

Davenport Community School District

In the Counties of Scott & Muscatine, State of Iowa

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

Prepared by:

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

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

*“WE BELIEVE all children can and will learn in the
Davenport Community School District”*



DAVENPORT 
COMMUNITY
SCHOOLS

**Introductory
Section**

Contents

Introductory Section

Table of contents	i - ii
Organizational chart	iii
Mission statement	iv
Board of education and school district officials	v
Transmittal letter	vi - xiv
GFOA certificate of achievement	xv
ASBO certificate of excellence	xvi

Financial Section

Independent auditor's report	1 – 2
Management's discussion and analysis (MD&A)	3 – 13
Basic financial statements:	
District-wide financial statements:	
Statement of net assets	14 – 15
Statement of activities	16 – 17
Governmental fund financial statements:	
Balance sheet	18
Reconciliation of total governmental fund balances to net assets of governmental activities	19
Statement of revenues, expenditures and changes in fund balances	20
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	21
Proprietary fund financial statements:	
Statement of net assets	22
Statement of revenues, expenses and changes in net assets (deficits)	23
Statement of cash flows	24 – 25
Agency fund financial statements, statement of assets and liabilities	26
Notes to basic financial statements	27 – 43
Required supplementary information:	
Retiree health benefit plan	44
Budgetary comparison schedule	45 – 46
Note to required supplementary information – budgetary reporting	47
Other supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	48 – 49
Combining statement of revenues, expenditures and changes in fund balances	50 – 51
Combining schedule of changes in balances – student activity fund	52 – 53
Statement of changes in fiduciary assets and liabilities – agency fund	54
Combining schedule of changes in amounts due to activity groups – agency fund	55

Contents

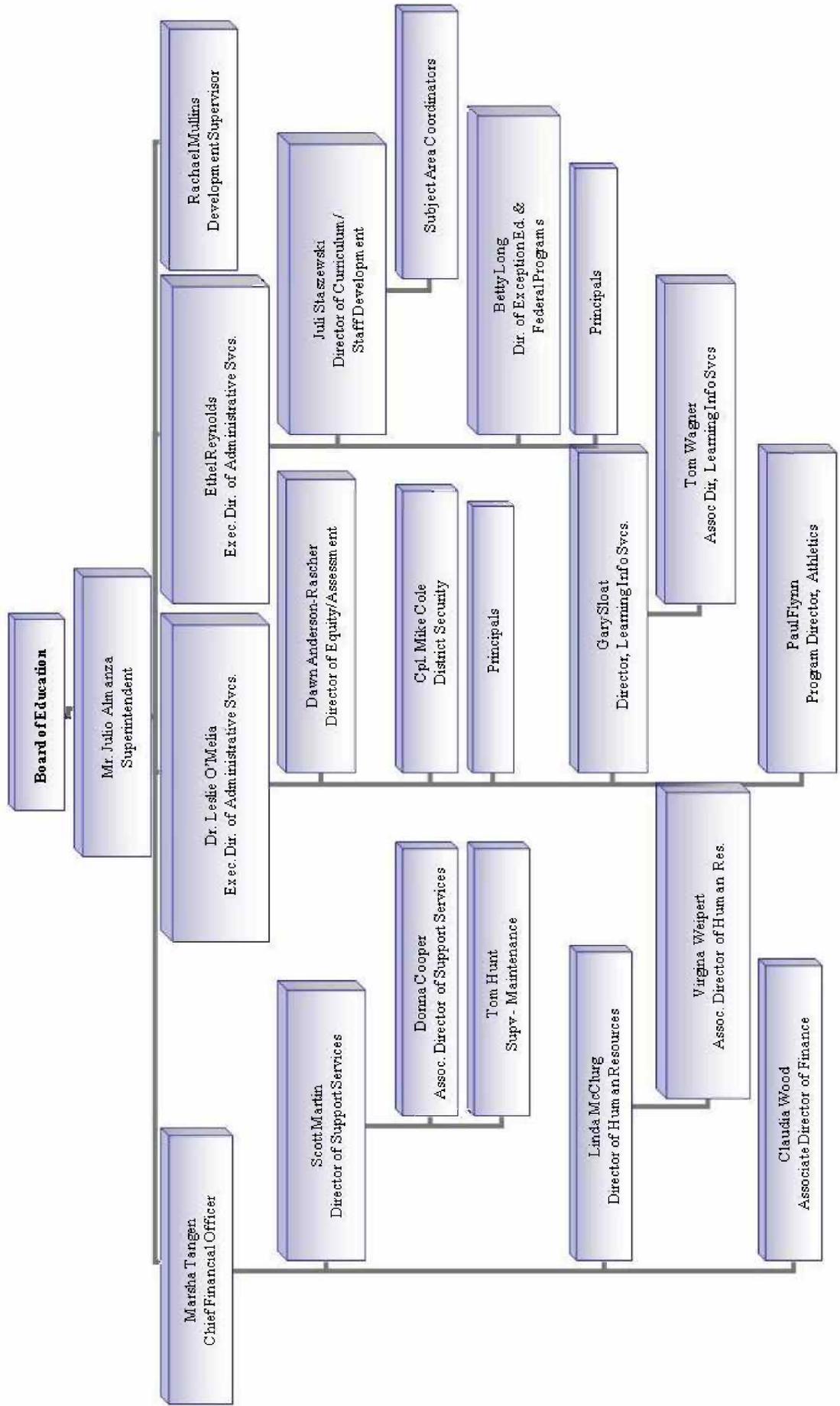
Statistical Section (unaudited)

