

DAVENPORT  
COMMUNITY  
SCHOOLS

*A District of Distinction*



# Comprehensive Annual Financial Report

*For the year ended June 30, 2015*

1606 Brady Street, Davenport, Iowa 52803

In the counties of Scott and Muscatine, State of Iowa

# **Davenport Community School District**

In the Counties of Scott & Muscatine, State of Iowa

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2015

**Prepared by:**

**Marsha Tangen**

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**Chief Financial Officer  
1606 Brady Street  
Davenport, Iowa 52803**

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**Introductory Section**

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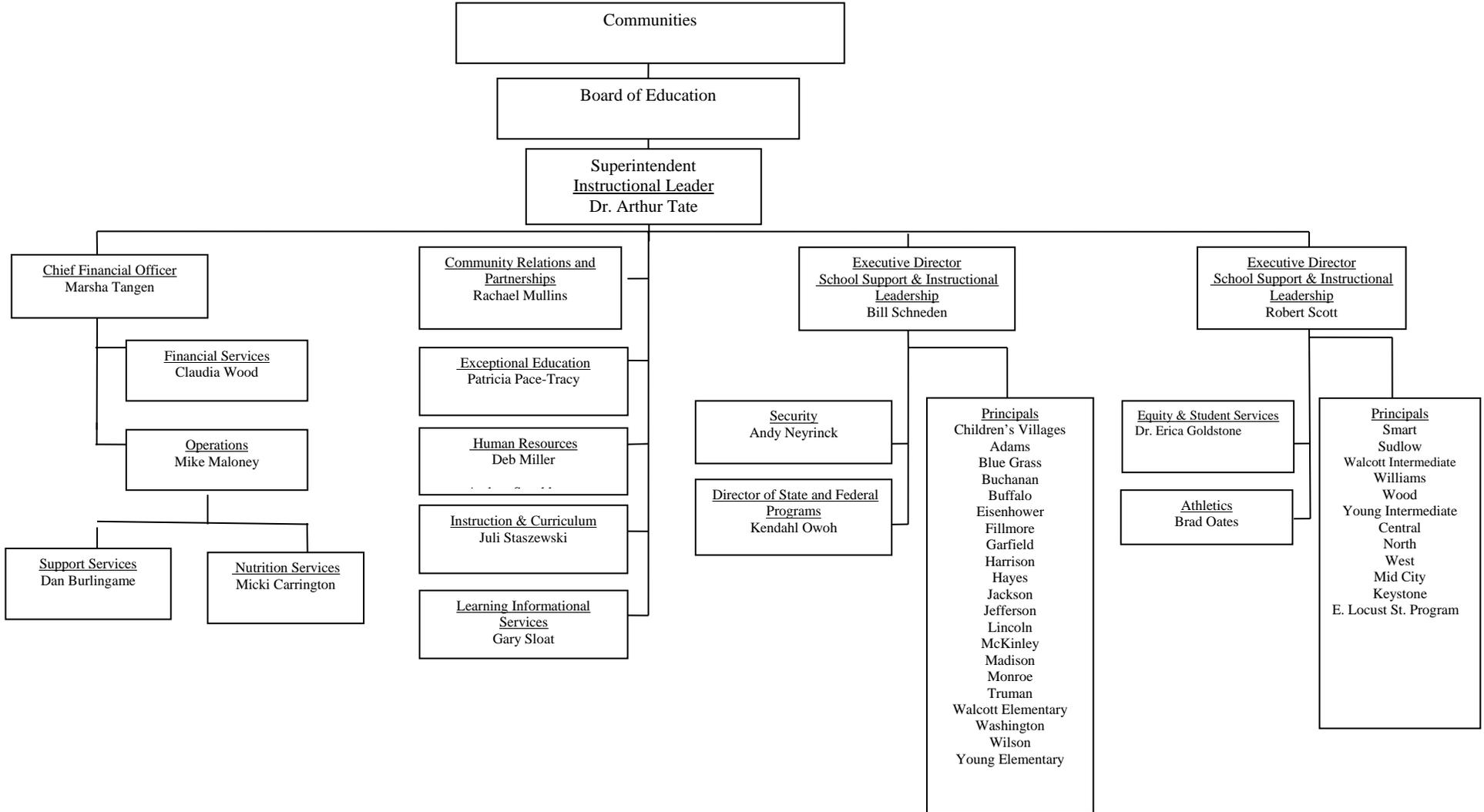
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# Davenport Community School District – 2014-2015 Organizational Chart





## DAVENPORT COMMUNITY SCHOOL DISTRICT

### *Priorities*

*The Davenport School Board establishes the following priorities to ensure the academic success of all students:*

- *Provide leadership and direction to improve the overall learning environment in our classrooms, schools and district including the health, safety, security and happiness of students and staff;*
- *Direct and support actions, programs, and activities which reduce the impacts of poverty on our students, their families and our community.*

### *Mission Statement*

*Enhance each student's abilities by providing a quality education enriched by our diverse community.*

### *Vision Statement*

*Education that challenges conventional thinking, prepares all students to compete in a global society, and inspires our students, parents, staff and community to answer the question, "What if?"*

**Board of Education**

Ralph Johanson	President	Expires 2015
Ken Krumwiede	Vice President	Expires 2015
Richard Clewell	Director	Expires 2017
Nikki DeFauw	Director	Expires 2015
Maria Dickmann	Director	Expires 2017
Linda Hayes	Director	Expires 2015
Jamie Snyder	Director	Expires 2017

**District Officials**

Dr. Arthur Tate	Superintendent
Mary Correthers	Board Secretary/Treasurer
Marsha Tangen	Chief Financial Officer

DAVENPORT  
COMMUNITY  
SCHOOLS

*A District of Distinction*

*Distinguished* Legacy\*\* *Unmatched* Opportunities\*\* *Remarkable* Results



www.davenportschools.org

*Marsha L Tangen, Chief Financial Officer*

Achievement Service Center

1606 Brady Street

Davenport, Iowa, 52804

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February 23, 2016

To President Johanson, Members of the Board of Directors and Citizens of the Davenport Community School District:

It is indeed our pleasure to submit to you the Comprehensive Annual Financial Report, (CAFR) for the Davenport Community School District, (the "District") for the year ending June 30, 2015. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the officials of the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds of the District. The District is not included in any other reporting entity, nor are any other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

Designed to meet the needs of a broad range of readers of financial statements, this CAFR is divided into four major sections:

1. The Introductory Section. This section includes the organizational chart for the District, a list of the Board of Directors and District officials, the District Mission Statement, a transmittal letter, and District accomplishments.

2. The Financial Section. The School District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements.

3. The Statistical Section. The statistical section sets forth selected unaudited financial and demographic information, generally presented on a multi-year basis.

4. The Internal Controls and Compliance Section. The School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

Management of the District is responsible for establishing and maintaining an internal control structure 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 generally accepted accounting principles. The internal control structure is 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; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Eide Bailly, Certified Public Accountants have issued an unmodified ("clean") opinion on the Davenport Community School District's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statement. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **Profile of the District**

The county seat, and the largest city in Scott County, is Davenport. Centrally located on the banks of the Mississippi River, Davenport is Iowa's third largest city, and one of its oldest. Davenport was incorporated in 1838, eight years before Iowa became a state. It is a "special charter" city with special governing prerogatives.

The Davenport area is the home of hard-working, industrious people with both urban and rural ancestry. Boasting some of the most fertile farm ground in the world, Davenport is a community whose founder, Antoine LeClaire, played a role in the exploration of the Mississippi River region in the early 1800s. It also is a community where the first female public school superintendent served from 1874 to 1878 and a major school building program was accomplished during the throes of the Great Depression of the 1930s.

It was 1858 when LeClaire provided a \$500 loan to help establish the present Davenport Community Schools from several separate school systems in the area. Since then, the District has grown by building on its industrious heritage with innovative programs that serve the needs of all children.

Today, approximately 16,000 students attend the Davenport Community Schools, one of the largest school districts in a state that is well-known for its excellent educational programming.

The Davenport Community School District (the "District") is a political subdivision of the State of Iowa and operates public schools for children in grades pre-school through twelve. The geographic area served includes the cities of Davenport, Blue Grass, Walcott and Buffalo, Iowa and portions of the agricultural territory in Scott and Muscatine Counties.

The District is governed by a seven member Board of Education whose members serve four-year terms and are elected on a nonpartisan basis. The District is the third largest in the state of Iowa. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The District is composed of four high schools, four intermediate schools, two kindergarten through eighth grade schools, seventeen elementary schools, and various off-campus alternative educational programs. Early childhood learning programs are offered at several sites, as well as the state four year old preschool program and Early Headstart/Headstart programs at additional sites. Student enrollment for grades kindergarten through twelfth for the 2014-15 school year was approximately 15,348 regular and special education students with an additional 1,173 students attending preschool programs. The District employs approximately 2,268 persons of whom approximately 1,461 are professional staff and 807 are support staff.

The average age of our elementary buildings is 62. There are two buildings that were built in 1923 and five were built in 1939. In 2002 the district built an elementary building in Buffalo, Iowa. The average age of our intermediate buildings is 72 with 3 buildings built in 1917. Wood Intermediate was the last intermediate building constructed and that was in 1984. The district has four high schools; Central High constructed in 1904, West High in 1960, North High School

which was originally built in 1972 as Wood Intermediate and was converted to a high school setting in 1984, and Mid City High School which was built in 2014. All of our facilities are in excellent condition as we follow a rigorous maintenance schedule in order to maintain and enhance the historical beauty and integrity of our older facilities as well as preserve all the facilities in the District.

The Davenport Community Schools is a state model and a leader of the Iowa Core Curriculum adoption statewide. Our high schools are fully implementing these high academic standards and our intermediate and elementary adoptions are far ahead of the state timeline. In addition to broader curriculum, the Davenport Community Schools is dedicated to increasing achievement in two core areas: reading and math. To help reach this goal, we have realigned literacy personnel to staff both an Intervention Specialist for struggling learners and Reading and Math Coaches for every elementary school, strengthening instruction for all students. Small class sizes are supported through supplemental state and federal funds to allow small instructional grouping throughout the academic day.

The Davenport Community Schools are resource-rich, blending student and family support programs with a wide range of curricular offerings to create a customized learning environment for all students. We have high expectations, low class sizes, customized curriculum, and a caring learning environment.

Our approach to education encompasses the whole child, and services are available from preschool through post-secondary learning opportunities. We believe in education for all and meeting students where they are in order to teach each individual student. Through the use of differentiated instruction, students are assessed in areas of knowledge, readiness, language, preferences in learning, and interests in order to customize teaching. In 8th grade, students adopt a 5-year "career track" that guides them through their high school years and best prepares them for post-secondary education. Students who choose to enroll in a variety of dual credit courses can earn college credit at graduation.

Our extracurricular offerings are as diverse as the community. Davenport Community Schools have a rich history of award-winning fine arts programs as well as a strong athletic legacy with new state-of-the-art practice and competition facilities. Each building boasts its own clubs which reflect the interest and make-up of that building.

The District is supported financially by state aid, property taxes, state and federal grants for special projects, and local revenue received for tuition and other services.

Budgetary controls are maintained by the District. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Funds, Debt Service Fund and Capital Projects Funds are included in the annual budget.

The Board of Directors is required to adopt a final budget no later than April 15<sup>th</sup> each year. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested

parties the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

## **Economic Condition and Outlook**

Scott and Muscatine counties in Iowa along with Mercer, Rock Island and Henry counties in Illinois are considered to be a single Metropolitan Statistical Area (MSA) by the Federal Office of Management and Budget. The Davenport School District is located in Scott County, Iowa. The Bi-State Regional Commission works closely with this group addressing a broad range of issues associated with economic development in the Region. The Commission released the Comprehensive Economic Development Strategy Progress Report in June of 2015. Information from that report is included to provide a look at the current challenges facing the area and opportunities available. The CEDS is produced every five years, with annual progress reports published during interim years.

This past year local governments reported an estimated 463 jobs created and 874 jobs retained, which bodes well for the overall 5 year goal of creating 1,500 jobs and retaining 3,500 jobs. The Gross Regional Product (GRP) in the Davenport-Moline-Rock Island IA-IL MSA has been increasing steadily since 2009, and job growth for many high wage industries such as health care and social assistance, management, and professional services is predicted to grow in 2016.

While there are certain threats to our region's economy such as decaying locks and dams and potential future base closure and realignment at the Rock Island Arsenal, there are also many new opportunities to capture, including new local, state and federal grant opportunities for development (including access to EDA funded Revolving Loan Funds), infrastructure improvements on I-74 Mississippi River Bridge, and passenger rail service to Chicago.

Fiscal year 2015 shows improving trends in Gross Regional Product, Unemployment Rates and an increase in well-paying Occupations and Industries. The following analysis covers key economic measures for the region:

- Gross Regional Product – The GRP for the region has continually increased since 2009 and has yielded a total growth of 15% in the past five years.
- Employment – Over the past 5 years, the annual average unemployment rate has steadily decreased since its peak in 2010 at 8.4%.
- Laborshed – The Quad Cities Chamber of Commerce 2012 Laborshed Study shows that the laborshed is over 530,000 people
- Key Industries – The Bi-State Region's key industries represent the region's roots in manufacturing, remaining largely manufacturing based
- Projected Job Growth – From 2015 to 2016 Economic Modeling Specialists Inc. predicts job growth of 1,640 jobs from employers located within the region, bringing total jobs to 224,086. Health Care and Social Assistance; Professional, Scientific and Technical Services; and Management of Companies and Enterprises stand out in terms of percent of new job growth
- Housing – Overall building permits have remained fairly steady over the past five years
- Hotel Sales Tax – Hotel tax revenue in the region has increased annually by an average of 5.8%. Hotel tax revenue has grown by 25.2% since 2009

- Retail Sales – From 2010 to 2014 retail sales have seen a slight increase of 0.2%
- Cost of Living Index – Composite Score – 97.2; Grocery – 94.9; Housing – 99.2; Utilities – 86.8; Transportation – 103.5; Health Care – 99.7; Misc. – 97

Various opportunities and threats to regional economic development are presented by category. The Rock Island Arsenal employs over 6,200 individuals; however potential base closures and realignments would threaten employment on the Arsenal and could affect economic stability in the areas. Infrastructure in the region offers multiple opportunities, including the I-74 Bridge project and passenger rail services to Chicago. House and Workforce Training are highly scored, with increased opportunities in both affordable homes and secondary and post-secondary degrees for workers in the region. Environmental issues are more concerning for the region due to high levels of sulfur dioxide affecting air quality and encroaching expanded floodways, although planning and programs are ripe with opportunities for new grants and development programs.

#### Rock Island Arsenal-

- Threat: Future Base Closure and Realignment Commission (BRAC) – The 2005 BRAC affected the Arsenal and was completed in 2011 with a net loss of 1,100 jobs. There is a possibility of a BRAC in 2017.
- Opportunity: As a result of BRAC 2005 and other consolidations, there is a significant amount of office space available for immediate occupancy by Army or other Department of Defense missions. National Defense Appropriations Acts removed the cap on private partnerships with which federal arsenals can contract work. This will allow for unlimited partnerships between the Arsenal's Joint Manufacturing Technology Center and the private sector

#### Infrastructure –

- Threat: Upper Mississippi River Lock System moves over 17 million tons of commodity through the Bi-State Region Annually. The maintenance needs of the aging infrastructure are exceeding the operations and maintenance funding allocated, adversely affecting the reliability of the system.
- Threat: The renewable electricity tax credit expired at the end of 2013 and economic instability and budget constraints at the state and federal levels threaten future tax credits and financial incentives.
- Opportunity: Interstate 74 Mississippi River Bridge is the most traveled bridge in the Bi-State Region with 70,800 vehicle crossings daily; the bridge was built for 48,000 crossings. Project costs for the new bridge are approximately \$1.25 billion and work is slated to begin in calendar 2017 and will create/retain 1,137 construction job and 643 induced jobs.
- Opportunity: Wind as a renewable energy source is growing in the Region and may present future opportunities. The Region also has seen success in the development of other renewable energy such as two ethanol plants.

#### Fiscal Matters –

- Threat: Federal sequestration of funds as well as the federal shutdown had a negative impact within the Region due to the large number of federal employees located on Arsenal Island.

- Opportunity: In 2013 Iowa's governor signed into law a measure to reduce Iowa's commercial and industrial property tax. The move is intended to increase economic development.

#### Housing –

- Opportunity: Housing remains affordable in the Region as compared to the nation. The percent of cost burdened home owners and renters in the Region is significantly below the national average particularly for owner occupied housing units.

#### Education and Workforce Training –

- Opportunity: According to the 2012 Graduate Inventory, over 76,000 students are enrolled in post-secondary schools in the Bi-State Region. This large population of students poses an opportunity to attract young professionals to the region and access their skills.

#### Environment –

- Threat: There has been a substantial increase in floodway turning much of the current floodplain into floodway. This will render currently proposed economic development land unusable due to permitting and insurance costs.
- Threat: The Environmental Protection Agency is undertaking a reconsideration of the Ozone 2008 National Ambient Air Quality Standard. If changed, all monitored areas in the Region would be classified as non-attainment.
- Threat: The many changing federal air and water regulations will be a challenge for area power plants and other industry sectors. Major investment in new technology and facility upgrades will be required to comply with changing air and water regulations.
- Opportunity – National Geographic created the Mississippi River Geotourism Project to promote the Mississippi River as a world class tourist destination. This will increase tourism in the region.

#### Cultural –

- Threat: While the region's cultural amenities have expanded due to project specific grants and donations, most cultural organizations continue to struggle to match revenues to expenditures. Since operational expenses are not grant eligible, the facilities rely heavily on donations and admission sales.
- Opportunity: The region has a comparatively high quality of life for categories including cultural amenities, recreational amenities, and art and theatre opportunities while still maintaining an affordable cost of living.

#### Planning and Programs –

- Opportunity: Quad Cities First has been actively working toward creating a database of certified sites, which make the region more competitive for prospective businesses looking to locate within the region. Certified sites ensure the basic information needed for businesses to make decisions is readily available.

(Economic Condition and Outlook Source: *Comprehensive Economic Development Strategy for the Bi-State Region –Progress Report 2015 prepared by Bi-State Regional Commission*)

## **Long term financial planning**

Unassigned fund balance in the general fund is down slightly from 2013-14. The District's solvency ratio for 2014-15 is 13.79%, down from 14.53% in 2013-14. With a solvency ratio between 0-5% a fund balance is considered adequate for short term credit purposes as long as other economic trends such as property tax collections and enrollment are sound. Continued close monitoring of the budget is necessary to prevent operation shortfalls and the deterioration of financial position. In order to meet unforeseen financing requirements it is recommended that the District have a solvency ratio of 5-10%.

The State of Iowa has implemented mid-year budget reductions or not provided on time funding over the past ten years. With careful planning and constant budget review, the District has been building reserves since the 2003-04 school year and is now drawing upon those reserves during this period of underfunding by the State. The District was able to identify approximately \$2 million in reductions for 2014-15 leaving additional requirements to be covered through cash reserves or fund balance.

With the exception of one year, the District's enrollment has declined for the past ten years. Future projections indicate a slight increase in enrollment over the next five years. The District's funding is dependent on enrollment. Declining enrollment equates to decreased funding. With over 80% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority for review if the enrollment does not increase as projected.

A Resource Allocation Committee (RAC) was established in 2011 to make recommendations to the superintendent for budget reductions for 2013 and 2014. The same committee met in 2012 with the goal of drafting a five year financial plan outlining reductions of \$3.25 million for the next five years. This committee was made up of: district staff representing all employee groups; parents; community members; a board member; a member from the minority, athletic and fine arts communities; and administration.

The work of the RAC resulted in recommendations for budget reductions to the superintendent with subsequent community forums held for community input. Items included in the long range plan include:

- Early retirement incentives
- Insurance holidays
- Transportation efficiencies
- Review of high school schedule
- Energy efficiencies
- Review of class size

The District set financial benchmarks as a way to have a plan in place for spending and setting priorities. The following benchmarks were to be met by 6-30-2011:

1. Financial Solvency Ratio – 5%
2. Days Net Cash Ratio – 90 days
3. Unspent Balance Ratio – 5-10%

While significant progress was being made in obtaining those goals, the District was handed several setbacks with 2010 state-wide budget reductions, additional state-wide reductions in 2011 and 0% new funding for 2012. The board reaffirmed the benchmarks and they serve as a target for long range budget planning.

Contained within the five year plan are four financial goals designed to ensure the district's sound financial condition at all times:

1. Keep the District in a fiscally stable position in both the short and long term
2. Establish accountability in budget monitoring
3. Adherence to Best Accounting and Management Practices in conformance with generally accepted accounting procedures as applied to governmental units, and standards of the Governmental Accounting Standards Board and Government Finance Officers Association
4. Provide financial reports in a timely and understandable manner

### **Relevant financial policies**

Since the funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil can be increased by the legislature in setting the amount of allowable growth each year. Under the law, the legislature has 30 days after receiving the governor's budget recommendation to set the state percent of growth for the year following the budget year. To illustrate, the 2011 legislature sets the FY2013 state percent of growth. The allowable growth becomes increasingly important because as a District we are dependent on the amount of allowable growth as it often will dictate budget reductions that will take place. For the past several years the legislature has not adhered to their legal responsibility in setting the growth rate 30 days after receiving the governor's budget recommendation.

The state's general fund revenue forecast is made each year by the Revenue Estimating Conference (REC), which consists of the Director of Legislative Services Agency serving as the representative of the Legislature, the Director of the Department of Management serving as the representative of the Governor and a third person agreed upon by the other two members.

Historically the REC has met three times a year; in September or October to provide a framework for developing the state budget, in December to set the revenue estimate that the Governor and General Assembly must use in developing a budget for the subsequent fiscal year and in March, to consider revisions to the December estimate. If the REC lowers the estimate in March, the Governor is required to submit a revised budget to the General Assembly, and the General Assembly is required to use the lower estimate for developing next year's budget. School districts' budgets are subject to reductions as a result of a lower estimate in the budget.

## **Major initiatives**

Equity in Funding: Dr. Tate and the school board inspired a study bill for the Iowa Legislature to address inequity in state funding and challenge the state imposed spending limits. The district applied to the School Budget Review Committee and was granted a hearing but was denied additional spending authority associated with the inequity issue. Representatives from the school board along with a lobbyist from the Urban Education Network were relentless in trying to garner support for legislation which would have permitted districts to bring per pupil spending to the same levels as the highest districts in the state. The effort will continue into the fiscal 2015-16 school year.

The 2014-15 school year was filled with incredible accomplishments by the students of the Davenport Community School District. These extraordinary accomplishments are fostered through a comprehensive approach to education that includes the following initiatives:

Teacher Leadership: Davenport was one of 39 school districts in the state of Iowa selected to launch a teacher leadership system during 2014-15 with \$5 million in state funding. The program creates a culture where teachers work collectively to analyze and improve their instructional practice through peer observation and collaboration to increase student achievement. This innovative program includes specialized staff supporting the peer review process with lead teachers and school based coaches, mentor teachers and model teachers.

The Davenport Way: The Davenport Way Student Support System supports teachers and student with a specialized support system for struggling learners. This offers a variety of resources, strategies, structure and practices to support student achievement and improve student behavior:

- Second Step and Olweus Anti Bullying program offers character education coursework in K-12
- Boys Town School Wide Classroom management – started in six buildings in 2014-15 and is now a district wide initiative establishing consistent behavior expectations for all students
- McKinney Vento grant was awarded to support homeless students with transportation, obtaining new clothes, laundry services and other supports
- Specialized staff intervenes with attendance and behavior issues to maintain positive school climate including diversion programs to provide instruction for suspended students and those referred through Juvenile Courts.
- Mental Health and School Transformation Grants were received this year to address mental health issues that hinder academic achievement while assisting students to achieve academically and behaviorally
- Graduation support for student at risk of dropping out of school including agency supports, a hotline, and public referral system.

