



Dave Yost • Auditor of State



**DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY**

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**DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 128,176	\$ 128,176
Cash Assistance			
School Breakfast Program	10.553	187,895	187,895
National School Lunch Program	10.555	824,765	824,765
Special Milk Program for Children	10.556	<u>386</u>	<u>386</u>
Total Nutrition Cluster		<u>1,141,222</u>	<u>1,141,222</u>
Total U.S. Department of Agriculture		<u>1,141,222</u>	<u>1,141,222</u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>			
Special Education Cluster			
Special Education Grants to States	84.027	1,155,142	1,119,657
Special Education - Preschool Grants	84.173	<u>22,076</u>	<u>22,073</u>
Total Special Education Cluster		<b>1,177,218</b>	<b>1,141,730</b>
Title I Grants to Local Educational Agencies	84.010	799,855	777,714
English Language Acquisition Grants	84.365	12,255	11,898
Improving Teacher Quality State Grants	84.367	150,629	142,440
Twenty-First Century Community Learning Centers	84.287	489,729	418,239
Total U.S. Department of Education		<u>2,629,686</u>	<u>2,492,021</u>
<b>Total Federal Awards</b>		<u><b>\$ 3,770,908</b></u>	<u><b>\$ 3,633,243</b></u>

*The accompanying notes are an integral part of this schedule.*

**DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Delaware City School District (the District) under programs of the federal government for the year ended June 30, 2016. 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, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - 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 D – 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.

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amount from 2016 to 2017 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Am t. Transferred</u>
Title I	84.010	\$ 2,399.36



# 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 William Street  
Delaware, Ohio 43015

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, 2016, 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 28, 2016.

### ***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 communication 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 "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 28, 2016



# 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 William 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, 2016. 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 affects each of its major federal programs for the year ended June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to our noncompliance finding is described in the accompanying schedule of findings and / or corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

***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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2016-001 to be a material weakness.

The District's response to our internal control over compliance finding is described in the accompanying schedule of findings and / or corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

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

***Report on Schedule of Receipts and 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 Delaware City School District (the District) as of and for the year ended June 30, 2016, 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 28, 2016. We conducted our audit to opine on the District's' basic financial statements as a whole. The accompanying schedule of receipts and 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. 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 28, 2016

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**DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR §200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster CFDA #84.027 & #84.173 and 21 <sup>st</sup> Century Grant CFDA #84.287
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

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

None

**DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Finding Number 2016-001**

**Material Weakness / Material Noncompliance**

**2 CFR §3474.1** gives regulatory effect to the Department of Education for **2 CFR 200.305(b)(1)** which states advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs.

In order to help the non-Federal entities meet the cash management provision above, the Ohio Department of Education (ODE) imposed a requirement that entities only have a five-day liquidation period on all advanced payments received.

For the Special Education Cluster, eleven of twenty project cash requests made during the audit period were not liquidated within five business days. The table below shows the date five days after receipt, the date the advance was completely liquidated and the total number of business days past the liquidation period.

Grant and Program Year	Date Advance Should be Liquidated By	Date Advance was Actually Liquidated	Business Days Past Liquidation Period
Special Education Grants - 2016	10/14/15	11/05/15	16
Special Education Grants - 2016	11/26/15	12/04/15	6
Special Education Grants - 2016	02/10/16	02/26/16	12
Special Education Grants - 2016	03/21/16	04/05/16	11
Special Education Grants - 2016	04/28/16	05/05/16	5
Special Education Grants - 2016	05/26/16	06/03/16	5
Preschool - 2016	10/14/15	11/05/15	16
Preschool - 2016	11/24/15	12/04/15	7
Preschool - 2016	01/12/16	01/20/16	6
Preschool - 2016	02/10/16	02/19/16	7
Preschool - 2016	03/18/16	04/05/16	12

For the 21<sup>st</sup> Century Grant, six of eight project cash requests made during the audit period were not liquidated within five business days. The table below shows the date five days after receipt, the date that the advance was completely liquidated and the total number of business days past the liquidation period.

DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016  
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding Number 2016-001 (Continued)

Material Weakness / Material Noncompliance (Continued)

Date Advance Should be Liquidated By	Date Advance was Actually Liquidated	Business Days Past Liquidation Period
07/15/15	08/20/15	26
10/14/15	10/20/15	4
11/25/15	12/04/15	5
02/10/16	02/19/16	7
03/18/16	04/05/16	12
05/26/16	05/31/16	2

Failure to expend receipts on a timely basis could result in the accumulation of interest on Federal funds, which must be paid back to the awarding agency.

We recommend the District implement cash management policies and procedures to reduce the time elapsing from receipt to the disbursement of these funds.

**Officials' Response:** See Corrective Action Plan

**DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
JUNE 30, 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Material Weakness- Financial Reporting	Partially Corrected	Adjustments identified in comment were corrected. In the June 30, 2016 audit a material reclassification was identified and comment reissued in management letter

**DELAWARE CITY SCHOOL DISTRICT  
DELAWARE COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
JUNE 30, 2016**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	<p>Project cash requests for federal programs are submitted to the Ohio Department of Education on a monthly basis after taking into account actual and anticipated expenses. In some instances, invoices are not received and the expense cannot be made as planned.</p> <p>In order to reduce the time that any federal grant dollars are on hand, the District will begin making requests only for reimbursement once an expense occurs. This process will ensure that no funds are held for longer than the liquidation period and the District's general fund will need to carry the expense until the reimbursement is received.</p>	1/1/2017	Melissa Lee

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# Delaware City School District

## Delaware, Ohio

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## Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2016

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# 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, 2016*

**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, 2016**

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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, 2015**

Executive Director/CEO



**Delaware City School District Elected  
Officials and Administrative Staff as of  
June 30, 2016**

**BOARD OF EDUCATION MEMBERS**

President	Mrs. Frances O’Flaherty
Vice President	Ms. Jayna McDaniel-Browning
Member	Mr. Ted Backus
Member	Mrs. Deborah Rafeld
Member	Mr. Matt Weller

**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	Karen Jackson
Director, Special Education	Mindy Rich
Supervisor, Custodial and Maintenance	George Harmon
Supervisor, Payroll	Laura Hallett
Supervisor, PreK-5 Special Education	Angela Macwhinney
Supervisor, Secondary Special Education	Ben Jenkins
Supervisor, Transportation	Butch Rice
Principal, Delaware Hayes High School	Richard Stranges
Principal, Dempsey Middle School	Daniel Bartha
Principal, Willis Intermediate School	Heidi Kegley
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





December 28, 2016

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 estimated enrollment of 5,300 students for the fiscal year end June 30, 2016 compared to 5,400 students for the fiscal year ended June 30, 2015. 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 4), 1 Intermediate school (grades 5 to 6), 1 middle school (grades 7 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, a transportation compound and a technology center. The District estimates enrollment to be 5,695; 5,741; and 5,760 for the fiscal years ended June 30, 2017, 2018, and 2019 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 188 students attending 18 different charter schools.

### **Economic Condition and Outlook**

**Local Economy** - The 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 2015 to 3.7% in June 2016. Employment in the District is diversified with a majority in the service sector. One of the largest employers in the District with 1,014 employees is Grady Memorial Hospital, located within the City of Delaware. Another employer within the City is Delaware County with 1,119 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 2017 ending General Fund cash balance is projected to be approximately at \$6,574,978. Negative ending cash balances are projected beginning in fiscal year 2019.

The projected declining General Fund cash balance is a reflection of the challenge of Ohio school district financing. 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 has 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. This new formula remained in place for FY 2016 and FY2017, with increases capped at 7.50% each year.

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. The biennium budget for FY12-13 changed the schedule for tangible personal property reimbursement dramatically to reduce the replacement revenues over the next two fiscal years and to continue at this reduced rate in future years. 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. This reimbursement dropped to \$734 thousand in FY16 and has been eliminated in FY17.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### ***Accomplishments for 2016***

**Financial** – The District applied for and received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the third time. In addition, the District applied for and received the Certificate of Excellence in Popular Reporting for the first time. In March 2016, the District passed its renewal of a \$6 million substitute emergency levy, which was originally approved by voters in November 2011.

**Instruction** – The 2015-16 school included the development of a comprehensive professional development plan, which encompassed all content areas, including physical education and related arts. Various digital curricula were adopted in both English Language Arts and Math.

An instructional video was created for incoming Kindergarten families and our K-5 gifted programming was revised. We also completed our middle school to high school alignment, including common assessments.

Our District continues to be committed to ensuring College and Career readiness for our students.

**Facilities** – In 2015-16 the District completed phase 2 and began phase 3 of a three part building project, which will impact all of the District’s facilities. Additional classroom space is being added to accommodate increased enrollment. Phase 2 includes Conger Elementary and Carlisle Elementary. Phase 3 includes Hayes High School, Smith Elementary and Woodward Elementary.

### ***Initiatives for 2017***

**Financial** – In 2017, the District will likely be on the ballot for new operating dollars.

The District will continue its focus on the implementation of new state and national standards during the 2016-2017 school year. Financial resources will be used to accommodate needed professional development for teachers through this process.

**Instruction** – As we look to future initiatives we will continue to update our Balanced Literacy Framework Document. In addition, we are kicking off our Project Based Learning initiative.

The 2016-17 school year will also continue an expansion of our 1:1 Blended Learning Initiative. We will expand the requirement of devices to Grade 6 and Grades 9-12. We are currently exploring digital curricula for middle grades, English and 9-12 Special Education.

**Facilities** – In 2016-17 the District will continue phase 3 of a three part building project, which impacts all of the District's facilities. Additional classroom space will be added to accommodate increased enrollment. Woodward Elementary and Smith Elementary are included in Phase 3. Hayes High School has portions in Phases 1, 2 and 3 of the three year project.

## **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, and the State Treasury Asset Reserve of Ohio (STAR Ohio). As of June 30, 2016 the maturity of investments was from one day to two years, with a weighted average maturity of 216.51 days. The weighted average yield to maturity at June 30 was 0.63%.

## Independent Audit

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") requires an annual audit by independent auditors. The Ohio Auditor of State conducted the District's 2016 fiscal year audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the audit requirements of the 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



# **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 William 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 Delaware City School District, Delaware County, Ohio (the District), as of and for the year ended June 30, 2016, 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 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 Delaware City School District, Delaware County, Ohio, as of June 30, 2016, 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.

### ***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 liabilities and pension 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 these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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 28, 2016, 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 28, 2016

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# DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

(Unaudited)

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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, 2016. 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 2016 are as follows:

- x Total net position improved by 7.7 percent from fiscal year 2015 as the increase in assets plus deferred outflows was greater than the increase in total liabilities plus deferred inflows of resources for the year.
- x Total assets of governmental activities increased by \$2.0 million (1.4 percent) from one year prior. The increase in capital assets during the year, due to the ongoing renovation and remodeling projects at each of the school facilities, was nearly offset by the decrease in current assets. Cash and investments decreased by \$16.7 million during the year due to financing the above noted ongoing capital related construction projects. Funding for these projects was provided by issuing \$30.0 million of general obligation bonds issued in the prior year. Total liabilities increased by \$8.9 million as the increase in the net pension liability (\$10.0 million) plus additional year-end payable related to the construction project (\$1.8 million) were only partially offset by the scheduled debt payments made during the current year. The change in the deferred outflows and inflows of resources categories were driven by the financial activity of the state-wide pension systems for the year.
- x General revenues accounted for \$58.8 million or 87.7 percent of total revenue. Program specific revenues in the form of charges for services, as well as operating grants and contributions account for \$8.3 million or 12.3 percent of total revenues of \$67.1 million. Total revenue reported for fiscal year 2016 increased 5.8 percent from the amount reported for the prior year as revenues for property taxes, charges for services, and operating grants increased from those reported for the prior year.
- x Of the School District's \$63.8 million in expenses, only \$8.3 million were offset by program specific charges for services, grants or contributions. General revenues were used to cover the net expense of \$55.5 million.
- x The General Fund, the School District's most significant fund, had an ending fund balance of \$12.7 million or 30.3 percent of the total ending fund balance for governmental funds. The Building Fund reported an ending fund balance of \$22.9 million at year end, or 54.5 percent of combined fund balances of the governmental funds. In total, the School District's four major funds report 99.8 percent of the ending governmental fund balance at June 30, 2016.

## 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, 2016

(Unaudited)

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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 they are considered 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 2016?" 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 2016, 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, 2016  
(Unaudited)

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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 2016 compared to 2015:

**TABLE 1  
NET POSITION**

	<u>2016</u>	<u>2015</u>
<i>Assets:</i>		
Current and other Assets	\$ 77,669,622	\$ 93,785,222
Capital Assets	<u>63,164,564</u>	<u>45,063,307</u>
Total Assets	<u>140,834,186</u>	<u>138,848,529</u>
 <i>Deferred Outflows of Resources</i>		
Deferred Charge on Refunding	776,444	913,430
Pension	<u>8,247,627</u>	<u>4,897,981</u>
Total Deferred Outflow of Resources	<u>9,024,071</u>	<u>5,811,411</u>
 <i>Liabilities:</i>		
Current Liabilities	9,096,462	7,468,837
Noncurrent Liabilities:		
Due Within One Year	2,679,738	3,026,566
Due in More than One Year:		
Net Pension Liability	75,481,391	65,515,444
Other Obligations	<u>71,731,586</u>	<u>74,102,482</u>
Total Liabilities	<u>158,989,177</u>	<u>150,113,329</u>

(Continued)

**DELAWARE CITY SCHOOL DISTRICT**  
Delaware County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

**TABLE 1**  
**NET POSITION**  
(Continued)

	2016	2015
<i>Deferred Inflows of Resources</i>		
Property Taxes	25,352,553	25,505,623
Pension	5,012,523	11,839,344
Total Deferred Inflows of Resources	30,365,076	37,344,967
<i>Net Position</i>		
Net Investment in Capital Assets	13,548,590	13,135,136
Restricted	6,923,338	5,239,203
Unrestricted	(59,967,924)	(61,172,695)
Total Net Position	\$(39,495,996)	\$(42,798,356)
		(Concluded)

In the prior fiscal year, the School District adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27," which significantly revised accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB Statement No. 68 (GASB 68) takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Standards established by GASB 68 dictate the net pension liability equals the School District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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. However, the School District is not responsible for certain key factors affecting the balance of this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer

## DELAWARE CITY SCHOOL DISTRICT

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

(Unaudited)

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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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

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, 2016, the School District's total net position was \$39.5 million deficit. Of that amount, approximately \$13.5 million was the net investment in capital assets. Another \$6.9 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 from the increase in assets and deferred outflows being more than the increase in total liabilities plus deferred inflows of resources for the year. If the three reported amounts related to the net pension liability calculation are excluded, the unrestricted net position reported by the School District would be a positive \$12.3 million instead of the \$60.0 million deficit currently report. As the operation of the state-wide pension system 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.

Total assets of governmental activities increased by \$2.0 million (1.4 percent) from the amount reported one year prior. Cash and investments reported at June 30, 2016 decreased by \$16.7 million (29.3 percent) from the total reported in the prior year as significant activity related to the renovation and remodeling project during the year consuming a significant amount of the resources provided by the bonds issued in prior years. The decrease in cash and investments was more than offset by the \$18.1 increase in the value of the capital assets reported at year end. The \$1.8 million of construction related accounts payable at the close of the fiscal year accounted for the remaining increase in capital assets as well as the increase in the current liabilities of the School District. Debt obligations, other than net pension liability, decreased by \$2.7 million from the balance reported one year prior as no additional debt was issued during fiscal year 2016 and scheduled principal payments were made. The increase in pension related deferred outflows combined with the decrease in pension related deferred inflow of resources practically eliminate the effect of the increase in net pension liability reported at June 30, 2016.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

(Unaudited)

Table 2 shows the changes in net position for fiscal year 2016 as compared to those for fiscal year 2015.

**TABLE 2**  
**CHANGES IN NET POSITION**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 3,234,266	\$ 2,662,022
Operating Grants and Contributions	5,034,606	4,503,129
General Revenues:		
Property Taxes	36,733,074	34,499,310
Grants and Entitlements	20,961,724	20,572,119
Other	<u>1,132,210</u>	<u>1,179,149</u>
Total Revenues	<u>67,095,880</u>	<u>63,415,729</u>
<b>Program Expenses</b>		
Instruction	34,977,489	33,225,952
Support Services:		
Pupil and Instructional Staff	4,791,898	4,247,207
Board of Education, Administration, Fiscal and Business	5,724,242	5,144,688
Plant Operation and Maintenance	5,218,451	4,783,456
Pupil Transportation	3,409,485	2,749,739
Central	698,167	1,511,065
Operation of Non-Instructional Services	3,690,012	3,442,372
Extracurricular Activities	1,483,181	1,362,236
Unallocated Depreciation	894,345	918,393
Interest and Fiscal Charges	<u>2,906,250</u>	<u>2,469,601</u>
Total Expenses	<u>63,793,520</u>	<u>59,854,709</u>
Change in Net Position	3,302,360	3,561,020
Net Position, Beginning of Year	<u>(42,798,356)</u>	<u>(46,359,376)</u>
Net Position, End of Year	<u>\$(39,495,996)</u>	<u>\$(42,798,356)</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 54.8 percent of the total revenue for governmental activities for the Delaware City School District for fiscal year 2016 compared with 54.4 percent for fiscal year 2015. Property tax revenue increased by 6.5 percent due to increases in the collected taxes during the year as well as the amount reported as available for advance at year end. Unrestricted grants and entitlements revenue, or state foundation revenue, increased by 1.9 percent over the state funding received in fiscal year 2015.