Statistical section contents	56
Net assets by component	57 – 58
Expenses, program revenues and net (expense) revenue	59 – 60
General revenues and total change in net assets	61 – 62
Fund balances, governmental funds	63 – 64
Changes in fund balances, governmental funds	65 – 66
Assessed value and actual value of taxable property	67 – 68
Direct and overlapping property tax rates	69 – 70
Principal property taxpayers	71
Property tax levies and collections	72
Outstanding debt by type	73
Direct and overlapping governmental activities debt	74
Legal debt margin information	75 – 76
Pledged-revenue coverage	77
Demographic and economic statistics	78
Demographic and miscellaneous statistics	79 – 85
Principal employers	86
Full-time equivalent district employees by type	87 – 88
Operating statistics	89
School building information	90 – 97

Compliance Section

Schedule of expenditures of federal awards	98 – 99
Notes to schedule of expenditures of federal awards	100
Summary schedule of prior audit findings	101
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	102 – 103
Independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	104 – 105
Schedule of findings and questioned costs	106 – 111
Corrective action plan	112

Davenport Community Schools 2008-09 Organizational Chart



DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

“WE BELIEVE each child deserves respect”



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Goal

The Davenport School Board will actively support the efforts of the superintendent, district, staff and families to ensure continuous student achievement for all students.

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 complete in a global society, and inspires our students, parents, staff and community to answer the question, "What if?"

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

“WE BELIEVE we must have high expectations for each child”



Davenport Community School District

**Board of Education and School District Officials
Year Ended June 30, 2009**

Name	Title	Term Expires
Board of Education		
Patt Zamora	President	2009
Larry Roberson	Vice President	2009
Richard Clewell	Director	2009
Nikki DeFauw	Director	2011
Ralph Johanson	Director	2011
Ken Krumwiede	Director	2011
Tim Tupper	Director	2011

School District Officials

Julio Almanza	Superintendent
Linda Smith-Kortemeyer	Board Secretary/Treasurer
Marsha Tangen	Chief Financial Officer

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Davenport Community School District Belief Statements:

“WE BELIEVE we must never limit children”



November 30, 2009

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

It is indeed my 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, 2009. 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 basic financial statements and combining and individual 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 and individual 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.

McGladrey & Pullen, LLP, Certified Public Accountants have issued an unqualified ("clean") opinion on the Davenport Community School District's financial statements for the year ended June 30, 2009. 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, over 15,000 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 three high schools, six intermediate schools, nineteen elementary schools and various off-campus alternative educational programs. Early childhood learning programs are offered at five sites, as well as offering the state four-year-old program at two District sites and Early Headstart/Headstart programs at three additional sites. Student enrollment (pre-school through high school) for the 2008-09 school year was approximately 16,081 regular and special education students. Enrollment for grades kindergarten through high school was 15,338. The District employs approximately 2137 persons of whom approximately 1300 are professional staff and 830 are support staff.

The average age of our elementary buildings is 56. 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 68 with 3 buildings built in 1917. Wood Intermediate was the last intermediate building constructed and that was in 1984. The district has three high schools; Central High constructed in 1904, West High in 1960 and North High School was originally built in 1972 as Wood Intermediate and was converted to a high school setting in 1984. 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 curriculum of the Davenport Community Schools meets and, in many cases, exceeds requirements in Iowa, a state that is known for its quality education. In addition to general education courses offered at the high school level a variety of elective Industrial Technology courses is offered, allowing students to get a good head start at honing specialized and marketable skills. Some of the courses have become a tradition, while others have been added to keep pace with the changing times and advancements of technology.

Davenport Community School District also offers a wide range of programming opportunities for students across a wide range of special needs (or disabilities) ages 6 weeks to graduation. Our commitment is to develop an individualized program based on the need of the student. The program will be provided in the least restrictive environment, based on the plan developed. The Talented & Gifted Program in Davenport serves students who demonstrate outstanding abilities or potential in the areas of general intellectual ability or specific ability aptitude.

Five schools provide immersion English Language Learning (ELL) Programs. Several of our buildings have program service centers where the goal is to help students become proficient in English so they also may attain high academic achievements in our schools. Once students become proficient in English at one of the program service centers, they return to their neighborhood elementary, intermediate, or high school. Recently, the District also began providing limited ELL services at some of the other elementary schools through a resource teacher. Participation in these limited ELL opportunities is decided by the principal, parents and District ELL director.