Capital Improvements: The District is continuing to complete projects identified on the Long Range Facilities Plan for the next ten years. A preliminary list of priorities as established by the Board includes the following projects:

- ❖ Address Safety & Security needs in the district by installing camera/access controls, providing secure entrances, and providing secure drop off and pick up for students
- ❖ Dedicate over \$2 million annually to upgrading technology in the District
- ❖ Construct a pool and auditorium at Central High School
- ❖ Classroom addition to Fillmore Elementary
- ❖ Renovation and gymnasium addition to Wood Intermediate

The Davenport community continues to invest in the quality of education for our young people and support infrastructure upgrades in our schools. Voter approved sales tax and Physical Plant and Equipment Levy proceeds touched every building in the district, bringing safety improvements, increased energy efficiencies, and upgrades to instructional spaces with a total of almost \$20 million invested in building enhancements during the 2014-15 school year.

Some highlights of this investment in facilities include:

- Fillmore Elementary received a new kitchen and café/multipurpose room, a secure entrance and office, six new classrooms, larger existing classrooms, new playgrounds, a preschool classroom and solar panels.
- Wood Intermediate expanded cafeteria space and added a new gymnasium, new band and orchestra rooms, an outdoor classroom, geothermal HVAC and solar panels.
- The new Mid City High School opened its doors and recently won a Silver Citation for interior through American School and University magazine
- Brady Street Stadium received eight new tennis courts and a new ticket booth and entrance with improved ADA access.
- West and North High School received enhanced track and field facilities

### **Cash Management Policies and Practices**

The District, in its effort to be a good manager of public funds, competitively bids its banking services every three years. The District bid for services beginning with the 2012-13 school year and is currently in year three of a three year contract.

To maximize investment return, the District informally bids its investments with all local interested financial institutions, the Iowa Schools Joint Investment Trust and TELF education program. The downturn in the economy has continued to hinder investment earnings.

### **Risk Management**

The District currently covers property, liability and workers compensation losses with traditional insurance coverage through the Iowa Association of School Board's group plan carried by Employer's Mutual Insurance Company. The District monitors insurance coverage and costs with the assistance of an insurance committee made up of local insurance providers from Ruhl & Ruhl Insurance.

## **Awards**

The Government Finance Officers Association of the United States and Canada, (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Davenport School District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International, (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Davenport Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

We believe that our current CAFR also conforms to the requirements for the Certificate of Excellence in Financial Reporting and we are submitting it to ASBO to determine its eligibility for a Certificate.

## **Acknowledgments**

The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation to all District, City and County employees who assisted in the preparation of this report.

Sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins.

It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Directors.



Marsha L Tangen, RSBA  
Chief Financial Officer



Dr. Arthur Tate  
Superintendent



**The Government Finance Officers Association  
of the United States and Canada**

*presents this*

## **AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Marsha Tangen**

Chief Financial Officer

Davenport Community School District, Iowa



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date April 9, 2014

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## **Davenport Community School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'Mark C. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

DAVENPORT  
COMMUNITY  
SCHOOLS

*The Davenport Community School District (DCSD) provides equal educational and employment opportunities and will not illegally discriminate on the basis of race, creed, color, sexual orientation, gender identify, national origin, sex, disability, religion, age, ancestry, or actual or potential parental, familial, or marital status. DCSD will take affirmative action in recruitment, appointment, assignment, and advancement of women and men, members of diverse racial/ethnic groups, and persons with disabilities for job categories in which any of these groups or people are underrepresented.*

*Inquiries related to this policy may be directed to Erica Goldstone, DCSD Equity Coordinator, 1606 Brady Street, Davenport, IA 52803 or by phone at 563-336-3805. Inquiries may also be directed to the Iowa Civil Rights Commission, the Region VII Office of the United States Equal Employment Opportunities Commission, or the Region VII Office of Civil Rights, United States Department of Education.*

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*Distinguished* Legacy\*\* *Unmatched* Opportunities\*\* *Remarkable* Results

# **Financial Section**



## **Independent Auditor's Report**

To the Board of Education  
Davenport Community School District  
Davenport, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davenport Community School District, Davenport, Iowa (the District) as of and for the year ended June 30, 2015, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davenport Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Notes 1 and 12 to the financial statements, the District has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned above the typed name and date.

Dubuque, Iowa  
February 23, 2016

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*Distinguished* Legacy\*\* *Unmatched* Opportunities\*\* *Remarkable* Results

# **Davenport Community School District**

## **Management Discussion and Analysis**

For the Year Ended June 30, 2015

This section of the Davenport Community School District's Comprehensive Annual Financial Report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. The analysis focuses on school District financial performance as a whole. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### **Financial Highlights**

- The General Fund June 30, 2015 fund balance decreased slightly to \$24,697,840 from the June 30, 2014 fund balance of \$25,663,787.
- The District's tax levy rate decreased \$0.83 and has not been this low since the 2001-02 school year.
- The District continues to be successful in receiving donations and local, state and federal grants. In 2015 the District received almost \$40 million, or 19% of all governmental fund revenues from donations and operating grants.
- Over \$2 million in budget reductions were implemented which included declaring an "insurance holiday" for one month, implementing 5% reduction to department budgets, and efficiency recommendations.
- The District's health insurance rates remained unchanged and have not increased since fiscal 2009-10.
- The district issued over \$9 million in sales tax revenue bonds in order to complete several major construction projects.

## Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements (Government-wide and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The *statement of net assets* and *statement of activities* provide information on a Government-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.
- The *governmental fund statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

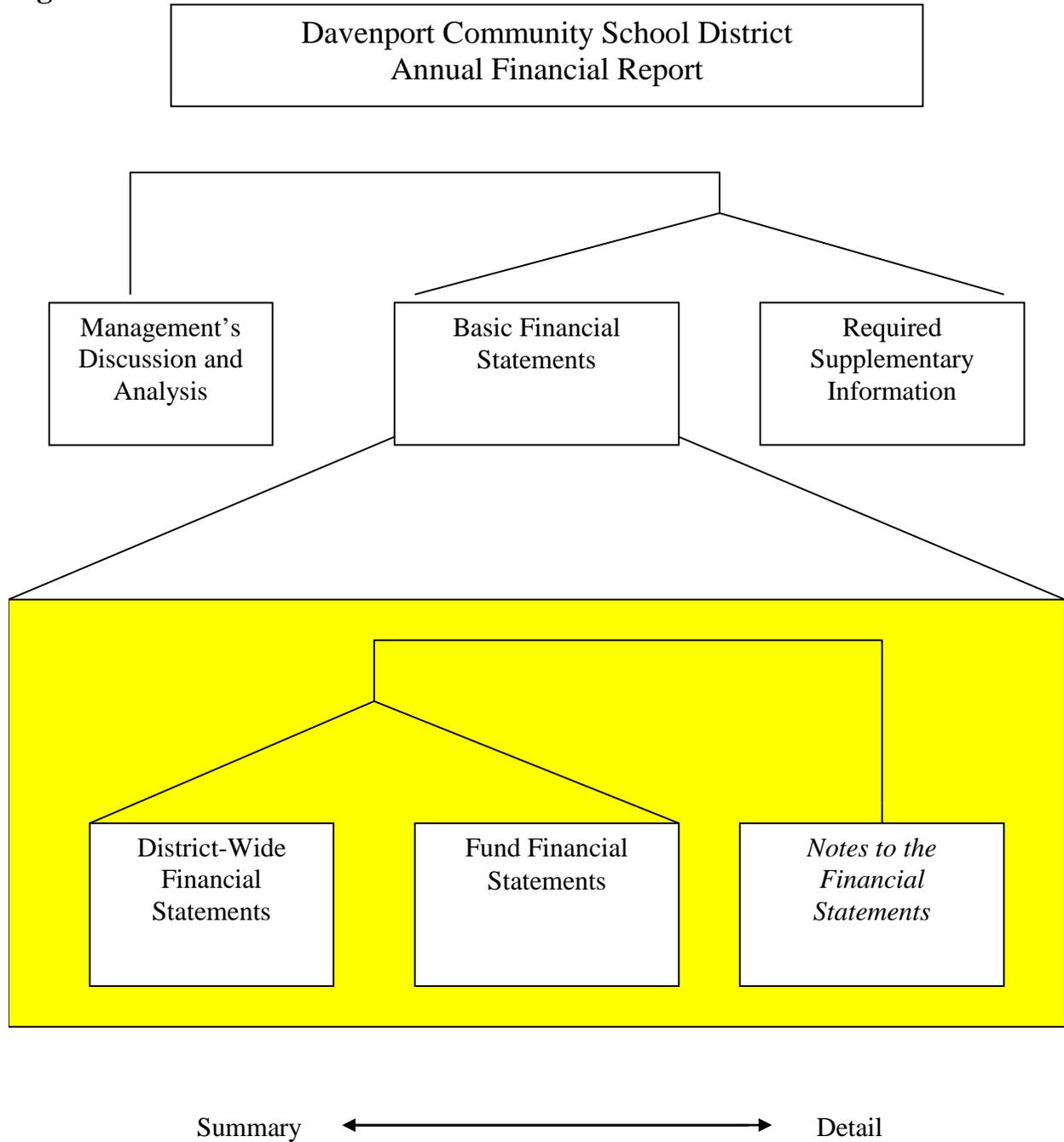


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2: Major Features of the District wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services is included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statements of revenues, expenditures and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of cash flows</li> <li>• Statements of revenues, expenditures and changes in net position</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Government-wide Financial Statements**

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's school nutrition program and Out of School Time program are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District has two Enterprise Funds: The School Nutrition Program and the Out of School Time Program.

*Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund, the self-insurance fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## Financial Analysis of the District as a Whole

**Net position.** Figure A-3 below provides a summary of the District’s net position for the year ended June 30, 2015 compared to 2014.

**Figure A-3**

*Condensed Statement of Net Position*

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2014-15
	2014		2014		2014		
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Current and Other Assets	\$ 202,092,567	\$ 195,456,194	\$ 2,239,146	\$ 1,840,908	\$ 204,331,713	\$ 197,297,102	3.57%
Capital Assets	174,690,505	157,591,291	321,414	413,546	175,011,919	158,004,837	10.76%
Total assets	376,783,072	353,047,485	2,560,560	2,254,454	379,343,632	355,301,939	6.77%
Deferred Outflows of Resources	12,492,934	-	341,393	-	12,834,327	-	N/A
Long-Term Liabilities	81,777,347	14,052,329	1,660,280	65,366	83,437,627	14,117,695	491.01%
Other Liabilities	42,618,263	38,065,546	269,501	153,351	42,887,764	38,218,897	12.22%
Total liabilities	124,395,610	52,117,875	1,929,781	218,717	126,325,391	52,336,592	141.37%
Deferred Inflows of Resources	84,922,119	60,901,428	626,099	-	85,548,218	60,901,428	40.47%
Net Position							
Net investment in capital assets:							
Restricted	168,031,137	147,591,718	321,414	413,546	168,352,551	148,005,264	13.75%
Unrestricted	25,490,625	38,106,915	-	-	25,490,625	38,106,915	-33.11%
Total net position	(13,563,485)	54,329,549	24,659	1,622,191	(13,538,826)	55,951,740	-124.20%
Total net position	\$ 179,958,277	\$ 240,028,182	\$ 346,073	\$ 2,035,737	\$ 180,304,350	\$ 242,063,919	-25.51%

The District’s total net position decreased 25.51%, or approximately \$61 million from the prior year. The largest portion of the District’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position decreased approximately \$13 million or 33.11% over the prior year. The decrease was primarily a result of increased expenditures in the Capital Projects Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by 124.20%. This reduction in unrestricted net position was primarily a result of the District’s net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$73,566,606 and \$2,010,349, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

**Figure A-4**  
*Changes in Net Position from Operating Results*

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2014-15
	2014		2014		2014		
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 3,368,675	\$ 4,199,627	\$ 2,265,271	\$ 2,778,120	\$ 5,633,946	\$ 6,977,747	-19.26%
Operating grants and contributions	40,542,048	33,676,763	6,584,340	6,333,063	47,126,388	40,009,826	17.79%
Capital grants and contributions	-	74,720	-	-	-	74,720	-100.00%
General revenues							
Property and other taxes	80,066,135	81,963,094	-	-	80,066,135	81,963,094	-2.31%
Unrestricted state aid	80,262,330	78,431,166	-	-	80,262,330	78,431,166	2.33%
Other	1,668,428	323,731	1,564	2,869	1,669,992	326,600	411.33%
Total revenue	<u>205,907,616</u>	<u>198,669,101</u>	<u>8,851,175</u>	<u>9,114,052</u>	<u>214,758,791</u>	<u>207,783,153</u>	3.36%
<b>Expenses</b>							
Instruction	132,454,398	125,736,240	-	-	132,454,398	125,736,240	5.34%
Pupil and instructional services	12,531,146	11,244,968	-	-	12,531,146	11,244,968	11.44%
Administrative and business	20,699,255	17,294,435	-	-	20,699,255	17,294,435	19.69%
Maintenance and operations	12,718,459	17,392,671	-	-	12,718,459	17,392,671	-26.87%
Transportation	6,427,016	5,856,022	-	-	6,427,016	5,856,022	9.75%
Other	7,580,641	7,147,322	-	-	7,580,641	7,147,322	6.06%
School nutrition	-	-	8,041,263	8,431,050	8,041,263	8,431,050	-4.62%
Out of school time	-	-	489,227	945,852	489,227	945,852	-48.28%
Total expenses	<u>192,410,915</u>	<u>184,671,658</u>	<u>8,530,490</u>	<u>9,376,902</u>	<u>200,941,405</u>	<u>194,048,560</u>	3.55%
Revenues Exceeding Expenses	13,496,701	13,997,443	320,685	(262,850)	13,817,386	13,734,593	0.60%
Transfers	-	818,623	-	(818,623)	-	-	N/A
Change in Net Position	13,496,701	14,816,066	320,685	(1,081,473)	13,817,386	13,734,593	0.60%
Net Position Beginning of Year, as restated	<u>166,461,576</u>	<u>225,212,116</u>	<u>25,388</u>	<u>3,117,210</u>	<u>166,486,964</u>	<u>228,329,326</u>	-27.08%
Net Position End of Year	<u>\$ 179,958,277</u>	<u>\$ 240,028,182</u>	<u>\$ 346,073</u>	<u>\$ 2,035,737</u>	<u>\$ 180,304,350</u>	<u>\$ 242,063,919</u>	-25.51%

In fiscal year 2015, property tax and funding from the state formula aid accounted for 77.9% of governmental activities revenue while charges for services and operating grants for 99.98% of business type activities revenue. The District's total revenues were just under \$215 million, of which approximately \$206 million was for governmental activities and just under \$9 million was for business type activities.

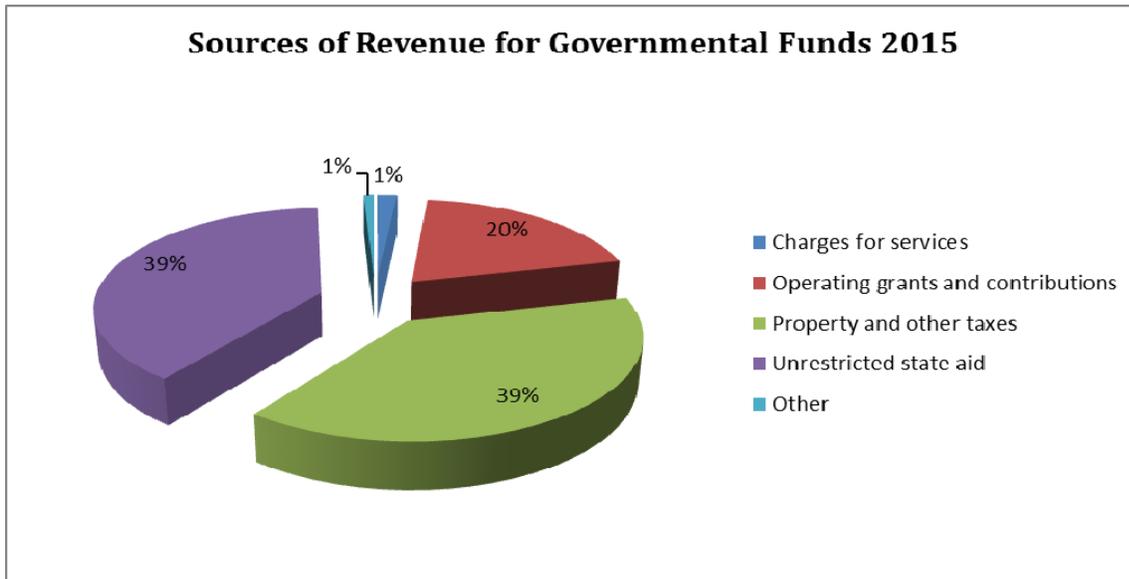
As shown in Figure A-4, the District as a whole experienced a 3.36% increase in revenues and a 3.55% increase in expenses. Property taxes decreased approximately \$1.9 million as the district lowered the overall tax levy rate.

## Governmental Activities

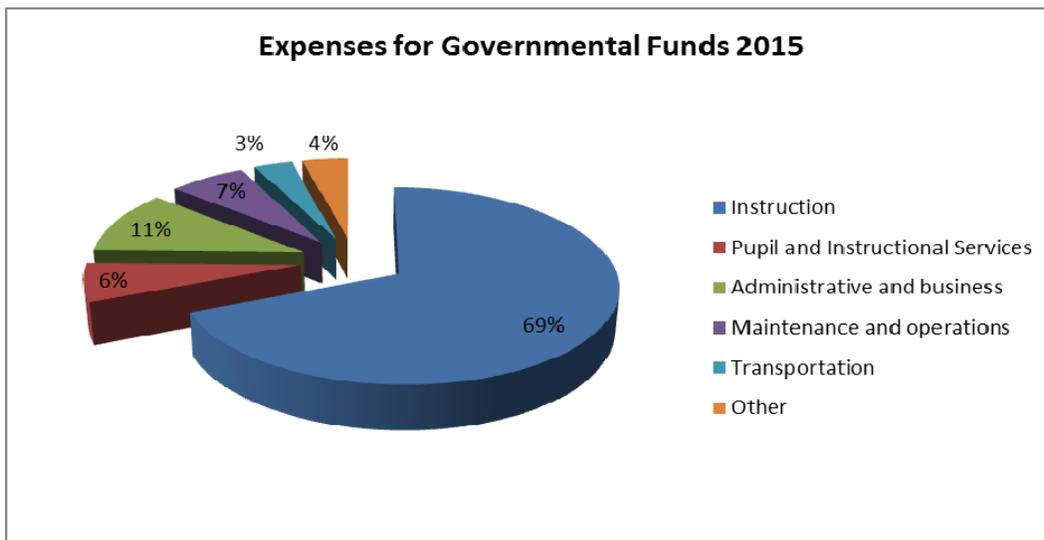
As shown in Figure A-5, property tax and state aid provide 78% of the funding required for governmental activities.

The District's predominant expenses are related to instruction, as can be seen graphically in Figure A-6. Basic Instructional services together with Pupil & Instructional services comprise 75.35% of the District's expenses.

**Figure A-5**



**Figure A-6**



Revenues for governmental activities were \$205,907,616 and expenses were \$192,410,915 for the year ended June 30, 2015. In a difficult budget year, the District was able to implement budget reductions which held expenditures to an increase of only 3.55%.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Figure A-7**  
*Net Cost of Governmental Activities*

	Total Cost of Services		Total Percentage Change 2014-15	Net Costs of Services		Total Percentage Change 2014-15
	2015	2014 (Not Restated)		2015	2014 (Not Restated)	
Instruction	\$ 132,454,398	\$ 125,736,240	5.34%	\$ 99,566,810	\$ 99,608,905	-0.04%
Pupil and Instructional Services	12,531,146	11,244,968	11.44%	10,592,698	8,957,727	18.25%
Administrative and Business	20,699,255	17,294,435	19.69%	19,480,283	15,663,663	24.37%
Maintenance and Operations	12,718,459	17,392,671	-26.87%	12,587,604	17,060,011	-26.22%
Transportation	6,427,016	5,856,022	9.75%	5,887,256	5,310,549	10.86%
Other	7,580,641	7,147,322	6.06%	385,541	119,693	222.11%
Total	<u>\$ 192,410,915</u>	<u>\$ 184,671,658</u>	4.19%	<u>\$ 148,500,192</u>	<u>\$ 146,720,548</u>	1.21%

- The federal and state governments subsidized certain programs with grants and contributions of over \$40 million.
- Governmental activities were financed with \$80,066,135 in property taxes and \$80,262,330 of state aid based on the statewide finance formula.
- The cost financed by users of the District's programs was \$3,368,675.
- The cost of all governmental activities this year was \$192,410,915, up from \$184,671,658 from 2013-14.
- Most of the District's costs were financed by District and state taxpayers at a total of \$148,500,192 or 77.18% of total costs compared to 70.86% last year.

### **Business-Type Activities**

Revenues of the District's business-type activities (food and nutrition services and out of school time) were comprised of charges for services, federal and state reimbursements and investment earnings. (See Figure A-4).

- Business-type activities revenues exceeded expenses by \$320,685 in 2014-15. This is in comparison to 2013-14 when expenses exceeded revenues by \$262,850.
- Charges for services represent 25.59% of total revenue in 2014-15 while in 2013-14 charges for services represented 30.48% of total revenue.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$6,584,340. This is reflective of the District's population of "free and reduced" students which was over 60% in 2015.

### ***Financial Analysis of the District's Funds***

As noted earlier, the Davenport Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Fund Highlights**

The focus of the Davenport Community School District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Davenport Schools financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Davenport Schools governmental funds reported combined ending fund balances of \$61,873,985, a decrease of \$1,916,439 in comparison with the prior year. The only fund within the Governmental Funds that did not have a decrease in the fund balance was the Capital Projects Fund.

The Capital Projects fund balance increased by \$2,972,239 despite an increase in expenditures. During 2014-15 the district issued bonds of just under \$10 million while beginning a major pool and auditorium addition to Central High School expected to cost over \$20 million.

The Physical Plant and Equipment Levy Fund fund balance decreased by \$2.5 million. This was anticipated as the number of projects increased and the amount of capital outlay was \$6.2 million.

The general fund is the chief operating fund of the Davenport Schools. The General Fund's fund balance decreased by \$965,947. The decrease in the General Fund financial position is the result of many factors. A low increase in per pupil spending resulted in lower revenues that were more than offset by increases in General Fund expenditures associated with negotiated salaries and benefits and existing expenditure commitments of the District.

Of the total ending fund balance for Governmental Funds of \$61,873,985, just over \$24 million is unassigned. The District has a *Restricted* fund balance of \$37,176,145; \$2,135,755 for debt service, \$17,175,285 for School infrastructure, \$9,563,124 for Physical Plant and equipment, \$7,791,713 for Management Levy and \$510,268 for Student Activities.

## **Proprietary Fund Highlights**

School Nutrition Fund net position increased from \$351,709 at June 30, 2014 to \$525,718 at June 30, 2015, representing an increase of approximately 49%. For fiscal year 2015, the District increased meal prices, resulting in an increase in revenues. However, the District also reflected the related expenses for the net pension liability, which caused an overall reduction of net position from \$2,286,481 to \$351,709.

The Out of School Time fund net position decreased to (\$326,321) due to the related expenses for net pension liability; prior to the restatement the net position was (\$250,744). Budgetary reductions including the closing of sites was implemented during fiscal 2015 as a way to bring expenditures closer to anticipated revenues.