Program revenues increased \$1.1 million, or 15.4 percent, over those reported for the prior year. The increase in charges for service revenues was due to increases in District Managed Student Activities Fund (primarily PTO accounts). Increases in specific grant fund related to additional funding received for Title I – School Improvement and Technology grant programs implemented throughout the School District, as well as increased food service program subsidies, accounted for the 11.8 percent increase operating grants and contributions revenues reported for the fiscal year compared to those of the prior year.

**DELAWARE CITY SCHOOL DISTRICT**  
Delaware County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

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 2016 as compared with fiscal year 2015.

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

	2016		2015	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 34,978	\$ 31,675	\$ 33,226	\$ 29,458
Support Services:				
Pupil and Instructional Staff	4,792	4,565	4,247	3,974
Board of Education, Administration, Fiscal and Business	5,724	5,409	5,145	4,872
Plant Operation and Maintenance	5,219	5,099	4,784	4,488
Pupil Transportation	3,410	3,124	2,750	2,749
Central	698	666	1,511	1,497
Operation of Non-Instructional Services	3,690	29	3,442	1,186
Extracurricular Activities	1,483	1,158	1,362	1,078
Unallocated Depreciation	894	2,906	918	918
Interest and Fiscal Charges	2,906	894	2,470	2,470
Total Expenses	<u>\$ 63,794</u>	<u>\$ 55,525</u>	<u>\$ 59,855</u>	<u>\$ 52,690</u>

Total expenses of the School District increased by 6.6 percent in fiscal year 2016 compared with the previous year. Increase in instructional expenses for fiscal year 2016 was 5.3 percent and resulted primarily from additional spending related special education services provided to students. Pupil and instructional staff support expenses increased 12.8 percent compared to the prior year as additional 21<sup>st</sup> Century grant expenses are captured primarily within this classification. The increased expenses reported within the administrative and plant operation and maintenance categories resulted from additional expenses related to the administration of the ongoing construction and renovation projects, including reporting some project expenses not meeting the capitalization threshold in the current period. In addition to the above noted reasons, the functional expenses that account for employees belonging to the School Employees Retirement System (SERS) recorded an increase in pension expense for the fiscal year compared with the decrease reported in the prior year.

As shown in Table 3 above, the net cost of service also increased by \$2.8 million compared with those reported for the prior fiscal year. In the current year, general revenues of the School District were responsible for \$55.5 million of the total program expenses compared to \$52.7 million in the prior year. Despite this increase, the increase in general revenues reported for the year provided sufficient resources to enable the School District to report a positive change in net position for the year similar to that reported for the prior year.

# DELAWARE CITY SCHOOL DISTRICT

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Management's Discussion and Analysis

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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 \$67.0 million and expenditures of \$84.7 million. The net change in fund balance was most significant in the Building Fund, a decrease of \$18.9 million due to the previously mentioned construction and renovation projects which will expand and improve each school building within the District. 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 \$1.2 million compared with an increase of \$281,300 in the prior year. Expenditures of the General Fund increased in fiscal year 2016 by approximately \$1.7 million over those reported for the prior year due to increases in cost of personnel (wages and benefits). The ending fund balance of the General Fund was \$12.7 million at June 30, 2016, of which approximately \$8.2 million was reported as unassigned. The ending unassigned fund balance of the general fund at June 30, 2016 represents 15.6 percent of the total general fund expenditures reported for the fiscal year, down from the 21.7 percent at the end of the previous fiscal year due to the amount of fund balance assigned in the current year for subsequent year appropriations.

Of the remaining two major funds, the Debt Service Fund reported a decrease in fund balance of \$49,780 and the Permanent Improvement Fund reported an increase in fund balance of \$46,199 for fiscal year 2016. The decrease in the Debt Service Fund was due to higher interest payments related to outstanding general obligation bonds due during the fiscal year. The increase in the Permanent Improvement Fund resulted from expenditures being approximately \$550,000 less than those reported in the prior year.

## **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 \$51.6 million as compared to the original budget estimates of \$55.2 million or a negative 6.6 percent variance. In the original budget, the School District estimated the state foundation based on the funding formula, but the School District's funding for the year was "capped" which limited growth in the revenue source. Accordingly, the budget was modified during the course of the year to account for this change. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$51.1 million, or 1.3 percent less than what was anticipated in the originally budgeted appropriations. Budgeted expenditure amounts only increased by \$34,499 from those included in the original budget to those included within the final budget amendment for the fiscal year.

Actual budgetary fund balance at year end was \$734,891 more than the ending balance projected in the final budget adopted for the year.

**DELAWARE CITY SCHOOL DISTRICT**

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Management's Discussion and Analysis  
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**Capital Assets**

At the end of fiscal year 2016, the School District had \$63.2 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 2016 balances compared to 2015, however for greater detail readers should review Note 9 to the basic financial statements.

**TABLE 4  
CAPITAL ASSETS AT JUNE 30**

	<u>2016</u>	<u>2015</u>
Land	\$ 3,269,434	\$ 3,117,489
Construction in Progress	22,985,172	8,229,040
Buildings and Improvements	61,400,042	57,097,828
Furniture & Equipment	2,890,110	2,912,441
Vehicles	4,205,544	4,186,006
Textbooks & Library Books	1,266,410	1,266,410
Less: Accumulated Depreciation	<u>(32,852,148)</u>	<u>(31,745,907)</u>
Total Net Capital Assets	<u>\$ 63,164,564</u>	<u>\$ 45,063,307</u>

Overall, net capital assets increased \$18.1 million from the fiscal year 2015 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; \$19.0 million in construction in progress related to the school facilities construction and renovation project, purchase of land at a cost of \$151,945, and the purchase of busses and other vehicles costing \$268,533. Total capital asset additions for the year were valued at \$19.8 million with depreciation expense for the year reported at \$1.6 million.

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, 2016, the School District had five general obligation bond issues outstanding with a combined outstanding principal of \$68.4 million, of which \$2.3 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 to be completed over the next several years.

The School District has \$2.2 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 \$172,590 being due within one year.

# **DELAWARE CITY SCHOOL DISTRICT**

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Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

(Unaudited)

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At June 30, 2016 the School District exceeded the bonded debt limit imposed by State statute by \$1.5 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. This classification allows the School District to exceed the established voted debt limit.

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, 2016

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 20,459,192
Investments	19,889,817
Materials and supplies inventory	133,445
Accrued interest receivable	16,701
Accounts receivable	202,441
Intergovernmental receivable	470,753
Prepaid items	143,043
Property and other local taxes receivables	36,354,230
Capital assets:	
Non-depreciable	26,254,606
Depreciable, net of accumulated depreciation	36,909,958
Total Assets	140,834,186
<u>Deferred Outflows of Resources:</u>	
Deferred charge on refunding	776,444
Pension	8,247,627
Total Deferred Outflows of Resources	9,024,071
<u>Liabilities:</u>	
Accounts payable	2,405,503
Accrued wages and benefits payable	5,524,249
Intergovernmental payable	873,409
Accrued interest payable	245,929
Matured compensated absences payable	47,372
Long Term Liabilities:	
Due within one year	2,679,738
Due in more than one year:	
Net pension liability	75,481,391
Other amounts due in more than one year	71,731,586
Total Liabilities	158,989,177
<u>Deferred Inflows of Resources:</u>	
Property taxes levied for subsequent year	25,352,553
Pension	5,012,523
Total Deferred Inflows of Resources	30,365,076
<u>Net Position:</u>	
Net investment in capital assets	13,548,590
Restricted for:	
Debt service	3,821,895
Capital projects	2,674,585
State and federal grants	270,174
Student activities	149,118
Other purposes	2,457
Perpetual care:	
Expendable	909
Nonexpendable	4,200
Unrestricted	(59,967,924)
Total Net Position	\$ (39,495,996)

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, 2016

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for services & sales	Operating grants and contributions	Total Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$ 24,777,810	\$ 746,128	\$ 69,900	\$ (23,961,782)
Special	8,804,863	-	1,391,864	(7,412,999)
Vocational	209,063	-	28,788	(180,275)
Student intervention services	1,132,341	-	1,066,031	(66,310)
Other	53,412	-	-	(53,412)
Support Services:				
Pupils	3,076,941	-	21,365	(3,055,576)
Instructional staff	1,714,957	-	205,151	(1,509,806)
Board of education	148,854	-	-	(148,854)
Administration	3,763,992	135,796	179,550	(3,448,646)
Fiscal	1,371,514	-	-	(1,371,514)
Business	439,882	-	-	(439,882)
Operation and maintenance of plant	5,218,451	120,045	-	(5,098,406)
Pupil transportation	3,409,485	-	285,569	(3,123,916)
Central	698,167	-	32,239	(665,928)
Operation of non-instructional services	3,690,012	1,940,927	1,720,509	(28,576)
Extracurricular activities	1,483,181	291,370	33,640	(1,158,171)
Interest and fiscal charges	2,906,250	-	-	(2,906,250)
Unallocated depreciation *	894,345	-	-	(894,345)
Total Governmental Activities	\$ 63,793,520	\$ 3,234,266	\$ 5,034,606	(55,524,648)

General Revenues:

Property taxes and other local taxes:	
Levied for general purposes	29,960,282
Levied for debt service	4,892,178
Levied for capital improvements	1,880,614
Payments in Lieu of Property Taxes	14,554
Grants and entitlements not restricted to specific programs	20,961,724
Investment earnings	296,388
Miscellaneous	821,268

Total General Revenues	58,827,008
Change in net position	3,302,360
Net position at beginning of year	(42,798,356)
Net position at end of year	\$ (39,495,996)

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

See accompanying notes to the basic financial statements.

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	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	\$ 10,484,808	\$ 2,576,949	\$ 2,172,334	\$ 4,784,979	\$ 440,122	\$ 20,459,192
Investments	-	-	-	19,884,800	5,017	19,889,817
Materials and supplies inventory	98,445	-	-	-	35,000	133,445
Accrued interest receivable	16,677	-	-	-	24	16,701
Accounts receivable	190,274	-	-	-	12,167	202,441
Interfund receivable	2,267	-	-	-	-	2,267
Intergovernmental receivable	7,531	-	-	-	463,222	470,753
Prepaid items	143,043	-	-	-	-	143,043
Property and other local taxes receivable	<u>29,631,233</u>	<u>4,850,614</u>	<u>1,872,383</u>	<u>-</u>	<u>-</u>	<u>36,354,230</u>
Total Assets	<u>\$ 40,574,278</u>	<u>\$ 7,427,563</u>	<u>\$ 4,044,717</u>	<u>\$ 24,669,779</u>	<u>\$ 955,552</u>	<u>\$ 77,671,889</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 312,153	\$ -	\$ 291,527	\$ 1,779,930	\$ 21,893	\$ 2,405,503
Accrued wages and benefits	5,084,141	-	-	-	440,108	5,524,249
Interfund payable	-	-	-	-	2,267	2,267
Intergovernmental payable	811,819	-	-	-	61,590	873,409
Matured compensated absences payable	<u>47,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,372</u>
Total Liabilities	<u>6,255,485</u>	<u>-</u>	<u>291,527</u>	<u>1,779,930</u>	<u>525,858</u>	<u>8,852,800</u>
<u>Deferred Inflows of Resources:</u>						
Property taxes levied for subsequent year	20,694,164	3,359,739	1,298,650	-	-	25,352,553
Unavailable revenue	<u>923,269</u>	<u>146,191</u>	<u>56,514</u>	<u>-</u>	<u>355,371</u>	<u>1,481,345</u>
Total Deferred Inflows of Resources	<u>21,617,433</u>	<u>3,505,930</u>	<u>1,355,164</u>	<u>-</u>	<u>355,371</u>	<u>26,833,898</u>
<u>Fund Balances:</u>						
Nonspendable	241,488	-	-	-	39,200	280,688
Restricted	-	3,921,633	2,398,026	22,889,849	215,332	29,424,840
Assigned	4,242,346	-	-	-	-	4,242,346
Unassigned (Deficit)	<u>8,217,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,209)</u>	<u>8,037,317</u>
Total Fund Balances	<u>12,701,360</u>	<u>3,921,633</u>	<u>2,398,026</u>	<u>22,889,849</u>	<u>74,323</u>	<u>41,985,191</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 40,574,278</u>	<u>\$ 7,427,563</u>	<u>\$ 4,044,717</u>	<u>\$ 24,669,779</u>	<u>\$ 955,552</u>	<u>\$ 77,671,889</u>

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, 2016

Total Governmental Fund Balances:		\$ 41,985,191
<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.		63,164,564
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as "unavailable" in the funds.		1,481,345
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.		776,444
Long-term liabilities which are not due and payable in the current period and therefore not reported in the funds.		
Refunding bonds payable	(18,480,000)	
General obligations bonds payable	(49,890,000)	
Accrued interest payable	(245,929)	
Premium on refunding bonds	(2,519,692)	
Compensated absences	(1,349,102)	
Long-term notes payable	<u>(2,172,530)</u>	
Total		(74,657,253)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred outflows/inflows of resources associated with the net pension liability are not reported in governmental funds.		
Deferred outflow of resources - pension	8,247,627	
Deferred inflows of resources - pension	(5,012,523)	
Net pension liability	<u>(75,481,391)</u>	
Total		<u>(72,246,287)</u>
Net Position of Governmental Activities		<u>\$ (39,495,996)</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, 2016

	General Fund	Debt Service Fund	Permanent Improvement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property and other local taxes	\$ 29,932,709	\$ 4,886,134	\$ 1,878,346	\$ -	\$ -	\$ 36,697,189
Intergovernmental	20,759,169	653,836	265,518	-	4,107,849	25,786,372
Interest	306,982	-	-	-	(141)	306,841
Tuition and fees	1,744,258	-	-	-	-	1,744,258
Rentals	120,045	-	-	-	-	120,045
Extracurricular activities	171,159	-	-	-	242,822	413,981
Gifts and donations	103,966	-	-	-	1,506	105,472
Customer sales and services	40,979	-	-	-	915,003	955,982
Payments in lieu of property taxes	14,554	-	-	-	-	14,554
Miscellaneous	590,730	8,112	-	127,669	94,757	821,268
<b>Total Revenues</b>	<u>53,784,551</u>	<u>5,548,082</u>	<u>2,143,864</u>	<u>127,669</u>	<u>5,361,796</u>	<u>66,965,962</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	24,054,258	-	310,024	-	-	24,364,282
Special	7,767,878	-	-	-	962,817	8,730,695
Vocational	194,430	-	-	-	-	194,430
Student Intervention Services	58,401	-	-	-	1,101,690	1,160,091
Other instruction	53,412	-	-	-	-	53,412
<b>Support Services:</b>						
Pupils	3,023,059	-	-	-	27,987	3,051,046
Instructional staff	1,499,832	-	-	-	214,715	1,714,547
Board of education	144,773	-	-	-	-	144,773
Administration	3,559,619	-	7,677	-	180,475	3,747,771
Fiscal	1,243,187	74,046	28,823	-	-	1,346,056
Business	340,732	-	99,673	-	-	440,405
Operation and maintenance of plant	4,786,796	-	61,730	-	-	4,848,526
Pupil transportation	2,998,826	-	277,843	-	38,461	3,315,130
Central	455,981	-	218,487	-	33,604	708,072
Non-instructional services	1,025,643	-	-	-	2,610,056	3,635,699
Extracurricular activities	1,153,277	-	25,746	-	245,490	1,424,513
Capital outlay	-	-	1,067,662	18,993,208	-	20,060,870
<b>Debt Service:</b>						
Principal retirement	168,110	2,595,000	-	-	-	2,763,110
Interest and fiscal charges	60,082	2,928,816	-	-	-	2,988,898
<b>Total Expenditures</b>	<u>52,588,296</u>	<u>5,597,862</u>	<u>2,097,665</u>	<u>18,993,208</u>	<u>5,415,295</u>	<u>84,692,326</u>
<b>Net Change in Fund Balance</b>	1,196,255	(49,780)	46,199	(18,865,539)	(53,499)	(17,726,364)
<b>Fund Balance at Beginning of Year</b>	<u>11,505,105</u>	<u>3,971,413</u>	<u>2,351,827</u>	<u>41,755,388</u>	<u>127,822</u>	<u>59,711,555</u>
<b>Fund Balance at End of Year</b>	<u>\$ 12,701,360</u>	<u>\$ 3,921,633</u>	<u>\$ 2,398,026</u>	<u>\$ 22,889,849</u>	<u>\$ 74,323</u>	<u>\$ 41,985,191</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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (17,726,364)

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	19,774,677	
Current year depreciation	<u>(1,552,781)</u>	
Total		18,221,896

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		(120,639)
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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	35,885	
Intergovernmental	104,486	
Interest earnings	<u>(10,453)</u>	
Total		129,918

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 refundings when the debt is issued, whereas these amounts are amortized in the statement of activities.