Eight elementary schools in the District operate on a balanced calendar. Students attend school for the same number of days as students who attend a school on a traditional schedule; however, the number of days is spread throughout the year with students typically attending school for nine weeks before having an intersession. Many of the schools will offer enrichment programs during the intercessions. Five of six intermediate schools offer middle school programming and all three of the District's high schools have block scheduling of classes.

One elementary operates in a partnership with The Edison Project. Jefferson Elementary formed a partnership with The Edison Project in 1999. Edison provides Jefferson Elementary with a complete educational program based on Edison's unique school design, comprehensive academic programs and school management principles ("Edison School Design"). Edison provides the management and administrative services necessary to implement and operate its educational program at Jefferson Elementary.

The District was awarded a grant in 2004-05 for planning and another grant for implementation of Public Charter School Status for Lincoln Fundamental. The Lincoln Academy of Integrated Arts is a charter conversion of the former Lincoln Fundamental Elementary School. The Lincoln Academy program is designed to engage the whole child through challenging academic, arts-infused learning in a safe and positive environment. Full time music, art and media specialists will work with a series of arts partners throughout the Quad Cities community to offer students and families an innovative and research abased approach to learning through the creative arts.

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 Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget.

The Board of Directors is required to adopt a final budget no later than April 15th 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

The Davenport economic base is diversified, with a relatively equal distribution among the manufacturing, wholesale and retail, and services sectors. Manufacturing has traditionally been a principal industry in the city. Davenport is also a primary retail and wholesale trade center, drawing from a market area encompassing a radius of up to 100 miles. Business and industry in Davenport benefit from the Quad City financial community. More than 40 area banks and lending institutions, in conjunction with the state of Iowa, have established a fiscal atmosphere favorable to new business and the expansion of existing firms through progressive and conventional financing procedures.

Thirteen industrial islands are located within the Davenport city limits. Items and goods produced include agricultural implements, construction machinery, military equipment, airplane parts, chemicals, meat and food products, lumber and timber, sheet aluminum, metal products, cement and foundry products, electronic parts, clothing, printing and publishing products

City and state incentive programs are available for new and existing companies. City programs include loans and tax abatement programs for job creations and investment in real estate. The city of Davenport currently qualifies to offer the advantages of operating in an Enterprise Zone.

A significant development in Davenport and environs was the introduction of riverboat casino gambling in the 1990s. Tens of millions of dollars have been poured into these ventures and tourists have been responding. Other key economic development efforts include the opening of an expanded convention center; a new 220-room hotel; and a 780-car parking garage, surmounted by a \$20 million, 10-story building for MidAmerican Energy Company. Just west of these developments are a new Community Health Center, a new Sports Center and a renovated state-of-the-art educational center for Eastern Iowa Community College District. Davenport's Downtown Partnership has focused on developing the city's central business district by retaining existing businesses, developing opportunities for new businesses, and providing housing for those employed in the urban area. Since 2001, the River Renaissance program has revitalized Davenport's historic downtown through more than \$100 million worth of community investment.

Davenport, as part of Scott County in Iowa, along with Mercer, Rock Island and Henry counties in Illinois and Muscatine County in Iowa are considered to be a single Metropolitan Statistical Area (MSA) by the Federal Office of Management and Budget. 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 2009. Information from that report provides a look at the current challenges facing the area and opportunities available.

Since the close of first quarter of 2009, the economy is experiencing distress brought on by multiple factors including the national economic downturn, job loss at the Rock Island Arsenal and remnants of the 2008 Flood. Looking ahead to the end of 2009, it appears the Region will continue to lose jobs and thus suffer increased unemployment. From 2008 through 2009, projections from Economic Modeling Systems Inc. show a decrease of 5271 jobs across the region.

Growth in retail sales appear flat to declining for the Region over the past year. Using the U.S. Consumer Price Index as the inflation indicator shows that in term of 2008 equivalent dollars, retail sales decreased by approximately 1.91 percent from 2007 to 2008. Davenport had a 23 percent decline in housing starts between 2007 and 2008. Additionally, home sales prices are stagnate or falling across the Region.

Tourism is a key component of the Region's economy and currently appears to be a bright spot in an otherwise hurting economy. Visitors to the Region have increased nearly 40 percent from 2007 to 2008. Complementing the visitor increase to the Region is nearly a 9 percent increase in total motel/hotel tax receipts.

Despite a downturn in the economy, progress is being made toward economic goals established for the Region. Those goals include:

1. Enhance public-private and intergovernmental partnerships to address economic development needs in the Region.
2. Retain business and industry and encourage expansion.
3. Diversify the regional economy.
4. Provide infrastructure, including state-of-the-art technology, to support business growth and expansion.
5. Promote quality of life opportunities.
6. Promote regional planning and development of strategic plans that emphasize cooperation over competition and promote regionalism.
7. Continue to encourage incentives that redevelop brown fields, or environmentally challenged sites, to make best use of existing infrastructure.
8. Reinforce and expand mechanisms that build human capital.
9. Support continued governmental and private-sector operations at the Rock Island Arsenal and the concept of the Island as a federal campus for the Bi-State Region.
10. Remain vigilant against the threat of disasters, especially flooding, and their negative economic impacts by implementing/enforcing policies that protect new development from flood hazards.