## **Budgetary Highlights**

The District adopts a budget in April for the following year and at the same time considers and approves a budget amendment for expenditures for the current year. The District modified its original budget in 2014-15 from \$240,551,318 to \$243,168,736 to reflect:

- Increases in revenues and expenditures from increased funding from local, state and federal sources

A schedule showing the original and final budget amounts compared to the District's actual financial activity is provided in this report as required supplementary information.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. Also, the capital projects did not progress as anticipated, so less was spent in fiscal year 2015 than was planned.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction area due to the timing of expenditures at year-end without sufficient time to amend the certified budget. The budget was exceeded by \$1,652,529 or 1.3% of the instructional budget.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Davenport Schools investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$175,011,919 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture, and construction in progress. The total increase in the Davenport School's investment in capital assets for the current fiscal year was 10.76% compared to last year's increase of 8.6%. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

**Figure A-8**  
*Capital Assets (net of depreciation)*

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2014-15
	2015	2014	2015	2014	2015	2014	
Land and Improvements	\$ 7,163,359	\$ 7,407,414	\$ -	\$ -	\$ 7,163,359	\$ 7,407,414	-3.29%
Construction in Progress	24,070,926	14,361,224	-	-	24,070,926	14,361,224	67.61%
Building and Improvements	141,641,871	134,044,317	-	-	141,641,871	134,044,317	5.67%
Furniture and Equipment	1,424,584	1,344,313	321,414	413,546	1,745,998	1,757,859	-0.67%
Intangibles	389,765	434,023	-	-	389,765	434,023	-10.20%
Total capital assets	<u>\$ 174,690,505</u>	<u>\$ 157,591,291</u>	<u>\$ 321,414</u>	<u>\$ 413,546</u>	<u>\$ 175,011,919</u>	<u>\$ 158,004,837</u>	10.76%

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$24,070,926 at June 30, 2015, compared to \$14,361,224 reported at June 30, 2014. This significant increase resulted from construction activity financed by the issuance of revenue bonds totaling just under \$10 million in fiscal year 2015 for construction of a pool and auditorium addition to Central High School.

Construction in progress activities during 2014-15 also included:

- Remodeling of Fillmore Elementary
- Renovation of and gymnasium addition to Wood Intermediate

### Long-Term Debt

At year-end, the District had \$0 in general obligation bonds. The District has not had general obligation bonded debt since 1990-91. The District did sell \$9.9 million in sales tax revenue bonds in 2015 to help finance several projects on the District' Long Range Facilities Plan. More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.

### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The Iowa Legislature set the funding growth rate for fiscal 2016 at 1.25%. The legislature failed to establish the growth rate for fiscal 2017 as required by law.
- The district will need budget reductions of between \$3.5 million and \$5 million each of the next three years in order to stay within compliance of the spending authority cap as established by the state.
- The district's contract for transportation services expires in 2016. A request for proposal will be issued and transportation costs will not be identified until after the budget is required to be certified.

- The impact of the Affordable Healthcare Act is concerning to the district as costs continue to be identified.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Marsha Tangen, Chief Financial Officer, Davenport Community School District, 1606 Brady Street, Davenport, Iowa 52803.

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and investments	\$ 130,345,408	\$ 2,056,711	\$ 132,402,119
Receivables:			
Property tax	62,963,710	-	62,963,710
Other	1,063,669	15,722	1,079,391
Due from other governmental units	7,298,465	67,452	7,365,917
Internal balances	23,075	(23,075)	-
Inventories	396,022	122,336	518,358
Prepaid expenses	2,218	-	2,218
Total current assets	<u>202,092,567</u>	<u>2,239,146</u>	<u>204,331,713</u>
Noncurrent Assets			
Capital assets, not being depreciated	28,773,099	-	28,773,099
Capital assets, being depreciated	251,280,626	2,985,783	254,266,409
Less accumulated depreciation	<u>(105,363,220)</u>	<u>(2,664,369)</u>	<u>(108,027,589)</u>
Total noncurrent assets	<u>174,690,505</u>	<u>321,414</u>	<u>175,011,919</u>
Total assets	<u>376,783,072</u>	<u>2,560,560</u>	<u>379,343,632</u>
Deferred Outflows of Resources			
Pension Related Deferred Outflows	<u>12,492,934</u>	<u>341,393</u>	<u>12,834,327</u>

See Notes to Financial Statements

Davenport Community School District  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 10,731,924	\$ 180,078	\$ 10,912,002
Accrued payroll and payroll taxes	24,696,916	89,423	24,786,339
Health claims and administrative costs payable	2,667,000	-	2,667,000
Revenue bonds payable	1,995,000	-	1,995,000
Compensated absences	658,187	13,469	671,656
Construction contracts payable	856,253	-	856,253
Deposits	3,666,170	-	3,666,170
Early retirement obligations	694,781	-	694,781
Total current liabilities	45,966,231	282,970	46,249,201
<b>Noncurrent Liabilities</b>			
Revenue bonds payable	16,949,888	-	16,949,888
Early retirement obligations	1,470,534	-	1,470,534
Net pension liability	58,001,679	1,585,007	59,586,686
Other postemployment benefits obligation	2,007,278	61,804	2,069,082
Total noncurrent liabilities	78,429,379	1,646,811	80,076,190
Total liabilities	124,395,610	1,929,781	126,325,391
<b>Deferred Inflows of Resources</b>			
Succeeding Year Property Tax Revenue	62,010,685	-	62,010,685
Pension Related Deferred Inflows of Resources	22,911,434	626,099	23,537,533
Total deferred inflows of resources	84,922,119	626,099	85,548,218
<b>Net Position</b>			
Net Investment in Capital Assets	168,031,137	321,414	168,352,551
<b>Restricted for</b>			
Debt service	2,135,755	-	2,135,755
School infrastructure	5,489,765	-	5,489,765
Physical plant and equipment	9,563,124	-	9,563,124
Management levy	7,791,713	-	7,791,713
Student activities	510,268	-	510,268
Unrestricted	(13,563,485)	24,659	(13,538,826)
Total net position	\$ 179,958,277	\$ 346,073	\$ 180,304,350

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction	\$ 132,454,398	\$ 3,367,783	\$ 29,519,805	\$ -
Student support services	7,013,751	-	789,434	-
Instructional staff support services	5,517,395	-	1,149,014	-
General administration	4,800,446	-	637,581	-
Building administration	9,719,379	-	105,589	-
Business and central administration	6,179,430	-	475,802	-
Plant operation and maintenance	12,718,459	-	130,855	-
Student transportation	6,427,016	892	538,868	-
Community services	603,339	-	377,780	-
Area education agency	6,817,320	-	6,817,320	-
Long-term debt interest	159,982	-	-	-
<b>Total governmental activities</b>	<u>192,410,915</u>	<u>3,368,675</u>	<u>40,542,048</u>	<u>-</u>
<b>Business-Type Activities</b>				
School nutrition	8,041,263	1,629,652	6,584,340	-
Out of school time	489,227	635,619	-	-
<b>Total business-type activities</b>	<u>8,530,490</u>	<u>2,265,271</u>	<u>6,584,340</u>	<u>-</u>
<b>Total school district</b>	<u>\$ 200,941,405</u>	<u>\$ 5,633,946</u>	<u>\$ 47,126,388</u>	<u>\$ -</u>
<b>General Revenues</b>				
Property taxes levied for general purposes				
Sales, services and use tax				
Utility tax				
Unrestricted state aid and grants				
Interest and investment earnings				
Miscellaneous				
<b>Total general revenues</b>				
<b>Change in Net Position</b>				
Net Position Beginning of Year, as restated				
Net Position End of Year				

See Notes to Financial Statements

Davenport Community School District  
Statement of Activities  
Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (99,566,810)	\$ -	\$ (99,566,810)
(6,224,317)	-	(6,224,317)
(4,368,381)	-	(4,368,381)
(4,162,865)	-	(4,162,865)
(9,613,790)	-	(9,613,790)
(5,703,628)	-	(5,703,628)
(12,587,604)	-	(12,587,604)
(5,887,256)	-	(5,887,256)
(225,559)	-	(225,559)
-	-	-
(159,982)	-	(159,982)
<u>(148,500,192)</u>	<u>-</u>	<u>(148,500,192)</u>
-	172,729	172,729
-	146,392	146,392
<u>-</u>	<u>319,121</u>	<u>319,121</u>
<u>\$ (148,500,192)</u>	<u>\$ 319,121</u>	<u>\$ (148,181,071)</u>
\$ 61,247,158	\$ -	\$ 61,247,158
15,170,683	-	15,170,683
3,648,294	-	3,648,294
80,262,330	-	80,262,330
275,646	892	276,538
1,392,782	672	1,393,454
<u>161,996,893</u>	<u>1,564</u>	<u>161,998,457</u>
13,496,701	320,685	13,817,386
<u>166,461,576</u>	<u>25,388</u>	<u>166,486,964</u>
<u>\$ 179,958,277</u>	<u>\$ 346,073</u>	<u>\$ 180,304,350</u>

	General	Capital Projects	
		PPEL Fund	Capital Projects
<b>Assets</b>			
Cash and Investments	\$ 51,331,279	\$ 11,639,443	\$ 18,407,562
Receivables			
Property tax	55,684,201	5,314,245	-
Other	930,832	1,667	2,447
Due from Other Governmental Units	4,347,739	-	2,950,726
Due from Other Funds	23,075	-	-
Inventories	396,022	-	-
Prepays	2,218	-	-
<b>Total assets</b>	<b>\$ 112,715,366</b>	<b>\$ 16,955,355</b>	<b>\$ 21,360,735</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 3,597,533	\$ 2,029,413	\$ 4,372,269
Accrued payroll and payroll taxes	24,631,455	-	33,689
Construction contracts payable	-	109,527	631,539
Deposits	3,666,170	-	-
<b>Total liabilities</b>	<b>31,895,158</b>	<b>2,138,940</b>	<b>5,037,497</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue			
Property taxes	55,076,676	5,253,291	-
Sales, services and use tax	-	-	600,000
Federal	259,242	-	-
Other	786,450	-	-
<b>Total deferred inflows of resources</b>	<b>56,122,368</b>	<b>5,253,291</b>	<b>600,000</b>
<b>Fund Balances</b>			
Nonspendable			
Inventories	396,022	-	-
Prepaid items	2,218	-	-
Restricted			
Debt service	-	-	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	15,723,238
Physical plant and equipment	-	9,563,124	-
Unassigned	24,299,600	-	-
<b>Total fund balances</b>	<b>24,697,840</b>	<b>9,563,124</b>	<b>15,723,238</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 112,715,366</b>	<b>\$ 16,955,355</b>	<b>\$ 21,360,735</b>

See Notes to Financial Statements

Davenport Community School District  
 Balance Sheet – Governmental Funds  
 June 30, 2015

Other Governmental Funds	Total
\$ 12,663,611	\$ 94,041,895
1,965,264	62,963,710
5,500	940,446
-	7,298,465
-	23,075
-	396,022
-	2,218
\$ 14,634,375	\$ 165,665,831
\$ 700,964	\$ 10,700,179
12,713	24,677,857
115,187	856,253
-	3,666,170
828,864	39,900,459
1,915,728	62,245,695
-	600,000
-	259,242
-	786,450
1,915,728	63,891,387
-	396,022
-	2,218
2,135,755	2,135,755
7,791,713	7,791,713
510,268	510,268
1,452,047	17,175,285
-	9,563,124
-	24,299,600
11,889,783	61,873,985
\$ 14,634,375	\$ 165,665,831

Davenport Community School District  
 Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities  
 June 30, 2015

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Total Governmental Fund Balances		\$ 61,873,985
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds.</p>		
Capital assets	280,053,725	
Accumulated depreciation	<u>(105,363,220)</u>	174,690,505
<p>Property taxes and other receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds:</p>		
Property taxes	235,010	
Other receivables	<u>1,645,692</u>	1,880,702
<p>Internal Service Funds are used by the District's management to charge the costs of the self-insurance program to the individual funds. The assets and liabilities of the internal service fund are included with the governmental activities.</p>		
		33,708,932
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:</p>		
Deferred outflows of resources	12,492,934	
Deferred inflows of resources	<u>(22,911,434)</u>	(10,418,500)
<p>Long-Term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Bonds payable	(18,944,888)	
Compensated absences	(658,187)	
Early retirement obligations	(2,165,315)	
Net pension liability	(58,001,679)	
Other post employment benefits obligation	<u>(2,007,278)</u>	<u>(81,777,347)</u>
Net Position of Governmental Activities		<u><u>\$ 179,958,277</u></u>

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	General	Capital Projects	
		PPEL Fund	Capital Projects
<b>Revenues</b>			
Property taxes	\$ 51,838,209	\$ 5,153,047	\$ -
Utility taxes	3,095,070	299,466	-
Sales, services and use tax	-	-	15,170,683
Intergovernmental	116,932,830	111,428	-
Charges for services	2,117,326	-	-
Interest	257,841	5,400	7,075
Contributions and donations	1,119,312	-	-
Other	3,769,817	-	-
<b>Total revenues</b>	<b>179,130,405</b>	<b>5,569,341</b>	<b>15,177,758</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	123,253,079	198,525	954,608
Student support services	7,376,623	-	-
Instructional staff support services	5,248,582	-	467,138
General administration	3,951,940	-	-
Building administration	10,185,747	-	-
Business and central administration	4,914,581	600,321	375,179
Plant operation and maintenance	11,789,494	627,352	145,131
Student transportation	5,887,203	472,098	-
Community services	543,203	-	79,531
Area Education Agency	6,817,320	-	-
Capital outlay	-	6,230,079	17,917,610
Debt service	-	-	-
<b>Total expenditures</b>	<b>179,967,772</b>	<b>8,128,375</b>	<b>19,939,197</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(837,367)</b>	<b>(2,559,034)</b>	<b>(4,761,439)</b>
<b>Other Financing Sources (Uses)</b>			
Issuance of bonds	-	-	9,795,000
Premium on bonds	-	-	201,934
Transfers in	494	-	-
Transfers out	(129,074)	-	(2,263,256)
<b>Total other financing sources (uses)</b>	<b>(128,580)</b>	<b>-</b>	<b>7,733,678</b>
<b>Net Change in Fund Balances</b>	<b>(965,947)</b>	<b>(2,559,034)</b>	<b>2,972,239</b>
<b>Fund Balances Beginning of Year</b>	<b>25,663,787</b>	<b>12,122,158</b>	<b>12,750,999</b>
<b>Fund Balances End of Year</b>	<b>\$ 24,697,840</b>	<b>\$ 9,563,124</b>	<b>\$ 15,723,238</b>

See Notes to Financial Statements

Davenport Community School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2015

Other Governmental Funds	Total Governmental Funds
\$ 4,233,139	\$ 61,224,395
253,758	3,648,294
-	15,170,683
94,069	117,138,327
-	2,117,326
5,329	275,645
-	1,119,312
<u>1,259,471</u>	<u>5,029,288</u>
<u>5,845,766</u>	<u>205,723,270</u>
1,712,174	126,118,386
-	7,376,623
-	5,715,720
928,570	4,880,510
1,678	10,187,425
422,396	6,312,477
523,811	13,085,788
63,045	6,422,346
-	622,734
-	6,817,320
4,738,024	28,885,713
<u>1,211,601</u>	<u>1,211,601</u>
<u>9,601,299</u>	<u>217,636,643</u>
<u>(3,755,533)</u>	<u>(11,913,373)</u>
-	9,795,000
-	201,934
2,392,330	2,392,824
<u>(494)</u>	<u>(2,392,824)</u>
<u>2,391,836</u>	<u>9,996,934</u>
(1,363,697)	(1,916,439)
<u>13,253,480</u>	<u>63,790,424</u>
<u>\$ 11,889,783</u>	<u>\$ 61,873,985</u>

Davenport Community School District  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2015

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Net Change in Fund Balances - Total Governmental Funds \$ (1,916,439)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeds depreciation in the period:

Depreciation expense	(8,169,705)	
Capital outlay expenditures (Capitalized)	<u>25,268,919</u>	17,099,214

Because some property taxes and other receivables will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities. 184,346

In the statement of activities, certain operating expenses, compensated absences (vacation) and special termination benefits (early retirement), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid, \$504,566, were less than the amounts earned of \$929,515, by \$424,949. Vacation used, \$1,411,725 was more than the amounts earned \$1,373,292 by \$38,433. (386,516)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Current year issuances exceeded repayments, as follows:

Proceeds on long-term debt	(9,795,000)	
Premium on long-term debt	(201,934)	
Repayments	<u>1,000,000</u>	(8,996,934)

Davenport Community School District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2015

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The amortization of bond premium reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported in governmental funds. \$ 51,619

The net effect of pension related activity, consisting of employer contributions which are reported as expenditures in the governmental funds, but reported as a deferred outflow of resources in the Statement of Net Position, and the pension expenses reported in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 5,146,427

Based on actuarial calculations, the District reports other postemployment benefit liabilities in the statement of activities that are not reported in the fund statements. (391,508)

An internal service fund is used by the District's management to charge the costs of the self-insurance program to the individual funds. The change in net position in the internal service fund is reported with governmental activities. 2,706,492

Change in Net Position of Governmental Activities \$ 13,496,701

Davenport Community School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	<u>Business-Type Activities- Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>School Nutrition Fund</u>	<u>Nonmajor Out of School Time Fund</u>	<u>Total</u>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 2,056,711	\$ -	\$ 2,056,711	\$ 36,303,513
Other receivables	288	15,434	15,722	123,223
Due from other governmental units	67,452	-	67,452	-
Inventories	122,336	-	122,336	-
Total current assets	<u>2,246,787</u>	<u>15,434</u>	<u>2,262,221</u>	<u>36,426,736</u>
Noncurrent assets, capital assets, net of accumulated depreciation	321,414	-	321,414	-
Total assets	<u>2,568,201</u>	<u>15,434</u>	<u>2,583,635</u>	<u>36,426,736</u>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	<u>328,558</u>	<u>12,835</u>	<u>341,393</u>	<u>-</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	116,539	63,539	180,078	31,745
Accrued payroll and payroll taxes	63,776	25,647	89,423	19,059
Health claims and costs	-	-	-	2,667,000
Compensated absences	3,457	10,012	13,469	-
Due to other funds	-	23,075	23,075	-
Total current liabilities	<u>183,772</u>	<u>122,273</u>	<u>306,045</u>	<u>2,717,804</u>
<b>Noncurrent Liabilities</b>				
Net pension liability	1,525,420	59,587	1,585,007	-
Post employment benefits obligation	59,288	2,516	61,804	-
Total noncurrent liabilities	<u>1,584,708</u>	<u>62,103</u>	<u>1,646,811</u>	<u>-</u>
Total liabilities	<u>1,768,480</u>	<u>184,376</u>	<u>1,952,856</u>	<u>2,717,804</u>
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	<u>602,561</u>	<u>23,538</u>	<u>626,099</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	321,414	-	321,414	-
Unrestricted	204,304	(179,645)	24,659	33,708,932
Total net position (deficit)	<u>\$ 525,718</u>	<u>\$ (179,645)</u>	<u>\$ 346,073</u>	<u>\$ 33,708,932</u>

Davenport Community School District  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2015

	Business-Type Activities- Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Operating Revenue				
Charges for Services	\$ 1,629,652	\$ 635,619	\$ 2,265,271	\$ 24,466,459
Operating Expenses				
Salaries and Benefits	3,884,495	147,697	4,032,192	172,957
Purchased Services	484,273	309,729	794,002	30,600
Supplies	3,541,162	17,663	3,558,825	-
Other Operating Costs	-	14,138	14,138	182,554
Depreciation	131,333	-	131,333	-
Health Care	-	-	-	21,373,856
Total operating expenses	8,041,263	489,227	8,530,490	21,759,967
Operating Income (Loss)	(6,411,611)	146,392	(6,265,219)	2,706,492
Nonoperating Revenues				
Interest Income	892	-	892	-
Intergovernmental	6,584,340	-	6,584,340	-
Other Nonoperating Revenue	388	284	672	-
Total nonoperating revenues	6,585,620	284	6,585,904	-
Change in Net Position	174,009	146,676	320,685	2,706,492
Net Position Beginning of Year, as Restated	351,709	(326,321)	25,388	31,002,440
Net Position End of Year	\$ 525,718	\$ (179,645)	\$ 346,073	\$ 33,708,932

Davenport Community School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015

	<u>Business-Type Activities- Enterprise Funds</u>			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Cash Flows from Operating Activities				
Cash received from user charges	\$ 1,625,930	\$ 624,510	\$ 2,250,440	\$ -
Cash received from assessment made to other funds	-	-	-	24,432,741
Cash payments to employees for services	(3,978,262)	(142,064)	(4,120,326)	(160,634)
Cash payments for insurance claims	-	-	-	(21,313,856)
Cash payments to suppliers for goods and services	<u>(3,440,130)</u>	<u>(321,425)</u>	<u>(3,761,555)</u>	<u>(295,421)</u>
Net cash provided by (used in) operating activities	<u>(5,792,462)</u>	<u>161,021</u>	<u>(5,631,441)</u>	<u>2,662,830</u>
Cash Flows from Noncapital Financing Activities				
Payments to other funds	-	(161,305)	(161,305)	-
Other nonoperating receipts	388	284	672	-
Grants received	<u>6,044,352</u>	<u>-</u>	<u>6,044,352</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>6,044,740</u>	<u>(161,021)</u>	<u>5,883,719</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	<u>(39,201)</u>	<u>-</u>	<u>(39,201)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest received	<u>892</u>	<u>-</u>	<u>892</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	213,969	-	213,969	2,662,830
Cash and Cash Equivalents Beginning of Year	<u>1,842,742</u>	<u>-</u>	<u>1,842,742</u>	<u>33,640,683</u>
Cash and Cash Equivalents End of Year	<u>\$ 2,056,711</u>	<u>\$ -</u>	<u>\$ 2,056,711</u>	<u>\$ 36,303,513</u>

(continued)

Davenport Community School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015

	<u>Business-Type Activities- Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>School Nutrition Fund</u>	<u>Nonmajor Out of School Time Fund</u>	<u>Total</u>	
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used in) Operating Activities				
Operating income (loss)	\$ (6,411,611)	\$ 146,392	\$ (6,265,219)	\$ 2,706,492
Adjustments to reconcile operating income (loss)				
to net cash provided by (used in) operating				
activities				
Depreciation	131,333	-	131,333	-
Commodities used	539,988	-	539,988	-
Changes in assets and liabilities				
Receivables	(3,722)	(11,109)	(14,831)	(33,718)
Inventories	(8,133)	-	(8,133)	-
Accounts payable and accrued				
liabilities	84,022	30,320	114,342	(9,944)
Net pension liability	(634,109)	(24,770)	(658,879)	-
Deferred outflow of resources	(103,801)	(4,055)	(107,856)	-
Deferred inflow of resources	602,561	23,538	626,099	-
Other post employment benefits				
obligation	11,010	705	11,715	-
Net cash provided by (used in)				
operating activities	<u>\$ (5,792,462)</u>	<u>\$ 161,021</u>	<u>\$ (5,631,441)</u>	<u>\$ 2,662,830</u>

Noncash noncapital financing activities, during the year the District received \$539,988 of food commodities from the U.S Department of Agriculture

Davenport Community School District  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2015

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Assets

Cash and cash equivalents	<u>\$ 81,162</u>
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Liabilities

Accounts payable	\$ 1,748
Due to activity groups	<u>79,414</u>
Total liabilities	<u>\$ 81,162</u>

**Note 1 - Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies**

**Nature of Operations**

The Davenport Community School District (the District) is a political subdivision of the state of Iowa and operates public schools for children in grades pre-school through twelve. The geographic area served includes the cities of Davenport, Blue Grass, Walcott and Buffalo, Iowa, and portions of the agricultural territory in Scott and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District is composed of four high schools, four intermediate schools, two K-8 schools, 17 elementary schools and various off-campus alternative education programs. Student enrollment (pre-school through high school) for the 2014-2015 school year was approximately 15,348 regular and special education students. The District employs approximately 2,268 individuals.