Repayment of long-term debt	2,763,110	
Current year amortization of bond premium	230,810	
Current year amortization of deferred charge on refunding	(136,986)	
Accreted interest on capital appreciation bonds	<u>(17,467)</u>	
Total		2,839,467

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	6,291	
Compensated absences	<u>(258,729)</u>	
Total		(252,438)

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

4,384,439

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense among the functions in the statement of activities.

(4,173,919)

Change in Net Position of Governmental Activities

\$ 3,302,360

**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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final Revised		
Revenues:				
Taxes	\$ 28,147,006	\$ 29,317,419	\$ 29,317,419	\$ -
Intergovernmental	25,226,473	20,743,445	20,751,638	8,193
Interest	373,784	275,441	307,480	32,039
Tuition and Fees	876,611	718,139	721,112	2,973
Rentals	30,948	26,167	25,458	(709)
Extracurricular Activities	38,723	31,800	31,854	54
Payment in Lieu of Taxes	17,692	15,000	14,554	(446)
Miscellaneous	<u>462,864</u>	<u>376,189</u>	<u>380,758</u>	<u>4,569</u>
Total Revenues	<u>55,174,101</u>	<u>51,503,600</u>	<u>51,550,273</u>	<u>46,673</u>
Expenditures:				
Current:				
Instruction:				
Regular	24,206,864	24,163,115	23,899,814	263,301
Special	7,855,046	7,854,471	7,755,410	99,061
Vocational	194,559	192,506	192,091	415
Student Intervention Services	59,151	71,600	58,401	13,199
Other Instruction	55,363	55,200	54,661	539
Support Services:				
Pupils	3,015,386	3,050,007	2,977,138	72,869
Instructional Staff	1,426,841	1,509,563	1,408,742	100,821
Board of Education	151,964	188,041	150,036	38,005
Administration	3,422,482	3,413,511	3,379,070	34,441
Fiscal	1,263,248	1,299,692	1,247,224	52,468
Business	340,735	340,591	336,413	4,178
Operation and Maintenance of Plant	4,944,565	4,697,737	4,881,846	(184,109)
Pupil Transportation	3,002,419	3,126,340	2,964,335	162,005
Central	453,188	475,028	447,440	27,588
Extracurricular Activities	1,148,581	1,137,489	1,134,012	3,477
Debt Service:				
Principal Retirement	168,110	168,110	168,110	-
Interest and Fiscal Charges	<u>60,082</u>	<u>60,082</u>	<u>60,082</u>	<u>-</u>
Total Expenditures	<u>51,768,584</u>	<u>51,803,083</u>	<u>51,114,825</u>	<u>688,258</u>
Excess of Revenues Over (Under) Expenditures	3,405,517	(299,483)	435,448	734,931
Other Financing Sources:				
Refund of Prior Year Expenditures	<u>6,400</u>	<u>6,400</u>	<u>6,360</u>	<u>(40)</u>
Total Other Financing Sources	<u>6,400</u>	<u>6,400</u>	<u>6,360</u>	<u>(40)</u>
Net Change in Fund Balances	3,411,917	(293,083)	441,808	734,891
Fund Balance at Beginning of Year	7,918,885	7,918,885	7,918,885	-
Prior Year Encumbrances Appropriated	<u>143,084</u>	<u>143,084</u>	<u>143,084</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 11,473,886</u>	<u>\$ 7,768,886</u>	<u>\$ 8,503,777</u>	<u>\$ 734,891</u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 33,838	\$ 205,075
Investments	77,433	-
Accrued interest receivable	399	-
Accounts receivable	<u>-</u>	<u>1,634</u>
 Total Assets	 <u>111,670</u>	 <u>206,709</u>
Liabilities:		
Accounts payable	-	7,784
Undistributed monies	-	2,210
Due to students	<u>-</u>	<u>196,715</u>
 Total Liabilities	 <u>-</u>	 <u>\$ 206,709</u>
Net Position:		
Held in trust for scholarships	<u>\$ 111,670</u>	

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, 2016

	<u>Private Purpose Trust</u>
Additions:	
Gifts and Donations	\$ 1,000
Investment Earnings	<u>868</u>
Total Additions	<u>1,868</u>
Deductions:	
Payments in accordance with trust agreements	<u>3,849</u>
Total Deductions	<u>3,849</u>
Change in Net Position	(1,981)
Net Position Beginning of Year	<u>113,651</u>
Net Position End of Year	<u>\$ 111,670</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, 2016

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### **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 211 non-certificated employees and 366 certificated employees, including 33 administrative employees, to provide services to a student enrollment of 5,314 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 intermediate school, 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 16 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, 2016

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### **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, 2016

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### **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, 2016

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### **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, 2016

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### **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 and for pension. 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 are explained further in Note 11.

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 (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 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, interest earnings and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are further explained in Note 11.

#### 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, 2016

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**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 2016.

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 2016, investments were limited to 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 2016. 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 2016, 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 2016 amounted to \$306,982, which includes \$239,294 assigned from other funds. Interest was also recorded in the non-major governmental funds and private purpose trust funds in the amounts of \$(141) and \$868, respectively.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**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, 2016, 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 fair 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
Library and Text Books	5 to 15 years

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**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***

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

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, 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 year.

## DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***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. 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.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 – 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 Prepays	\$ 241,488	\$ -	\$ -	\$ -	\$ 35,000	\$ 276,488
Library and Land Trust	-	-	-	-	4,200	4,200
Total Nonspendable	<u>241,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,200</u>	<u>280,688</u>
Restricted for:						
Debt Service	-	3,921,633	-	-	-	3,921,633
Capital Improvements	-	-	2,398,026	22,889,849	-	25,287,875
Library and Land Trust	-	-	-	-	885	885
District Managed Activities	-	-	-	-	149,118	149,118
Other Purpose	-	-	-	-	2,457	2,457
State Educational Grants	-	-	-	-	61,123	61,123
Federal Educational Grants	-	-	-	-	1,749	1,749
Total Restricted	<u>-</u>	<u>3,921,633</u>	<u>2,398,026</u>	<u>22,889,849</u>	<u>215,332</u>	<u>29,424,840</u>
Assigned for:						
School Programs	108,830	-	-	-	-	108,830
Subsequent Expenditures	227,537	-	-	-	-	227,537
Subsequent Appropriations	<u>3,905,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,905,979</u>
Total Assigned	<u>4,242,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,242,346</u>
Unassigned (Deficit)	<u>8,217,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,209)</u>	<u>8,037,317</u>
Total Fund Balances	<u>\$ 12,701,360</u>	<u>\$ 3,921,633</u>	<u>\$ 2,398,026</u>	<u>\$ 22,889,849</u>	<u>\$ 74,323</u>	<u>\$ 41,985,191</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.

**NOTE 4 – ACCOUNTABILITY AND COMPLIANCE**

***A. Deficit Fund Balances***

At June 30, 2016, the following nonmajor special revenue funds reported fund deficits: Food Services (\$37,144), Miscellaneous State Grants (\$2,150), Title VI Grant (\$47,721), School Improvement Grant (\$127), Title III Grant (\$1,634), Title I Grant (\$45,666), Preschool Special Education Grant (\$1,730), and Improving Teacher Quality Grant (\$9,037).

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 4 – ACCOUNTABILITY AND COMPLIANCE (Continued)**

These deficits resulted from adjustments for accrued liabilities. Management expects the deficits in the above mentioned funds 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 5 - 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	\$ 1,196,255
Revenue Accruals	(759,811)
Expenditure Accruals	525,204
Encumbrances	(414,591)
Change in Fund Balance of Funds Combined with General Fund for Reporting Purposes	<u>(105,249)</u>
Budget Basis	<u>\$ 441,808</u>

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 6 - 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).

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. Protection of the School District’s deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end, the carrying amount of the School District’s deposits was \$34,070,755 and the bank balance was \$35,190,273; \$18,583,000 of the bank balance was covered by federal depository insurance and the remaining \$16,607,273 was exposed to custodial risk as it was covered by pooled collateral but not in the School District’s name.

Investments

As of June 30, 2016, the School District’s investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Matures in less than One Year</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	\$ 499,876	\$ 499,876	7.6%
Mutual Fund	9,573	9,573	0.1%
Commercial Paper	2,292,227	2,292,227	34.8%
STAR Ohio	<u>3,792,924</u>	<u>3,792,924</u>	57.5%
Total	<u>\$ 6,594,600</u>	<u>\$ 6,594,600</u>	

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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.

*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>
Federal Home Loan Bank	AA+	Standard Poor's
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, 2016:

<u>Investment Type</u>	<u>Total</u>	<u>Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
U.S. Agencies	\$ 499,876	\$ -	\$ 499,876	\$ -
Commercial Paper	<u>2,292,227</u>	<u>-</u>	<u>2,292,227</u>	<u>-</u>
Total	<u>\$ 2,792,103</u>	<u>\$ -</u>	<u>\$ 2,792,103</u>	<u>\$ -</u>

Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment managers.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 7 - 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, public utility and 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. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected.

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, 2016 was \$78.24 per \$1,000 of assessed value. The assessed values upon which the fiscal year 2016 taxes were collected are as follows:

	<u>2016 First Half Collections</u>	<u>2015 Second Half Collections</u>
Agricultural/residential and other real estate property	\$ 696,740,830	\$ 685,495,130
Public utility personal property	<u>27,342,750</u>	<u>25,425,030</u>
Total	<u>\$ 724,083,580</u>	<u>\$ 710,920,160</u>

Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies that are measurable as of June 30, 2016. 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, 2016 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.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2016, 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	\$ 7,531
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*Non-major Governmental Funds:*

Title VI-B Grant	163,970
Title I Grant	110,473
Title II-A	69,839
Twenty-First Century Grant	74,748
School Improvement Grant	22,475
Special Education - Preschool	15,265
Other non-major funds	<u>6,452</u>
Non-major Governmental Funds	<u>463,222</u>
Total Intergovernmental Receivables	<u>\$ 470,753</u>

**NOTE 9 - CAPITAL ASSETS**

A summary of the School District's general capital assets for fiscal year 2016 is as follows:

	Balance <u>July 1, 2015</u>	Additions	Deletions	Balance <u>June 30, 2016</u>
<i><u>Capital Assets, not being depreciated</u></i>				
Land	\$ 3,117,489	\$ 151,945	\$ -	\$ 3,269,434
Construction in Progress	<u>8,229,040</u>	<u>19,011,158</u>	<u>(4,255,026)</u>	<u>22,985,172</u>
	<u>11,346,529</u>	<u>19,163,103</u>	<u>(4,255,026)</u>	<u>26,254,606</u>
<i><u>Capital Assets, being depreciated</u></i>				
Buildings and Improvements	57,097,828	4,517,879	(215,665)	61,400,042
Furniture and Equipment	2,912,441	80,188	(102,519)	2,890,110
Vehicles	4,186,006	268,533	(248,995)	4,205,544
Library and Textbooks	<u>1,266,410</u>	<u>-</u>	<u>-</u>	<u>1,266,410</u>
Total Depreciable Capital Assets	<u>65,462,685</u>	<u>4,866,600</u>	<u>(567,179)</u>	<u>69,762,106</u>
<i><u>Less: Accumulated Depreciation</u></i>				
Buildings and Improvements	(25,452,634)	(1,142,300)	108,271	(26,486,663)
Furniture and Equipment	(2,177,820)	(107,353)	89,274	(2,195,899)
Vehicles	(2,849,043)	(303,128)	248,995	(2,903,176)
Library and Textbooks	<u>(1,266,410)</u>	<u>-</u>	<u>-</u>	<u>(1,266,410)</u>
Total Accumulated Depreciation	<u>(31,745,907)</u>	<u>(1,552,781) *</u>	<u>446,540</u>	<u>(32,852,148)</u>
<b>Depreciable Capital Assets, Net</b>	<u>33,716,778</u>	<u>3,313,819</u>	<u>(120,639)</u>	<u>36,909,958</u>
<b>Total Capital Assets, Net</b>	<u>\$ 45,063,307</u>	<u>\$ 22,476,922</u>	<u>\$ (4,375,665)</u>	<u>\$ 63,164,564</u>

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 9 - CAPITAL ASSETS (Continued)**

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

Instruction:		
Regular	\$	22,054
Special		610
Support Services:		
Instructional support		1,742
Administration		2,031
Operation and maintenance of plant		262,370
Pupil transportation		307,597
Central		7,254
Operation of non-instructional services		22,511
Extracurricular activities		32,267
Unallocated depreciation		<u>894,345</u>
<b>Total Depreciation Expense</b>	\$	<u>1,552,781</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.

**NOTE 10 - 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 2016, the School District contracted with the Ohio School Plan for general liability insurance with a \$1 million single occurrence and a \$3 million aggregate limit. Property is protected by Hartford Insurance and 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.

**NOTE 11 - 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.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

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 pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 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 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 the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – 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](http://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 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

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 percent of their annual covered salary and the School District is required to contribute 14 percent 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 percent for plan members and 14 percent 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 Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was the entire 14 percent.

The School District's contractually required contribution to SERS was \$1,032,582 for fiscal year 2016; \$198,668 of contributions is reported within intergovernmental payable at June 30, 2016.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – 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](http://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 was 2.2 percent 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 two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five 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 increased 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 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent 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.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions 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 five 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 68 reporting purposes.

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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$3,351,857 for fiscal year 2016; \$575,384 of contributions is reported within intergovernmental payable at June 30, 2016.

***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, 2015, 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 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	\$ 13,885,586	\$ 61,595,805	\$ 75,481,391
Proportion of the net pension liability	0.2433465%	0.22287382%	
Pension expense	\$ 1,154,086	\$ 3,019,833	\$ 4,173,919

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

At June 30, 2016, 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	\$ 195,009	\$ 2,800,158	\$ 2,995,167
Change in School District's proportionate share	-	868,021	868,021
School District contributions subsequent to the measurement date	<u>1,032,582</u>	<u>3,351,857</u>	<u>4,384,439</u>
Total	<u>\$ 1,227,591</u>	\$ 7,020,036	<u>\$ 8,247,627</u>
<u>Deferred Inflows of Resources:</u>			
Net difference between projected and actual earnings on pension plan investments	\$ 676,923	\$ 4,279,352	\$ 4,956,275
Change in School District's proportionate share	<u>56,248</u>	<u>-</u>	<u>56,248</u>
Total	<u>\$ 733,171</u>	<u>\$ 4,279,352</u>	<u>\$ 5,012,523</u>

\$4,384,439 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	\$ (257,208)	\$ (735,104)	\$ (992,312)
2018	(257,208)	(735,104)	(992,312)
2019	(255,145)	(735,103)	(990,248)
2020	<u>231,399</u>	<u>1,594,138</u>	<u>1,825,537</u>
	<u>\$ (538,162)</u>	<u>\$ (611,173)</u>	<u>\$ (1,149,335)</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.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

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 take into account the employee's entire career with the employer and also 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 pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment rate of return	7.75 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement. The most recent experience study was completed June 30, 2010.

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 assets 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%	0.00%
US stocks	22.50%	5.00%
Non-US stocks	22.50%	5.50%
Fixed income	19.00%	1.50%
Private equity	10.00%	10.00%
Real estate	10.00%	5.00%
Hedge funds	<u>15.00%</u>	7.50%
Total	<u>100.00%</u>	

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. 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 (7.75 percent). 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.

**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 7.75 percent, 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 (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 19,254,320	\$ 13,885,586	\$ 9,364,672

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Future salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates 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	31.00%	8.00%
International equity	26.00%	7.85%
Alternatives	14.00%	8.00%
Fixed income	18.00%	3.75%
Real estate	10.00%	6.75%
Liquidity reserves	<u>1.00%</u>	3.00%
Total	<u>100.00%</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

**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 7.75 percent, 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$ 85,561,219	\$ 61,595,805	\$ 41,329,474

## DELAWARE CITY SCHOOL DISTRICT

Delaware County, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

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### **NOTE 12 – POSTEMPLOYMENT BENEFITS**

#### ***A. School Employee Retirement System***

Plan Description – In addition to a cost sharing multiple employer defined benefit pension plan, SERS administers a postemployment benefit plan. Sections 3309.375 and 3309.69 of the Ohio Revised Code (ORC) permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS offers several types of health plans from various vendors including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health care coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

Fund Policy – The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pension and benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2016, the health care allocation is 0.0%. 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 was earned. By statute 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 health care surcharge. For fiscal year 2016, the minimum compensation level was established at \$23,000. The School District's allocated contributions to the health care fund for the years ended June 30, 2016, 2015 and 2014 were \$0, \$63,811, and \$61,406 respectively; which equaled the required contributions for each year.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves, dependents, or surviving beneficiaries. Premiums vary depending on plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of the health care plan are included in SERS' CAFR which can be obtained at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

#### ***B. State Teachers Retirement System***

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS Ohio did not allocate any portion of the employer contributions to the Health Care Stabilization Fund. The School District’s contributions allocated to health care for the fiscal year ended June 30, 2014 was \$216,550; which equaled the required contributions for that year.

