staff	928,049	928,049	755,801	736,968	736,968	736,968	736,968	736,968	736,968	736,968
District Acreage Maintained by Grounds Staff	187.47	187.47	163.42	162.52	161.43	161.43	161.43	161.43	161.43	161.43
Transportation										
Avg. Public and Parochial Students Transported Daily (includes special education)	2,353	2,841	3,025	2,932	3,104	2,933	3,120	3,097	2,773	2,592
Avg. Daily Bus Fleet Mileage	2,515	2,618	2,675	2,433	2,504	2,450	2,474	2,508	2,442	2,399
Number of Buses in District Fleet	51	47	51	50	49	48	48	47	45	43
Community Services										
Number of Students Enrolled in District School-Aged Childcare Program	466	529	559	535	514	830	512	481	435	350
Food Service Operations										
Meals Served to Students	435,871	446,498	465,941	440,868	475,455	503,834	535,678	498,114	478,490	440,392
Lunch	104,656	116,261	112,054	92,616	93,969	98,740	107,528	98,333	85,717	64,522
Breakfast										

Note -Indicators were not available for the following functions: Business, Central, Extra Curricula

* - Beginning with FY2011, graduation rate is presented as a four-year rate

Source - School District Records and Ohio Department of Education Report Card Data



**Delaware City School District
Capital Assets by Function/Program
Last Ten Fiscal Years**

	2018	2017	2016	2015
Governmental Activities				
Regular Instruction				
Land	\$ 2,440,887	\$ 2,440,887	\$ 2,440,887	\$ 2,440,887
Land Improvements	2,396,957	2,396,957	2,396,957	2,399,191
Buildings and Improvements	89,693,675	51,397,911	51,548,976	50,044,500
Furniture Fixtures and Equip.	1,375,566	1,386,409	1,364,397	1,405,332
Books (1)	-	341,357	341,357	341,357
Special Instruction				
Furniture Fixtures and Equip.	5,995	5,995	5,995	5,995
Vocational Instruction				
Furniture Fixtures and Equip.	-	-	-	28,509
Instructional Staff Support				
Furniture Fixtures and Equip.	95,976	118,616	138,084	138,084
Books (1)	-	925,054	925,054	925,054
General and School Administration				
Land Improvements	20,962	20,962	20,962	20,962
Buildings and Improvements	31,552	31,552	31,552	31,552
Furniture Fixtures and Equip.	68,875	68,875	86,717	91,745
Operations and Maintenance				
Land	116,379	116,379	116,379	116,379
Land Improvements	2,729,078	2,729,078	63,463	39,567
Buildings and Improvements	5,905,628	5,564,608	5,307,061	2,295,985
Furniture Fixtures and Equip.	619,391	629,340	602,121	562,984
Buses, autos and trucks	178,060	161,627	145,627	145,627
Pupil Transportation				
Land	225,000	225,000	225,000	225,000
Land Improvements	69,706	69,706	69,706	69,706
Buildings and Improvements	817,000	817,000	817,000	817,000
Furniture Fixtures and Equip.	7,695	7,695	7,695	7,695
Buses, autos and trucks	4,373,616	4,177,502	4,059,918	4,040,379
Community Relations				
Furniture Fixtures and Equip.	55,487	55,487	36,269	29,664
Food Service Operations				
Furniture Fixtures and Equip.	701,784	606,063	606,063	614,055
Extracurricular Activities				
Land Improvements	518,318	283,318	259,853	259,853
Buildings and Improvements	884,512	884,512	884,512	1,119,512
Furniture Fixtures and Equip.	210,342	48,242	42,766	28,378
Other Facilities Acquisition & Construction				
Land	487,169	487,169	487,169	335,224
Total Governmental Activities				
Capital Assets	<u>\$ 114,029,610</u>	<u>\$ 75,997,301</u>	<u>\$ 73,031,540</u>	<u>\$ 68,580,174</u>

Source: School District capital asset records

Note: Amounts do not include construction in progress.

(1) - Textbooks and library books were removed from capital assets in FY2018.