Economic Outlook

There are three significant economic situations threatening the Region:

1. The most immediate issue is recovery from the floods of 2008 which physically damaged farms, businesses and homes. All areas in the Region were declared federal disaster areas prior to June 30 making them eligible for EDA funding. The flood heavily damaged Davenport's two premiere riverfront parks as well as 19 businesses.
2. The second significant issue is continued reduction of jobs at the Rock Island Arsenal. In net about 1100 civilian jobs are leaving the Arsenal. The Arsenal is the region's largest employer, with more than 6680 employees.

3. A third threat to the region is the current national recession. The region is beginning to experience mass layoffs and shutdowns.

Opportunities. The Region may be able to turn the Arsenal job loss into an opportunity for growth and diversification. Despite the overall loss of jobs, the base will actually have a net gain in uniformed personnel. Secondly, the commands being moved from the base are the equivalent of logistics, Finance and information technology firms. When these commands move, a significant part of their work force may choose to remain in the Region and look for other employment

Long term financial planning

Unreserved, undesignated fund balance in the general fund is up from 2007-08. The District's solvency ratio for 2008-09 is 5.32 percent, up from 4.25 percent in 2007-08 and at an all time high. With a solvency ratio between 0-5 percent 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 District have a solvency ratio of 5-10 percent.

The State of Iowa has implemented midyear budget reductions or not provided on time funding over the past ten years. Without a sufficient fund balance, the District has had to resort to passing along midyear budget reductions. With careful planning and constant budget review, the District has been building reserves since the 2003-04 school year and was able to withstand a midyear 1.5 percent budget reduction during 2008-09 without having to implement budget reductions.

With the exception of one year, the District's enrollment has declined for the past ten years and is projected to continue declining. The District's funding is dependent on enrollment. Declining enrollment equates to decreased funding. With over 80 percent of the District's resources required for salaries and benefits, staffing efficiencies will become a priority for review.

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

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

While significant progress was being made in obtaining those goals, we were handed a setback with 2009 statewide budget reductions and additional statewide reductions in 2010.

The District has a Five Year Financial Plan that will be updated during the 2009-10 fiscal year. Contained within that 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

The District will undertake a review of expenditure areas during fiscal year 2010 as part of the long-range financial plan. Expenditures will be reviewed by defining Core Services, District Standard of Services and Enhanced Services. It is hoped that by identifying Core needs in the District, areas can be more easily identified for review, modification and/or possible reduction.

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 2008 legislature set the FY10 state percent of growth. The allowable growth becomes increasingly important as a District we are faced with declining enrollment and the amount of allowable growth often will dictate budget reductions that will take place.

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

The Comprehensive School Improvement Plan or CSIP is a detailed plan of actions for accomplishing our 2007-2012 goals. In addition to the district-wide CSIP, each individual school develops its own Improvement Plan for supporting the CSIP goals.

Creating and sustaining a high performance education environment takes both dedication and thoughtful planning. The CSIP is a planning document, featuring both broad-based perspectives on the priorities of public education in our community and specific learning goals for students. These goals provide an important measure of accountability.

The 2007-2012 CSIP was developed with the direct and considerable input of teachers, students, parents, our Board members, interested community members and district leadership – with much of the input coming through the formal Local School Improvement Advisory Committee (LSIAC) process. This 70+ member group represents a wide variety of individuals interested in public education who meet on a regular basis to review district data and discuss expectations for learning.

Student Learning 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

The Comprehensive School Improvement Plan and continuous curriculum refinement has positioned the Davenport Community Schools to embrace the new Iowa Core Curriculum seamlessly.

Iowa Core Curriculum: In April 2008, the Iowa Core Curriculum was approved by the Iowa Legislature. The Iowa Core Curriculum provides local school districts a guide to delivering instruction based on consistent, challenging and meaningful content to students. The curriculum identifies the essential concepts and skill sets for literacy, mathematics, science and social studies as well as 21st century learning skills such as civic, financial, technology, and health literacy as well as employability skills. School districts are on an implementation timeline mandating that the Iowa Core Curriculum be functioning for grades 9-12 by 2012 and grades K-8 by 2014.

Differentiated Instruction: We know all students are different. Those differences, in experience, interests and knowledge, follow students into the classroom. In order to address individual learner needs, the Davenport Community Schools has adopted an approach called Differentiated Instruction. Students are assessed in areas of knowledge, readiness, language, preferences in learning and interests. Differentiated instruction is a process that customizes teaching and learning for students of differing abilities in the same class. The intent of differentiating instruction is to maximize each student's growth and individual success by meeting each student's unique learning traits. One major aspect of a differentiated classroom is that all students are regularly offered choices and students are matched with tasks compatible with their individual learner profiles. In essence, the lesson is tailored around the learning of individual students.