**NOTE 13 – 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.

***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, 2016, the School District’s total obligation for sick leave accrual as a whole was \$1,396,474.

**NOTE 14 - 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, 2016.

***B. Full-Time Equivalency Review***

Full-Time Equivalency Review – School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts were required to comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year. As of the date of this report, ODE has not finalized the impact of the of enrollment adjustments to the Foundation funding for the School District for fiscal year 2015 or 2016; 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 statement.

***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, 2016

**NOTE 15 - LONG-TERM OBLIGATIONS**

The activity of the School District's long-term obligations during fiscal year 2016 was as follows:

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016	Due within One Year
General Obligation Bonds:					
2005 Refunding					
Capital Appreciation 4.05%	\$ 862,533	\$ 17,467	\$ 880,000	\$ -	\$ -
2013 Refunding					
Current Interest Serial 2.0-5.0%	8,605,000	-	1,705,000	6,900,000	1,605,000
2013 School Construction & Improvement					
Current Interest Serial 2.0-5.25%	19,900,000	-	10,000	19,890,000	10,000
2014 School Construction & Improvement					
Current Interest Serial 2.5-4.0%	2,730,000	-	-	2,730,000	-
Current Interest Term 2.25%-4.0%	7,265,000	-	-	7,265,000	-
2015A School Construction & Improvement					
Current Interest Serial 2.0-5.0%	7,170,000	-	-	7,170,000	25,000
Current Interest Term 3.75%-5.0%	12,835,000	-	-	12,835,000	-
2015B Refunding					
Current Interest Serial 0.75-4.0%	11,580,000	-	-	11,580,000	625,000
Deferred Amounts:					
Add: Bond Premium	<u>2,750,502</u>	<u>-</u>	<u>230,810</u>	<u>2,519,692</u>	<u>-</u>
Total General Obligation Bonds	73,698,035	17,467	2,825,810	70,889,692	2,265,000
Long-Term Notes Payable	2,340,640	-	168,110	2,172,530	172,590
Compensated Absences	1,090,373	330,415	71,686	1,349,102	242,148
Net Pension Liability:					
SERS	12,389,846	1,495,740	-	13,885,586	-
STRS	<u>53,125,598</u>	<u>8,470,207</u>	<u>-</u>	<u>61,595,805</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 142,644,492</u>	<u>\$ 10,313,829</u>	<u>\$ 3,065,606</u>	<u>\$ 149,892,715</u>	<u>\$ 2,679,738</u>

**Legal Debt Margins**

At June 30, 2016 the School District exceeded the bonded debt limit imposed by State statute by \$1.8 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. This classification allows the School District to exceed the established voted debt limit. The School District's energy conservation and unvoted debt margins were \$4.3 million and \$724,000, respectively, at June 30, 2016.

**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:

- x \$16,294,994, issued in fiscal year 2006 (two different series) and maturing in fiscal year 2026, for the partial advance refunding of \$16,295,000 of general obligation bonds issued in 1999. During fiscal year 2015, \$11.6 million of the remaining bonds were refunded through the issuance of 2015B refunding bonds. During the current fiscal year, \$17,467 of accreted interest was recorded and the final \$880,000 of capital appreciation bonds matured.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

- x \$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.
- x \$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.
- x \$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.
- x \$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, 2016 are shown in the table below.

Fiscal Year Ended June 30,	Principal	Interest	Total
2017	\$ 2,265,000	\$ 2,858,457	\$ 5,123,457
2018	2,330,000	2,792,789	5,122,789
2019	2,410,000	2,727,770	5,137,770
2020	2,490,000	2,656,207	5,146,207
2021	2,575,000	2,571,131	5,146,131
2022-2026	8,315,000	11,905,183	20,220,183
2027-2031	7,385,000	10,281,299	17,666,299
2032-2036	8,870,000	8,353,620	17,223,620
2037-2041	11,540,000	5,982,352	17,522,352
2042-2046	14,995,000	3,170,660	18,165,660
2047-2050	<u>5,195,000</u>	<u>616,256</u>	<u>5,811,256</u>
Total	<u>\$ 68,370,000</u>	<u>\$ 53,915,724</u>	<u>\$ 122,285,724</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.

**DELAWARE CITY SCHOOL DISTRICT**  
 Delaware County, Ohio  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2016

**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

Fiscal Year Ended June 30,	Principal	Interest	Total
2017	\$ 172,590	\$ 55,546	\$ 228,136
2018	177,180	50,890	228,070
2019	181,900	46,110	228,010
2020	186,750	41,202	227,952
2021	191,720	36,163	227,883
2022-2026	1,037,930	100,420	1,138,350
2027	<u>224,460</u>	<u>2,988</u>	<u>227,448</u>
Total	<u>\$ 2,172,530</u>	<u>\$ 333,319</u>	<u>\$ 2,505,849</u>

Other Long-Term Obligations

The School District pays obligations related to employee compensation (compensated absences and required pension 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 – 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) in February 2015. 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 Michael Carder, who serves as Chief Executive Officer, at 100 Executive Drive, Marion, Ohio 43302. The School District paid \$339,653 to META Solutions during fiscal year 2016.

***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.

**DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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**NOTE 17 - COMMITMENTS**

***A. Construction Commitments***

At year-end, the School District had approximately \$16.4 million in outstanding construction commitments for the construction and renovations occurring at all the School District's school facilities. These obligations will be paid out of the Building capital projects fund.

***B. 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	\$ 420,110
Permanent Improvement Fund	559,954
Building Fund	15,486,493
Non-major Governmental Funds	<u>71,442</u>
	<u>\$ 16,537,999</u>

**NOTE 18 - 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, 2015	\$ -
Current Year Set-aside Requirement	898,804
Current Year Offsets	<u>(2,102,955)</u>
Total	<u>\$ (1,204,151)</u>
Balance Carried forward to FY 2017	<u>\$ -</u>
Set-aside Reserve Balance June 30, 2016	<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.

## **DELAWARE CITY SCHOOL DISTRICT**

Delaware County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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### **NOTE 19 – INTER-FUND TRANSACTIONS**

At year end, the School Improvement Grant Fund, a non-major special revenue fund, owed the General Fund \$2,267 for a deficit cash fund balance at year end that was covered by the General Fund. These funds will be repaid in the subsequent fiscal year when the appropriate grant funding is received.

### **NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2016, the School District implemented the Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, No. 73, *Accounting and Financial Reporting for Pension and Related Assets that are Not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and 68*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments, as well as requiring certain disclosures related to all fair value measurements be presented with the financial statement. GASB Statement No. 73 improves the usefulness of information about pensions included in the general purpose financial reports of state and local governments for making decisions and assessing accountability. GASB Statement No. 76 elevates GASB Implementation Guides in the GAAP hierarchy as well as emphasizing importance of analogies to authoritative literature when not specified in authoritative GAAP. GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost as well as requiring additional not disclosure requirements for governments that participate in those investment pools. The School District participates in STAR Ohio which implemented the provisions of GASB 79 for fiscal year 2016.

The School District implemented the applicable provisions of the GABS Statements noted above in the fiscal year 2016 financial statements, however, none of the aforementioned Statements had an effect on beginning net position or fund balance.

It should also be noted that in June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will require the reporting entity to recognize on the face of the financial statements, its proportionate share of the net OPEB liability related to its participation in the School Employees Retirement System (SERS) and the State Teachers Retirement System (STRS). This Standard also enhances accountability and transparency through revised note disclosures and required supplementary information. The provisions of this Standard are required to be implemented for reporting periods beginning after June 15, 2017. The School District has not early implemented GASB Statement No. 75 and is currently in the process of evaluating the impact this Standard will have on its financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2015	2014	2013
<b><u>School Employees Retirement System of Ohio:</u></b>			
District's Proportion of the Net Pension Liability	0.2433465%	0.2448130%	0.2448130%
District's Proportionate Share of the Net Pension Liability	\$ 13,885,586	\$ 12,389,847	\$ 14,558,243
District's Covered-Employee Payroll	\$ 7,781,791	\$ 7,185,642	\$ 7,450,470
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	178.44%	172.43%	195.40%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%
<b><u>State Teachers Retirement System of Ohio</u></b>			
District's Proportion of the Net Pension Liability	0.22287382%	0.21841299%	0.21841299%
District's Proportionate Share of the Net Pension Liability	\$ 61,595,805	\$ 53,125,597	\$ 63,282,865
District's Covered-Employee Payroll	\$ 23,253,150	\$ 24,032,369	\$ 23,879,077
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	264.89%	221.06%	265.01%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	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 CONTRIBUTION  
LAST SIX FISCAL YEARS (1)

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



# **Governmental Fund Types**

## **Combining and Individual Fund Financial Statements and Schedules**

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### **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.

#### Straight A's State Grant

To account for and report restricted State monies for the development and implementation of innovative ideas and practices in school districts that will have substantial value and lasting impact on student achievement and/or long-term financial position of the district.

#### Miscellaneous State Grants

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

## **Governmental Fund Types**

### **Combining and Individual Fund Financial Statements and Schedules**

---

#### **Special Revenue Funds** (continued)

##### 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.

##### School Improvement Grant

To account for and report federal monies restricted to provide supplemental funding to economically disadvantaged districts and some of their eligible schools for improving educational outcomes for students who are failing or at risk of failing to meet State standards.

##### 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.

# **Governmental Fund Types**

## **Combining and Individual Fund Financial Statements and Schedules**

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### **Special Revenue Funds** (continued)

#### 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.

### **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, 2016

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 440,054	\$ 68	\$ 440,122
Investments	-	5,017	5,017
Materials and supplies inventory	35,000	-	35,000
Accrued interest receivable	-	24	24
Accounts receivable	12,167	-	12,167
Intergovernmental receivable	<u>463,222</u>	<u>-</u>	<u>463,222</u>
Total Assets	<u>\$ 950,443</u>	<u>\$ 5,109</u>	<u>\$ 955,552</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 21,893	\$ -	\$ 21,893
Accrued wages and benefits	440,108	-	440,108
Interfund payable	2,267	-	2,267
Intergovernmental payable	<u>61,590</u>	<u>-</u>	<u>61,590</u>
Total Liabilities	<u>525,858</u>	<u>-</u>	<u>525,858</u>
<u>Deferred Inflows of Resources:</u>			
Unavailable revenue	<u>355,347</u>	<u>24</u>	<u>355,371</u>
<u>Fund Balance:</u>			
Nonspendable	35,000	4,200	39,200
Restricted	214,447	885	215,332
Unassigned	<u>(180,209)</u>	<u>-</u>	<u>(180,209)</u>
Total Fund Balance	<u>69,238</u>	<u>5,085</u>	<u>74,323</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 950,443</u>	<u>\$ 5,109</u>	<u>\$ 955,552</u>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	Food Service	Local and Other Grants	District Managed Student Activities	Auxiliary Services	Data Communications
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 46,864	\$ 5,173	\$ 151,591	\$ 102,026	\$ -
Materials and supplies inventory	35,000	-	-	-	-
Accounts receivable	4,480	-	7,687	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 86,344</b>	<b>\$ 5,173</b>	<b>\$ 159,278</b>	<b>\$ 102,026</b>	<b>\$ -</b>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 3,085	\$ -	\$ 10,160	\$ 689	\$ -
Accrued wages and benefits	105,707	2,035	-	35,184	-
Interfund payable	-	-	-	-	-
Intergovernmental payable	14,696	681	-	5,030	-
<b>Total Liabilities</b>	<b>123,488</b>	<b>2,716</b>	<b>10,160</b>	<b>40,903</b>	<b>-</b>
<u>Deferred Inflows of Resources:</u>					
Unavailable revenue	-	-	-	-	-
<u>Fund Balance:</u>					
Nonspendable	35,000	-	-	-	-
Restricted	-	2,457	149,118	61,123	-
Unassigned	(72,144)	-	-	-	-
<b>Total Fund Balance</b>	<b>(37,144)</b>	<b>2,457</b>	<b>149,118</b>	<b>61,123</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 86,344</b>	<b>\$ 5,173</b>	<b>\$ 159,278</b>	<b>\$ 102,026</b>	<b>\$ -</b>

Straight A's Grant	Miscellaneous State Grants	Title VI(B) Grant	School Improvement Grant	Title III Grant	Title I Grant	Preschool Special Education Grant
\$ -	\$ 917	\$ 55,179	\$ -	\$ 500	\$ 33,942	\$ 823
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>1,181</u>	<u>163,970</u>	<u>22,475</u>	<u>5,271</u>	<u>110,473</u>	<u>15,265</u>
<u>\$ -</u>	<u>\$ 2,098</u>	<u>\$ 219,149</u>	<u>\$ 22,475</u>	<u>\$ 5,771</u>	<u>\$ 144,415</u>	<u>\$ 16,088</u>
\$ -	\$ -	\$ 5,344	\$ 127	\$ -	\$ 1,676	\$ -
-	3,650	136,819	-	2,415	103,257	3,117
-	-	-	2,267	-	-	-
<u>-</u>	<u>598</u>	<u>18,145</u>	<u>-</u>	<u>222</u>	<u>13,341</u>	<u>533</u>
<u>-</u>	<u>4,248</u>	<u>160,308</u>	<u>2,394</u>	<u>2,637</u>	<u>118,274</u>	<u>3,650</u>
<u>-</u>	<u>-</u>	<u>106,562</u>	<u>20,208</u>	<u>4,768</u>	<u>71,807</u>	<u>14,168</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>(2,150)</u>	<u>(47,721)</u>	<u>(127)</u>	<u>(1,634)</u>	<u>(45,666)</u>	<u>(1,730)</u>
<u>-</u>	<u>(2,150)</u>	<u>(47,721)</u>	<u>(127)</u>	<u>(1,634)</u>	<u>(45,666)</u>	<u>(1,730)</u>
<u>\$ -</u>	<u>\$ 2,098</u>	<u>\$ 219,149</u>	<u>\$ 22,475</u>	<u>\$ 5,771</u>	<u>\$ 144,415</u>	<u>\$ 16,088</u>

(Continued)

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016  
(Continued)

	Improving Teacher Quality Grant	Miscellaneous Federal Grants	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 8,544	\$ 34,495	\$ 440,054
Materials and supplies inventory	-	-	35,000
Accounts receivable	-	-	12,167
Intergovernmental receivable	69,839	74,748	463,222
 Total Assets	\$ 78,383	\$ 109,243	\$ 950,443
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>			
Liabilities:			
Accounts payable	\$ 648	\$ 164	21,893
Accrued wages and benefits	21,314	26,610	440,108
Interfund payable	-	-	2,267
Intergovernmental payable	2,372	5,972	61,590
 Total Liabilities	24,334	32,746	525,858
 Deferred Inflows of Resources:			
Unavailable revenue	63,086	74,748	355,347
 Fund Balance:			
Nonspendable	-	-	35,000
Restricted	-	1,749	214,447
Unassigned	(9,037)	-	(180,209)
 Total Fund Balance	(9,037)	1,749	69,238
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 78,383	\$ 109,243	\$ 950,443

(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, 2016

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 4,107,849	\$ -	\$ 4,107,849
Interest	203	(344)	(141)
Extracurricular activities	242,822	-	242,822
Gifts and donations	1,506	-	1,506
Customer sales and services	915,003	-	915,003
Miscellaneous	94,757	-	94,757
Total Revenues	5,362,140	(344)	5,361,796
Expenditures:			
Current:			
Instruction:			
Special	962,817	-	962,817
Student intervention services	1,101,690	-	1,101,690
Support Services:			
Pupils	27,987	-	27,987
Instructional staff	214,715	-	214,715
Administration	180,475	-	180,475
Pupil transportation	38,461	-	38,461
Central	33,604	-	33,604
Non-instructional services	2,610,056	-	2,610,056
Extracurricular activities	245,490	-	245,490
Total Expenditures	5,415,295	-	5,415,295
Net Change in Fund Balances	(53,155)	(344)	(53,499)
Fund Balance at Beginning of Year	122,393	5,429	127,822
Fund Balance at End of Year	\$ 69,238	\$ 5,085	\$ 74,323