	2014	2013	2012	2011	2010	2009
\$	2,440,887	\$ 2,440,887	\$ 2,440,887	\$ 2,440,887	\$ 2,440,887	\$ 2,440,887
	2,399,191	2,399,191	2,399,191	2,399,191	2,399,191	2,399,191
	50,044,500	50,044,500	47,272,379	47,272,380	47,274,614	47,317,690
	1,392,240	1,470,257	1,454,621	1,460,511	1,540,099	1,541,148
	341,357	341,357	341,357	341,356	341,356	341,356
	5,995	5,995	5,995	-	-	-
	28,509	28,509	28,509	28,509	28,509	28,509
	138,084	138,084	138,084	138,084	138,084	138,084
	925,054	925,054	925,054	925,054	925,054	925,054
	20,962	20,962	20,962	20,962	20,962	20,962
	31,552	31,552	31,552	31,552	31,552	31,552
	97,945	97,945	87,774	87,774	87,774	102,245
	116,379	116,379	116,379	116,379	116,379	116,379
	39,567	39,567	91	91	-	-
	2,084,280	1,966,413	1,674,758	1,317,624	566,638	255,618
	877,470	737,744	697,268	670,994	664,031	608,793
	102,417	102,417	102,417	102,417	102,416	88,616
	225,000	225,000	225,000	225,000	225,000	225,000
	69,706	69,706	69,706	69,706	69,706	69,706
	817,000	817,000	817,000	817,000	817,000	817,000
	7,695	7,695	7,695	7,695	7,695	7,695
	3,872,605	3,765,039	3,797,547	3,458,666	3,138,037	3,249,151
	6,934					
	389,367	389,367	375,159	375,159	375,853	381,072
	259,853	259,853	259,853	259,853	259,853	259,853
	1,119,512	1,119,512	1,119,512	1,067,610	1,067,610	887,610
	28,378	17,520	17,520	17,520	17,520	17,520
	-	-	-	-	-	-
\$	<u>67,882,438</u>	<u>\$ 67,577,505</u>	<u>\$ 64,426,270</u>	<u>\$ 63,651,974</u>	<u>\$ 62,655,820</u>	<u>\$ 62,270,691</u>

**Delaware City School District
School Building Information
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ervin Carlisle Elementary (1955, 1979, 2017)				
Square Feet	69,786	69,786	45,269	45,269
Capacity (Students)	766	766	491	491
Enrollment	584	576	478	505
James Conger Elementary (1966, 1995, 2017)				
Square Feet	64,624	64,624	52,780	52,780
Capacity (Students)	632	632	524	524
Enrollment	423	476	342	379
John C. Dempsey Middle School (2000, 2017)				
Square Feet	173,347	173,347	132,144	132,144
Capacity (Students)	1,366	1,366	816	816
Enrollment	1,273	1,195	834	858
Rutherford B. Hayes High School (1962, 1996, 2017)				
Square Feet	291,105	291,105	233,380	233,380
Capacity (Students)	1,932	1,932	1,366	1,366
Enrollment	1,720	1,524	1,489	1,460
Robert F. Schultz Elementary (1994, 2016)				
Square Feet	74,442	74,442	74,442	55,609
Capacity (Students)	766	766	532	532
Enrollment	701	740	600	555
David Smith Elementary (1950, 1982, 2017)				
Square Feet	52,360	52,360	34,628	34,628
Capacity (Students)	541	541	425	425
Enrollment	464	478	413	401
Frank B. Willis Intermediate School (1883, 1933)				
Square Feet	118,353	118,353	118,353	118,353
Capacity (Students)	729	729	729	729
Enrollment	-	-	828	807
Laura Woodward Elementary (1950, 1975, 1980, 2017)				
Square Feet	58,765	58,765	39,565	39,565
Capacity (Students)	658	658	500	500
Enrollment	604	462	330	435
Administration Building (1869)				
Square Feet	7,840	7,840	7,840	7,840
District Technology Center (1955)				
Square Feet	12,400	12,400	12,400	12,400
Transportation (1997)				
Square Feet	5,027	5,027	5,000	5,000

Source : School District Records

Note: Year of original construction and major renovation/addition(s) in parentheses
Capacity is the "program " capacity and can increase/decrease as a result of changes in federal, state, or local standards.

2014	2013	2012	2011	2010	2009
45,269	45,269	45,269	45,269	45,269	45,269
491	491	491	491	491	491
549	549	540	524	531	520
52,780	52,780	52,780	52,780	52,780	52,780
524	524	524	524	524	524
399	399	423	431	417	389
132,144	132,144	132,144	132,144	132,144	132,144
816	816	816	816	816	816
824	824	753	720	724	685
233,380	233,380	233,380	233,380	233,380	233,380
1,366	1,366	1,366	1,366	1,366	1,366
1,444	1,444	1,397	1,423	1,359	1,363
55,609	55,609	55,609	55,609	55,609	55,609
532	532	532	532	532	532
539	539	528	516	509	471
34,628	34,628	34,628	34,628	34,628	34,628
425	425	425	425	425	425
411	411	403	384	399	417
118,353	118,353	118,353	118,353	118,353	118,353
729	729	729	729	729	729
877	877	841	815	753	698
39,565	39,565	39,565	39,565	39,565	39,565
500	500	500	500	500	500
423	423	378	389	355	335
7,840	7,840	7,840	7,840	7,840	7,840
12,400	12,400	12,400	12,400	12,400	12,400
5,000	5,000	5,000	5,000	5,000	5,000