**Reporting Entity**

For financial reporting purposes, the District has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria are: a) appointing a voting majority of an organization's governing board, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District; and b) fiscal dependency. The District has no component units which meet the GASB criteria.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The District has the following fund types:

Governmental Funds – are used to account for the District's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means that the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The District considers all revenues to be available if they are collected within 60 days after year-end.

Property taxes, sales taxes and service charges are susceptible to accrual. Other taxes collected and being held by the state or other levying authority at year-end on behalf of the District are recognized as revenue. Intergovernmental revenues are considered to be measurable and are recognized as revenue if available and when eligibility requirements have been met. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures are recorded when the related fund liability is incurred, except for certain long-term obligations including debt service principal and interest, compensated absences, and claims and judgments. Expenditures related to such liabilities are only recognized under modified accrual accounting when they mature (when due).

GASB Statement No. 34 sets forth the minimum criteria for the determination of major funds. If a fund's assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses are at least 10 percent of those of its fund type and at least 5 percent of those of both governmental and enterprise fund types, then it must be a major fund. The District also elects to report the School Nutrition Fund as a major fund. The School Nutrition Fund does not meet the percentage test, but is considered of special interest to the Board of Education and the community.

The District reports the following major governmental funds:

**General Fund:** is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Capital Projects Fund:** accounts for acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

**Physical Plant and Equipment Fund:** this capital projects fund accounts for the property taxes levied and collected by the District to be used for the purchase and improvement of grounds; purchase, construction and remodeling of buildings; and major equipment purchases.

The other governmental funds of the District are considered nonmajor and are as follows:

The **special revenue funds** account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The **Debt Service Fund** is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Proprietary Funds – are accounted for using the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues from the District's proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include cost of personnel services, contractual services, operating supplies, self-insurance claims and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major proprietary fund:

**School Nutrition Fund** – accounts for the activities of the District's school lunch, breakfast and summer fund programs. This fund is reported as major for public interest purposes.

The District also reports the Out of School Time Fund as a nonmajor enterprise fund. This fund accounts for before and after school programs.

Additionally, internal service fund type consists of the Self-Insurance Fund, which accounts for the financing of services provided by one department or other departments of the District on a cost reimbursement basis. The District uses the fund for the purpose of providing self-insurance for medical, dental and vision claims.

Fiduciary Funds – account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. Fiduciary funds, other than agency funds, use the economic resources measurement focus and the full accrual basis of accounting. Agency funds use the full accrual basis of accounting but do not have a measurement focus and, therefore, report only assets and liabilities. The District reports an Agency Fund to account for assets held by the District as an agent for individuals, private organizations and other governments, which includes assets held for staff activities not funded by the District.

The basic financial statements include the government-wide financial statements (based on the District as a whole) and the fund financial statements. The government-wide statements present consolidated information from both the governmental and business-type activities using the economic resource measurement focus and the accrual basis of accounting. The government-wide statements are the statement of net position and the statement of activities.

The statement of activities presents, for each District activity, the extent to which direct expenses are being supported by program revenues or by general revenues. Direct expenses are those that are clearly identifiable with the specific activity (including depreciation). Program revenues are charges for services, grants, contributions, or other revenues that are either restricted for use or are directly associated with the particular activity. General revenues include interest, taxes and other revenues used to support the District's operations that are not directly associated with a particular activity.

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the special revenue funds, debt service, and the capital projects funds adjusted from the modified accrual to the full accrual basis of accounting. Governmental activities also include the activities from the Internal Service Fund, Business-type activities in the government-wide statements are comprised of the enterprise funds. Fiduciary funds are not reported in the government-wide statements because these funds cannot be used to support District activities.

As a general rule, interfund activity has been eliminated from the government-wide statements. However, interfund services provided and used are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. In addition, certain indirect costs are included in program expenses reported for individual functions and activities.

The fund financial statements present the District's activities at the fund level rather than on a government-wide basis. The fund financial statements report the governmental funds using the modified accrual basis of accounting and the proprietary funds using the full accrual basis of accounting. Fund financial statements also include a statement for the fiduciary funds. The fund financial statements for both the governmental and the proprietary funds report the major funds individually and the nonmajor funds combined. The Internal Service Fund is shown at the far right of the Proprietary Fund financial statements.

The modified accrual basis of accounting as employed by the governmental funds and full accrual basis of accounting as employed by the proprietary and fiduciary funds have numerous timing and treatment differences. Differences include the recording of long-term liabilities, the recording of capital asset purchases and disposals and the timing of recognized revenues. Reconciliations are provided for governmental funds to reconcile fund balance to net position and to reconcile the changes in fund balance to the changes in net position. These reconciliations are a part of the fund financial statements.

### **Significant Accounting Policies**

Pass-Through Revenues – GASB Statement No. 24 establishes standards of accounting and financial reporting for pass-through grants, food stamps and on-behalf payments for fringe benefits and salaries. GASB Statement No. 24 requires that all cash pass-through grants received by a governmental entity be recognized as revenue and expenditures or expenses in a governmental, proprietary or trust fund. The District recorded the \$6,817,320 pass-through grant from the Area Education Agency in fiscal year 2014-2015 as revenue and a related expense/expenditure in the Governmental Activities and General Fund.

Cash and Investments – The cash balances of District funds are pooled and invested. Investments are stated at fair value except from the investments in the IPAS Education Money Market Fund, which are valued at amortized cost under the Investment Company Act of 1940, and nonnegotiable certificates of deposits, which are stated at cost that approximates fair value.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The IPAS Education Money Market Fund is a “money market fund” that seeks to maintain a stable net asset value of \$1.00 per share. The Fund qualifies as a legal investment for the District under Iowa Law.

All short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchases, they have a maturity date no longer than three months.

Property Taxes Receivable – Property taxes in governmental funds are accounted for using the modified accrual basis of accounting.

Property taxes receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. The property taxes receivable includes current year delinquent property taxes receivable which represents unpaid taxes from the current year. The receivable also includes the succeeding year property tax receivable which represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied and budgeted for.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½ percent per month penalty for delinquent payment; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Intergovernmental Receivables and Revenues: Federal and state grants are recorded as receivables and the revenue is recognized during the period in which the District fulfills the requirements for receiving the grant awards in the government-wide statements. In the governmental fund statements, the revenue must meet the measurable and available criteria. Following is a breakout of the components of the due from other governmental units balance:

	General	Capital Projects	School Nutrition
Due from Other Governments			
Federal	\$ 3,523,752	\$ -	\$ 67,452
Sales, services and use tax	-	2,950,726	-
Other districts	198,451	-	-
Other	625,536	-	-
	\$ 4,347,739	\$ 2,950,726	\$ 67,452

Inventories: Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value at standard prices furnished by the United States Department of Agriculture for government commodities. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. Prepaids are recorded as expenditures when the goods and services are consumed rather than when purchased.

Interfund Transactions: Transactions among District funds would be treated as revenues and expenditures or expenses if they involved organizations external to the District and are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expected, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding are reported in the government-wide financial statements as "internal balances."

Capital Assets: Capital assets used in governmental and business-type activities of the District are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during construction is not capitalized for governmental funds. There was no interest required to be capitalized in the current year for proprietary fund types.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction-in-progress as the projects are constructed.

The District has no assets that meet the definition of infrastructure.

All land is capitalized and is not depreciated. All other assets capitalized by the District must have a useful life of two years or more and have a cost that exceeds the following minimum thresholds:

Description	Threshold
Land Improvements	\$ 3,500
Buildings	3,500
Building Improvements	3,500
Furniture and Equipment	3,500
Intangibles	100,000

Capital assets are depreciated using the straight-line method of depreciation/amortization over the following estimated useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings	50 years
Building Improvements	20 years
Furniture and Equipment	5 – 10 years
Intangibles	5 – 20 years

Capital assets are reported at the fund level for proprietary funds, but not for governmental funds.

The District's collection of library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable: Payroll and related expenditures for teachers, principals and administrators with annual contracts corresponding to the current school year, which are payable in July, August and September 2015, have been accrued as liabilities as of June 30, 2015.

Health Claims and Administrative Costs Payable: Health care costs for claims with dates of service incurred prior to year-end which were paid subsequent to year-end have been estimated and accrued as liabilities as of June 30, 2015.

Compensated Absences: Noninstructional District employees accumulate vacation hours for subsequent use or for payment upon termination. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2015, and includes certain salary related payments. The compensated absences liability is reported as a liability in the government-wide statements. In governmental funds, however, these accrued benefits are not considered due and, therefore, are not reported as a fund liability. Vacation time accrued is expected to be paid out or utilized within one year.

Deposits: Deposits in the government-wide and governmental funds financial statements consist of unspent grant proceeds.

Long-Term Obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

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 Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources: Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and other unrecognized items not yet credited to pension expense.

Fund Balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the District's intent to use them for a specific purpose. Intent can be expressed by the Board of Education or by an official or body to which the Board delegates the authority. The authority to assign fund balances has been delegated by the Board of to the Superintendent or Chief Financial Officer.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Net Position: Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District first applies restricted resources.

Net position restricted through enabling legislation include \$5,489,765 for school infrastructure, \$9,563,124 for physical plant and equipment and \$7,791,713 for management levy.

Budgets and Budgetary Accounting: As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget.

Implementation of GASB Statement No. 68 and GASB Statement No. 71: As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 12 and the additional disclosures required by these standards are included in Note 6.

## **Note 2 - Cash and Investments**

The District is authorized by state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

As of June 30, 2015, the book balance of the District's cash deposits plus petty cash totaled \$88,399,598, including certificates of deposit of \$25,077,718 and the bank balances totaled \$89,913,336.

As of June 30, 2015, the District also had investments in the IPAS Education Money Market Fund totaling \$44,083,683, which is also valued at an amortized cost pursuant to under the Investment Company Act of 1940.

Interest Rate Risk: The District's investment policy, which is in accordance with the Code of Iowa, limits the investments of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the District. The District did not hold any instruments with a maturity greater than 397 days during the year.

Credit Risk: The District's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The District did not hold any commercial paper or other corporate debt at June 30, 2015.

Concentration of Credit Risk: The District's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than 10 percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to 5 percent of its total deposits and investments. The District did not hold any commercial paper or other corporate debt at June 30, 2015.

Custodial Credit Risk Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

Custodial Credit Risk Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District had no custodial credit risk with regards to investments as all investments were held by the District or its agent in the District's name.

Davenport Community School District  
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The following is a reconciliation of cash and investments as shown on the financial statements:

Cash Deposits and Petty Cash	\$ 63,321,880
Certificates of Deposit	25,077,718
IPAS Education Money Market Fund	44,083,683
	<u>\$ 132,483,281</u>
 Governmental Funds	 \$ 94,041,895
Internal Service Fund	36,303,513
Total governmental activities	130,345,408
Business-Type Activities/Enterprise Funds	2,056,711
Agency Fund	81,162
	<u>\$ 132,483,281</u>

**Note 3 - Capital Assets**

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,702,173	\$ -	\$ -	\$ 4,702,173
Construction in progress	14,361,224	24,789,593	(15,079,891)	24,070,926
Total capital assets not being depreciated	<u>19,063,397</u>	<u>24,789,593</u>	<u>(15,079,891)</u>	<u>28,773,099</u>
Capital assets being depreciated				
Land Improvements	11,947,938	-	-	11,947,938
Buildings	99,997,417	-	-	99,997,417
Building Improvements	114,093,729	15,089,329	-	129,183,058
Furniture and equipment	8,492,038	469,888	(58,386)	8,903,540
Intangibles	1,248,673	-	-	1,248,673
Total capital assets being depreciated	<u>235,779,795</u>	<u>15,559,217</u>	<u>(58,386)</u>	<u>251,280,626</u>
Less accumulated depreciation for				
Land Improvements	9,242,697	244,055	-	9,486,752
Buildings	45,947,423	1,694,667	-	47,642,090
Building improvements	34,099,406	5,797,108	-	39,896,514
Furniture and equipment	7,147,725	389,617	(58,386)	7,478,956
Intangibles	814,650	44,258	-	858,908
Total accumulated depreciation	<u>97,251,901</u>	<u>8,169,705</u>	<u>(58,386)</u>	<u>105,363,220</u>
Total capital assets being depreciated, net	<u>138,527,894</u>	<u>7,389,512</u>	<u>-</u>	<u>145,917,406</u>
Governmental Activities Capital Assets, Net	<u>\$ 157,591,291</u>	<u>\$ 32,179,105</u>	<u>\$ (15,079,891)</u>	<u>\$ 174,690,505</u>

Davenport Community School District  
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	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-Type Activities				
Capital assets, being depreciated, equipment	\$ 2,781,464	\$ 39,201	\$ 165,118	\$ 2,985,783
Less accumulated depreciation for equipment	2,367,918	131,333	165,118	2,664,369
Business-Type Activities Capital Assets, Net	<u>\$ 413,546</u>	<u>\$ (92,132)</u>	<u>\$ -</u>	<u>\$ 321,414</u>

Depreciation/amortization expense was charged to the activities of the District as follows:

Governmental Activities

Instruction	\$ 7,965,854
General administration	14,271
Building administration	2,345
Business and central administration	69,058
Plant operation and maintenance	110,899
Student transportation	7,278
	<u>\$ 8,169,705</u>

Business-Type activities \$ 131,333

**Note 4 - Interfund Balances and Transfers**

Interfund due from and due to other funds at June 30, 2015 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor, Out of School Time Fund	<u>\$ 23,075</u>

The interfund balance represents a negative pooled cash balance in the Out of School Time Fund.

Interfund transfers as of June 30, 2015 consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 494</u>
Nonmajor Governmental Funds	General Fund	129,074
	Capital Projects	2,263,256
		<u>2,392,330</u>
		<u>\$ 2,392,824</u>

Transfers to the General Fund from the nonmajor governmental funds represents interest earned in the Student Activity Fund required to be transferred to the General Fund by state code. Transfers from the Capital Projects Fund represents transfers to the Debt Service Fund for debt service expenditures and reserves.

**Note 5 - Long-Term Liabilities**

Changes in Long-Term Liabilities: A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities</b>					
Revenue Bonds	\$ 9,535,000	\$ 9,795,000	\$ 1,000,000	\$ 18,330,000	\$ 1,995,000
Premium on Bonds	464,573	201,934	51,619	614,888	-
Total General Obligation Debt	<u>9,999,573</u>	<u>9,996,934</u>	<u>1,051,619</u>	<u>18,944,888</u>	<u>1,995,000</u>
<b>Other Liabilities</b>					
Accumulated Termination Pay	1,740,366	929,515	504,566	2,165,315	694,781
Compensated Absences	696,620	1,373,292	1,411,725	658,187	658,187
Net Pension Liability	82,112,635	-	24,110,956	58,001,679	-
OPEB Liability	<u>1,615,770</u>	<u>391,508</u>	<u>-</u>	<u>2,007,278</u>	<u>-</u>
Total Other Liabilities	<u>86,165,391</u>	<u>2,694,315</u>	<u>26,027,247</u>	<u>62,832,459</u>	<u>1,352,968</u>
Total Long-term Liabilities	<u>\$ 96,164,964</u>	<u>\$ 12,691,249</u>	<u>\$ 27,078,866</u>	<u>\$ 81,777,347</u>	<u>\$ 3,347,968</u>
	Balance June 30, 2014 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2015	Due Within One Year
<b>Business-Type Activities</b>					
Compensated Absences	\$ 15,277	\$ 27,805	\$ 29,613	\$ 13,469	\$ 13,469
Net Pension Liability	2,243,886	-	658,879	1,585,007	-
OPEB Liability	<u>50,089</u>	<u>11,715</u>	<u>-</u>	<u>61,804</u>	<u>-</u>
Total Long-term liabilities	<u>\$ 2,309,252</u>	<u>\$ 39,520</u>	<u>\$ 688,492</u>	<u>\$ 1,660,280</u>	<u>\$ 13,469</u>

For the governmental activities, early retirement obligations are generally liquidated by the Management Fund and compensated absences are generally liquidated by the General Fund.

Future Requirements to Maturity: Principal and interest requirements to maturity for the School District's bonds and notes outstanding as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	Governmental Activities School Infrastructure Sales, Services, and Use Tax Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,995,000	423,314
2017	2,025,000	373,075
2018	2,065,000	332,575
2019	2,105,000	291,275
2020	2,160,000	238,775
2021-2024	<u>7,980,000</u>	<u>411,175</u>
Total	<u>\$ 18,330,000</u>	<u>\$ 2,070,189</u>

### Revenue Bonds/Notes

Governmental Activities: Two issues of unmatured revenue bonds, totaling \$18,330,000, is outstanding at June 30, 2015. The total original amount issued was \$19,330,000. The revenue bonds bear interest at rates ranging from 2.00% to 3.00% per annum and mature in varying annual amounts, ranging from \$995,000 to \$1,180,000, with the final maturity due in the year ending June 30, 2024. The bonds were issued for the purpose of financing capital projects.

Early Retirement: The District may provide early retirement incentives for certain employees who meet certain qualifications as established by the Board of Education. The cost of the incentives is borne by the District in whole. Eligible participants cannot, and do not, contribute to the incentive program.

Provisions for the early retirement incentives offered during the year ended June 30, 2015, are as follows:

An employee is deemed to be eligible for the plan if:

- 1) They are age fifty five or older by June 30th of the year in which they plan to exercise his/her participation in the offer
- 2) Have completed at least 20 years of contracted service with the Davenport Schools by June 30th of the year in which they plan to exercise his/her participation in the offer
- 3) They work at least a minimum of 4 hours per day or have a contract of at least .50 FTE
- 4) Submits an application for participation in the plan to the Board of Directors by February 1st of the year in which they plan to exercise his/her participation in the offer.
- 5) The effective date of retirement must be at, and not before, the conclusion of the contract or assignment of the year in which they plan to exercise his/her participation in the offer and no later than June 30th of that year.
- 6) They have not received an official notice of layoff or termination, including termination pursuant to Iowa Code Section 279.27 or Iowa Code Section 279.15; or
- 7) They are not on an extended unpaid leave of absence.

Unused health leave may be used for credit towards contracted years of service. The conversion shall be ninety (90) days of health leave shall equal one (1) year of service, one-hundred, eighty (180) days of health leave shall equal two (2) years of service, two-hundred, seventy days (270) of health leave shall equal (3) years of service with no maximum conversion limit.

The early retirement incentive shall be as follows:

Employees with at least 35 years of service – the lesser of \$40,000 or 60% of employees' last annual salary

Employees with at least 30 years of service – the lesser of \$35,000 or 50% of employees' last annual salary

Employees with at least 25 years of service – the lesser of \$30,000 or 45% of employees' last annual salary

Employees with at least 20 years of service – the lesser of \$25,000 or 35% of employees' last annual salary

Early retirement benefits are paid evenly over five years. During the year ended June 30, 2015, 53 District employees requested early retirement. During the year ended June 30, 2015, the District paid \$504,566 of early retirement benefits.

Legal Debt Margin: As of June 30, 2015, the District did not hold any outstanding general obligation debt and did not exceed the statutory debt limit.

## Note 6 - Pension Plan

Plan Description: IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits: A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits: A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions: Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$9,557,040.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the District reported a liability of \$59,586,686 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 1.5025 percent, which was an increase of 0.0333 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$4,269,978. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 647,592	\$ -
Changes of Assumptions	2,629,695	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	22,724,647
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	812,886
District Contributions Subsequent to the Measurement Date	9,557,040	-
	\$ 12,834,327	\$ 23,537,533

\$9,557,040 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2016	\$ (5,105,368)
2017	(5,105,368)
2018	(5,105,368)
2019	(5,105,368)
2020	161,226
Total	\$ (20,260,246)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the Net Pension Liability	\$ 112,587,370	\$ 59,586,686	\$ 14,848,618

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan: At June 30, 2015, the District reported no payables to the defined benefit pension plan.

## Note 7 - Risk Management

The District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. There were no reductions in coverage from the prior year.

The District has established an administrative service insurance plan for its employees' accident, medical and dental insurance coverage. The plan is primarily funded through employer contributions. Self-insurance is in effect up to an individual stop loss amount of \$225,000 and an annual aggregate stop loss for the excess of 125 percent of estimated claims.

Coverage from a private insurance company is maintained for losses in excess of the stop loss amounts. Such coverage is activated based on claims actually paid during the policy year. All claims-handling procedures are performed by an independent claims administrator. There was no reduction in insurance coverage from the prior year.

The District's estimated liability for health, dental and vision claims and related administrative costs incurred prior to year-end but not paid is accrued. The estimated liability is based on a combination of known claims filed after year-end and an estimate of incurred but not reported claims based on prior years' payment history. The estimated liability does not include any allocated or unallocated claims adjustment expense. Changes in the accrual balance for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Unpaid Claims and Administrative Costs Payable		
Balance, Beginning of Year	\$ 2,607,000	\$ 2,359,000
Incurred Claims (Including IBNR)	21,373,856	20,799,336
Claim Payments	(21,313,856)	(20,551,336)
Unpaid Claims and Administrative Costs Payable		
Balance, End of Year	\$ 2,667,000	\$ 2,607,000

Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

**Note 8 - Commitments and Contingencies**

The District has entered into various construction and repair contracts for projects throughout the District. As of June 30, 2015, the portion of these contracts which has not been paid or accrued as a liability totals \$8,012,968.

The District is a defendant in various lawsuits which have arisen in the normal course of business. Total damages claimed are substantial; however, it has been the District's experience that such actions are settled for amounts substantially less than those claimed. In addition, most claims are covered by insurance. In the opinion of District officials and legal counsel, the ultimate liability, if any, resulting from such litigation will not materially affect the financial statements of the District.

The District had significant encumbrances in the Capital Projects Fund of \$8,012,968 as of June 30, 2015.

**Note 9 - Operating Leases**

The District leases building and equipment under noncancelable operating leases. Total expenses for the year ended June 30, 2015, for such leases were \$288,415, which includes cash paid and the change in the prepaid rent balance. The future minimum lease payments for these leases are as follows:

<u>Years Ending</u>	
2016	\$ 176,891
2017	<u>68,410</u>
	<u><u>\$ 245,301</u></u>

**Note 10 - Other Postemployment Benefits**

Plan Description: The District sponsors a single-employer health care plan that provides medical and prescription drug benefits to all active and retired employees and their eligible dependents. Retiree coverage begins at IPERS retirement age of at least 55 and continues until the retiree is Medicare eligible at age 65. Eligibility requirements under IPERS is summarized as follows: a) Normal Retirement – earliest of the first day of the month or employees’ 65<sup>th</sup> birthday, age 62 with 20 years of service, or Rule of 88 (age plus service of at least 88) with a minimum age of 55, b) Early Retirement – age 55, and c) Disability – 4 years of service. The plan does not issue a stand-alone financial report.

Funding Policy: The health insurance plan contributions on behalf of employees are negotiated by management and the union and governed by the District’s union contracts. Retirees pay the full premium. The current funding policy of the District is to pay health claims as they occur through internal allocated funds.