**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, 2016

	Food Service	Local and Other Grants	District Managed Student Activities	Auxiliary Services	Data Communications
Revenues:					
Intergovernmental	\$ 1,159,395	\$ -	\$ -	\$ 516,482	\$ 14,400
Interest	-	-	-	203	-
Extracurricular activities	-	-	242,822	-	-
Gifts and Donations	-	-	1,506	-	-
Customer sales and services	915,003	-	-	-	-
Miscellaneous	<u>-</u>	<u>46,718</u>	<u>48,039</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,074,398</u>	<u>46,718</u>	<u>292,367</u>	<u>516,685</u>	<u>14,400</u>
Expenditures:					
Current:					
Instruction:					
Special	-	-	-	-	-
Student intervention services	-	-	-	-	-
Support Services:					
Pupils	-	-	-	-	-
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Central	-	-	-	-	14,400
Non-instructional services	2,016,763	59,630	-	475,109	-
Extracurricular activities	<u>-</u>	<u>-</u>	<u>245,490</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,016,763</u>	<u>59,630</u>	<u>245,490</u>	<u>475,109</u>	<u>14,400</u>
Net Change in Fund Balances	57,635	(12,912)	46,877	41,576	-
Fund Balance at Beginning of Year	<u>(94,779)</u>	<u>15,369</u>	<u>102,241</u>	<u>19,547</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (37,144)</u>	<u>\$ 2,457</u>	<u>\$ 149,118</u>	<u>\$ 61,123</u>	<u>\$ -</u>

Straight A's Grant	Miscellaneous State Grants	Title VI(B) Grant	School Improvement Grant	Title III Grant	Title I Grant	Preschool Special Education Grant
\$ 11,204	\$ 31,257	\$ 1,077,383	\$ 13,867	\$ 11,205	\$ 691,915	\$ 20,125
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,204</u>	<u>31,257</u>	<u>1,077,383</u>	<u>13,867</u>	<u>11,205</u>	<u>691,915</u>	<u>20,125</u>
-	-	940,947	-	-	-	21,870
-	-	-	15,221	13,323	751,000	-
-	25,758	1,046	-	1,183	-	-
-	-	10,945	13,595	-	8,382	-
-	-	143,101	-	-	-	-
-	-	-	-	-	-	-
11,204	8,000	-	-	-	-	-
-	-	44,067	-	-	12,300	-
-	-	-	-	-	-	-
<u>11,204</u>	<u>33,758</u>	<u>1,140,106</u>	<u>28,816</u>	<u>14,506</u>	<u>771,682</u>	<u>21,870</u>
-	(2,501)	(62,723)	(14,949)	(3,301)	(79,767)	(1,745)
-	<u>351</u>	<u>15,002</u>	<u>14,822</u>	<u>1,667</u>	<u>34,101</u>	<u>15</u>
<u>\$ -</u>	<u>\$ (2,150)</u>	<u>\$ (47,721)</u>	<u>\$ (127)</u>	<u>\$ (1,634)</u>	<u>\$ (45,666)</u>	<u>\$ (1,730)</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, 2016  
(Continued)

	Improving Teacher Quality Grant	Miscellaneous Federal Grants	Total
Revenues:			
Intergovernmental	\$ 135,364	\$ 425,252	\$ 4,107,849
Interest	-	-	203
Extracurricular activities	-	-	242,822
Gifts and Donations	-	-	1,506
Customer sales and services	-	-	915,003
Miscellaneous	-	-	94,757
Total Revenues	135,364	425,252	5,362,140
Expenditures:			
Current:			
Instruction:			
Special	-	-	962,817
Student intervention services	136,558	185,588	1,101,690
Support Services:			
Pupils	-	-	27,987
Instructional staff	5,116	176,677	214,715
Administration	-	37,374	180,475
Pupil transportation	-	38,461	38,461
Central	-	-	33,604
Non-instructional services	1,327	860	2,610,056
Extracurricular activities	-	-	245,490
Total Expenditures	143,001	438,960	5,415,295
Net Change in Fund Balances	(7,637)	(13,708)	(53,155)
Fund Balance at Beginning of Year	(1,400)	15,457	122,393
Fund Balance at End of Year	\$ (9,037)	\$ 1,749	\$ 69,238

(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, 2016

	Final Budget	Actual	Variance with Final Budget
<b>Food Service Fund</b>			
Total Revenues and Other Sources	\$ 1,940,000	\$ 1,942,394	\$ 2,394
Total Expenditures and Other Uses	<u>1,942,482</u>	<u>1,899,358</u>	<u>43,124</u>
Net Change in Fund Balances	(2,482)	43,036	45,518
Fund Balance, July 1	1,348	1,348	-
Prior Year Encumbrances	<u>2,482</u>	<u>2,482</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,348</u>	<u>\$ 46,866</u>	<u>\$ 45,518</u>
<b>Local and Other Grants Fund</b>			
Total Revenues and Other Sources	\$ 46,000	\$ 46,718	\$ 718
Total Expenditures and Other Uses	<u>62,000</u>	<u>57,847</u>	<u>4,153</u>
Net Change in Fund Balances	(16,000)	(11,129)	4,871
Fund Balance, July 1	16,300	16,300	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 300</u>	<u>\$ 5,171</u>	<u>\$ 4,871</u>
<b>District Managed Student Activities Fund</b>			
Total Revenues and Other Sources	\$ 260,000	\$ 284,692	\$ 24,692
Total Expenditures and Other Uses	<u>360,357</u>	<u>262,027</u>	<u>98,330</u>
Net Change in Fund Balances	(100,357)	22,665	123,022
Fund Balance, July 1	97,354	97,354	-
Prior Year Encumbrances	<u>10,601</u>	<u>10,601</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 7,598</u>	<u>\$ 130,620</u>	<u>\$ 123,022</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, 2016  
(Continued)

	Final Budget	Actual	Variance with Final Budget
<b>Auxiliary Services Fund</b>			
Total Revenues and Other Sources	\$ 516,000	\$ 516,685	\$ 685
Total Expenditures and Other Uses	575,334	496,086	79,248
Net Change in Fund Balances	(59,334)	20,599	79,933
Fund Balance, July 1	44,294	44,294	-
Prior Year Encumbrances	25,334	25,334	-
Fund Balance, June 30	\$ 10,294	\$ 90,227	\$ 79,933
 <b>Data Communication Fund</b>			
Total Revenues and Other Sources	\$ 14,400	\$ 14,400	\$ -
Total Expenditures and Other Uses	14,400	14,400	-
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	-	-	-
Prior Year Encumbrances	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -
 <b>Straight A's Grant Fund</b>			
Total Revenues and Other Sources	\$ 21,954	\$ 21,954	\$ -
Total Expenditures and Other Uses	11,204	11,204	-
Net Change in Fund Balances	10,750	10,750	-
Fund Balance, July 1	(10,750)	(10,750)	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -

(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, 2016  
(Continued)

	Final Budget	Actual	Variance with Final Budget
<b>Miscellaneous State Grant Fund</b>			
Total Revenues and Other Sources	\$ 34,000	\$ 34,004	\$ 4
Total Expenditures and Other Uses	<u>34,000</u>	<u>33,431</u>	<u>569</u>
Net Change in Fund Balances	-	573	573
Fund Balance, July 1	353	353	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 353</u>	<u>\$ 926</u>	<u>\$ 573</u>
<b>Title VI(B) Grant Fund</b>			
Total Revenues and Other Sources	\$ 1,155,000	\$ 1,155,142	\$ 142
Total Expenditures and Other Uses	<u>1,145,022</u>	<u>1,140,115</u>	<u>4,907</u>
Net Change in Fund Balances	9,978	15,027	5,049
Fund Balance, July 1	4,724	4,724	-
Prior Year Encumbrances Appropriated	<u>15,022</u>	<u>15,022</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 29,724</u>	<u>\$ 34,773</u>	<u>\$ 5,049</u>
<b>School Improvement Grant Fund</b>			
Total Revenues and Other Sources	\$ 31,800	\$ 30,614	\$ (1,186)
Total Expenditures and Other Uses	<u>31,788</u>	<u>32,881</u>	<u>(1,093)</u>
Net Change in Fund Balances	12	(2,267)	(2,279)
Fund Balance, July 1	(2,688)	(2,688)	-
Prior Year Encumbrances	<u>2,688</u>	<u>2,688</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 12</u>	<u>\$ (2,267)</u>	<u>\$ (2,279)</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, 2016  
(Continued)

	Final Budget	Actual	Variance with Final Budget
<b>Title III Grant Fund</b>			
Total Revenues and Other Sources	\$ 12,000	\$ 12,255	\$ 255
Total Expenditures and Other Uses	<u>11,990</u>	<u>11,898</u>	<u>92</u>
Net Change in Fund Balances	10	357	347
Fund Balance, July 1	(346)	(346)	-
Prior Year Encumbrances	<u>490</u>	<u>490</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 154</u>	<u>\$ 501</u>	<u>\$ 347</u>
<b>Title I Grant Fund</b>			
Total Revenues and Other Sources	\$ 771,600	\$ 771,640	\$ 40
Total Expenditures and Other Uses	<u>772,360</u>	<u>759,123</u>	<u>13,237</u>
Net Change in Fund Balances	(760)	12,517	13,277
Fund Balance, July 1	(2,819)	(2,819)	-
Prior Year Encumbrances Appropriated	<u>12,360</u>	<u>12,360</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 8,781</u>	<u>\$ 22,058</u>	<u>\$ 13,277</u>
<b>Preschool Special Education Grant Fund</b>			
Total Revenues and Other Sources	\$ 22,000	\$ 22,076	\$ 76
Total Expenditures and Other Uses	<u>22,376</u>	<u>22,073</u>	<u>303</u>
Net Change in Fund Balances	(376)	3	379
Fund Balance, July 1	446	446	-
Prior Year Encumbrances	<u>376</u>	<u>376</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 446</u>	<u>\$ 825</u>	<u>\$ 379</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, 2016  
(Continued)

	Final Budget	Actual	Variance with Final Budget
<b>Improving Teacher Quality Grant Fund</b>			
Total Revenues and Other Sources	\$ 150,500	\$ 150,629	\$ 129
Total Expenditures and Other Uses	<u>150,000</u>	<u>143,089</u>	<u>6,911</u>
Net Change in Fund Balances	500	7,540	7,040
Fund Balance, July 1	356	356	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 856</u>	<u>\$ 7,896</u>	<u>\$ 7,040</u>
<b>Miscellaneous Federal Grants Fund</b>			
Total Revenues and Other Sources	\$ 489,500	\$ 489,729	\$ 229
Total Expenditures and Other Uses	<u>435,785</u>	<u>423,669</u>	<u>12,116</u>
Net Change in Fund Balances	53,715	66,060	12,345
Fund Balance, July 1	(52,767)	(52,767)	-
Prior Year Encumbrances Appropriated	<u>15,785</u>	<u>15,785</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 16,733</u>	<u>\$ 29,078</u>	<u>\$ 12,345</u>
<b>Delaware Foundation Fund</b>			
Total Revenues and Other Sources	\$ 98,878	\$ 212,873	\$ 113,995
Total Expenditures and Other Uses	<u>304,825</u>	<u>161,286</u>	<u>143,539</u>
Net Change in Fund Balances	(205,947)	51,587	257,534
Fund Balance, July 1	567,621	567,621	-
Prior Year Encumbrances	<u>8,077</u>	<u>8,077</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 369,751</u>	<u>\$ 627,285</u>	<u>\$ 257,534</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, 2016  
(Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Public School Support Fund</b>			
Total Revenues and Other Sources	\$ 170,000	\$ 229,566	\$ 59,566
Total Expenditures and Other Uses	<u>212,652</u>	<u>194,381</u>	<u>18,271</u>
Net Change in Fund Balances	(42,652)	35,185	77,837
Fund Balance, July 1	70,239	70,239	-
Prior Year Encumbrances	<u>2,652</u>	<u>2,652</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 30,239</u>	<u>\$ 108,076</u>	<u>\$ 77,837</u>
<b>After School Childcare Fund</b>			
Total Revenues and Other Sources	\$ 800,000	\$ 1,027,613	\$ 227,613
Total Expenditures and Other Uses	<u>1,134,815</u>	<u>956,636</u>	<u>178,179</u>
Net Change in Fund Balances	(334,815)	70,977	405,792
Fund Balance, July 1	752,093	752,093	-
Prior Year Encumbrances	<u>4,815</u>	<u>4,815</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 422,093</u>	<u>\$ 827,885</u>	<u>\$ 405,792</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, 2016

	Final Budget	Actual	Variance with Final Budget
<b>Debt Service Fund</b>			
Total Revenues and Other Sources	\$ 5,400,000	\$ 5,436,538	\$ 36,538
Total Expenditures and Other Uses	<u>5,598,400</u>	<u>5,597,862</u>	<u>538</u>
Net Change in Fund Balances	(198,400)	(161,324)	37,076
Fund Balance, July 1	2,738,268	2,738,268	-
Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,539,868</u>	<u>\$ 2,576,944</u>	<u>\$ 37,076</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, 2016

	Final Budget	Actual	Variance with Final Budget
<b>Permanent Improvement Fund</b>			
Total Revenues and Other Sources	\$ 2,100,418	\$ 2,102,954	\$ 2,536
Total Expenditures and Other Uses	<u>3,201,188</u>	<u>2,590,157</u>	<u>611,031</u>
Net Change in Fund Balances	(1,100,770)	(487,203)	613,567
Fund Balance, July 1	1,648,398	1,648,398	-
Prior Year Encumbrances	<u>451,188</u>	<u>451,188</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 998,816</u>	<u>\$ 1,612,383</u>	<u>\$ 613,567</u>
 <b>Building Fund</b>			
Total Revenues and Other Sources	\$ 100,000	\$ 127,669	\$ 27,669
Total Expenditures and Other Uses	<u>37,971,035</u>	<u>33,541,299</u>	<u>4,429,736</u>
Net Change in Fund Balances	(37,871,035)	(33,413,630)	4,457,405
Fund Balance, July 1	29,625,880	29,625,880	-
Prior Year Encumbrances Appropriated	<u>12,971,035</u>	<u>12,971,035</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 4,725,880</u>	<u>\$ 9,183,285</u>	<u>\$ 4,457,405</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, 2016

	Final Budget	Actual	Variance with Final Budget
<b>Land Grant Fund</b>			
Total Revenues and Other Sources	\$ 30	\$ 30	\$ -
Total Expenditures and Other Uses	-	-	-
Net Change in Fund Balances	30	30	-
Fund Balance, July 1	5,054	5,054	-
Prior Year Encumbrances	-	-	-
Fund Balance, June 30	<u>\$ 5,084</u>	<u>\$ 5,084</u>	<u>\$ -</u>



## **Fiduciary Fund Types**

### **Combining and Individual Fund Financial Statements and Schedules**

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#### **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, 2016

	Scholarship Trust Fund	Memorial Scholarship Trust Fund	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 28,304	\$ 5,534	\$ 33,838
Investments	18,492	58,941	77,433
Accrued interest receivable	97	302	399
 Total Assets	 46,893	 64,777	 111,670
Net Position:			
Held in trust for scholarships	46,893	64,777	111,670
 Total Net Position	 \$ 46,893	 \$ 64,777	 \$ 111,670

**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, 2016

	Scholarship Trust Fund	Memorial Scholarship Trust Fund	Total
Additions:			
Gifts and dnations	\$ 1,000	\$ -	\$ 1,000
Investment earnings	<u>219</u>	<u>649</u>	<u>868</u>
Total Additions	1,219	649	1,868
Deductions:			
Payments in accordance with trust agreements	<u>3,250</u>	<u>599</u>	<u>3,849</u>
Total Deductions	<u>3,250</u>	<u>599</u>	<u>3,849</u>
Change in Net Position	(2,031)	50	(1,981)
Net Position, Beginning of Year	<u>48,924</u>	<u>64,727</u>	<u>113,651</u>
Net Position, End of Year	<u>\$ 46,893</u>	<u>\$ 64,777</u>	<u>\$ 111,670</u>