**Delaware City School District
Educational and Operating Statistics
Last Ten School Years**

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
ACT Scores (Averages)										
Delaware	19.4	20.4	22.8	22.3	21.8	22.4	22.9	22.5	21.8	22.4
Ohio	19.4	19.8	20.0	22.0	22.0	21.8	21.8	21.8	21.8	21.7
National	19.4	19.8	20.8	21.0	21.0	20.9	21.1	21.1	21.0	21.1
SAT Scores (Averages)										
Delaware										
Verbal/Critical Reading	N/A	N/A	N/A	541	552	536	573	545	535	531
Mathematics	540	N/A	N/A	539	566	529	569	544	531	534
Writing	N/A	N/A	N/A	508	521	507	537	527	495	525
Evidenced Based Reading and Writing	558	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ohio										
Verbal/Critical Reading	N/A	N/A	557	557	555	548	543	539	538	537
Mathematics	547	570	563	563	562	556	552	545	548	546
Writing	N/A	N/A	537	537	535	531	525	522	522	523
Evidenced Based Reading and Writing	552	578	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
National										
Verbal/Critical Reading	N/A	N/A	482	495	497	496	496	497	501	501
Mathematics	531	527	508	511	514	514	514	514	516	515
Writing	N/A	N/A	494	484	487	488	488	489	492	493
Evidenced Based Reading and Writing	536	533	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
National Merit Scholars										
Finalist	0	0	2	0	0	0	0	1	0	2
Semi-Finalist	0	0	0	2	4	3	0	1	0	3
Commended Scholars	1	2	0	0	2	0	4	0	2	1
State Testing Indicators										
Total Number of Indicators	24	23	29	33	24	24	26	26	26	30
Delaware Met	9	5	11	26	23	23	26	26	24	27
State Average Met	N/A	N/A	N/A	N/A	N/A	20	21	18	18	19
Performance Index Score *	76.9	76.9	73.5	76.5	101.4	100.0	100.3	100.3	97.8	98.2
ODE Per Pupil Costs										
Delaware	\$ 8,698	\$ 8,402	\$ 9,733	\$ 9,923	\$ 9,597	\$ 9,142	\$ 9,681	\$ 10,008	\$ 9,821	\$ 10,235
State Avg.	\$ 9,353	\$ 9,149	\$ 11,163	\$ 10,965	\$ 10,913	\$ 10,446	\$ 10,597	\$ 10,697	\$ 10,565	\$ 10,253
Average Teacher Salary										
Delaware	\$ 63,375	\$ 62,012	\$ 59,635	\$ 57,720	\$ 57,305	\$ 57,700	\$ 56,543	\$ 57,373	\$ 56,865	\$ 55,473
State Avg.	N/A	N/A	\$ 58,690	\$ 56,748	\$ 57,636	\$ 57,966	\$ 58,120	\$ 57,904	\$ 56,995	\$ 55,563
Teacher Years' Experience										
% Teachers 0-4 Years Experience**	28.2%	28.2%	27.4%	26.5%	26.9%	21.3%	26.1%	23.8%	25.0%	21.6%
% Teachers 4-10 Years Experience**	21.5%	21.5%	20.3%	22.1%	20.1%	21.0%	15.7%	20.1%	16.6%	19.2%
% Teachers 10+ Years Experience**	50.3%	50.3%	52.3%	51.4%	53.0%	57.6%	58.2%	56.1%	58.5%	59.2%
Percentage of Teachers with a Master's Degree or Higher										
Delaware	67.2%	68.7%	68.9%	69.9%	71.1%	72.8%	71.9%	58.4%	60.0%	63.7%
State Avg.	40.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of Students on Free/Reduced Lunch										
Delaware	33.0%	33.0%	36.8%	35.1%	36.2%	38.2%	37.0%	35.5%	33.9%	31.6%

N/A - Information not available at the time of this document's preparation

* - The Performance Index Score reflects the achievement of every tested student. The score is a weighted average of all tested subjects in grades 3-8 and 10. The most weight is given to advanced students (1.2) and the weights decrease for each performance level. This creates a scale of 0 to 120 points, with 100 being the goal.

** - Obtained from the CUPP report for 2017, latest available information from ODE.

Source : School District Student Records and Ohio Department of Education

Delaware City School District

Delaware, Ohio



FRONTSIDE OF BACK COVER



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OHIO AUDITOR OF STATE KEITH FABER



DELAWARE CITY SCHOOL DISTRICT

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2019**