Capital Improvements: The District is completing a Long Range Facilities Plan for the next ten years. For the past two years staff has been working with building principals, community and the Board to identify needs in the District. A preliminary list of priorities as established by the Board includes the following projects:

- ❖ Relocation of Children Village West
- ❖ 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
- ❖ Air conditioning the remaining 11 buildings in the district and replace 3 of the existing systems
- ❖ Construct a music room at Walcott Intermediate and classroom expansion at Fillmore
- ❖ Dedicate \$500,000 annually to upgrading technology in the District
- ❖ Construct/renovate the pool and auditorium at Central High School
- ❖ Address ADA needs at Brady Street Stadium

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 2005-06 school year and is currently in an extension 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 IPAS education program. Interest revenue in the general fund for 2008-09 was \$873,886; almost half of the 2007-08 amount. An economy in recession is reflected in the interest rates the District experienced during 2008-09.

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 and Trissel, Graham and Toole.

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, 2008. 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, 2008. 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. A special thank you is extended to Linda Mordhorst, administrative assistant for countless hours in preparing data, working with City and County employees in gathering years of historical data and reviewing this financial 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



Mr. Julio Almanza
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Davenport Community
School District, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. M.", written in a cursive style.

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", written in a cursive style.

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

DAVENPORT COMMUNITY SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2008**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Angela Pitman

President

John D. Mueser

Executive Director

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

“WE BELIEVE effective instruction encourages students to be inquisitive and to explore and discover”



DAVENPORT
COMMUNITY
SCHOOLS

Financial
Section

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Davenport Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13, the Retiree Health Benefit Plan Schedule of Funding Progress on page 44 and budgetary comparison information on pages 45 through 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Davenport Community School District's basic financial statements. The combining nonmajor fund financial statements and other schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information had not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
November 19, 2009

Davenport Community School District

Management Discussion and Analysis

For the Year Ended June 30, 2009

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, 2009. 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, 2009 fund balance improved to \$13,344,838 from the June 30, 2008 fund balance of \$10,241,035.
- The District's tax levy rate remained constant and did not increase for the 2008-09 school year.
- The District continues to be successful in receiving local, state and federal grants. In 2009 the District received almost \$32 million, or 18% of all general fund revenues from grants.
- The certified enrollment for 2008-09 was down 255 students resulting in the District only receiving 2.39% in new funding compared to the state allowable growth amount of 4% for 2008-09.
- In December, 2008 Governor Chet Culver announced a 1.5 percent across-the-board cut to state general fund appropriations for the 2009 fiscal year.
- The District received \$1,338,739 in American Recovery and Reinvestment Act (ARRA) funds. These were received as State Fiscal Stabilization Funds and were directed by the Iowa Department of Education to backfill State Aid which was cut in an equal amount for fiscal 2009.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements (District-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 view of the District:

- The *statement of net assets* and *statement of activities* provide information on a District-wide basis. The statements present an aggregate view of the District's finances. District-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 District-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.

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

	District-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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statements of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows • Statements of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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 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

District-wide Financial Statements

The District-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 assets includes all of the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's overall financial 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.

- Over time, increases or decreases in the District's net assets 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 District-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 food service program and employee day care 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 District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *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 District-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. *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.

- *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 District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets. Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2009 compared to 2008.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2008-09
	2008	2009	2008	2009	2008	2009	
Current and other assets	\$124,449,030	\$135,715,486	(\$2,863)	\$590,423	\$124,446,167	\$136,305,909	9.5%
Capital assets	\$118,524,566	\$121,390,225	\$732,858	\$624,336	\$119,257,424	\$122,014,561	2.3%
Total Assets	\$242,973,596	\$257,105,711	\$729,995	\$1,214,759	\$243,703,591	\$258,320,470	6.0%
Long-term debt outstanding	\$8,907,626	\$2,693,655	\$19,400	\$35,544	\$8,927,026	\$2,729,199	-69.4%
Other liabilities	\$94,249,304	\$99,555,103	\$293,480	\$77,820	\$94,542,784	\$99,632,923	5.4%
Total liabilities	\$103,156,930	\$102,248,758	\$312,880	\$113,364	\$103,469,810	\$102,362,122	-1.1%
Net Assets							
Invested in capital assets, net of related debt	\$104,909,566	\$114,430,225	\$732,858	\$624,336	\$105,642,424	\$115,054,561	8.9%
Restricted	\$22,276,424	\$24,956,179	\$0	\$0	\$22,276,424	\$24,956,179	12.0%
Unrestricted	\$12,630,676	\$15,470,549	(\$315,743)	\$477,059	\$12,314,933	\$15,947,608	29.5%
TOTAL NET ASSETS	\$139,816,666	\$154,856,953	\$417,115	\$1,101,395	\$140,233,781	\$155,958,348	11.2%

The District's combined total net assets increased by 11.2% to \$155,958,348. The majority of this improvement in the financial position came from governmental activities, the net assets of which grew \$15,040,287. Unrestricted net assets improved to \$15,470,549 up from the 2008 amount of \$12,630,676. The long term debt outstanding declined by \$6,213,971 as long term debt is paid off and only one year of debt service remains on bonds issued. Investments in capital assets (net of related debt) increased by \$9,412,137 as the District continues with an aggressive construction schedule remodeling and renovating school buildings with money from the Local Option Sales Tax Levy.