The required contribution is based on projected pay-as-you-go financing. Retiree and active members receiving benefits have required monthly contributions as follows:

	Coverage Type	
	Single	Family
Plan I	\$ 595	\$ 1,455
Plan II (non-bargaining)	576	1,406
Plan II (teachers)	583	1,422
Plan III	549	1,340

Annual OPEB Cost and Net OPEB Obligation: The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the District’s annual OPEB obligation:

Changes in OPEB Obligation

Annual Required Contribution	\$ 569,816
Interest on Net OPEB Obligation	83,293
Adjustments to Annual Required Contribution	(122,681)
Annual OPEB cost	530,428
Contributions Made	(127,205)
Increase in net OPEB obligation	403,223
Net OPEB Obligation, Beginning of Year	1,665,859
Net OPEB Obligation, End of Year	\$ 2,069,082

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2015 and the two preceding years follows:

Year Ended June 30, 2015	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 530,428	24.0%	\$ 2,069,082
2014	545,445	28.5%	1,665,859
2013	580,349	24.5%	1,276,048

Funded Status and Funding Progress: The results of the July 1, 2013 valuation were rolled forward to June 30, 2015. As of July 1, 2013, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$4,787,587 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$4,787,587. The covered payroll (annual payroll of active employees covered by the plan) was \$81,209,038 and the ratio of the UAAL to the covered payroll was 5.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, frozen entry age actuarial cost method was used. The actuarial assumptions included a 5 percent discount rate, a 3% inflation rate, an annual health care cost trend rate of 6 percent and salary scale of 3.5 percent. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2013, was 30 years.

**Note 11 - Deficit Fund Equity**

The following fund had a deficit net position amount as of June 30, 2015:

Enterprise Fund	
Nonmajor Out of School Time	\$ 179,645

The Out of School Time deficit is a result of not collecting enough revenue (tuition) to cover their expenses. The deficit is being addressed this year, but will take a few years to completely eliminate.

**Note 12 - Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities and business-type activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business-Type Activities	
		School Nutrition Fund	Out of School Time Fund
Net Position June 30, 2014, as Previously Reported	\$ 240,028,182	\$ 2,286,481	\$ (250,744)
Net Pension Liability at June 30, 2014	(82,112,635)	(2,159,529)	(84,357)
Deferred Outflows of Resources Related to Contributions Made After the June 30, 2013 Measurement Date	8,546,029	224,757	8,780
Net Position July 1, 2014, as Restated	\$ 166,461,576	\$ 351,709	\$ (326,321)

### **Note 13 - Pending Governmental Accounting Standards Board (GASB) Statements**

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by The District. The statements which might impact the District, are as follows:

Statement No. 72, Fair Value Measurement and Application, issued February 2015, will be effective for the fiscal year ending June 30, 2016. The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No. 67 and Statement No. 68, will be effective for fiscal year ending June 30, 2016. The objective is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as amended.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, will be effective for the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective for the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, will be effective June 30, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

Statement No. 77, Tax Abatement Disclosures, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

The District’s management has not yet determined the effect these statements will have on the District’s financial statements.

DAVENPORT  
COMMUNITY  
SCHOOLS

*A District of Distinction*

*Distinguished* Legacy\*\* *Unmatched* Opportunities\*\* *Remarkable* Results

Required Supplementary Information  
June 30, 2015

**Davenport Community School  
District**

DAVENPORT  
COMMUNITY  
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	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
<b>Receipts:</b>			
Property taxes	\$ 64,872,689	\$ -	\$ 64,872,689
Sales, services and use tax	15,170,683	-	15,170,683
Intergovernmental	117,138,327	6,584,340	123,722,667
Charges for services	2,117,326	2,265,271	4,382,597
Interest	275,645	892	276,537
Other	6,148,600	672	6,149,272
Total receipts	<u>205,723,270</u>	<u>8,851,175</u>	<u>214,574,445</u>
<b>Expenditures:</b>			
Current			
Instruction	126,118,386	294	126,118,680
Support Services	54,603,623	489,407	55,093,030
Noninstructional programs	-	8,040,789	8,040,789
Other Expenditures	36,914,634	-	36,914,634
Total disbursements	<u>217,636,643</u>	<u>8,530,490</u>	<u>226,167,133</u>
Excess (Deficiency) of revenues over expenditures	<u>(11,913,373)</u>	<u>320,685</u>	<u>(11,592,688)</u>
<b>Other Financing Sources, Net</b>			
Issuance of bonds	9,795,000	-	9,795,000
Premium on bonds	201,934	-	201,934
Transfers in	2,392,824	-	2,392,824
Transfers out	(2,392,824)	-	(2,392,824)
Total other financing sources (uses)	9,996,934	-	9,996,934
Net change in fund balances	(1,916,439)	320,685	(1,595,754)
Fund Balances, Beginning of Year	63,790,424	25,388	63,815,812
Fund Balances, End of Year	<u>\$ 61,873,985</u>	<u>\$ 346,073</u>	<u>\$ 62,220,058</u>

Davenport Community School District  
 Budgetary Comparison Schedule  
 All Governmental Funds and Enterprise Funds  
 Required Supplementary Information  
 Years Ended June 30, 2015

Budget Amounts		Final to Actual Variance
Original	Final	
\$ 64,070,546	\$ 64,070,546	\$ 802,143
13,897,620	15,100,000	70,683
128,153,450	130,000,000	(6,277,333)
3,581,279	4,500,000	(117,403)
151,650	202,500	74,037
4,470,000	5,900,000	249,272
<u>214,324,545</u>	<u>219,773,046</u>	<u>(5,198,601)</u>
123,722,248	124,466,151	(1,652,529)
70,298,643	70,298,643	15,205,613
9,615,830	9,615,830	1,575,041
36,914,597	38,788,112	1,873,478
<u>240,551,318</u>	<u>243,168,736</u>	<u>17,001,603</u>
<u>(26,226,773)</u>	<u>(23,395,690)</u>	<u>11,803,002</u>
9,857,500	9,857,500	(62,500)
-	-	201,934
1,265,213	1,265,213	1,127,611
(1,265,213)	(1,265,213)	(1,127,611)
9,857,500	9,857,500	139,434
<u>\$ (16,369,273)</u>	<u>\$ (13,538,190)</u>	<u>\$ 11,942,436</u>

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except internal service and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District was in compliance with such formula for fiscal 2015.

The District follows these procedures in establishing budgetary data:

1. The Administration submits to the Board of Education a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments. The proposed budget is readily available at least 30 days prior to final action by the Board.
3. Prior to April 15, the budget is legally adopted through passage of a resolution which is filed with the County Auditor to obtain tax revenues.
4. The Board of Education may amend the budget after it is approved using the same procedures required to approve the original budget. The budget was amended in March 2015, to increase the authorization of expenditures by \$2,617,418.
5. All annual appropriations lapse at fiscal year-end.

**Davenport Community School District**  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Iowa Public Employees' Retirement System  
 Required Supplementary Information  
 Last Fiscal Year (In Thousands)  
 June 30, 2015

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	2015
District's Proportion of the Net Pension Liability (Asset)	1.5025%
District's Proportion of the Net Pension Liability (Asset)	\$ 59,586,686
District's Covered-Employee Payroll	\$ 98,315,409
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	60.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.	87.61%

Data reported is measured as of July 1, 2014 (measurement date).

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily Required Contribution	\$ 9,557,040	\$ 8,779,566	\$ 8,353,920	\$ 7,874,747
Contributions in Relation to the Statutorily Required Contribution	<u>9,557,040</u>	<u>8,779,566</u>	<u>8,353,920</u>	<u>7,874,747</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 107,021,725	\$ 98,315,409	\$ 96,354,325	\$ 97,580,508
Contributions as a Percentage of Covered-Employee Payroll	8.93%	8.93%	8.67%	8.07%

**Davenport Community School District**  
 Schedule of District Contributions  
 Iowa Public Employees' Retirement System  
 Required Supplementary Information  
 Last 10 Fiscal Years (In Thousands)  
 June 30, 2015

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 6,607,604	\$ 6,149,722	\$ 5,737,489	\$ 5,347,495	\$ 4,949,929	\$ 4,907,801
<u>6,607,604</u>	<u>6,149,722</u>	<u>5,737,489</u>	<u>5,347,495</u>	<u>4,949,929</u>	<u>4,907,801</u>
<u>\$ -</u>					
\$ 95,073,439	\$ 92,477,023	\$ 90,354,157	\$ 88,388,347	\$ 86,085,722	\$ 85,353,061
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Davenport Community School District  
 Required Supplementary Information  
 Schedule of Funding Progress for Retiree Health Plan  
 (In Thousands)  
 June 30, 2015

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Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2013	7/1/2011	\$ -	\$ 5,158,917	\$ 5,158,914	-	\$ 74,260,787	6.9%
2014	7/1/2013	-	4,802,658	4,802,658	-	76,514,309	6.3
2015	7/1/2013	-	4,787,587	4,787,587	-	81,209,038	5.9

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report

Other Supplementary Information  
June 30, 2015

# Davenport Community School District

# DAVENPORT COMMUNITY SCHOOLS

## **Nonmajor Governmental Funds**

The other governmental funds of the District are considered nonmajor and are as follows:

The special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. A brief description of each of the District's special revenue funds follows:

**Management Fund** – This fund accounts for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

**Student Activity Fund** – This fund accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular or extracurricular activities of the District.

**Capital Projects – Revenue Bonds** – This fund accounts for bond proceeds and expenditures related to the construction of related projects.

**Debt Service** - This fund accounts for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

	Special Revenue		Capital Projects
	Management	Student Activity	Revenue Bonds
Assets			
Cash and Investments	\$ 7,747,787	\$ 543,430	\$ 2,236,756
Receivables			
Property tax	1,965,264	-	-
Other	245	5,021	117
Total assets	<u>\$ 9,713,296</u>	<u>\$ 548,451</u>	<u>\$ 2,236,873</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 5,855	\$ 25,470	\$ 669,639
Accrued payroll and payroll taxes	-	12,713	-
Construction contracts payable	-	-	115,187
Total liabilities	<u>5,855</u>	<u>38,183</u>	<u>784,826</u>
Deferred Inflows of Resources			
Unavailable revenue, property taxes	<u>1,915,728</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for			
Debt service	-	-	-
Management levy purposes	7,791,713	-	-
Student activities	-	510,268	-
School infrastructure	-	-	1,452,047
Total fund balances	<u>7,791,713</u>	<u>510,268</u>	<u>1,452,047</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,713,296</u>	<u>\$ 548,451</u>	<u>\$ 2,236,873</u>

Davenport Community School District  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2015

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Debt Service	Total Nonmajor Governmental Funds
\$ 2,135,638	\$ 12,663,611
-	1,965,264
117	5,500
\$ 2,135,755	\$ 14,634,375
-	700,964
-	12,713
-	115,187
-	828,864
-	1,915,728
2,135,755	2,135,755
-	7,791,713
-	510,268
-	1,452,047
2,135,755	11,889,783
\$ 2,135,755	\$ 14,634,375

	Special Revenue		Capital Projects
	Management Fund	Student Activity	Revenue Bonds
Revenues			
Property taxes	\$ 4,233,139	\$ -	\$ -
Utility taxes	253,758	-	-
Intergovernmental	94,069	-	-
Interest	3,859	309	-
Other	210	1,259,261	-
Total revenues	<u>4,585,035</u>	<u>1,259,570</u>	<u>-</u>
Expenditures			
Current			
Instruction	597,198	1,114,976	-
General administration	928,570	-	-
Building administration	-	1,678	-
Business and central administration	-	-	422,396
Plant operation and maintenance	523,811	-	-
Student transportation	-	63,045	-
Capital outlay	-	-	4,738,024
Debt service	-	-	-
Total expenditures	<u>2,049,579</u>	<u>1,179,699</u>	<u>5,160,420</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>2,535,456</u>	<u>79,871</u>	<u>(5,160,420)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	129,074
Transfers out	-	(494)	-
Total other financing sources (uses)	<u>-</u>	<u>(494)</u>	<u>129,074</u>
Net Change in Fund Balances	2,535,456	79,377	(5,031,346)
Fund Balances Beginning of Year	<u>5,256,257</u>	<u>430,891</u>	<u>6,483,393</u>
Fund Balances End of Year	<u>\$ 7,791,713</u>	<u>\$ 510,268</u>	<u>\$ 1,452,047</u>

Davenport Community School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

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Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 4,233,139
-	253,758
-	94,069
1,161	5,329
-	1,259,471
1,161	5,845,766
-	1,712,174
-	928,570
-	1,678
-	422,396
-	523,811
-	63,045
-	4,738,024
1,211,601	1,211,601
1,211,601	9,601,299
(1,210,440)	(3,755,533)
2,263,256	2,392,330
-	(494)
2,263,256	2,391,836
1,052,816	(1,363,697)
1,082,939	13,253,480
\$ 2,135,755	\$ 11,889,783

Davenport Community School District  
Combining Schedule of Changes in Balances  
Student Activity Fund  
Year Ended June 30, 2015

	June 30, 2014 Balance	Revenues	Expenditures	Transfers	June 30, 2015 Balance
Central High School Athletics	\$ 4,604	\$ 79,963	\$ 94,201	\$ -	\$ (9,634)
North High School Athletics	27	77,418	83,657	-	(6,212)
West High School Athletics	10,093	102,492	102,228	-	10,357
Central High School Athletics	136,386	210,771	192,738	-	154,419
North High School	(7,280)	217,310	203,727	-	6,303
West High School	64,233	367,324	304,228	-	127,329
Kimberly Center	389	-	-	-	389
Mid City High School	-	579	-	-	579
Smart Intermediate School	13,309	10,204	11,184	-	12,329
Sudlow Intermediate School	47,090	85,519	78,286	-	54,323
Williams Intermediate School	29,047	20,072	19,554	-	29,565
Wood Intermediate School	22,649	36,384	31,761	-	27,272
Young Intermediate School	2,154	5,147	2,943	-	4,358
Adams Elementary	2,157	2,070	2,193	-	2,034
Blue Grass Elementary	715	1,460	224	-	1,951
Buchanan Elementary	10,392	2,225	4,631	-	7,986
Buffalo Elementary	5,728	2,676	2,285	-	6,119
Eisenhower Elementary	6,859	147	381	-	6,625
Fillmore Elementary	1,145	-	-	-	1,145
Garfield Elementary	4,082	1,837	2,027	-	3,892
Harrison Elementary	856	-	47	-	809
Hayes Elementary	2,741	1,680	83	-	4,338
Jackson Elementary	659	163	-	-	822
Jefferson Elementary	54	500	-	-	554
Madison Elementary	6,583	50	2,578	-	4,055
McKinley Elementary	5,397	917	1,473	-	4,841
Monroe Elementary	461	461	433	-	489
Truman Elementary	496	-	-	-	496
Walcott Elementary and Intermediate School	47,198	30,856	37,233	-	40,821
Washington Elementary	8,371	738	1,564	-	7,545
Wilson Elementary	3,802	298	40	-	4,060
Unallocated interest income	494	309	-	(494)	309
Total special revenue activity fund	<u>\$ 430,891</u>	<u>\$ 1,259,570</u>	<u>\$ 1,179,699</u>	<u>\$ (494)</u>	<u>\$ 510,268</u>

Davenport Community School District  
Statement of Changes in Fiduciary Assets and Liabilities  
Agency Fund  
Year Ended June 30, 2015

	June 30, 2014 Balance	Additons	Deductions	June 30, 2015 Balance
<b>Assets</b>				
Cash and investments	\$ 111,776	\$ 151,093	\$ 181,707	\$ 81,162
Due from other governments	655	750	1,405	-
Total assets	<u>\$ 112,431</u>	<u>\$ 151,843</u>	<u>\$ 183,112</u>	<u>\$ 81,162</u>
<b>Liabilities</b>				
Accounts payable	\$ 5,659	\$ 177,088	\$ 180,999	\$ 1,748
Due to activity groups	106,772	-	27,358	79,414
Total liabilities	<u>\$ 112,431</u>	<u>\$ 177,088</u>	<u>\$ 208,357</u>	<u>\$ 81,162</u>

Davenport Community School District  
Combining Schedule of Changes in Amounts Due to Activity Groups  
Agency Fund  
Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Due to Activity Groups				
Adams Staff Account	\$ 190	\$ 711	\$ 20	\$ 881
Administration Pop Account	3,348	4,014	4,207	3,155
Administration Scholar Account	-	200	-	200
Blue Grass Staff Account	77	941	421	597
Buchanan Pop Account	2,381	731	1,711	1,401
Buchanan Boosters Account	2,394	4,027	5,062	1,359
Buffalo Business Partners	1,735	-	1,420	315
CV Hayes Staff Account	54	-	-	54
CV Hoover Staff Account	772	382	515	639
CV Hoover Parent Account	1,380	169	453	1,096
CV West Staff Account	691	2,766	2,764	693
CV West PTO Account	-	647	-	647
CV West Staff Social Account	-	415	272	143
Central Staff Account	16,037	34,456	33,956	16,537
Central Band Orchestra Parent Account	165	500	383	282
Central/North Prom	2,280	3,000	4,382	898
Central Vocal Music Parent Account	152	-	6	146
Davenport Learning Staff Account	-	4,066	2,500	1,566
Districtwide Drop Out Event	817	700	243	1,274
Districtwide IMC Sunshine	329	-	83	246
Fillmore Staff Account	272	1,492	1,316	448
Garfield Staff Account	1,605	1,347	618	2,334
Harrison Staff Account	7,457	1,887	2,444	6,900
Havlife Foundation Account	12,678	15,460	12,605	15,533
Hayes Staff Fund	653	426	175	904
Madison Staff Account	3,576	783	1,915	2,444
Mid City Staff Account	-	2,359	69	2,290
McKinley Staff Fund	34	-	-	34
Monroe Staff Account	6,469	4,402	4,316	6,555
North Staff Account	42,260	33,482	63,805	11,937
River Music Experience/Havlife	983	-	-	983
Smart Staff Account	252	1,417	1,168	501
Sudlow Staff Account	6,165	2,337	3,164	5,338
Walcott Staff Account	1,000	-	-	1,000
Washington Staff Account	(275)	1,043	690	78
West Staff Account	(29,218)	5,863	4,725	(28,080)
West Shrine Account	460	1,123	1,133	450
West Athletics Account	1	9,831	8,021	1,811
West Boosters Account	1,290	-	1,000	290
West After Prom Account	24	3,300	3,300	24
Williams Staff Account	2,946	208	760	2,394
Wilson Staff Account	7,656	4,520	3,922	8,254
Wood Staff Account	1,824	1,538	1,048	2,314
Young Staff Account	557	2,241	1,887	911
Youth Fest Account	1,638	-	-	1,638
KC Staff Account	3,663	-	3,663	-
Total Due to Activity Groups	<u>\$ 106,772</u>	<u>\$ 152,784</u>	<u>\$ 180,142</u>	<u>\$ 79,414</u>

# **Statistical Section**

The statistical section of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents	Page
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	67 – 71
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District’s most significant local revenue sources, the property tax.	72 – 75
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District’s current level of outstanding debt and the District’s ability to issue additional debt in the future.	76 – 79
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	80 – 91
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report related to the services the District provides and the activities it performs.	92 – 96

**Sources** – Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

	Fiscal Year			
	2015	2014	2013	2012
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 168,031,137	\$ 147,591,718	\$ 145,139,593	\$ 142,713,992
Restricted	25,490,625	38,106,915	30,754,572	22,439,084
Unrestricted	(13,563,485)	54,329,549	49,317,951	40,495,698
Total governmental activities net position	<u>\$ 179,958,277</u>	<u>\$ 240,028,182</u>	<u>\$ 225,212,116</u>	<u>\$ 205,648,774</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 321,414	\$ 413,546	\$ 358,765	\$ 423,492
Unrestricted	24,659	1,622,191	2,758,445	2,839,445
Total business-type activities net position	<u>\$ 346,073</u>	<u>\$ 2,035,737</u>	<u>\$ 3,117,210</u>	<u>\$ 3,262,937</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 168,352,551	\$ 148,005,264	\$ 145,498,358	\$ 143,137,484
Restricted	25,490,625	38,106,915	30,754,572	22,439,084
Unrestricted	(13,538,826)	55,951,740	52,076,396	43,335,143
Total primary government net position	<u>\$ 180,304,350</u>	<u>\$ 242,063,919</u>	<u>\$ 228,329,326</u>	<u>\$ 208,911,711</u>

Davenport Community School District  
 Net Position by Component  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 133,596,413	\$ 122,855,936	\$ 114,430,225	\$ 104,909,566	\$ 94,038,379	\$ 85,255,475
22,083,566	23,789,830	24,956,179	22,276,424	21,162,958	17,795,508
31,528,694	21,634,801	15,470,549	12,630,676	8,126,005	2,862,552
<u>\$ 187,208,673</u>	<u>\$ 168,280,567</u>	<u>\$ 154,856,953</u>	<u>\$ 139,816,666</u>	<u>\$ 123,327,342</u>	<u>\$ 105,913,535</u>
\$ 510,223	\$ 610,226	\$ 624,336	\$ 732,858	\$ 919,518	\$ 995,006
2,388,782	1,480,466	477,059	(315,743)	(340,514)	(208,308)
<u>\$ 2,899,005</u>	<u>\$ 2,090,692</u>	<u>\$ 1,101,395</u>	<u>\$ 417,115</u>	<u>\$ 579,004</u>	<u>\$ 786,698</u>
\$ 134,106,636	\$ 123,466,162	\$ 115,054,561	\$ 105,642,424	\$ 94,957,897	\$ 86,250,481
22,083,566	23,789,830	24,956,179	22,276,424	21,162,958	17,795,508
33,917,476	23,115,267	15,947,608	12,314,933	7,785,491	2,654,244
<u>\$ 190,107,678</u>	<u>\$ 170,371,259</u>	<u>\$ 155,958,348</u>	<u>\$ 140,233,781</u>	<u>\$ 123,906,346</u>	<u>\$ 106,700,233</u>

	Fiscal Year			
	2015	2014	2013	2012
<b>Expenses</b>				
<b>Governmental activities</b>				
Instruction	\$ 132,454,398	\$ 125,736,240	\$ 120,970,114	\$ 122,607,165
Student support services	7,013,751	6,346,051	5,607,181	1,997,273
Instructional staff support services	5,517,395	4,898,917	6,550,882	7,038,613
General administration	4,800,446	4,195,386	3,774,487	1,958,785
Building administration	9,719,379	9,651,935	9,200,600	11,866,688
Business administration	6,179,430	3,447,114	4,693,532	4,135,698
Plant operation and maintenance	12,718,459	17,392,671	13,549,183	15,002,820
Student transportation	6,427,016	5,856,022	5,061,706	5,260,931
Community services	603,339	577,899	534,745	589,778
Area Education Agency	6,817,320	6,461,319	6,218,691	6,113,725
Interest on long-term debt	159,982	108,104	-	-
Total governmental activities expenses	<u>192,410,915</u>	<u>184,671,658</u>	<u>176,161,121</u>	<u>176,571,476</u>
<b>Business-type activities</b>				
School nutrition	8,041,263	8,431,050	8,240,850	8,128,218
Out of school time	489,227	945,852	978,362	686,491
Day care	-	-	-	-
Total business-type activities expenses	<u>8,530,490</u>	<u>9,376,902</u>	<u>9,219,212</u>	<u>8,814,709</u>
Total primary government expenses	<u>\$ 200,941,405</u>	<u>\$ 194,048,560</u>	<u>\$ 185,380,333</u>	<u>\$ 185,386,185</u>
<b>Program Revenues</b>				
<b>Governmental activities</b>				
Charges for services, instruction & student transportation	\$ 3,368,675	\$ 4,199,627	\$ 3,945,860	\$ 3,389,471
Operating grants and contributions	40,542,048	33,676,763	33,862,643	35,614,403
Capital grants and contributions	-	74,720	-	150,000
Total governmental revenues	<u>43,910,723</u>	<u>37,951,110</u>	<u>37,808,503</u>	<u>39,153,874</u>
<b>Business-type activities</b>				
<b>Charges for services</b>				
Food services	1,629,652	1,987,983	1,994,136	2,288,652
Out of School Program	635,619	790,137	747,704	821,163
Day Care	-	-	-	-
Operating grants and contributions	6,584,340	6,333,063	6,329,637	6,041,999
Total business-type revenues	<u>8,849,611</u>	<u>9,111,183</u>	<u>9,071,477</u>	<u>9,151,814</u>
Total primary government revenues	<u>52,760,334</u>	<u>47,062,293</u>	<u>46,879,980</u>	<u>48,305,688</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	(148,500,192)	(146,720,548)	(138,352,618)	(137,417,602)
Business-type activities	<u>319,121</u>	<u>(265,719)</u>	<u>(147,735)</u>	<u>337,105</u>
Total primary government net expense	<u>\$ (148,181,071)</u>	<u>\$ (146,986,267)</u>	<u>\$ (138,500,353)</u>	<u>\$ (137,080,497)</u>