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

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Student Managed Activities</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 180,420	\$ 584,973	\$ 562,528	\$ 202,865
Accounts receivable	<u>994</u>	<u>1,634</u>	<u>994</u>	<u>1,634</u>
Total Assets	<u>\$ 181,414</u>	<u>\$ 586,607</u>	<u>\$ 563,522</u>	<u>\$ 204,499</u>
Liabilities:				
Accounts Payable	\$ 860	\$ 7,784	\$ 860	\$ 7,784
Due to Students	<u>180,554</u>	<u>578,823</u>	<u>562,662</u>	<u>196,715</u>
Total Liabilities	<u>\$ 181,414</u>	<u>\$ 586,607</u>	<u>\$ 563,522</u>	<u>\$ 204,499</u>
<u>OHSAA Tournaments</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 2,500	\$ 290	\$ 2,210
Total Assets	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 290</u>	<u>\$ 2,210</u>
Liabilities:				
Undistributed Monies	\$ -	\$ 2,500	\$ 290	\$ 2,210
Total Liabilities	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 290</u>	<u>\$ 2,210</u>
<u>All Agency Funds</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$ 180,420	\$ 587,473	\$ 562,818	\$ 205,075
Accounts receivable	<u>994</u>	<u>1,634</u>	<u>994</u>	<u>1,634</u>
Total Assets	<u>\$ 181,414</u>	<u>\$ 589,107</u>	<u>\$ 563,812</u>	<u>\$ 206,709</u>
Liabilities:				
Accounts Payable	\$ 860	\$ 7,784	\$ 860	\$ 7,784
Undistributed Monies	-	2,500	290	2,210
Due to Students	<u>180,554</u>	<u>578,823</u>	<u>562,662</u>	<u>196,715</u>
Total Liabilities	<u>\$ 181,414</u>	<u>\$ 589,107</u>	<u>\$ 563,812</u>	<u>\$ 206,709</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>87</b>
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>92</b>
These schedules contain information to help the reader assess the affordability of the District’s most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>101</b>
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.	
<b>Demographic and Economic Information</b>	<b>105</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	
<b>Operating Information</b>	<b>107</b>
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)

	2016	2015	2014*	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in										
Capital Assets	\$ 13,548,590	\$ 13,135,136	\$ 11,096,878	\$ 9,770,962	\$ 9,102,298	\$ 8,255,663	\$ 7,106,503	\$ 6,591,590	\$ 3,581,105	\$ 2,746,745
Restricted	6,923,338	5,239,203	5,593,311	4,672,508	3,669,938	3,193,505	3,389,257	3,022,404	2,645,350	4,361,063
Unrestricted*	(59,967,924)	(61,172,695)	(63,049,565)	8,848,140	5,062,383	1,572,829	3,181,418	4,769,871	8,404,123	4,921,763
Total Governmental Activities										
Net Position	<u>\$ (39,495,996)</u>	<u>\$ (42,798,356)</u>	<u>\$ (46,359,376)</u>	<u>\$ 23,291,610</u>	<u>\$ 17,834,619</u>	<u>\$ 13,021,997</u>	<u>\$ 13,677,178</u>	<u>\$ 14,383,865</u>	<u>\$ 14,630,578</u>	<u>\$ 12,029,571</u>

\* - 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.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses:</b>										
Governmental Activities:										
Instruction										
Regular	\$ 24,777,810	\$ 23,802,440	\$ 24,021,141	\$ 24,083,445	\$ 21,730,895	\$ 22,539,999	\$ 21,794,461	\$ 20,921,349	\$ 20,402,113	\$ 19,415,375
Special	8,804,863	8,208,897	8,153,629	6,669,914	5,731,574	6,254,257	5,210,222	5,187,008	4,862,505	4,992,079
Vocational	209,063	186,286	191,199	156,843	175,938	307,590	366,978	374,707	322,964	339,690
Student Intervention Services	1,132,341	1,028,329	896,541	43,894	87,694	108,645	88,162	196,574	-	-
Other	53,412	-	196,803	186,635	2,300,758	2,138,369	2,010,131	1,723,802	1,580,947	738,706
Support Services										
Pupils	3,076,941	2,962,830	2,879,114	2,631,496	2,519,897	2,468,366	2,562,505	2,397,861	2,260,802	2,240,779
Instructional Staff	1,714,957	1,284,377	1,176,256	2,854,028	2,589,706	3,153,118	3,301,322	2,817,316	2,921,736	2,626,558
Board of Education	148,854	188,355	179,140	176,816	173,989	163,664	187,628	122,478	219,277	211,518
General Administrative	3,763,992	3,361,037	3,329,166	3,080,098	2,942,025	2,930,373	3,014,373	3,016,704	2,845,860	2,658,370
Fiscal Services	1,371,514	1,207,386	1,250,327	1,154,372	1,105,356	1,135,862	1,032,913	1,110,043	1,074,402	1,021,721
Business	439,882	387,910	397,547	406,366	331,725	372,744	377,507	328,306	424,312	467,331
Operation & Maintenance of Plant	5,218,451	4,783,456	4,637,195	4,487,853	4,339,248	4,547,833	4,939,323	4,576,377	4,557,649	4,565,253
Pupil Transportation	3,409,485	2,749,739	3,618,131	3,164,713	3,222,859	3,374,544	3,587,477	2,983,616	2,884,402	2,218,696
Central	698,167	1,511,065	290,933	136,137	264,800	152,308	156,573	159,258	135,834	157,974
Operation of Non-Instructional Services	3,690,012	3,442,372	3,327,646	3,266,319	2,002,275	1,781,285	1,842,216	2,048,717	1,619,968	1,316,479
Extra Curricular Activities	1,483,181	1,362,236	1,563,002	1,265,322	1,173,635	1,166,815	1,372,834	1,161,904	1,171,598	1,111,859
Interest and Fiscal Charges	2,906,250	2,469,601	2,092,170	1,158,713	1,293,359	1,378,204	1,473,101	1,554,734	1,695,938	1,684,221
Unallocated Depreciation	894,345	918,393	861,035	989,183	947,128	949,603	951,944	951,516	940,105	996,470
Total Governmental Activities Expenses	<u>63,793,520</u>	<u>59,854,709</u>	<u>59,060,975</u>	<u>55,912,147</u>	<u>52,932,861</u>	<u>54,923,579</u>	<u>54,269,670</u>	<u>51,632,270</u>	<u>49,920,412</u>	<u>46,763,079</u>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services										
Instruction										
Regular	\$ 746,128	\$ 1,439,531	\$ 1,560,282	\$ 1,521,079	\$ 1,536,768	\$ 1,361,358	\$ 1,350,446	\$ 1,172,696	\$ 1,210,439	\$ 1,046,150
Support Services										
General Administrative	135,796	74,072	69,699	91,204	79,856	95,836	101,160	92,037	55,580	55,191
Operation & Maintenance of Plant	120,045	33,739	72,002	90,891	81,507	18,971	21,702	7,690	7,645	13,413
Pupil Transportation	-	1,017	5,226	2,683	10,449	1,595	4,178	177,173	144,916	109,125
Operation of Non-Instructional Services	1,940,927	855,383	915,838	919,965	1,009,024	976,268	997,008	1,020,596	906,022	887,979
Extra Curricular Activities	291,370	258,280	322,152	297,105	388,271	297,351	310,701	265,267	267,831	289,042
Operating Grants and Contributions	5,034,606	4,503,129	4,735,840	4,864,556	4,705,078	5,288,347	5,389,975	4,802,612	5,580,763	3,169,533
Capital Grants and Contributions	-	-	-	-	-	-	-	47,590	22,002	63,547
Total Governmental Activities										
Program Revenues	<u>8,268,872</u>	<u>7,165,151</u>	<u>7,681,039</u>	<u>7,787,483</u>	<u>7,810,954</u>	<u>8,039,726</u>	<u>8,175,170</u>	<u>7,585,661</u>	<u>8,195,198</u>	<u>5,633,980</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (55,524,648)	\$ (52,689,558)	\$ (51,379,936)	\$ (48,124,664)	\$ (45,121,907)	\$ (46,883,853)	\$ (46,094,500)	\$ (44,046,609)	\$ (41,725,214)	\$ (41,129,099)
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental Activities										
Property Taxes Levied for:										
General Purposes	\$ 29,960,282	\$ 28,236,313	\$ 29,222,750	\$ 29,753,957	\$ 27,391,062	\$ 22,881,148	\$ 22,450,075	\$ 21,823,705	\$ 25,398,068	\$ 19,305,820
Debt Service	4,892,178	4,478,533	4,087,819	3,364,962	3,120,099	3,013,956	2,972,585	2,986,156	3,515,274	2,885,996
Permanent Improvement	1,880,614	1,784,464	1,827,705	1,878,323	1,822,135	1,769,698	1,746,642	1,651,058	1,896,292	1,446,022
Payments in Lieu of Property Taxes	14,554	43,581	27,857	-	-	-	-	-	-	-
Grants and Entitlements not										
Restricted to Specific Programs	20,961,724	20,572,119	18,949,100	17,700,452	17,179,605	18,094,408	17,780,710	16,696,853	14,927,446	15,044,832
Investment Earnings	296,388	217,474	152,459	112,157	4,576	18,970	16,871	269,720	653,606	688,694
Miscellaneous	821,268	918,094	1,182,230	771,804	724,782	450,492	420,930	322,404	376,410	325,068
Total Governmental Activities	<u>58,827,008</u>	<u>56,250,578</u>	<u>55,449,920</u>	<u>53,581,655</u>	<u>50,242,259</u>	<u>46,228,672</u>	<u>45,387,813</u>	<u>43,749,896</u>	<u>46,767,096</u>	<u>39,696,432</u>
<b>Change in Net Position</b>										
Governmental Activities	<u>\$ 3,302,360</u>	<u>\$ 3,561,020</u>	<u>\$ 4,069,984</u>	<u>\$ 5,456,991</u>	<u>\$ 5,120,352</u>	<u>\$ (655,181)</u>	<u>\$ (706,687)</u>	<u>\$ (296,713)</u>	<u>\$ 5,041,882</u>	<u>\$ (1,432,667)</u>

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

	2016	2015	2014	2013	2012	2011	2010 *	2009	2008	2007
General Fund										
Nonspendable	\$ 241,488	\$ 256,692	\$ 266,032	\$ 214,383	\$ 221,327	\$ 224,542	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	3,509,603	3,779,714	5,242,016	3,713,099
Unreserved	-	-	-	-	-	-	103,384	367,699	367,699	367,699
Assigned	4,242,346	202,011	469,327	90,959	329,579	2,703,072	-	-	-	-
Unassigned	8,217,526	11,046,402	10,488,446	9,255,756	4,853,390	-	-	2,112,664	2,573,896	445,479
<b>Total General Fund</b>	<b>\$ 12,701,360</b>	<b>\$ 11,505,105</b>	<b>\$ 11,223,805</b>	<b>\$ 9,561,098</b>	<b>\$ 5,404,296</b>	<b>\$ 2,927,614</b>	<b>\$ 3,612,987</b>	<b>\$ 6,260,077</b>	<b>\$ 8,183,611</b>	<b>\$ 4,526,277</b>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,517,845	\$ 1,074,747	\$ 1,200,213	\$ 1,775,793
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	1,315,386	1,081,802	1,048,274	639,346
Debt Service Fund	-	-	-	-	-	-	1,493,054	1,485,547	1,228,407	1,203,902
Capital Projects Fund	-	-	-	-	-	-	1,533,534	1,967,276	1,681,912	1,193,376
Permanent Fund	-	-	-	-	-	-	4,954	5,179	5,105	4,791
Nonspendable	39,200	30,952	33,323	35,408	26,052	22,025	-	-	-	-
Restricted	29,424,840	48,298,429	25,475,598	5,174,017	5,361,893	4,857,178	-	-	-	-
Unassigned	(180,209)	(122,931)	(94,535)	(86,413)	(55,070)	(10,207)	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 29,283,831</b>	<b>\$ 48,206,450</b>	<b>\$ 25,414,386</b>	<b>\$ 5,123,012</b>	<b>\$ 5,332,875</b>	<b>\$ 4,868,996</b>	<b>\$ 5,864,773</b>	<b>\$ 5,614,551</b>	<b>\$ 5,163,911</b>	<b>\$ 4,817,208</b>

\* - 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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Property and Other Local Taxes	\$ 36,697,189	\$ 34,303,596	\$ 34,696,452	\$ 35,491,288	\$ 31,839,905	\$ 28,155,939	\$ 26,841,849	\$ 26,533,798	\$ 31,426,021	\$ 24,102,202
Intergovernmental	25,786,372	25,155,914	23,706,698	22,252,327	21,591,349	23,477,846	22,840,044	21,451,994	20,294,213	18,040,005
Interest	306,841	222,495	135,547	112,157	4,576	18,970	16,871	269,720	653,706	688,646
Tuition and Fees	1,744,258	1,439,531	1,560,282	1,521,079	1,536,768	1,360,505	1,345,298	1,170,425	1,209,865	1,044,523
Rentals	120,045	33,739	72,002	90,891	81,507	18,971	21,702	7,690	7,645	13,413
Extracurricular Activities	413,981	322,053	418,822	370,972	450,404	375,297	404,044	351,456	319,403	340,540
Gifts and Donations	105,472	97,651	230,750	137,710	126,850	100,147	82,484	153,210	116,337	128,523
Customer Sales and Services	955,982	866,699	894,093	939,985	1,037,196	996,606	1,014,151	1,205,888	1,055,520	1,002,424
Payment in Lieu of Property Taxes	14,554	43,581	27,857	-	-	-	-	-	-	-
Miscellaneous	821,268	918,094	1,193,823	584,146	724,782	450,492	420,930	322,404	376,410	325,068
<b>Total Revenues</b>	<b>66,965,962</b>	<b>63,403,353</b>	<b>62,936,326</b>	<b>61,500,555</b>	<b>57,393,337</b>	<b>54,954,773</b>	<b>52,987,373</b>	<b>51,466,585</b>	<b>55,459,120</b>	<b>45,685,344</b>
<b>Expenditures</b>										
Current:										
Instruction										
Regular	24,364,282	24,500,853	23,793,783	23,644,328	21,874,431	22,440,012	21,608,728	20,815,485	20,125,153	19,219,217
Special	8,730,695	8,403,417	8,210,721	6,631,601	5,782,525	6,223,816	5,150,845	5,212,199	4,855,184	5,046,687
Vocational	194,430	189,790	178,911	156,218	216,310	310,320	353,597	346,734	344,011	336,786
Student Intervention	1,160,091	1,032,622	896,083	43,894	87,694	108,645	98,747	196,574	-	-
Other Instruction	53,412	3,779	152,642	186,635	2,300,758	2,138,369	2,010,131	1,723,802	1,580,947	738,706
Support Services										
Pupils	3,051,046	3,040,376	2,863,936	2,618,690	2,585,628	2,488,683	2,518,564	2,391,453	2,250,454	2,257,122
Instructional Staff	1,714,547	1,343,293	1,196,884	2,845,809	2,591,311	3,131,096	3,254,374	2,720,981	2,759,296	2,635,139
Board of Education	144,773	191,129	179,140	176,816	173,989	163,664	187,628	122,478	219,277	211,518
Administration	3,747,771	3,507,893	3,298,393	3,064,169	2,946,144	2,917,671	3,042,611	3,009,811	2,830,900	2,654,647
Fiscal Services	1,346,056	1,225,486	1,250,327	1,169,027	1,086,479	1,093,959	1,007,557	1,080,920	1,045,505	994,327
Business	440,405	397,924	400,554	398,364	329,307	372,441	377,307	327,897	423,932	466,933
Operation & Maintenance of Plant	4,848,526	4,714,751	4,403,107	4,016,730	3,988,792	4,496,769	4,686,135	4,567,460	4,189,844	4,265,046
Pupil Transportation	3,315,130	2,994,124	3,326,771	2,865,062	2,929,899	3,122,007	3,148,229	2,683,521	2,650,871	2,019,688
Central	708,072	1,576,372	290,702	136,137	264,800	148,832	156,573	159,258	151,691	171,923
Non-Instructional Services	3,635,699	3,470,873	3,335,134	3,241,302	2,003,170	1,776,700	1,828,851	2,029,209	1,601,572	1,295,352
Extra Curricular Activities	1,424,513	1,345,343	1,530,591	1,226,922	1,144,501	1,155,990	1,332,903	1,137,966	1,143,867	1,106,031
Capital Outlay	20,060,870	8,047,884	1,392,554	1,722,954	3,331,643	997,972	1,062,903	879,519	1,544,533	669,957
Debt Service										
Principal Retirement	2,763,110	2,768,750	2,749,510	2,565,327	2,427,197	2,328,452	2,299,953	2,281,683	2,677,995	2,755,000
Interest and Fiscal Charges	2,988,898	1,929,826	1,804,956	1,122,901	1,207,468	1,220,525	1,258,605	1,252,529	1,315,288	1,292,453
Issuance Costs	-	478,789	200,263	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 84,692,326</b>	<b>\$ 71,163,274</b>	<b>\$ 61,454,962</b>	<b>\$ 57,832,886</b>	<b>\$ 57,272,046</b>	<b>\$ 56,635,923</b>	<b>\$ 55,384,241</b>	<b>\$ 52,939,479</b>	<b>\$ 51,710,320</b>	<b>\$ 48,136,532</b>
Excess (deficiency) of revenue over (under) expenditures	\$ (17,726,364)	\$ (7,759,921)	\$ 1,481,364	\$ 3,667,669	\$ 121,291	\$ (1,681,150)	\$ (2,396,868)	\$ (1,472,894)	\$ 3,748,800	\$ (2,451,188)
<b>Other Financing (Sources) Uses</b>										
Refund of prior year expenditure/receipt (net)	-	-	-	187,658	-	-	-	-	-	-
Transfers In	-	-	30,000	-	-	20,000	31,411	30,000	20,000	20,000
Transfers (out)	-	-	(30,000)	-	-	(20,000)	(31,411)	(30,000)	(20,000)	(20,000)
Proceeds of Capital Lease	-	-	-	-	-	-	-	-	255,237	-
Premium on Bonds Issued	-	1,519,061	562,717	1,011,208	-	-	-	-	-	-
General Obligation Bonds Issued	-	30,000,000	19,910,000	-	-	-	-	-	-	-
Refunding Bonds Issued	-	11,580,000	-	8,720,000	-	-	-	-	-	-
Notes Issued	-	-	-	-	2,819,270	-	-	-	-	-
Payments to Refunded Bond Escrow	-	(12,265,776)	-	(9,639,596)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>30,833,285</b>	<b>20,472,717</b>	<b>279,270</b>	<b>2,819,270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,237</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (17,726,364)</b>	<b>\$ 23,073,364</b>	<b>\$ 21,954,081</b>	<b>\$ 3,946,939</b>	<b>\$ 2,940,561</b>	<b>\$ (1,681,150)</b>	<b>\$ (2,396,868)</b>	<b>\$ (1,472,894)</b>	<b>\$ 4,004,037</b>	<b>\$ (2,451,188)</b>
Debt Service as a Percentage of Noncapital Expenditures	8.86%	7.43%	7.58%	7.04%	7.23%	6.81%	7.01%	7.28%	8.65%	9.32%