The total net assets of the District's business-type activities increased by \$684,280. This is reflective of an increase in current and other assets to a positive balance of \$590,423 compared to a negative balance of (\$2,863) in 2008 and also a decrease in other liabilities to \$77,820 from \$293,480 in 2008.

Changes in net assets. Figure A-4 shows the changes in net assets for the fiscal year 2009.

Figure A-4

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2008-09
	2008	2009	2008	2009	2008	2009	
Revenues							
Program Revenues							
Charges for services	\$ 5,629,822	\$ 5,612,778	\$ 2,815,688	\$ 2,744,528	\$ 8,445,510	\$ 8,357,306	-1.04%
Operating Grants & Contributions	\$ 29,110,981	\$ 33,228,717	\$ 4,760,542	\$ 5,108,946	\$ 33,871,523	\$ 38,337,663	13.19%
Capital Grants & Contributions	\$ 13,088	\$ 203,189			\$ 13,088	\$ 203,189	1452.48%
General Revenues							
Property taxes & other taxes	\$ 74,107,253	\$ 75,675,568			\$ 74,107,253	\$ 75,675,568	2.12%
State formula aid	\$ 68,452,968	\$ 66,533,410			\$ 68,452,968	\$ 66,533,410	-2.80%
Other	\$ 1,850,504	\$ 1,016,526		\$ 1,209	\$ 1,850,504	\$ 1,017,735	-45.00%
Total Revenues	\$ 179,164,616	\$ 182,270,188	\$ 7,576,230	\$ 7,854,683	\$ 186,740,846	\$ 190,124,871	1.81%
Expenses							
Instruction	\$ 113,481,914	\$ 116,034,206			\$ 113,481,914	\$ 116,034,206	2.25%
Pupil & Instructional Svcs	\$ 11,092,389	\$ 9,105,655			\$ 11,092,389	\$ 9,105,655	-17.91%
Administrative & Business	\$ 13,305,115	\$ 15,770,424			\$ 13,305,115	\$ 15,770,424	18.53%
Maintenance & Operations	\$ 14,157,556	\$ 15,221,426			\$ 14,157,556	\$ 15,221,426	7.51%
Transportation	\$ 4,047,272	\$ 4,623,723			\$ 4,047,272	\$ 4,623,723	14.24%
Other	\$ 6,591,046	\$ 6,474,467	\$ 7,738,119	\$ 7,170,403	\$ 14,329,165	\$ 13,644,870	-4.78%
Total Expenses	\$ 162,675,292	\$ 167,229,901	\$ 7,738,119	\$ 7,170,403	\$ 170,413,411	\$ 174,400,304	2.34%
Increase (decrease) in net assets	\$ 16,489,324	\$ 15,040,287	\$ (161,889)	\$ 684,280	\$ 16,327,435	\$ 15,724,567	-3.69%

Overall, the change in net assets decreased by 3.69% over 2007-08 change in net assets. Expenses are up 2.34% while revenues are up only 1.81%.

As shown in Figure A-4, property tax and state aid provide 78.02% of the funding required for governmental programs while charges for services and operating grants make up 99.98% of the funding for business-type activities. Figure A-5 breaks the revenues down further showing grants and contributions making up 20% of all revenues.

The District's predominant expenses are related to instruction, as can be seen in Figure A-6. Basic Instructional services together with Pupil & Instructional services comprise 71.75% of the District's expenses. Administrative and Business expenses show an increase of 18.2% from 2007-08. This can be attributed to the continued reclassification of expenses and costs associated with the State's upload of annual financial data.

Business type activities experienced a \$684,280 increase in net assets for 2008-09. Total revenues increased \$278,453 or 3.7% while expenses decreased by \$567,716 or 7.34%. This is due to the discontinuation of the Day Care Operations in August of 2008, which was running a deficit, and budget reductions and efficiencies being implemented with food & nutrition services.