Davenport Community School District  
Expenses, Program Revenues and Net (Expense) Revenue  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 123,435,023	\$ 115,220,844	\$ 116,034,206	\$ 113,522,124	\$ 106,527,884	\$ 103,265,247
3,266,982	3,596,004	4,022,805	4,003,009	5,506,239	4,332,402
6,142,636	6,100,992	5,082,850	5,139,836	4,227,603	3,756,106
1,813,010	1,871,580	1,877,261	1,949,544	3,181,869	2,696,173
9,950,584	9,870,846	9,439,032	8,754,199	8,179,463	8,874,500
3,822,055	3,692,544	4,454,131	4,550,916	3,325,183	3,075,192
14,052,852	14,209,020	15,221,426	14,157,556	12,249,743	11,931,445
5,027,504	4,588,851	4,623,723	4,047,272	3,762,589	3,256,495
505,551	440,988	278,949	220,927	-	108,871
6,637,326	6,505,439	5,852,203	5,662,264	5,422,638	5,069,948
-	800	343,315	667,645	971,828	1,253,072
<u>174,653,523</u>	<u>166,097,908</u>	<u>167,229,901</u>	<u>162,675,292</u>	<u>153,355,039</u>	<u>147,619,451</u>
7,538,582	7,235,067	7,145,508	7,392,708	6,942,428	6,774,334
-	-	-	-	-	-
-	-	24,895	345,411	349,860	276,428
<u>7,538,582</u>	<u>7,235,067</u>	<u>7,170,403</u>	<u>7,738,119</u>	<u>7,292,288</u>	<u>7,050,762</u>
<u>\$ 182,192,105</u>	<u>\$ 173,332,975</u>	<u>\$ 174,400,304</u>	<u>\$ 170,413,411</u>	<u>\$ 160,647,327</u>	<u>\$ 154,670,213</u>
\$ 6,816,358	\$ 7,004,271	\$ 5,612,778	\$ 5,629,822	\$ 4,781,066	\$ 3,718,848
40,018,481	38,122,590	33,228,717	29,110,981	24,009,203	22,019,691
149,825	150,000	203,189	13,088	162,112	232,035
<u>46,984,664</u>	<u>45,276,861</u>	<u>39,044,684</u>	<u>34,753,891</u>	<u>28,952,381</u>	<u>25,970,574</u>
2,367,038	2,474,381	2,727,373	2,597,998	2,436,442	2,501,019
-	-	-	-	-	-
-	-	17,155	216,982	338,519	226,833
5,967,490	5,638,183	5,108,946	4,761,250	4,309,633	3,816,447
<u>8,334,528</u>	<u>8,112,564</u>	<u>7,853,474</u>	<u>7,576,230</u>	<u>7,084,594</u>	<u>6,544,299</u>
<u>55,319,192</u>	<u>53,389,425</u>	<u>46,898,158</u>	<u>42,330,121</u>	<u>36,036,975</u>	<u>32,514,873</u>
(127,668,859)	(120,821,047)	(128,185,217)	(127,921,401)	(124,402,658)	(121,648,877)
795,946	877,497	683,071	(161,889)	(207,694)	(506,463)
<u>\$(126,872,913)</u>	<u>\$(119,943,550)</u>	<u>\$(127,502,146)</u>	<u>\$(128,083,290)</u>	<u>\$(124,610,352)</u>	<u>\$(122,155,340)</u>

	Fiscal Year			
	2015	2014	2013	2012
Net (Expense) Revenue				
Governmental activities	\$(148,500,192)	\$(146,720,548)	\$(138,352,618)	\$(137,417,602)
Business-type activities	319,121	(265,719)	(147,735)	337,105
Total primary government net expense	<u>(148,181,071)</u>	<u>(146,986,267)</u>	<u>(138,500,353)</u>	<u>(137,080,497)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	61,247,158	65,467,771	64,942,943	63,510,538
Utility tax	3,648,294	2,617,812	2,717,545	2,731,927
Sales, services and use tax	15,170,683	13,877,511	14,110,961	13,613,991
Unrestricted state aid and grants	80,262,330	78,431,166	75,791,773	75,498,841
Interest and investment earnings	275,646	197,423	165,646	472,846
Miscellaneous	1,392,782	126,308	186,829	33,945
Transfers	-	818,623	-	(4,393)
Total governmental activities	<u>161,996,893</u>	<u>161,536,614</u>	<u>157,915,697</u>	<u>155,857,695</u>
Business-type activities				
Interest and investment earnings	892	1,893	1,758	13,894
Other	672	976	250	8,540
Transfers	-	(818,623)	-	4,393
Total business-type activities	<u>1,564</u>	<u>(815,754)</u>	<u>2,008</u>	<u>26,827</u>
Total primary government	<u>161,998,457</u>	<u>161,803,912</u>	<u>157,917,705</u>	<u>155,884,522</u>
Change in Net Position				
Governmental activities	13,496,701	13,997,442	19,563,079	18,440,103
Business-type activities	320,685	(262,851)	(145,727)	363,932
Total primary government	<u>\$ 13,817,386</u>	<u>\$ 13,734,591</u>	<u>\$ 19,417,352</u>	<u>\$ 18,804,035</u>

Davenport Community School District  
 General Revenues and Total Change in Net Position  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$(127,668,859)	\$(120,821,047)	\$(128,185,217)	\$(127,921,401)	\$(124,402,658)	\$(121,648,877)
795,946	877,497	683,071	(161,889)	(207,694)	(506,463)
<u>(126,872,913)</u>	<u>(119,943,550)</u>	<u>(127,502,146)</u>	<u>(128,083,290)</u>	<u>(124,610,352)</u>	<u>(122,155,340)</u>
61,114,524	60,062,506	58,499,226	56,080,120	57,104,269	54,862,698
2,594,463	2,713,155	2,680,964	2,615,919	-	-
12,832,292	11,711,344	14,495,378	15,411,214	14,879,136	13,902,861
69,280,863	58,634,847	66,533,410	68,452,968	67,397,428	63,441,500
628,504	533,535	979,404	1,624,652	1,963,695	1,109,542
146,319	35,681	37,122	225,852	471,937	1,845,239
-	(104,619)	-	-	-	-
<u>146,596,965</u>	<u>133,586,449</u>	<u>143,225,504</u>	<u>144,410,725</u>	<u>141,816,465</u>	<u>135,161,840</u>
12,067	6,781	1,209	-	1	10,175
300	400	-	-	-	-
-	104,619	-	-	-	-
<u>12,367</u>	<u>111,800</u>	<u>1,209</u>	<u>-</u>	<u>1</u>	<u>10,175</u>
<u>146,609,332</u>	<u>133,698,250</u>	<u>143,226,713</u>	<u>144,410,725</u>	<u>141,816,466</u>	<u>135,172,015</u>
18,928,106	12,765,403	15,040,287	16,489,324	17,413,807	13,512,963
808,313	989,297	684,280	(161,889)	(207,693)	(496,288)
<u>\$ 19,736,419</u>	<u>\$ 13,754,700</u>	<u>\$ 15,724,567</u>	<u>\$ 16,327,435</u>	<u>\$ 17,206,114</u>	<u>\$ 13,016,675</u>

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	Fiscal Year			
	2015	2014	2013	2012
General Fund				
Nonspendable	\$ 398,240	\$ 389,639	\$ 254,798	\$ 374,294
Unassigned	24,299,600	25,274,148	20,920,870	15,338,624
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 24,697,840</u>	<u>\$ 25,663,787</u>	<u>\$ 21,175,668</u>	<u>\$ 15,712,918</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ 19,722	\$ -	\$ -
Restricted	37,176,145	38,106,914	29,266,974	24,702,394
Reserved	-	-	-	-
Unreserved, reported in				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 37,176,145</u>	<u>\$ 38,126,636</u>	<u>\$ 29,266,974</u>	<u>\$ 24,702,394</u>

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011.

Davenport Community School District  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 400,233	\$ -	\$ -	\$ -	\$ -	\$ -
11,010,775	-	-	-	-	-
-	752,109	598,299	755,430	1,045,409	1,158,326
-	9,259,384	12,746,539	9,485,605	6,977,264	3,044,321
<u>\$ 11,411,008</u>	<u>\$ 10,011,493</u>	<u>\$ 13,344,838</u>	<u>\$ 10,241,035</u>	<u>\$ 8,022,673</u>	<u>\$ 4,202,647</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,095,794	-	-	-	-	-
-	2,678,604	15,487,328	14,541,398	18,667,369	15,968,444
-	12,758,303	1,729,864	1,888,725	(3,119,646)	(2,879,516)
-	8,352,923	7,738,987	5,846,301	5,615,235	4,706,580
<u>\$ 23,095,794</u>	<u>\$ 23,789,830</u>	<u>\$ 24,956,179</u>	<u>\$ 22,276,424</u>	<u>\$ 21,162,958</u>	<u>\$ 17,795,508</u>

	Fiscal Year			
	2015	2014	2013	2012
<b>Revenues</b>				
Property taxes	\$ 61,224,395	\$ 65,473,551	\$ 65,068,981	\$ 63,342,557
Utility tax	3,648,294	2,617,812	2,717,545	2,731,926
Sales, services and use tax, pledged as security for revenue bonds	15,170,683	13,877,511	14,009,961	13,613,991
Intergovernmental	117,138,327	110,044,423	107,161,891	107,727,555
Charges for services	2,117,326	2,920,189	2,996,858	3,389,471
Interest	275,645	197,424	165,646	472,846
Contributions and donations	1,119,312	688,092	652,378	833,320
Other	5,029,288	2,855,877	2,353,270	1,929,353
<b>Total revenues</b>	<b>205,723,270</b>	<b>198,674,879</b>	<b>195,126,530</b>	<b>194,041,019</b>
<b>Expenditures</b>				
Instruction	126,118,386	118,583,277	115,417,601	117,168,124
Student support services	7,376,623	6,346,051	6,589,764	3,264,883
Instructional staff support services	5,715,720	4,898,918	6,541,656	6,988,659
General administration	4,880,510	4,195,386	3,759,798	1,944,096
Building administration	10,187,425	9,651,935	9,196,821	11,688,893
Business and central administration	6,312,477	5,317,248	4,591,156	4,053,141
Plant operations and maintenance	13,085,788	17,314,484	13,463,488	14,897,537
Student transportation	6,422,346	5,856,022	5,054,428	5,253,653
Other support services	622,734	656,087	530,984	585,125
Area Education Agency	6,817,320	6,461,319	6,218,691	6,113,725
Capital outlay	28,885,713	19,940,054	9,732,598	16,170,280
Debt service:				
Principal	1,000,000	-	-	-
Interest	211,601	108,104	-	-
<b>Total expenditures</b>	<b>217,636,643</b>	<b>199,328,885</b>	<b>181,096,985</b>	<b>188,128,116</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(11,913,373)</b>	<b>(654,006)</b>	<b>14,029,545</b>	<b>5,912,903</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,392,824	1,083,055	3,945	5,399
Transfers (out)	(2,392,824)	(1,083,055)	(3,945)	(9,792)
Issuance of bonds	9,795,000	9,535,000	-	-
Premium on bonds	201,934	464,573	-	-
<b>Total other financing sources</b>	<b>9,996,934</b>	<b>9,999,573</b>	<b>-</b>	<b>(4,393)</b>
<b>Special Item</b>				
Proceeds from sale of school property	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (1,916,439)</b>	<b>\$ 9,345,567</b>	<b>\$ 14,029,545</b>	<b>\$ 5,908,510</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.63%</b>	<b>0.06%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: District financial records

Davenport Community School District  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 61,097,510	\$ 59,978,454	\$ 58,463,767	\$ 55,945,162	\$ 57,156,980	\$ 55,266,406
2,594,463	2,713,155	2,680,964	2,615,919	-	-
12,832,292	11,711,344	14,495,378	15,411,214	14,879,136	13,902,861
107,523,909	95,281,065	98,185,617	94,308,745	88,515,128	85,212,452
4,330,427	3,957,803	4,256,788	3,876,643	2,290,106	3,593,277
628,504	533,535	979,404	1,624,652	1,963,695	1,109,542
681,584	415,120	681,578	191,841	281,982	182,115
2,321,967	2,616,574	2,632,264	1,802,332	4,263,978	3,173,343
<u>192,010,656</u>	<u>177,207,050</u>	<u>182,375,760</u>	<u>175,776,508</u>	<u>169,351,005</u>	<u>162,439,996</u>
121,991,035	114,024,980	111,037,438	107,820,164	101,570,521	100,396,929
4,906,654	5,456,799	4,329,266	3,819,850	5,711,135	4,332,402
6,142,636	6,077,840	5,082,850	5,134,015	4,226,468	3,744,654
1,798,321	1,856,891	1,862,572	1,934,856	3,167,180	2,681,482
9,945,284	9,785,027	9,432,227	8,754,199	8,179,463	8,868,370
3,740,036	3,582,860	4,447,595	4,543,863	3,322,681	3,073,582
13,987,436	14,111,490	15,057,211	13,949,803	12,217,681	10,123,119
5,020,226	4,581,573	4,616,445	4,039,994	3,755,311	3,249,217
505,551	419,790	272,685	217,087	-	108,871
6,637,326	6,505,439	5,852,203	5,662,264	5,422,638	5,069,948
16,630,672	8,067,778	7,441,230	9,383,063	7,383,001	9,731,725
-	6,960,000	6,655,000	6,370,000	6,095,000	5,835,000
-	171,658	505,480	819,736	1,112,450	1,386,916
<u>191,305,177</u>	<u>181,602,125</u>	<u>176,592,202</u>	<u>172,448,894</u>	<u>162,163,529</u>	<u>158,602,215</u>
<u>705,479</u>	<u>(4,395,075)</u>	<u>5,783,558</u>	<u>3,327,614</u>	<u>7,187,476</u>	<u>3,837,781</u>
506,648	7,135,367	7,166,975	7,212,630	7,228,437	7,228,879
(506,648)	(7,239,986)	(7,166,975)	(7,212,630)	(7,228,437)	(7,228,879)
-	-	-	-	-	-
-	-	-	-	-	-
-	(104,619)	-	-	-	-
-	-	-	4,214	1	-
<u>\$ 705,479</u>	<u>\$ (4,499,694)</u>	<u>\$ 5,783,558</u>	<u>\$ 3,331,828</u>	<u>\$ 7,187,477</u>	<u>\$ 3,837,781</u>
0.00%	4.11%	4.25%	4.41%	4.66%	5.10%

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Levy Year	Collection Year	Real Property		Railroads and Utilities without Gas and Electric	
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
2013	2014-15	\$ 3,976,159,852	\$ 6,157,832,146	\$ 29,829,360	\$ 29,829,360
2012	2013-14	3,953,498,589	6,053,046,249	84,097,659	84,097,659
2011	2012-13	3,863,743,319	6,031,459,163	77,614,095	77,614,095
2010	2011-12	3,655,848,531	5,864,886,919	74,854,621	74,854,621
2009	2010-11	3,505,901,299	5,734,964,644	74,454,695	74,454,695
2008	2009-10	3,449,040,935	5,673,979,209	70,826,025	70,826,025
2007	2008-09	3,349,890,912	5,608,825,247	69,879,316	69,889,389
2006	2007-08	3,201,172,684	5,250,133,365	67,374,978	67,374,978
2005	2006-07	3,123,502,576	5,072,939,763	68,248,717	68,264,032
2004	2005-06	2,998,904,601	4,741,587,400	75,780,138	75,780,138

Source: Iowa Department of Management

Davenport Community School District  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (Unaudited)

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Gas and Electric		Total		
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Total Direct Rate
\$ 203,238,988	\$ 299,656,208	\$ 4,209,228,200	\$ 6,487,317,714	15.59319
158,516,628	247,938,033	4,196,112,876	6,385,081,941	16.66333
159,247,006	239,398,708	4,100,604,420	6,348,471,966	17.04996
161,125,636	233,595,662	3,891,828,788	6,173,337,202	17.05061
152,167,149	226,918,464	3,732,523,143	6,036,337,803	17.11276
161,620,628	220,731,443	3,681,487,588	5,965,536,677	17.09334
159,783,923	195,094,477	3,579,554,151	5,873,809,113	17.09414
156,936,258	205,802,131	3,425,483,920	5,523,310,474	17.10576
158,143,525	187,341,658	3,349,894,818	5,328,545,453	17.10760
157,462,369	173,339,762	3,232,147,108	4,990,707,300	17.09027

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		<u>District Direct Rates</u>	
<u>Fiscal Year Ended</u>	<u>General Purposes</u>	<u>Capital Purposes</u>	<u>Total</u>
2015	14.53747	1.30000	15.83747
2014	15.36333	1.30000	16.66333
2013	15.74996	1.30000	17.04996
2012	15.75061	1.30000	17.05061
2011	15.81276	1.30000	17.11276
2010	15.79334	1.30000	17.09334
2009	15.79414	1.30000	17.09414
2008	15.80576	1.30000	17.10576
2007	15.80760	1.30000	17.10760
2006	15.79027	1.30000	17.09027

Source: Scott County Auditor's Office

Davenport Community School District  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Unaudited)

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Scott County	Overlapping Rates		
	City of Davenport	Area IX Community College	Other
6.13204	16.78000	0.92782	0.44420
6.23534	16.78000	0.92043	0.44342
6.30156	16.78000	0.91511	0.38355
6.03776	15.53000	1.01724	0.32062
6.37607	15.53000	0.92444	0.30838
5.47607	15.58000	0.87714	0.32634
5.33791	15.57584	0.60635	0.34572
5.54040	15.57515	0.60785	0.38043
5.11060	15.56702	0.61277	0.30072
5.56513	15.24000	0.59269	0.33018

<u>Taxpayer</u>	2014		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
MidAmerican Energy	\$ 233,956,408	1	5.74%
Iowa American Water Company	58,960,052	2	1.45%
SDG Macerich Properties	55,488,075	3	1.36%
Qwest Corporation	26,520,800	4	0.65%
Northern Border Pipeline Company	22,877,800	5	0.56%
RS Davenport Retail LLC	22,162,550	6	0.54%
LaFarge Corporation	21,371,986	7	0.52%
Continental Cement Co (LaFarge Corporation)	20,412,834	8	0.50%
THF Davenport North Development	15,994,099	9	0.39%
Iowa 80 Truckstop Inc.	14,552,658	10	0.36%
Quanex Corporation			
Davenport 1031 LLC			
National Amusement Inc.			
Petersen Properties LLC			
Bradley Operating LTD Partnership			
Genesis Health System			
Oscar Mayer Foods Corp			
Total	<u>\$ 492,297,262</u>		<u>12.07%</u>

**Davenport Community School District**  
 Principal Property Taxpayers  
 Current Year and Nine Years Ago  
 (Unaudited)

2005		
Taxable Value	Rank	Percentage of Total Taxable Value
\$ 229,007,316	1	7.09%
71,516,500	2	2.21%
18,294,007	5	0.57%
20,862,200	3	0.65%
18,517,300	4	0.57%
18,254,200	6	0.56%
14,866,780	7	0.46%
14,724,800	8	0.46%
13,418,862	9	0.42%
12,543,615	10	0.39%
\$ 432,005,580		13.37%

Davenport Community School District  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)

Collection Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Percentage of Levy
		Amount	Percentage of Total Tax Collections		
2014-15	\$ 65,070,176	\$ 65,017,184	99.92%	\$ 278,724	0.43%
2013-14	68,299,475	68,253,944	99.93%	184,856	0.27%
2012-13	68,088,684	67,911,950	99.74%	165,430	0.24%
2011-12	66,488,700	66,147,985	99.49%	191,731	0.29%
2010-11	64,011,988	63,451,778	99.12%	108,783	0.17%
2009-10	63,070,307	62,598,461	99.25%	195,661	0.31%
2008-09	61,286,919	59,080,460	96.40%	86,361	0.14%
2007-08	58,718,818	56,528,792	96.27%	142,393	0.24%
2006-07	57,409,542	55,301,375	96.33%	169,861	0.30%
2005-06	55,361,876	55,393,625	100.06%	81,646	0.15%

Source: Muscatine County Auditor's Office and Scott County Auditor's Office

Davenport Community School District  
 Outstanding Debt by Type  
 Last Ten Fiscal Years  
 (Dollars in Thousands, Except Per Capita)  
 (Unaudited)

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Fiscal Year	Governmental Activities	Percentage of Personal Income	Per Capita
	Revenue Sales Bonds		
2015	18,330,000	N/A	106.95
2014	9,535,000	0.12%	55.96
2013	-	-	-
2012	-	-	-
2011	-	-	-
2010	-	-	-
2009	6,960,000	0.11%	42.78
2008	13,615,000	0.23%	83.69
2007	19,985,000	0.35%	122.89
2006	26,080,000	0.49%	162.87

Source: District financial records  
 N/A: Not Available

Davenport Community School District  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2015  
(Dollars in Thousands)  
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Scott County	\$ 27,005,000	100.00%	\$ 27,005,000
Eastern Iowa Community College	51,810,000	52.58%	27,241,698
City of Blue Grass	2,156,824	97.65%	2,106,139
City of Buffalo	592,800	100.00%	592,800
City of Davenport	185,730,000	100.00%	185,730,000
City of Walcott	505,000	100.00%	505,000
City of Durant	1,359,000	3.72%	50,555
Subtotal, overlapping debt			<u>243,231,191</u>
District direct debt			<u>18,330,000</u>
Total direct and overlapping debt			<u><u>\$ 261,561,191</u></u>

Source: Scott County Treasurer's Office and Muscatine County Treasurer's Office

The outstanding debt amounts are obtained directly from the debt issuing entity.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

- (1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

DAVENPORT  
COMMUNITY  
SCHOOLS

*A District of Distinction*

*Distinguished* Legacy\*\* *Unmatched* Opportunities\*\* *Remarkable* Results

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	<u>\$ 4,085,039,452</u>
Debt limit (5% of assessed value)	\$ 204,251,973
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 204,251,973</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 204,251,973	\$ 203,889,771	\$ 199,231,865	\$ 194,594,439	\$ 194,271,258
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 204,251,973</u>	<u>\$ 203,889,771</u>	<u>\$ 199,231,865</u>	<u>\$ 194,594,439</u>	<u>\$ 194,271,258</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Scott County Auditor's Office and District Financial Records

Davenport Community School District  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Dollars in Thousands)  
 (Unaudited)

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<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 186,223,489	\$ 184,074,379	\$ 178,977,708	\$ 171,274,196	\$ 167,494,741
<u>-</u>	<u>6,960,000</u>	<u>13,615,000</u>	<u>19,985,000</u>	<u>26,080,000</u>
<u>\$ 186,223,489</u>	<u>\$ 177,114,379</u>	<u>\$ 165,362,708</u>	<u>\$ 151,289,196</u>	<u>\$ 141,414,741</u>
0.00%	3.78%	7.61%	11.67%	15.57%

Davenport Community School District  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Dollars in Thousands)  
(Unaudited)

Fiscal Year	Sales, Services and Use Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2015	\$ 15,170,683	\$ 1,000,000	\$ 247,611	12.16
2014	13,877,511	-	-	-
2013	14,110,961	-	-	-
2012	13,693,974	-	-	-
2011	12,832,292	-	-	-
2010	11,711,344	6,960,000	171,658	1.64
2009	14,495,378	6,655,000	503,880	2.03
2008	15,411,214	6,370,000	818,136	2.14
2007	14,879,136	6,095,000	1,112,450	2.06
2006	14,157,960	5,835,000	1,385,916	1.96

Source: District financial records

Davenport Community School District  
Demographic and Economic Statistics  
Last Ten Years  
(Unaudited)

Calendar Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	169,630	N/A	N/A	37.0	15,348	6.00
2013	170,385	8,023,456	47,090	37.0	15,600	5.70
2012	168,827	8,083,282	47,879	37.0	15,546	6.70
2011	167,053	7,896,324	47,268	37.7	15,795	6.60
2010	165,752	7,327,666	44,209	37.7	16,120	6.90
2009	166,650	6,962,274	41,778	35.4	15,089	7.50
2008	164,690	6,261,177	38,018	38.0	16,397	6.70
2007	162,687	5,975,000	36,727	37.9	16,313	3.80
2006	162,621	5,694,662	35,018	37.4	15,942	3.40
2005	160,125	5,292,804	33,054	36.6	16,115	5.00

Note: Information not available for Davenport Schools. Information is reported for Scott County, Iowa

Source: Economic Research, Federal Reserve Bank of St. Louis

N/A: Not Available

### **The ABCs about Davenport Community Schools ...**

Davenport lies within the Quad Cities Metropolitan area, which is located in eastern Iowa and western Illinois on the Mississippi River, 165 miles west of Chicago. The Quad Cities is midway between Minneapolis and St. Louis. The area's 300-mile market of nearly 36.5 million people comprises nearly 15% of the nation's population.