**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	Direct	Effective
	2016	\$ 696,740,830	\$ 1,990,688,086	\$ -	\$ -	\$ 27,342,750	\$ 78,122,143	\$ 724,083,580	\$ 2,068,810,229	78.24
2015	685,495,130	1,958,557,514	-	-	25,425,030	72,642,943	710,920,160	2,031,200,457	78.51	52.97
2014	670,008,010	1,914,308,600	-	-	25,111,470	71,747,057	695,119,480	1,986,055,657	78.20	52.93
2013	668,802,840	1,910,865,257	-	-	24,059,460	68,741,314	692,862,300	1,979,606,571	76.73	51.43
2012	670,334,220	1,915,240,629	-	-	24,044,560	68,698,743	694,378,780	1,983,939,372	76.38	51.04
2011	703,647,190	2,010,420,543	-	-	22,653,280	64,723,657	726,300,470	2,075,144,200	66.91	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	66.83	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	67.42	40.91
2008	690,868,930	1,973,911,229	19,792,118	316,673,888	16,486,470	47,104,200	727,147,518	2,337,689,317	67.10	40.43
2007	669,123,630	1,911,781,800	34,863,329	278,906,632	19,064,740	54,470,686	723,051,699	2,245,159,118	67.76	41.24

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% to 18.75% 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. Effective 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  
 Last Ten Years  
 Delaware Township-Delaware City School District  
 (Per \$1000 Assessed Value)

Collection Year	Delaware City 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
2016	78.24	5.90	1.00	3.20	0.70	6.40	2.40	1.30	99.14	71.371094	75.780621
2015	78.51	5.91	1.00	3.20	0.70	6.40	2.40	2.05	100.17	72.427258	77.406301
2014	78.20	5.91	1.00	3.20	0.70	5.40	2.40	2.05	98.86	72.453970	76.293884
2013	76.73	5.05	1.00	3.20	0.70	5.40	2.40	2.05	96.53	70.101180	73.416746
2012	76.38	5.05	1.00	3.20	0.70	5.40	2.40	2.05	96.18	69.700060	72.869693
2011	66.91	5.05	1.00	3.20	0.70	5.40	2.40	2.05	86.71	58.838259	62.716264
2010	66.83	5.04	1.03	3.20	0.70	5.40	2.40	2.05	86.65	58.704494	62.820631
2009	67.42	4.25	0.04	3.20	0.70	5.40	2.40	2.05	85.46	57.455739	61.795647
2008	67.10	4.25	0.06	3.20	0.70	5.40	2.20	1.85	84.76	56.262098	61.180633
2007	67.76	4.25	0.07	3.20	0.70	5.40	2.20	1.85	85.43	56.704463	61.959232

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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  
 Last Ten Years  
 City of Delaware-Delaware City School District  
 (Per \$1000 Assessed Value)

<u>Collection Year</u>	<u>Delaware City School District</u>	<u>Delaware County</u>	<u>City of Delaware</u>	<u>Delaware County District Library</u>	<u>Delaware Area Career Center</u>	<u>Delaware Health Dept</u>	<u>Other</u>	<u>Total Rate</u>	<u>Residential/Agriculture Effective Rate</u>	<u>Commercial/Industrial Effective Rate</u>
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
2008	67.10	4.25	2.70	0.06	3.20	0.70	1.85	79.86	51.601574	56.431302
2007	67.76	4.25	2.70	0.07	3.20	0.70	1.85	80.53	52.040831	57.233446

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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  
Last Ten Years  
Troy Township-Delaware City School District  
(Per \$1000 Assessed Value)**

<u>Collection Year</u>	<u>Delaware City School District</u>	<u>Delaware County</u>	<u>Delaware County District Library</u>	<u>Delaware Area Career Center</u>	<u>Delaware Health Dept</u>	<u>Tri-Twp Fire District</u>	<u>Township</u>	<u>Other</u>	<u>Total Rate</u>	<u>Residential/ Agriculture Effective Rate</u>	<u>Commercial/ Industrial Effective Rate</u>
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
2008	67.10	4.25	0.06	3.20	0.70	5.40	2.20	1.85	84.76	56.351536	61.299213
2007	67.76	4.25	0.07	3.20	0.70	5.40	2.20	1.85	85.43	56.794529	62.082230

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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  
Last Ten Years  
Delaware Township-Delaware Corp-Del City School Dist  
(Per \$1000 Assessed Value)**

<u>Collection Year</u>	<u>Delaware City School District</u>	<u>Delaware County</u>	<u>City of Delaware</u>	<u>Delaware County District Library</u>	<u>Delaware Area Career Center</u>	<u>Delaware Health Dept</u>	<u>Township</u>	<u>Other</u>	<u>Total Rate</u>	<u>Residential/ Agriculture Effective Rate</u>	<u>Commercial/ Industrial Effective Rate</u>
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
2008	67.10	4.25	1.35	0.06	3.20	0.70	1.95	1.85	80.46	52.112136	56.912722
2007	67.76	4.25	1.35	0.07	3.20	0.70	1.95	1.85	81.13	52.550765	57.710448

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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  
Last Ten Years  
Brown Township-Delaware Corp-Del City School Dist  
(Per \$1000 Assessed Value)**

<u>Collection Year</u>	<u>Delaware City School District</u>	<u>Delaware County</u>	<u>City of Delaware</u>	<u>Delaware County District Library</u>	<u>Delaware Area Career Center</u>	<u>Delaware Health Dept</u>	<u>Township</u>	<u>Other</u>	<u>Total Rate</u>	<u>Residential/ Agriculture Effective Rate</u>	<u>Commercial/ Industrial Effective Rate</u>
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
2008	67.10	4.25	1.35	0.06	3.20	0.70	3.85	1.85	82.36	53.575486	58.664327
2007	67.76	4.25	1.35	0.07	3.20	0.70	3.85	1.85	83.03	54.013791	59.159243

97

This tax district was first used in tax year 2005, collection year 2006

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  
Last Ten Years  
Troy Township-Delaware Corp-Del City School Dist  
(Per \$1000 Assessed Value)**

<u>Collection Year</u>	<u>Delaware City School District</u>	<u>Delaware County</u>	<u>City of Delaware</u>	<u>Delaware County District Library</u>	<u>Delaware Area Career Center</u>	<u>Delaware Health Dept</u>	<u>Township</u>	<u>Other</u>	<u>Total Rate</u>	<u>Residential/ Agriculture Effective Rate</u>	<u>Commercial/ Industrial Effective Rate</u>
2016	78.24	5.90	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	1.00	3.20	0.70	1.35	2.05	94.07	67.154417	71.515893
2014	78.20	5.91	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	1.00	3.20	0.70	1.35	2.05	91.43	65.176442	68.453865
2012	76.38	5.05	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	1.00	3.20	0.70	1.35	2.05	81.61	54.025243	57.806992
2010	66.83	5.04	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	0.04	3.20	0.70	1.35	2.05	80.36	52.670935	56.839017
2008	67.10	4.25	1.35	0.06	3.20	0.70	1.35	1.85	79.86	61.501574	56.431302
2007	67.76	4.25	1.35	0.07	3.20	0.70	1.35	1.85	80.53	52.040831	57.233446

86

This tax district was first used in tax year 2005, collection year 2006

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  
Principal Taxpayers  
June 30, 2016 and June 30, 2007**

<u>June 30, 2016</u>		
	Total Assessed Valuation	% of Total Assessed Valuation
<b>Public Utilities</b>		
1 . Ohio Power Company	\$19,558,970	2.70%
2 . Columbia Gas of Ohio	3,923,180	0.54%
3 . AEP Ohio Transmission Company Inc	1,383,490	0.19%
4 . Consolidated Electric Cooperative	1,298,720	0.18%
<b>Real Estate</b>		
1 . Troy Farms Holdings LLC	7,545,230	1.04%
2 . Willow Brook Christian Communities Inc.	5,106,680	0.71%
3 . Carson Farms Investments LLC	4,975,870	0.69%
4 . The Crown Group Limited	4,712,110	0.65%
5 . USPG Portfolio Two LLC	3,973,600	0.55%
6 . Bowtown Apartments Inc.	3,958,290	0.55%
7 . S A R B G Delaware Ltd	3,773,700	0.52%
8 . Delaware Development Plan Ltd	3,739,270	0.52%
9 . Long Real Estate Inc.	3,238,110	0.45%
10 . Western Auto Supply Company	2,187,510	0.30%
ALL OTHERS	<u>654,708,850</u>	<u>90.42%</u>
TOTAL ASSESSED VALUATION	<u>\$724,083,580</u>	<u>100.00%</u>
<u>June 30, 2007</u>		
	Total Assessed Valuation	% of Total Assessed Valuation
<b>Public Utilities</b>		
1 . Columbus Southern Power Company	\$10,443,430	1.44%
2 . Verizon North Inc.	3,810,320	0.53%
3 . Columbia Gas of Ohio	1,726,670	0.24%
4 . Consolidated Electric Cooperative	431,040	0.06%
<b>Real Estate</b>		
1 . Troy Fams LLC	5,730,880	0.79%
2 . Bowtown Apartments, Inc.	4,529,210	0.63%
3 . S A R B G Delaware Ltd	3,871,670	0.54%
4 . Long Real Estate Inc.	3,404,140	0.47%
5 . USPG Portfolio Two LLC	3,204,720	0.44%
6 . City of Delaware	2,788,980	0.39%
7 . Western Auto Supply Company	2,584,440	0.36%
8 . Willow Brook Christian Communities Inc.	2,403,400	0.33%
9 . PPG Industries Ohio Inc	2,226,810	0.31%
10 . Hayes Colony LLC	2,072,320	0.29%
ALL OTHERS	<u>673,823,669</u>	<u>93.19%</u>
TOTAL ASSESSED VALUATION	<u>\$723,051,699</u>	<u>100.00%</u>

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

Assessed Values are for the valuation year of 2016 and 2007 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	(See Note A)	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy		
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
2008	31,563,964	30,004,262	95.06	1,294,830	31,299,092	99.16	1,030,372	3.26
2007	32,080,970	29,894,876	93.19	923,584	30,818,459	96.06	904,788	2.82

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

Note A: The County does not identify delinquent tax collections by tax year. While it is anticipated delinquent amounts will be tracked by tax year in the future, that information is not currently available. Currently delinquent taxes are levied in total each year the amount remains delinquent. Other adjustments primarily include penalties and interest, since by Ohio law they become part of the tax obligation as assessment occurs. The District will work with the County to ensure information is presented when available.

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

Year	Governmental Activities			Total Primary Government	(c) Percentage of Personal Income	(c) Per Capita	(c) Per Enrollment
	(a) Net Bonded Debt	(b) Energy Conservation Notes Payable	(b) Capital Leases				
2016	\$ 70,889,692	\$ 2,172,530	\$ -	7.20%	\$ 1,975	\$ 13,749	
2015	73,698,035	2,340,640	-	7.73%	2,086	14,081	
2014	45,563,414	2,504,390	-	5.20%	1,338	8,652	
2013	27,803,895	2,663,900	-	3.30%	848	5,574	
2012	30,109,237	2,819,270	14,957	3.61%	929	6,259	
2011	32,490,263	-	72,154	3.61%	930	6,260	
2010	34,725,620	-	125,606	4.83%	996	6,905	
2009	36,880,507	-	175,559	5.26%	1,085	7,597	
2008	38,984,491	-	222,242	5.68%	1,172	8,106	
2007	40,930,152	-	440,000	6.17%	1,273	8,828	

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**

<u>Year</u>	<u>(a) Assessed Value</u>	<u>(b) Gross Bonded Debt</u>	<u>(c) Less Debt Service</u>	<u>Net Bonded Debt</u>	<u>% of Net Bonded Debt to Assessed Valuation</u>	<u>(d) Net Bonded Debt Per Capita</u>	<u>(d) Net Bonded Debt Per Enrollment</u>
2016	\$ 724,083,580	\$ 70,889,692	\$ 3,921,633	66,968,059	9.25%	\$ 1,810	\$ 12,602
2015	710,920,160	73,698,035	3,971,413	69,726,622	9.81%	1,912	12,912
2014	695,119,840	45,563,414	3,088,653	42,474,761	6.11%	1,182	7,645
2013	692,862,300	27,803,895	2,579,542	25,224,353	3.64%	702	4,615
2012	694,378,780	30,109,237	2,026,061	28,083,176	4.04%	792	5,336
2011	726,300,470	32,490,263	1,978,209	30,512,054	4.20%	871	5,865
2010	727,228,105	34,725,620	1,905,783	32,819,837	4.51%	938	6,503
2009	713,336,866	36,880,507	1,953,294	34,927,213	4.90%	1,022	7,160
2008	727,147,518	38,984,491	1,917,137	37,067,354	5.10%	1,108	7,663
2007	723,051,699	40,930,152	1,739,268	39,190,884	5.42%	1,206	8,363

Sources :

- (a) Office of the County Auditor, Delaware County, Ohio
- (b) General Obligation debt outstanding end of fiscal year. School District Records
- (c) Balance of General Obligation Bond Retirement fund 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, 2016**

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	\$ 73,062,222	100.00%	\$73,062,222
Delaware City	15,055,000	89.14%	13,420,027
Delaware County	<u>54,549,538</u>	10.54%	<u>5,749,521</u>
Total Direct	73,062,222		73,062,222
Total Overlapping	69,604,538		19,169,548
Total Direct and Overlapping	<u>\$ 142,666,760</u>		<u>\$92,231,770</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**

	2016	2015*	2014	2013	2012	2011	2010	2009	2008	2007
Assessed Valuation	724,083,580	710,920,160	695,119,840	692,862,300	694,378,780	726,300,470	727,228,105	713,336,866	727,147,518	723,051,699
Voted Debt Limit - 9% of Assessed Valuation	65,167,522	63,982,814	62,560,786	62,357,607	62,494,090	65,367,042	65,450,529	64,200,318	65,443,277	65,074,653
Net Indebtedness (a)	66,968,059	69,726,622	42,474,761	25,224,353	28,083,176	30,512,054	32,819,837	34,927,213	37,067,354	39,190,884
Less Exempted Debt (b)	-	-	-	-	-	-	-	-	-	-
Net Voted Indebtedness	66,968,059	69,726,622	42,474,761	25,224,353	28,083,176	30,512,054	32,819,837	34,927,213	37,067,354	39,190,884
Legal Debt Margin*	(1,800,537)	(5,743,808)	20,086,025	37,133,254	34,410,914	34,854,988	32,630,692	29,273,105	28,375,923	25,883,769
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	103%	109%	68%	40%	45%	47%	50%	54%	57%	60%
Unvoted Debt Limit - 1% of Assessed Valuation (General Limitation)	7,240,836	7,109,202	6,951,198	6,928,623	6,943,788	7,263,005	7,272,281	7,133,369	7,271,475	7,230,517
Unvoted Net Indebtedness	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	7,240,836	7,109,202	6,951,198	6,928,623	6,943,788	7,263,005	7,272,281	7,133,369	7,271,475	7,230,517
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)	6,516,752	6,398,281	6,256,079	6,235,761	6,249,409	6,536,704	6,545,053	6,420,032	6,544,328	6,507,465
Unvoted Net Indebtedness	2,172,530	2,340,640	2,504,390	2,663,900	2,819,270	-	-	-	-	-
Legal Debt Margin	4,344,222	4,057,641	3,751,689	3,571,861	3,430,139	6,536,704	6,545,053	6,420,032	6,544,328	6,507,465
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	33%	37%	40%	43%	45%	0%	0%	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) - See schedule of Ratios of Net General Bonded Debt Outstanding.