Figure A-5

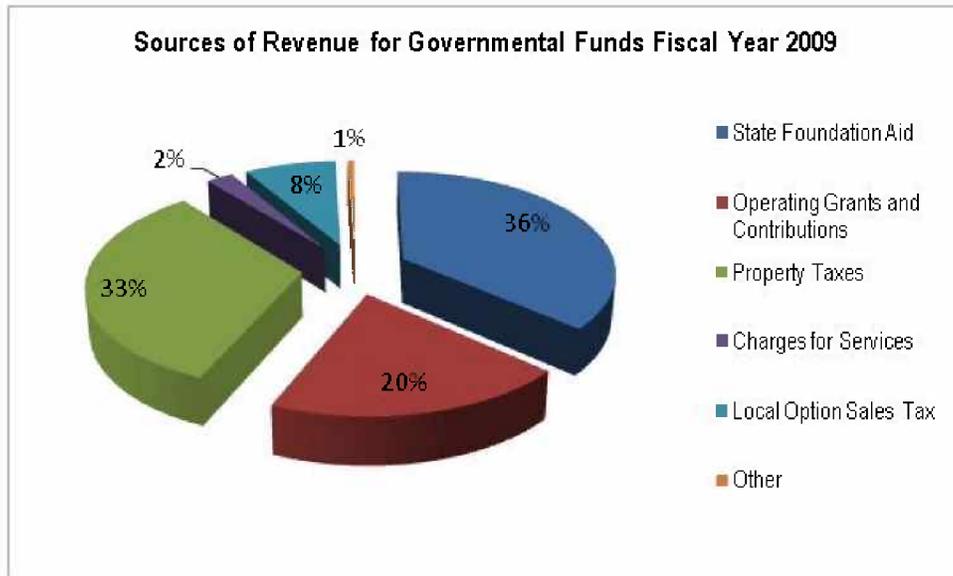
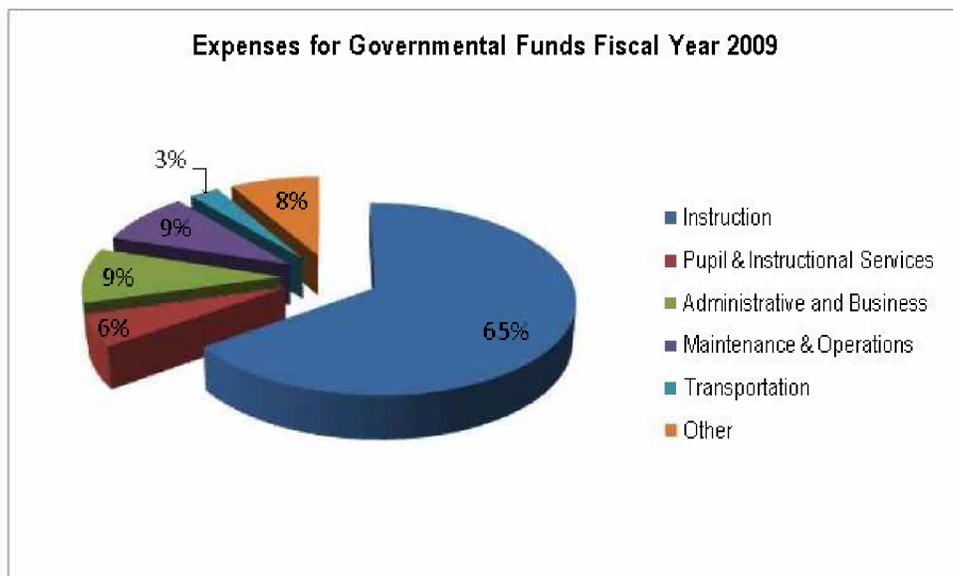


Figure A-6



Governmental Activities

Revenues for governmental activities were \$182,270,188 while total expenses amounted to \$167,229,901 (Figure A-4).

- The federal and state governments subsidized certain programs with grants and contributions of over \$36 million.
- Governmental activities were financed with \$75,675,568 in property taxes, local option sales tax, and utility tax and \$66,533,410 of unrestricted state aid based on the statewide finance formula.
- Charges for services account for only 3.08% of all governmental revenues.

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		Percentage Change	Net Cost of Services		Percentage Change
	2008	2009	2008-09	2008	2009	2008-09%
Instruction	\$ 113,481,914	\$ 116,034,206	2.25%	\$ 88,734,266	\$ 87,790,924	-1.06%
Pupil & Instructional Svcs	\$ 11,092,389	\$ 9,105,655	-17.91%	\$ 7,881,520	\$ 5,756,403	-26.96%
Administrative & Business	\$ 13,305,115	\$ 15,770,424	18.53%	\$ 13,164,802	\$ 15,216,116	15.58%
Maintenance & Operations	\$ 14,157,556	\$ 15,221,426	7.51%	\$ 14,052,993	\$ 15,137,611	7.72%
Transportation	\$ 4,047,272	\$ 4,623,723	14.24%	\$ 3,421,460	\$ 3,915,104	14.43%
Other	\$ 6,591,046	\$ 6,474,467	-1.77%	\$ 666,360	\$ 369,059	-44.62%
TOTAL	\$ 162,675,292	\$ 167,229,901	2.80%	\$ 127,921,401	\$ 128,185,217	0.21%

- The cost of all governmental activities this year was \$167,229,901, up 2.80% from 2007-08.
- Most of the District's costs were financed by District and state taxpayers at a total of \$128,185,217 or 76.65% of total costs.

Business-Type Activities

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

- Business-type activities revenues exceeded expenses by \$684,280 for 2008-09. In 2007-08 expenses exceeded revenues by \$161,889. The improvement is due to a decrease in expenses in the School Nutrition Fund and the closing of the Day Care Operations, which had been running a deficit.
- Charges for services in the School Nutrition and Day Care programs represent 34.94% of total business-type activity revenue. This represents the amount paid by students/staff for daily food service and for the weekly fees for parents utilizing the Employee Day Care.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$5,108,946. This is reflective of the District's population of "free and reduced" students, which is typically over 50% of the total.