**ACT (American College Testing) Entrance Exam:** Average composite scores consistently above national norms among District's college-bound high school students.

### **Our Beliefs**

- ✓ We believe all children can and will learn in the Davenport Community School District.
- ✓ We believe each child deserves respect.
- ✓ We believe we must have high expectations for each child.
- ✓ We believe we must never limit children.
- ✓ We believe in the power of effective instruction.
- ✓ We believe effective instruction encourages students to be inquisitive and to explore and discover.
- ✓ We believe every child has the right to a safe environment.
- ✓ We believe a caring environment is important for student success because relationships impact learning.
- ✓ We believe extracurricular activities engage students in the educational environment.
- ✓ We believe effective schools nurture relationships and impact learning.
- ✓ We believe in the universal benefits of continuous quality improvement.

**Budget:** \$279,889,049 in 2014-15

### **Collaboration with Community Leaders and Agency Partners:**

- ✓ Leading a network of preschool partners to provide access to high-quality early learning opportunities for all of Davenport's 4 year-olds
- ✓ Davenport Schools Foundation scholarships and Great Minds enrichment activities for all students
- ✓ After-school and summer program expertise in partnership with ISU Extension, Davenport Parks and Recreation, YMCA and others
- ✓ Free CitiBus service on all City of Davenport transit routes 7 days a week
- ✓ Agency-led community-to-classroom program partnerships with ISU Extension, Jr. Achievement, Figge Art Museum, Iowa Jobs for America's Graduates, and more
- ✓ Learning Supports partners from the youth development and faith communities provide academic and social supports for students and families
- ✓ Postsecondary collaborations prepare students and families for life after graduation

**Communities Served:** Blue Grass, Buffalo, Davenport and Walcott - covering 109 square miles

**Comprehensive School Improvement Plan:** is a detailed plan of actions for accomplishing the district goals. Davenport's student learning goals are the general expectations for all its graduates. Students graduating from Davenport Community School District will:

- ✓ Apply reading, writing, and speaking skills to communicate effectively
- ✓ Understand and apply mathematical ideas
- ✓ Understand our earth, ecological impact, the physical world, and the cycles of life
- ✓ Understand the development of civic responsibility and the influence of history, geography, government, and economics on individuals and societies
- ✓ Understand, perform, and value music
- ✓ Understand, produce, and value visual art
- ✓ Demonstrate appropriate physical movement and form
- ✓ Demonstrate skills and knowledge needed for making life-long health decisions
- ✓ Demonstrate technical knowledge and skills needed to be productive within the context of real life
- ✓ Be knowledgeable about career choices across a variety of areas
- ✓ Apply critical thinking skills when making decisions and solving problems
- ✓ Use technology and other sources of information for a variety of purposes
- ✓ Demonstrate attitudes and skills that support self-directed lifelong learning, personal pursuits, productivity, and conflict resolution
- ✓ Demonstrate attitudes and behaviors that support global understanding, collaboration, diversity, and interdependence

**Computers and Technology:**

- ✓ Davenport's Google Domain:
  - 134 Organizations Units
  - 10,700 Groups created
  - 21,000 Users
  - 1,108,000 User Documents stored in the Cloud
- ✓ Hardware by the numbers:
  - Over 21, 000 internet devices
    - 8000+ Desktops
    - 3000+ Laptops
    - 8000+ Chromebooks
    - 2000+ Tablets
- ✓ Nearly one-to-one interactive technology at the high school level
- ✓ Kindergarten through second grade classrooms received 1400 new tablets preloaded with apps to enhance their education including Google Play for Education
- ✓ All K-5 classrooms have interactive white boards

### **Curriculum Highlights:**

#### Elementary (K-Grade 5)

- ✓ Preschool opportunities
- ✓ Concept Based Brain Compatible (CBBC)/"Brain Friendly" Classrooms
- ✓ Skills for Life initiative
- ✓ Emphasis on reading proficiency in primary grades
- ✓ Balanced Literacy approach
- ✓ Special, visiting artists programs
- ✓ Vocal music performance opportunities
- ✓ Instrumental music program beginning in 4th grade
- ✓ Departmental instruction in 4th and 5th grade in art, mathematics, music, physical education, science, and social studies
- ✓ Special education programming
- ✓ Talented and gifted programming
- ✓ State-of-the-art library media centers – the first library media centers in elementary schools in Iowa and west of the Mississippi River

#### Intermediate (Grades 6-8)

- ✓ Individual school-based middle school programming
- ✓ Writing across the curriculum
- ✓ Multiple-year sequence in French and Spanish
- ✓ School-to-Work programming
- ✓ Individual student lessons in instrumental music
- ✓ Special education programming
- ✓ Talented and gifted programming
- ✓ State-of-the-art library media centers

#### High Schools (Grades 9 – 12)

- ✓ All high schools have Talented And Gifted teachers who support the unique learning needs of our gifted students. No other district in the area has this strong of a TAG program presence.
- ✓ Over forty advanced placement and dual credit college courses are offered at our high schools
- ✓ High quality fine arts, extracurricular and athletic programs
- ✓ Nationally-recognized "Project Lead the Way" engineering program
- ✓ Award-winning ProStart culinary arts program
- ✓ Junior ROTC programs, numerous school and community clubs, and service learning opportunities
- ✓ Options within required course areas
- ✓ Foreign language offerings in French, Spanish, German, and some Latin & Greek
- ✓ School-to-Work programming
- ✓ Special education programming
- ✓ State-of-the-art library media centers

### **Employee and District Top Awards:**

- ✓ Two DCS teachers received their highly-prestigious National Board Certification this year: Sarah McGlynn and Janelle Renee Vanerstrom are now both certified in Literacy – Reading & Language Arts/Early & Middle Childhood. Our district currently has a total of thirteen National Board Certified Teachers in our classrooms.
- ✓ West High teacher Jason Franzenburg received the 2015 STEM Education Award for the Southeast Region for Inspiring Teaching by the Governor Branstad’s STEM Advisory Council.
- ✓ Guy Dierikx, Davenport North’s Head Football Coach and Physical Education teacher, was invited to the NFL High School Character Development Summit, a seminar that focuses on student leadership and character development, in Orlando, Florida. Mr. Dierikx was also selected to the coaching staff of the 15-Under team at the U.S. International Bowl in Dallas, Texas.
- ✓ Candy Reed, counselor at Garfield Elementary, was named the 2014 Iowa Elementary School Counselor of the Year. Ms. Reed, who has been a counselor at Garfield since 2006, was recognized by the Iowa School Counselor Association for the outstanding counseling program she has developed at the school. Ms. Reed has also been named Gilda’s Club Volunteer of the Year in 2010, received national recognition from the American School Counseling Association in 2010, and won the Excellent Educator Award in 1990.
- ✓ Business Education teachers Meredith Tangen and Steve Verdon were honored at the Iowa Business Education Association (IBEA) State Convention. Meredith received the “Outstanding New Secondary Business Educator” award; she was nominated by 30 of her former students and several of her colleagues. Steve received the “Excellence” award for 15 years of service. Both teachers received the “IBEA Best Award.”

### **Facilities:**

Early Childhood Learning Centers-2

Elementary (some with preschool, all with kindergarten through fifth grade) - 17

Intermediate (sixth through eighth grade) - 4

K-8 Buildings (kindergarten through eighth grade) - 2

Senior High (ninth through 12<sup>th</sup> grade) - 4

Athletic Stadium - 1

Operations Center - 1

Administration Services Center - 1

### **Facility Maintenance:**

- ✓ Recognized as environmental leader receiving Governor’s Iowa Environmental Excellence Award, Iowa Recycling Award, and the U.S. Environmental Protection Agency ENERGY STAR Partner of the Year
- ✓ Facilities upgrades of nearly \$130 million over the past 12 years, earning the Association of School Business Officials International Facilities Masters Award
- ✓ To keep the district on the leading edge of innovations, 14 schools so far have been configured with geothermal systems which are environmentally friendly, and the savings from the geothermal units will pay for themselves.

### **Food Service:**

Innovative and award-winning breakfast and lunch programs provided in all schools.

- ✓ 67.7% Free or reduced
- ✓ Highly trained nutrition experts serve every building in the school district. Each day nearly 20,000 meals are served to students in over 30 locations.
- ✓ Meal service extends into the summer months with our “Community Café” program serving an estimated 40,000 meals across 20 community parks, schools and community centers.

**Guidelines for Elementary Class Sizes:**

Kindergarten through first grade – 20 students

Second grade – 21 students

Third grade – 22 students

Fourth through fifth grade – 26 students

**Iowa Core Curriculum:**

In 2010 the State Board of Education voted to blend the Iowa Core with the Common Core. The Iowa Core goes beyond the Common Core. Essential Concepts & Skill Sets include:

- Literacy: reading, writing, speaking, listening, viewing
- Math: number and operations, quantitative literacy, algebra, geometry and measurement, data analysis/statistics/probability
- Science: science as inquiry, earth and space, life science, physical science
- Social Studies: behavioral sciences, economics, geography, history, politic science/civic literacy
- 21<sup>st</sup> Century Skills: employability skills, financial literacy, health literacy, technology literacy

**Some of our Outstanding Alumni...**

- ✓ Jim Skinner, class of 1962, Chief Executive Officer of McDonald's Corporation
- ✓ Roger Craig, class of 1978, 3-time Super Bowl champion
- ✓ Dana Davis, class of 1997, television actress
- ✓ Jim Leach, class of 1960, Chair of the National Endowment for the Humanities and former member of the U.S. House of Representatives
- ✓ Susan Glaspell, class of 1894, Pulitzer Prize-winning playwright, actress, director, novelist, biographer and poet
- ✓ Julian Vandervelde, class of 2006, professional football player
- ✓ Tom Hudson, class of 1990, co-host of PBS national broadcast "Nightly Business Review"

**Parents as our Partners**

- ✓ Watch D.O.G.S. (Dads Of Great Students) enlists fathers to volunteer at their child's school by interacting with students before & after school, during lunch, and in classrooms
- ✓ Parent engagement, PTA and PTO opportunities at all of our schools
- ✓ Online Parent Portal and other communication tools ensure families have regular contact with classroom teachers
- ✓ Title I Parent Involvement activities engage parents as volunteers and education supporters
- ✓ Staffed Community Schools Resource Center offers agency information and referrals for parents
- ✓ Home School Assistance Program offers academic and enrichment supports for families choosing to home school their child

**Professional Employees' Credentials:**

- ✓ Bachelors' Degrees – 100%
- ✓ Masters' Degrees – 53.10%
- ✓ Specialist or Doctorate Degrees – 1.93%

### **Program & School Top Awards**

- ✓ The official Dropout and Graduation Rate for Davenport Community Schools showed improved graduation rates again this year, up nearly 4% from the previous year.
- ✓ The Iowa Department of Education presented Central High with an Iowa College and Career Readiness Award. Central was the only school in the state of Iowa selected to receive the “College and Career Transition Award.”
- ✓ Iowa FINE – First in the Nation in Education – Awards
- ✓ U.S. Department of Education Blue Ribbon Award
- ✓ Iowa Diversity Award
- ✓ American Association of School Administrators Leadership for Learning Award
- ✓ American School Board Journal Magna Award
- ✓ American Red Cross National School and Community Award for Youth in Health and Safety
- ✓ Certificates of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and Association of School Business Officials
- ✓ National Association of Partners in Education Outstanding Partner Awards
- ✓ National School Public Relations Association Communications Awards
- ✓ U.S. Environmental Protection Agency Green Lights School System Partner of the Year

### **Safe and Supportive Schools**

- ✓ Comprehensive Guidance Program with school counselors accredited by the American School Counselors Association and the Military Child Education Coalition
- ✓ Olweus Bullying Prevention Program integration in all schools
- ✓ Specialized Dropout Prevention & Learning Supports staff
- ✓ Outreach and collaboration among emergency responders, civic leaders, and neighborhood groups to ensure safety and security in school facilities and on school grounds

### **Skills for Life Initiative**

The Skills for Life initiative, created for students in the Davenport district, helps ensure a productive learning environment that is absent of threat. In 1998, all elementary schools began including seven Skills for Life throughout their curriculum. Intermediate schools added eight additional skills and high schools added three more skills for a total of 18 Skills for Life.

### **The 18 Skills for Life Are:**

*Starting at the elementary level –*

- ✓ **Caring** – to feel and show concern for others
- ✓ **Common sense** – to use good judgment
- ✓ **Effort** – to do one’s best
- ✓ **Initiative** – to do something, not necessarily for reward, but because it needs to be done
- ✓ **Perseverance** – to keep at something until one succeeds
- ✓ **Responsibility** – to take action when needed and be accountable for one’s actions
- ✓ **Teamwork** – to work together to achieve a goal for the benefit of all concerned

*Added at the intermediate school level –*

- ✓ **Curiosity** – to demonstrate a desire to investigate and seek understanding of one’s world
- ✓ **Flexibility** – to be willing to alter plans when necessary
- ✓ **Friendship** – to make and keep a friend through mutual trust and caring
- ✓ **Integrity** – to act according to a sense of what is right and wrong
- ✓ **Organization** – to plan, arrange, and implement in an orderly way so things are ready to use
- ✓ **Patience** – to wait calmly for someone or something
- ✓ **Problem Solving** – to create solutions in difficult situations and everyday problems
- ✓ **Sense of Humor** – to laugh and be playful without harming others

*Added at the high school level –*

- ✓ **Courage** – to act according to one’s beliefs despite fear of adverse consequences
- ✓ **Pride** – to gain satisfaction from doing one’s personal best
- ✓ **Resourcefulness** – to respond to challenges and opportunities in innovative and creative ways

**Student Top Awards (Just A Few!):**

- ✓ West High’s Kyle Verdon was named one of the two Wendy’s High School Heisman Award winners in the state of Iowa. Kyle is a multi-sport, 4.0 GPA, student athlete that participates in football, swimming, track and baseball. Kyle was also recognized at the Iowa High School Athletic Association Governor’s Scholar Program.
- ✓ Jacionna Stowers and Jinaya Houston, two members of the North High Girls Basketball Team, received All-State honors from the Iowa Newspaper Association. The Lady Wildcats set a new single-season win mark of 17 this year, and their season started off with a 13-game winning streak, during which they were ranked #7 in the state.
- ✓ North High swimmer Brennan Bladel was crowned District Champion in the 100m Butterfly, and went on to compete at the State swim meet where he placed 6th in the 100m Butterfly and 10th in the 100m Backstroke. In addition, Brennan is North’s new school record holder in the 100m Butterfly.
- ✓ The West competition cheer team won the Iowa High School Coed State Cheerleading Championship title for the fourth time in the past five years. The team also had two individual coed stunt groups place first and second against the other individual stunt groups. In addition to the success at State, the team competed at the Triton Challenge in Fort Dodge, where they won Grand Champion.
- ✓ Wood Intermediate’s award-winning 7th-8th grade select choirs had record-setting performances in the Music in The Parks Competition held at Six Flags Great America. Twelve schools representing six states were in attendance, and Wood choirs won many awards including three 1st Place awards and the prestigious Esprit de Corps Trophy.
- ✓ Four DCS students were named statewide winners in the 2015 Martin Luther King Jr Writing Contest. Jimmy Brooke, first grade student at Eisenhower Elementary, took first place in the age bracket of 1st and 2nd graders. In that same age bracket, Arianna Miranda, a second grade student at Adams Elementary, won second place. Oliver Klipsch, a fourth grade student at Washington Elementary, won first place in the 3rd-4th grade age bracket. Calvin Moulton, a sixth grade student at JB Young K-8, placed second in the 5th and 6th grade category.
- ✓ Central High and Creative Arts Academy students Chloe Thompson, Lily Castel, and Taylor Chandler are recipients of three of the four 2015 Brand Boeshaar Scholarships. This highly competitive scholarship awards \$12,000 over four years to students pursuing degrees in art-related fields of study.

- ✓ The North High Wildcat Thespians' studio version of "Children of a Lesser God" won the Chapter Select designation at the Iowa State Thespian Festival, and advanced to the International Thespian Festival. Central High's competitive acting troupe #2951 (aka "The Rhinocorns") also competed at the State Festival, where Ben Greiner received 2nd place for Stage Management and advanced to the International Festival.
- ✓ Central High's Marching Blue Devils received a Division I rating at the State Marching Band Festival. They also delivered an amazing performance at the Bands of America Grand National Championships in Indianapolis, where they finished 9th in their class. The Band was selected to represent Iowa in Washington D.C. during the 2015 National Independence Day Parade.
- ✓ West High senior Solomon Yoke was named a national winner in the 2015 Quill and Scroll International Writing and Photo Contest. Solomon was one of 28 winners from across the nation recognized in the Feature Writing category.
- ✓ West High seniors Olivia Grubbs and Mitchell Dunn both qualified for the National Speech and Debate Tournament. This was Olivia's 4th time qualifying in Original Oratory, making her the first student in West High history to qualify for Nationals during all four years of his or her schooling.
- ✓ Mid City High student James Salkil attended iJAG Legislative Day at the state capitol. Out of 30 visiting students, James was one of the eight chosen to meet with Lt. Governor Kim Reynolds. he was also named top iJAG candidate for the day.
- ✓ Central High student Juls Hance was crowned National Miss Amazing Teen Queen at the National Miss Amazing Pageant. During the National pageant, Juls performed an acapella rendition of "For Good" from the musical Wicked, and discussed school issues in front of a panel of judges. As part of her duties as Miss Amazing, Juls will be helping at food pantries and other community service events.
- ✓ West High's "Combustible Lemons" engineering & robotics team had another successful year in competitions, ultimately qualifying for the FIRST Tech Challenge (FTC) World Championship in St. Louis. During their qualifying state and regional competitions, the team won the Inspire Award and Connect Award, was crowned Winning Alliance Captain, and team Co-Captain Stephen Eckert received the Dean's List Award.
- ✓ The West High student engineering team "Endotherm" was one of only 15 teams in the nation to receive the prestigious Lemelson-MIT InvenTeam Grant to invent a product. Tasked with creating a product that would change the world and save lives, students focused on the problem of vehicular heatstroke and the death of children and pets, developing a bracelet and collar that alerts the parent or pet owner when the wearer is reaching dangerous temperature levels.
- ✓ Central High's Pablo Haake was selected as a Bezos Scholar. Pablo met with 11 of the nation's other top public high school juniors during a week of exploration, dialogue and debate, while working with leaders and innovators from around the world. Pablo was also one of two students in Iowa selected to receive the prestigious U.S. Senate Youth Program Scholarship. He and 101 other students participated in the program's 52nd annual Washington Week, where Pablo met President Obama and visited Capitol Hill, the Pentagon, the State Department, and the Supreme Court.
- ✓ The Sudlow Intermediate Destination Imagination Team represented the state of Iowa at the 2014 Global Finals, where they competed against teams from more than 40 states and 12 countries.

**Student Diversity:**

Asian– 1.76%

Black – not Hispanic – 18.47%

Hispanic – 13.91%

Native American - .26%

Pacific Islander – .12%

White – 56.88%

Multi-Racial – 8.60%

Davenport Community School District  
Demographic and Economic Statistics

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**Student Enrollment K-12:** 15,348

**Student Teacher Ratio:**

Elementary – 10 to 1

Secondary – 14 to 1

**Teacher Data:**

	Beginning Salary	Maximum Salary	Number of Teachers	Average Salary
Bachelors	\$ 30,570	\$ 50,441	367	\$ 32,745
Bachelors + 15 hours	32,099	51,969	212	38,616
Masters	35,156	62,669	403	45,724
Masters + 15 hours	36,684	64,197	146	50,259
Masters + 30 hours	38,213	65,726	159	49,392
Specialists Degree	39,741	67,254	25	55,497

Average teachers salary: \$42,075

**Transportation Services:** Free district bus transportation is provided to students when the distance from their homes to schools exceeds the following:

Elementary School - 1.5 miles

Intermediate School- 2 miles

High School - 3 miles

## **Twenty-five Great Things About Our Schools**

### **"Enhance each student's abilities ... "**

1. Extensive academic programs with many choices for individual students
2. Among area's smallest class sizes: average of 21.1 students in elementaries
3. Preschool programs and all-day kindergarten
4. Skills for Life, a district wide character education initiative
5. Unique 1-on-1 instrumental instruction starting in elementary
6. World languages in 1- to 6-year sequences
7. Advanced placement courses and college credit courses in high school
8. Comprehensive athletic and other extracurricular programs

### **"Provide a quality education"**

1. Trend-setting academic programs, based on research and developed by staff with district students in mind
2. Iowa FINE Award-winning schools and programs
3. Nationally-recognized focus on the importance of reading for overall student success
4. Student learning goals set for each grade and course
5. Student ACT (American College Testing) average scores above national norms
6. State of the art media center with new technology
7. Study tables for student athletes
8. Career planning in high school
9. Community Education Program for all ages

### **"Enriched by our diverse community ... "**

10. Expanded learning opportunities through many community partnerships
11. Active parents, supporting academic activities through playground projects
12. Area's first Partners in Education Program for schools, businesses, and organizations
13. Innovative Great Minds Program, sponsored by Davenport Schools Foundation and community
14. Recent school building modernization, supported by local taxpayers
15. Highly recognized art and music programs and student publications, reflective of a strong community heritage
16. Nurturing classroom and school environments, featuring many "brain-friendly" characteristics in which student learning thrives
17. Appreciation for the value that student and staff ethnic diversity brings to a well-rounded learning experience

Employer	2015		Percentage of Total Employment
	Employees	Rank	
Genesis Medical Centers	4,900	1	7.84%
Davenport Community Schools	2,500	2	4.00%
ALCOA	2,250	3	3.60%
Kraft Foods/Oscar Mayer	1,500	4	2.40%
City of Davenport	1,084	5	1.73%
Rhythm City Casino/Isle Capri	1,050	6	1.68%
Mid American Energy Company	1,025	7	1.64%
Eastern Iowa Community College	1,016	8	1.63%
APAC Teleservices	900	9	1.44%
Wells Fargo-Davenport Region	716	10	1.15%
John Deere Davenport Works			
Sears Manufacturing			
United Parcel Service			
Total	<u>16,941</u>		<u>27.11%</u>

Note: Information for Quad Cities metropolitan area. Information unavailable for Davenport District.