(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
2016	37,002	\$ 27,426	\$ 1,014,632,000	3.70%	33.50%	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
2008	33,440	20,633	689,967,520	4.60%	18.30%	4,837
2007	32,500	20,633	670,572,500	4.00%	18.30%	4,686

Sources :

- (a) Population for the District is estimated based on estimates from Census data & the City of Delaware.  
2016 information not available at time of publication; 2015 number used.
- (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 Ten Years Ago**

2016		
Employer	Employees	Type of Business
Delaware County	1,119	County Government
Ohio Health (Grady Memorial Hospital)	1,014	Healthcare
American Showa, Inc.	668	Manufacturing
Delaware City School District	619	Education
Ohio Wesleyan University	535	Education
	<u>3,955</u>	

2007		
Employer	Employees	Type of Business
Delaware County	1,004	Government
American Showa, Inc.	633	Manufacturing
Grady Memorial Hospital	631	Healthcare
Delaware City Schools	526	Education
Ohio Wesleyan University	500	Education
Leibert Corporation	450	Manufacturing
	<u>3,744</u>	

Note: Percentage of total employment is not available, as total employment figures for the District were not available.

Source: Delaware County; Delaware, Ohio

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Professional Staff:</b>										
Teaching Staff:										
Regular Education Teaching	N/A	N/A	240.07	229.00	225.35	233.71	229.42	230.57	219.00	215.55
Special Education Teaching*	N/A	N/A	60.00	57.13	57.34	56.71	56.83	52.50	53.97	54.72
Vocational Education Teaching	N/A	N/A	3.00	2.57	2.57	2.57	2.57	3.57	3.50	3.50
Tutors/Small Group Instruction	N/A	N/A	-	-	0.19	0.19	-	-	-	-
Administrators										
District/Building	N/A	N/A	27.00	20.00	21.00	22.00	21.00	21.00	21.00	21.00
Auxiliary Positions										
Psychologists	N/A	N/A	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Counseling	N/A	N/A	11.00	10.00	11.00	11.00	10.00	10.00	10.00	10.00
Nurses	N/A	N/A	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Speech and Language Therapist	N/A	N/A	5.00	5.00	4.00	3.00	4.00	4.00	4.00	4.00
Adapted Phys Ed/Occupational Therapist										
Physical Therapist										
Social Work	N/A	N/A	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Librarian/Media	N/A	N/A	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00
Remedial Specialist	N/A	N/A	8.00	10.00	10.00	12.00	10.00	5.00	10.00	9.00
Planning, Curriculum										
Other Professional	N/A	N/A	11.22	8.00	9.00	11.00	11.00	11.00	11.00	11.00
Support Staff										
Clerical	N/A	N/A	29.00	30.00	30.00	30.00	30.00	30.00	29.00	30.00
Instructional Paraprofessional	N/A	N/A	39.00	37.00	31.00	38.00	34.00	32.00	30.00	29.00
Teaching Aides	N/A	N/A	1.00	1.00	1.00	3.00	1.00	1.00	1.00	2.00
Library Aide	N/A	N/A	9.00	8.00	8.00	9.00	10.00	12.00	11.00	11.00
Other Technical/Service	N/A	N/A	-	-	-	-	-	-	-	-
Accounting, Bookkeeping	N/A	N/A	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00
Food Service	N/A	N/A	39.00	40.00	37.00	37.00	37.00	36.00	27.00	28.00
Dispatching	N/A	N/A	2.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Vehicle Operator (non-bus)	N/A	N/A	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Custodial	N/A	N/A	29.00	31.00	30.00	31.00	30.00	30.00	30.00	30.00
Maintenance	N/A	N/A	5.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00
Electrician	N/A	N/A	1.00	2.00	2.00	2.00	2.00	1.00	-	1.00
Bus Drivers	N/A	N/A	44.00	42.00	37.00	36.00	37.00	34.00	33.00	32.00
Mechanics	N/A	N/A	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>580.29</b>	<b>554.70</b>	<b>538.45</b>	<b>560.18</b>	<b>549.82</b>	<b>538.64</b>	<b>517.47</b>	<b>517.77</b>

<b>Function</b>	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
Instruction										
Regular and Special	N/A	N/A	311.07	298.70	295.45	305.18	298.82	291.64	286.47	282.77
Support Services										
Pupils	N/A	N/A	35.22	31.00	32.00	33.00	34.00	34.00	34.00	34.00
Instructional Staff	N/A	N/A	51.00	48.00	42.00	51.00	47.00	47.00	44.00	44.00
School Administration	N/A	N/A	43.00	37.00	38.00	39.00	38.00	38.00	37.00	38.00
Fiscal	N/A	N/A	5.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00
Business	N/A	N/A	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance	N/A	N/A	37.00	39.00	38.00	40.00	39.00	38.00	37.00	39.00
Transportation	N/A	N/A	51.00	48.00	43.00	42.00	43.00	41.00	40.00	39.00
Central	N/A	N/A	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Community Service	N/A	N/A	40.00	41.00	38.00	38.00	38.00	37.00	28.00	29.00
Extra Curricular Activities	N/A	N/A	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Total Governmental Activities</b>	<b>N/A</b>	<b>N/A</b>	<b>580.29</b>	<b>554.70</b>	<b>538.45</b>	<b>560.18</b>	<b>549.82</b>	<b>538.64</b>	<b>517.47</b>	<b>517.77</b>
<b>Total Primary Government</b>	<b>N/A</b>	<b>N/A</b>	<b>580.29</b>	<b>554.70</b>	<b>538.45</b>	<b>560.18</b>	<b>549.82</b>	<b>538.64</b>	<b>517.47</b>	<b>517.77</b>

N/A - Information not available at the time of this document's preparation. EMIS has changed their reporting and we are working to develop a report that provides us this information.  
 \* Includes Preschool and Gifted

Source - School District EMIS (Education Management Information System) Records

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

<u>Function</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Governmental Activities</b>										
Instruction										
Regular and Special										
Support Services - Pupil										
Enrollment (Students)	5,314	5,453	5,556	5,466	5,263	5,202	5,047	4,878	4,837	4,686
Graduation Rate*	93.8%	90.9%	93.2%	90.4%	90.4%	90.2%	92.6%	91.5%	92.6%	94.8%
% of Students with Disabilities	14.7%	14.4%	14.3%	14.5%	14.1%	14.8%	14.2%	14.5%	14.8%	15.0%
% of Limited English Proficient Students	0.7%	1.4%	1.1%	1.1%	1.0%	1.4%	1.7%	1.4%	1.1%	1.1%
Support Services										
Instructional Staff										
Information Technology Services										
Work Orders Completed	2,778	3,014	2,885	2,596	2,278	2,636	2,446	2,153	N/A	N/A
School Administration										
Student Attendance Rate	95.2%	95.2%	95.7%	95.0%	94.8%	95.1%	94.6%	94.5%	94.4%	94.8%
Fiscal										
Purchase Orders Processed	3,406	3,919	4,023	4,290	4,100	4,492	4,559	4,501	4,567	4,473
Nonpayroll Checks Issued	4,361	4,724	5,665	5,703	5,312	4,862	4,937	5,048	4,989	4,736
Maintenance										
District Square Footage Maintained by Custodians and Maintenance Staff	755,801	736,968	736,968	736,968	736,968	736,968	736,968	736,968	736,968	736,968
District Acreage Maintained by Grounds Staff	163.42	162.52	161.43	161.43	161.43	161.43	161.43	161.43	161.43	161.43
Transportation										
Avg. Public and Parochial Students Transported Daily (includes special education)	3,025	2,932	3,104	2,933	3,120	3,097	2,773	2,592	2,939	3,064
Avg. Daily Bus Fleet Mileage	2,675	2,433	2,504	2,450	2,474	2,508	2,442	2,399	2,255	2,277
Number of Buses in District Fleet	51	50	49	48	48	47	45	43	41	41
Community Services										
Number of Students Enrolled in District School-Aged Childcare Program	559	535	514	830	512	481	435	350	N/A	225
Food Service Operations										
Meals Served to Students										
Lunch	465,941	440,868	475,455	503,834	535,678	498,114	478,490	440,392	414,041	395,032
Breakfast	112,054	92,616	93,969	98,740	107,528	98,333	85,717	64,522	46,331	39,061

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

\* - Beginning with FY2011, graduation rate is presented as a four-year rate.  
N/A - Information not available at time of publication

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**

	2016	2015	2014	2013
<b>Governmental Activities</b>				
Regular Instruction				
Land	\$ 2,440,887	\$ 2,440,887	\$ 2,440,887	\$ 2,440,887
Land Improvements	2,396,957	2,399,191	2,399,191	2,399,191
Buildings and Improvements	51,548,976	50,044,500	50,044,500	50,044,500
Furniture Fixtures and Equip.	1,364,397	1,405,332	1,392,240	1,470,257
Books	341,357	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	28,509	28,509
Instructional Staff Support				
Furniture Fixtures and Equip.	138,084	138,084	138,084	138,084
Books	925,054	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.	86,717	91,745	97,945	97,945
Operations and Maintenance				
Land	116,379	116,379	116,379	116,379
Land Improvements	63,463	39,567	39,567	39,567
Buildings and Improvements	5,307,061	2,295,985	2,084,280	1,966,413
Furniture Fixtures and Equip.	602,121	562,984	877,470	737,744
Buses, autos and trucks	145,627	145,627	102,417	102,417
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	4,059,918	4,040,379	3,872,605	3,765,039
Community Relations				
Furniture Fixtures and Equip.	36,269	29,664	6,934	
Food Service Operations				
Furniture Fixtures and Equip.	606,063	614,055	389,367	389,367
Extracurricular Activities				
Land Improvements	259,853	259,853	259,853	259,853
Buildings and Improvements	884,512	1,119,512	1,119,512	1,119,512
Furniture Fixtures and Equip.	42,766	28,378	28,378	17,520
Other Facilities Acquisition & Construction				
Land	487,169	335,224	-	-
 Total Governmental Activities Capital Assets	 <u>\$ 73,031,540</u>	 <u>\$ 68,580,174</u>	 <u>\$ 67,882,438</u>	 <u>\$ 67,577,505</u>

\* Indicates a year that was later restated.

Source: School District capital asset records



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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Ervin Carlisle Elementary (1955, 1979)										
Square Feet	45,269	45,269	45,269	45,269	45,269	45,269	45,269	45,269	45,269	45,269
Capacity (Students)	491	491	491	491	491	491	491	491	491	491
Enrollment	478	505	549	549	540	524	531	520	480	470
James Conger Elementary (1966, 1995)										
Square Feet	52,780	52,780	52,780	52,780	52,780	52,780	52,780	52,780	52,780	52,780
Capacity (Students)	524	524	524	524	524	524	524	524	524	524
Enrollment	342	379	399	399	423	431	417	389	388	395
John C. Dempsey Middle School (2000)										
Square Feet	132,144	132,144	132,144	132,144	132,144	132,144	132,144	132,144	132,144	132,144
Capacity (Students)	816	816	816	816	816	816	816	816	816	816
Enrollment	834	858	824	824	753	720	724	685	668	679
Rutherford B. Hayes High School (1962, 1996)										
Square Feet	233,380	233,380	233,380	233,380	233,380	233,380	233,380	233,380	233,380	233,380
Capacity (Students)	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366
Enrollment	1,489	1,460	1,444	1,444	1,397	1,423	1,359	1,363	1,418	1,334
Robert F. Schultz Elementary (1994)										
Square Feet	74,442	55,609	55,609	55,609	55,609	55,609	55,609	55,609	55,609	55,609
Capacity (Students)	532	532	532	532	532	532	532	532	532	532
Enrollment	600	555	539	539	528	516	509	471	461	445
David Smith Elementary (1950, 1982)										
Square Feet	34,628	34,628	34,628	34,628	34,628	34,628	34,628	34,628	34,628	34,628
Capacity (Students)	425	425	425	425	425	425	425	425	425	425
Enrollment	413	401	411	411	403	384	399	417	403	361
Frank B. Willis Intermediate School (1883, 1933)										
Square Feet	118,353	118,353	118,353	118,353	118,353	118,353	118,353	118,353	118,353	118,353
Capacity (Students)	729	729	729	729	729	729	729	729	729	729
Enrollment	828	807	877	877	841	815	753	698	707	694
Laura Woodward Elementary (1950, 1975, 1980)										
Square Feet	39,565	39,565	39,565	39,565	39,565	39,565	39,565	39,565	39,565	39,565
Capacity (Students)	500	500	500	500	500	500	500	500	500	500
Enrollment	330	435	423	423	378	389	355	335	312	308
Administration Building (1869)										
Square Feet	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840
District Technology Center (1955)										
Square Feet	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400
Transportation (1997)										
Square Feet	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	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.

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>ACT Scores (Averages)</b>										
Delaware	22.8	22.3	21.8	22.4	22.9	22.5	21.8	22.4	22.5	21.0
Ohio	22.0	22.0	22.0	21.8	21.8	21.8	21.8	21.7	21.7	21.6
National	20.8	21.0	21.0	20.9	21.1	21.1	21.0	21.1	21.1	21.2
<b>SAT Scores (Averages)</b>										
Delaware										
Verbal/Critical Reading	N/A	541	552	536	573	545	535	531	560	518
Mathematics	N/A	539	556	529	569	544	531	534	562	527
Writing	N/A	508	521	507	537	527	495	525	531	490
Ohio										
Verbal/Critical Reading	N/A	557	555	548	543	539	538	537	534	536
Mathematics	N/A	563	562	556	552	545	548	546	544	542
Writing	N/A	537	535	531	525	522	522	523	521	522
National										
Verbal/Critical Reading	N/A	495	497	496	496	497	501	501	502	502
Mathematics	N/A	511	513	514	514	514	516	515	515	515
Writing	N/A	484	487	488	488	489	492	493	494	494
<b>National Merit Scholars</b>										
Finalist	2	0	0	0	0	1	0	2	1	1
Semi-Finalist	0	2	4	3	0	1	0	3	3	0
Commended Scholars	0	0	2	0	4	0	2	1	2	3
<b>State Testing Indicators</b>										
Total Number of Indicators	29	33	24	24	26	26	26	30	30	30
Delaware Met	11	26	23	23	26	26	24	27	26	25
State Average Met	N/A	N/A	N/A	20	21	18	18	19	18	19
Performance Index Score *	73.5	76.5	101.4	100.0	100.3	100.3	97.8	98.2	96.3	97.1
<b>ODE Per Pupil Costs</b>										
Delaware	\$ 9,733	\$ 9,923	\$ 9,597	\$ 9,142	\$ 9,681	\$ 10,008	\$ 9,821	\$ 10,235	\$ 9,463	\$ 9,536
State Avg.	\$ 11,163	\$ 10,985	\$ 10,913	\$ 10,446	\$ 10,597	\$ 10,697	\$ 10,565	\$ 10,253	\$ 9,990	\$ 9,623
<b>Average Teacher Salary</b>										
Delaware	\$ 59,635	\$ 57,720	\$ 57,305	\$ 57,700	\$ 56,543	\$ 57,373	\$ 56,865	\$ 55,473	\$ 52,500	\$ 51,401
State Avg.	\$ 57,154	\$ 56,748	\$ 57,636	\$ 57,966	\$ 58,120	\$ 57,904	\$ 56,995	\$ 55,583	\$ 54,210	\$ 52,596
<b>Teacher Years' Experience</b>										
% Teachers 0-4 Years Experience	N/A	26.5%	26.9%	21.3%	26.1%	23.8%	25.0%	21.6%	17.7%	12.8%
% Teachers 4-10 Years Experience	N/A	22.1%	20.1%	21.0%	15.7%	20.1%	16.6%	19.2%	23.1%	27.8%
% Teachers 10+ Years Experience	N/A	51.4%	53.0%	57.6%	58.2%	56.1%	58.5%	59.2%	59.2%	59.4%
Percentage of Teachers with a Master's Degree or Higher	68.9%	69.9%	71.1%	72.8%	71.9%	58.4%	60.0%	63.7%	66.6%	61.1%
<b>ODE Teacher/Pupil Ratio</b>										
Delaware	N/A	19.73	20.07							
State Avg.	N/A	18.47	19.48							
Percentage of Students on Free/Reduced Lunch	36.8%	35.1%	36.2%	38.2%	37.0%	35.5%	33.9%	31.6%	27.9%	27.4%

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.

Source : School District Student Records and Ohio Department of Education



# Delaware City School District

Delaware, Ohio



FRONTSIDE OF BACK COVER



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Delaware, OH 43015  
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# Dave Yost • Auditor of State

**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 24, 2017**