Source: Bi-State Regional Planning Commission and Scott County Iowa

Davenport Community School District  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

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2006		
Employees	Rank	Percentage of Total Employment
3,075	1	5.95%
2,363	2	4.57%
2,200	3	4.25%
1,650	4	3.19%
930	7	1.80%
1,005	5	1.94%
1,000	6	1.93%
875	8	1.69%
600	9	1.16%
590	10	1.14%
14,288		27.63%

	2015	2014	2013	2012	2011
<b>Administration</b>					
District Secretary/Treasurer	1	1	1	1	1
Superintendent	1	1	1	1	1
Assistant Superintendents	2	2	2	2	2
Principals	29	29	29	29	29
Assistant Principals	20	16	13	13	19
All Other Administrators	9	12	13	13	16
<b>Total Administration</b>	<b>62</b>	<b>61</b>	<b>59</b>	<b>59</b>	<b>68</b>
<b>Instructional</b>					
Teachers	943	966	903	928	934
Teachers - Special Programs	204	181	175	197	195
Teachers Aides	407	369	337	381	384
<b>Total Instructional</b>	<b>1,554</b>	<b>1,516</b>	<b>1,415</b>	<b>1,506</b>	<b>1,513</b>
<b>Student Services</b>					
Counselors	42	39	38	41	41
Library Specialist	23	23	23	24	24
Other Education Professional	143	76	49	40	23
Nurses	23	23	17	27	29
Other Technical	16	15	25	20	20
<b>Total Student Services</b>	<b>247</b>	<b>175</b>	<b>152</b>	<b>151</b>	<b>137</b>
<b>Support Services</b>					
Business Manager/Accountant	2	2	2	2	2
Other Professional	19	15	18	30	33
Office/Clerical	112	110	104	112	112
Crafts/Trades	26	24	26	24	24
Service Workers	246	265	261	294	320
<b>Total Support Services</b>	<b>405</b>	<b>416</b>	<b>410</b>	<b>462</b>	<b>491</b>
<b>Total</b>	<b>2,268</b>	<b>2,168</b>	<b>2,036</b>	<b>2,179</b>	<b>2,209</b>

Source: District records

Davenport Community School District  
 Full-Time Equivalent District Employees By Type  
 Last Ten Fiscal Years  
 (Unaudited)

2010	2009	2008	2007	2006	Percentage Change 2006 - 2015
1	1	1	1	1	0.0%
1	1	1	1	1	0.0%
2	2	2	2	2	0.0%
29	28	30	30	27	7.4%
19	18	18	16	14	42.9%
16	16	17	16	14	(35.7)%
<u>68</u>	<u>66</u>	<u>69</u>	<u>66</u>	<u>59</u>	<u>5.1%</u>
923	940	915	905	896	5.2%
206	203	198	210	308	(33.8)%
410	353	332	323	369	10.3%
<u>1,539</u>	<u>1,496</u>	<u>1,445</u>	<u>1,438</u>	<u>1,573</u>	<u>(1.2)%</u>
40	42	38	44	31	35.5%
24	23	22	24	27	(14.8)%
41	37	36	46	12	1091.7%
26	26	22	21	26	(11.5)%
18	40	26	25	16	0.0%
<u>149</u>	<u>168</u>	<u>144</u>	<u>160</u>	<u>112</u>	<u>120.5%</u>
2	2	2	2	2	0.0%
33	38	13	-	3	533.3%
111	114	114	113	111	0.9%
24	26	28	29	29	(10.3)%
311	254	282	272	272	(9.6)%
<u>481</u>	<u>434</u>	<u>439</u>	<u>416</u>	<u>417</u>	<u>(2.9)%</u>
<u>2,237</u>	<u>2,164</u>	<u>2,097</u>	<u>2,080</u>	<u>2,161</u>	<u>5.0%</u>

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<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>
2015	15,299	179,967,772	11,763	6.5%
2014	15,348	169,481,000	11,043	3.9%
2013	15,600	165,821,796	10,630	-0.9%
2012	15,546	166,822,285	10,731	-0.8%
2011	15,795	170,897,456	10,820	8.6%
2010	16,120	160,588,239	9,962	3.1%
2009	16,089	155,503,602	9,665	6.0%
2008	16,397	149,512,560	9,118	4.9%
2007	16,313	141,749,209	8,689	1.0%
2006	15,942	137,157,061	8,604	5.2%

Source: District financial records

Davenport Community School District  
Operating Statistics  
Last Ten Fiscal Years  
(Unaudited)

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<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
1,225	12.49	67.70
1,147	13.38	63.00
1,078	14.47	62.00
1,125	13.82	61.71
1,129	13.99	61.42
1,129	14.28	60.00
1,143	14.08	57.00
1,113	14.73	56.00
1,115	14.63	47.12
1,204	13.24	54.31

School	Fiscal Year			
	2015	2014	2013	2012
Elementary:				
Adams (1950)				
Square feet	82,282	82,282	82,282	82,282
Capacity	690	690	690	690
Enrollment	577	570	553	552
Blue Grass (1957)				
Square feet	66,884	66,884	66,884	66,884
Capacity	552	552	552	552
Enrollment	296	329	353	367
Buchanan (1971)				
Square feet	56,103	56,103	56,103	56,103
Capacity	506	506	506	506
Enrollment	383	391	359	349
Buffalo (2002)				
Square feet	53,980	53,980	53,980	53,980
Capacity	391	391	391	391
Enrollment	254	251	227	240
Eisenhower (1969)				
Square feet	57,811	57,811	57,811	57,811
Capacity	506	506	506	506
Enrollment	457	462	458	454
Fillmore (1955)				
Square feet	51,980	51,980	51,980	51,980
Capacity	552	552	552	552
Enrollment	417	416	400	379
Garfield (1923)				
Square feet	90,458	90,458	90,458	90,458
Capacity	483	483	483	483
Enrollment	409	462	496	495
Harrison (1953)				
Square feet	72,912	72,912	72,912	72,912
Capacity	598	598	598	598
Enrollment	539	567	592	581
Hayes (1923)				
Square feet	77,618	77,618	77,618	77,618
Capacity	506	506	506	506
Enrollment	412	416	380	354
Jackson (1971)				
Square feet	55,503	55,503	55,503	55,503
Capacity	529	529	529	529
Enrollment	336	378	359	349
Jefferson (1939)				
Square feet	64,514	64,514	64,514	64,514
Capacity	552	552	552	552
Enrollment	482	427	408	387

(Continued)

Davenport Community School District  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
82,282	82,282	82,282	82,282	82,282	82,282
690	690	690	690	690	690
577	521	552	540	575	564
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
363	391	387	368	344	338
56,103	56,103	56,103	56,103	56,103	56,103
506	506	506	506	506	506
327	357	353	315	312	322
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
258	271	284	266	288	299
57,811	57,811	57,811	57,811	57,811	57,811
506	506	506	506	506	506
446	442	444	426	419	424
51,980	51,980	51,980	51,980	51,980	51,980
552	552	552	552	552	552
351	371	341	391	388	380
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
492	439	438	415	428	406
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
578	580	573	557	533	504
77,618	77,618	77,618	77,618	77,618	77,618
506	506	506	506	506	506
320	305	308	284	274	256
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
370	379	395	377	388	358
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
403	470	441	465	472	464

School	Fiscal Year			
	2015	2014	2013	2012
Elementary (Continued)				
Lincoln (1939)				
Square feet	59,536	59,536	59,536	59,536
Capacity	483	483	483	483
Enrollment	-	-	-	181
Madison (1939)				
Square feet	64,614	64,614	64,614	64,614
Capacity	506	506	506	506
Enrollment	390	396	428	415
McKinley (1939)				
Square feet	61,063	61,063	61,063	61,063
Capacity	460	460	460	460
Enrollment	395	403	392	373
Monroe (1938)				
Square feet	72,435	72,435	72,435	72,435
Capacity	598	598	598	598
Enrollment	480	495	488	455
Truman (1977)				
Square feet	61,064	61,064	61,064	61,064
Capacity	391	391	391	391
Enrollment	386	435	380	430
Washington (1939)				
Square feet	48,388	48,388	48,388	48,388
Capacity	322	322	322	322
Enrollment	285	315	357	320
Wilson (1955)				
Square feet	78,401	78,401	78,401	78,401
Capacity	672	672	672	672
Enrollment	524	544	542	557
Intermediate				
Smart (1917)				
Square feet	134,901	134,901	134,901	134,901
Capacity	978	978	978	978
Enrollment	493	544	518	532
Sudlow (1917)				
Square feet	134,524	134,524	134,524	134,524
Capacity	978	978	978	978
Enrollment	707	677	676	748
Walcott (K-8) (1956)				
Square feet	107,250	107,250	107,250	107,250
Capacity	722	722	722	722
Enrollment	586	621	600	598

(Continued)

Davenport Community School District  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
270	259	231	255	302	281
64,614	64,614	64,614	64,614	64,614	64,614
506	506	506	506	506	506
417	408	395	393	363	334
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
361	349	372	377	354	363
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
449	419	417	414	354	467
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
404	405	398	402	395	423
48,388	48,388	48,388	48,388	48,388	48,388
322	322	322	322	322	322
283	284	264	298	270	290
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
561	541	518	521	483	513
134,901	134,901	134,901	134,901	134,901	134,901
978	978	978	978	978	978
521	522	520	508	542	597
134,524	134,524	134,524	134,524	134,524	134,524
978	978	978	978	978	978
707	677	669	645	643	665
92,160	92,160	92,160	92,160	92,160	92,160
722	722	722	722	722	722
621	616	601	598	596	614

School	Fiscal Year			
	2015	2014	2013	2012
Intermediates (continued)				
Williams (1954)				
Square feet	145,224	145,224	145,224	145,224
Capacity	977	977	977	977
Enrollment	718	748	756	770
Wood (1984)				
Square feet	105,815	105,815	105,815	105,815
Capacity	977	977	977	977
Enrollment	699	737	712	700
Young (1917)				
Square feet	108,018	108,018	108,018	108,018
Capacity	829	829	829	829
Enrollment	406	441	305	271
High				
Central (1904)				
Square feet	331,935	331,935	331,935	331,935
Capacity	1,933	1,933	1,933	1,933
Enrollment	1,364	1,362	1,419	1,415
Mid City (2015)				
Square feet	37,355			
Capacity	355			
Enrollment	196			
North (1972)				
Square feet	390,763	390,763	390,763	390,763
Capacity	1,551	1,551	1,551	1,551
Enrollment	1,075	1,001	902	986
West (including train. rm. & vest) (1960)				
Square feet	453,811	453,811	453,811	453,811
Capacity	2,592	2,592	2,592	2,592
Enrollment	1,818	1,911	1,873	1,921
Other				
Child. Village at Hoover (1956)				
Square feet	20,002	20,002	20,002	20,002
Capacity	138	138	138	138
Enrollment	161	200	128	128
Child. Village West (2004)				
Square feet	35,400	35,400	35,400	35,400
Capacity	286	286	286	286
Enrollment	312	248	262	262
Kimberly Center (1961)				
Square feet	79,884	79,884	79,884	79,884
Capacity	*	*	*	*
Enrollment	*	235	214	179

Davenport Community School District  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year					
2011	2010	2009	2008	2007	2006
133,794	133,794	133,794	133,794	133,794	133,794
977	977	977	977	977	977
739	725	724	730	745	779
105,815	105,815	105,815	105,815	105,815	105,815
977	977	977	977	977	977
701	694	659	700	732	784
108,018	108,018	108,018	108,018	108,018	108,018
829	829	829	829	829	829
320	311	317	297	371	371
331,935	331,935	331,935	331,935	301,385	301,385
1,933	1,933	1,933	1,933	1,933	1,933
1,412	1,406	1,490	1,510	1,560	1,554
390,763	390,763	390,763	390,763	390,763	390,763
1,551	1,551	1,551	1,551	1,551	1,551
966	1,002	978	1,039	1,070	1,127
453,811	453,811	453,811	453,811	453,811	453,811
2,592	2,592	2,592	2,592	2,592	2,592
1,871	1,893	2,034	2,028	2,088	2,158
20,002	20,002	20,002	20,002	20,002	20,002
138	138	138	138	138	138
128	129	133	131	97	93
35,400	35,400	35,400	35,400	35,400	35,400
286	286	286	286	286	286
261	254	232	199	178	164
79,884	79,884	79,884	79,884	79,884	79,884
*	*	*	*	*	*
288	288	285	405	349	335

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# **Compliance Section**

Davenport Community School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the Iowa Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 1,214,312
National School Lunch Program	10.555	N/A	4,796,190
National School Lunch Program, Food Donation (Noncash)	10.555	N/A	539,988
			<u>5,336,178</u>
Summer Food Service Program for Children	10.559	N/A	156,378
Total Child Nutrition Cluster			<u>6,706,868</u>
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	N/A	65,770
Fresh Fruit and Vegetable Program	10.582	N/A	282,020
Total U.S. Department of Agriculture			<u>7,054,658</u>
U.S. Department of Education			
Passed through the Iowa Department of Education			
Title 1 - Grants to Local Educational Agencies	84.010	N/A	4,199,376
Title 1 - Grants to Local Educational Agencies	84.010	N/A	818,333
Title 1 - Grants to Local Educational Agencies	84.010	N/A	56,476
			<u>5,074,185</u>
Special Education - Grants to State	84.027	N/A	897,318
Special Education - Grants to State	84.027	N/A	157,875
			<u>1,055,193</u>
Vocational Education - Grants to States	84.048	N/A	249,535
Safe and Drug-Free Schools and Communities -			
National Programs	84.184	N/A	77,939
Safe and Drug-Free Schools and Communities -			
National Programs	84.184	N/A	15,160
Safe and Drug-Free Schools and Communities -			
National Programs	84.184	N/A	2,225
			<u>95,324</u>
Education for Homeless Children and Youth	84.196	N/A	34,803
Twenty-First Century Community Learning Centers	84.287	N/A	128,449
Twenty-First Century Community Learning Centers	84.287	N/A	112,657
Twenty-First Century Community Learning Centers	84.287	N/A	111,863
Twenty-First Century Community Learning Centers	84.287	N/A	94,965
Twenty-First Century Community Learning Centers	84.287	N/A	89,444
Twenty-First Century Community Learning Centers	84.287	N/A	7,759
			<u>545,137</u>

Davenport Community School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (continued)			
Passed through the Iowa Department of Education (continued)			
Advanced Placement Program	84.330	N/A	\$ 4,363
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	67,746
Direct Program			
High School Graduation Initiative	84.360		411,315
Passed through the Iowa Department of Education			
English Language Acquisition State Grants	84.365	N/A	40,120
Improving Teacher Quality State Grants	84.367	N/A	880,926
Grants for State Assessments and Related Activities	84.369	N/A	77,545
Total U.S. Department of Education			8,536,192
U.S. Department of Health and Human Services			
Passed through the Iowa Department of Education			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	25,116
Passed through State of Iowa Department of Human Services			
Child Care and Development Block Grant	93.575	N/A	174,534
Total U.S. Department of Health and Human Services			199,650
Total			\$ 15,790,500

N/A - Not available

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Davenport Community School District, and is presented on both the modified accrual basis and the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Davenport Community School District received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

**Note B – Significant Accounting Policies**

Governmental fund types account for some of the District's federal grant activity. Therefore, those expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The School Nutrition Fund accounts for some of the District's federal grant activity. Those expenditures in the schedule of expenditures of federal awards are recognized on the accrual basis of accounting. The District's summary of significant accounting policies is presented in Note 1 in the District's basic financial statements.

**Note C – Food Donation**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Education  
Davenport Community School District  
Davenport, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Davenport Community School District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 23, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses (2015-A and 2015-B).

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **District's Responses to Findings**

The District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
February 23, 2016

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control over Compliance Required by OMB Circular A-133**

To the Board of Education  
Davenport Community School District  
Davenport, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited Davenport Community School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

## Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa  
February 23, 2016

**Part I: Summary of the Auditor's Results:**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	
School Breakfast Program (SBP)	10.553
National School Lunch Program (NSLP)	10.555
Special Education - Grants to State	84.027
Improving Teacher Quality State Grants	84.367

Dollar threshold used to distinguish between type A and type B programs:	\$ 473,715
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Auditee qualified as low-risk auditee?	No
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**Part II: Findings Related to the Financial Statements:**

**MATERIAL WEAKNESSES**

**2015-A Material Audit Adjustments**

**Criteria** – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

**Condition** – During the course of our engagement, we proposed material audit adjustments to the financial statements that would not have been identified as a result of the District’s existing internal controls and, therefore, could have resulted in material misstatements of the District’s financial statements.

**Cause** – The material audit adjustments were to increase capital assets, increase property tax receivables, decrease accounts receivable, increase accounts payable, and transfer cash for the debt service reserve. The adjustments were caused by the lack of timely reconciliations between the District’s supporting documentation and the general ledger and inadequate internal review procedures.

**Effect** – The effect of this condition was financial data not in accordance with generally accepted accounting principles.

**Recommendation** – We recommend that additional reconciliation and review procedures be implemented.

**Response** – The District will revise the review and reconciliation procedures for general ledger supporting documentation.

**2015-B Preparation of Financial Statements**

**Criteria** – A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements by internal personnel of the entity.

**Condition** – As auditors, we were requested to draft the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Cause** – We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

**Effect** – The effect of this condition is that the year-end financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

**Part II: Findings Related to the Financial Statements: (continued)**

**Recommendation** – We recommend that District officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances.

**Response** – The District will continue to review its operating procedures to maximize internal controls.

**Part III: Findings and Questioned Costs for Federal Awards:**

**SIGNIFICANT DEFICIENCY**

**2015-001 Special Tests and Provisions  
U.S. Department of Education  
Passed-through the Iowa Department of Education  
CFDA #84.367 Improving Teacher Quality State Grants**

**Criteria** – A properly designed system of internal control over compliance with the requirements of federal programs allows entities to meet those requirements set forth by the federal government in administering federal grants.

**Condition** – The District did not conduct an assessment of local needs for professional development and hiring, as required by Section 2122(c) of the Elementary and Secondary Education Act.

**Cause** – It appears the assessment requirement was overlooked.

**Effect** – The District did not comply with Section 2122(c) of the Elementary and Secondary Education Act.

**Questioned costs** – None identified.

**Recommendation** – The District should put additional procedures in place to insure that they are following all requirements of federal grants.

**Response** – The District will implement and revise procedures to ensure that all federal grant requirements are met.

**Part IV: Other Findings Related to Required Statutory Reporting:**

**2015-IA-A Certified Budget** – Expenditures for the year ended June 30, 2015, exceeded the amended certified budget amounts in the instruction function.

**Recommendation** – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

**Response** – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

**Part IV: Other Findings Related to Required Statutory Reporting: (continued)**

- 2015-IA-B Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- 2015-IA-C Travel Expense** – No expenditures of District money for travel expenses of spouses of District officials or employees were noted.
- 2015-IA-D Business Transactions** – No business transactions between the District and District officials or employees were noted.
- 2015-IA-E Bond Coverage** – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 2015-IA-F Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2015-IA-G Certified Enrollment** – The District’s supporting documentation did not agree to the Project Easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education. This is based on documentation maintained by the District to support the basic enrollment certified to the IDE for October 2014. The variances included a total reduction of certified students by a net of 18.1 students.
- Recommendation** – The District should ensure that their system reconciles to the PEACE system number of students reported as certified enrollment. The Iowa Department of Management and Iowa Department of Education should be notified of the variances.
- Response** – The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor supporting information and reconciliation of data submitted to the Iowa Department of Education.
- 2015-IA-H Supplementary Weighting** – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- 2015-IA-I Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- 2015-IA-J Certified Annual Report** – The Certified Annual Report (CAR) was filed with the Iowa Department of Education timely. As part of the audit, the District recorded adjustments which changed amounts reported on the CAR which was previously submitted. These changes will be reflected in the fiscal year 2016 beginning year equity balances.

**Part IV: Other Findings Related to Required Statutory Reporting: (continued)**

**2015-IA-K Categorical Funding** – Except as noted, no instances of categorical funding being used to supplant rather than supplement other funds were noted. The District originally allocated expenses related to cell phone usage, meal purchases and travel to the Limited English Proficiency and Teacher Leadership Supplement programs. Also, the District originally allocated expenses for Chromebooks to the Beginning Teacher Mentoring & Induction Program. During the audit, these costs were identified as costs that may not be allowable costs for this program in accordance with the Code of Iowa.

**Recommendation** – The District should review its policies and procedures related to the allocation of expenses to categorical funding to insure the funds are used appropriately.

**Response** – The District will review its policies and procedures regarding the allocation of expenses to categorical funding to ensure appropriate use of funds.

**2015-IA-L State-Wide Sales and Use Tax** – No instances of noncompliance with the use of state-wide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the state-wide sales, services and use tax revenue. For the year ended June 30, 2015, the District’s financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning Balance		\$ 12,750,999
Revenues and Other Financing Sources		
Sales, services and use tax	\$ 15,170,683	
Interest	7,075	
Issuance of bonds	9,795,000	
Premium on bonds	201,934	
		25,174,692
Expenditures and Other Financing Uses		
School Infrastructure		
Buildings	(17,386,699)	
Equipment	(2,552,498)	
Transfers to Debt Service Fund	(2,263,256)	
		(22,202,453)
Ending Balance		\$ 15,723,238

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

**2015-IA-M Revenue Bonds** – No instances of non-compliance with the Sales Services and Use Tax Revenue Bonds were noted.

**2015-IA-N Student Activity Funds** – All student activity funds are used to support the extracurricular and co-curricular activities offered as part of the District’s educational program.

**2015-IA-O Capital Projects** – The school district did not publish a notice to bidders and a notice of public hearing for the Operation Center Projects in accordance with Chapter 26 of the Code of Iowa.

**Recommendation** – Before entering into a contract for a public improvement with an estimated total cost in excess of \$130,000, the Board should hold a public hearing and give notice at least four but not more than twenty days prior to the hearing. The Board should also publish notice to bidders at least four but not more than forty-five days prior to accepting the bids.

**Response** – The District will review publication procedures with the Operations Center staff to ensure compliance with Chapter 26 of the Code of Iowa.

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
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**Findings Related to Financial Statements:**

2015-A	Material Audit Adjustments	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Marsha Tangen, Chief Financial Officer 563-336-5000	June 30, 2016
2015-B	Preparation of Financial Statements	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Marsha Tangen, Chief Financial Officer 563-336-5000	June 30, 2016

**Findings Related to Federal Awards:**

2015-001	Special Tests and Provisions	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Marsha Tangen, Chief Financial Officer 563-336-5000	June 30, 2016
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Davenport Community School District  
Summary Schedule of Prior Audit Findings  
Year Ended June June 30, 2015

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There were no prior year federal findings.