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 funds. 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, *unreserved 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 \$38,301,017, an increase of \$5,783,558, in comparison with the prior year. The biggest difference is in the General fund which experienced an increase in revenues of \$3,103,803 from last year.

Over 46.84% of the governmental fund balance constitutes *unreserved, undesignated fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay for 1) Inventories \$290,188, 2) Prepaid items \$25,773, 3) Debt Service \$12,416,725, 4) Talented and Gifted \$281,441, 5) Non public textbooks \$897,6) Encumbrances \$2,493,631 and 7) Student Activities \$576,972.

In addition, the District has *designated* funds for federal categorical \$1,598,102, state categorical \$2,154,795 and local grant funding \$522,259. Grants received from federal, state and local sources can span multiple years and funding is designated to meet those funding requirements.

The general fund is the chief operating fund of the Davenport Schools. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$8,471,383 while total fund balance increased to \$13,344,838.

The fund balance of the Davenport Schools general fund improved by \$3,103,803, or almost 30% during the current fiscal year. Key factors in this improvement are as follows:

- A reduction in the Special Education deficit. Contributing to the improvement was the reduction of staff, particularly para educator hours. Also contributing to the bottom line was an increase in Medicaid and High Cost revenue.
- Staffing formulas are being reviewed annually and adjustments are being made to reflect the student enrollment
- An early retirement incentive was offered to all staff

The capital projects fund has a total fund balance of \$16,144,353 compared to \$15,168,190 in 2007-08. Construction during 2008-09 slowed down compared to previous years as planned construction projects were coming to completion. The district has expended the proceeds from the revenue bonds and is at a point where available revenues are much less during the year with the majority of sales tax proceeds paying off debt service. At year-end, the District only had \$2,080,428 in construction contracts payable.

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 for the general fund in 2008-09 from \$186,670,161 to \$192,773,728 to reflect:

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

The actual expenditures came in at \$183,823,639 or \$8,950,089 below the amended budget. The majority of the difference was in the "total other expenditures" functional category which came in \$8,057,170 below budget. This area includes expenditures for capital improvement projects.

Revenues came in at \$190,230,443. Intergovernmental revenue was below amended budgeted amounts due to the 1.5% statewide budget reduction.

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.

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, 2009 amounts to \$122,014,561 (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 2.31% compared to last year's increase of 3.75%. More detailed information about capital assets is available in Note 3 to the financial statements.

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008-09
Land and improvements	\$ 7,116,691	\$ 6,917,715		\$	7,116,691	\$ 6,917,715	-2.80%
Construction in progress	\$ 6,386,488	\$ 5,172,601		\$	6,386,488	\$ 5,172,601	-19.01%
Buildings and improvements	\$ 103,446,521	\$ 107,830,110		\$	103,446,521	\$ 107,830,110	4.24%
Furniture and Equipment	\$ 1,574,865	\$ 1,469,799	\$ 732,858	\$ 624,336	\$ 2,307,723	\$ 2,094,135	-9.26%
TOTAL	\$ 118,524,565	\$ 121,390,225	\$ 732,858	\$ 624,336	\$ 119,257,423	\$ 122,014,561	2.31%

The difference between 2007-08 and 2008-09 is the completion of fewer construction projects. The amount of Construction in Progress declined by \$1,213,887 or 19.01%. The number of projects under construction during the summer months has decreased over the last year.

Construction in progress activities during 2008-09 included:

- Air conditioning at Eisenhower Elementary
- Air conditioning at Jackson Elementary
- Additional gymnasium at Williams Intermediate

Long-Term Debt

At year-end, the District had no general obligation bonds. The District has not had general obligation bonded debt since 1990-91. The District did sell \$47.9 million in sales tax revenue bonds over a period of three years to help finance facilities construction and improvements throughout the District. More detailed information about the District's long-term liabilities are available in Note 6 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:

- District enrollment is projected to continue declining. Under Iowa's school funding formula, District funding is highly dependent upon District enrollment. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- Effective July 1, 2007 through June 30, 2011 an incremental increase in the employer's share of the Iowa Public Employees Retirement System (IPERS) contributions will go into effect.
- Governor Chet Culver signed an executive order calling for a 10 percent across-the-board cut to state general fund appropriations for the 2010 fiscal year. The reduction amounts to approximately \$600 million statewide. It is uncertain whether or not there will be additional reductions made to the fiscal year 2010 budget. Estimates made by the Revenue Estimating Conference will be critical in determining future funding.

- Fiscal year 2010 is the first year of an increase in the statewide sales tax from five to six percent. This increase replaces the previous local option sales tax. The use of the money shall be utilized solely for school infrastructure needs. Because revenue is now calculated on a state average per pupil rather than the amount of revenue generated in the District's county, Davenport can expect revenue from the sales tax to decrease by approximately \$4 million annually.
- The District is entering into the 2009-10 school year with all bargaining unit contracts in the first year of a two-year agreement. Given the statewide budget reductions, the settlements agreed to could significantly impact the District's financial health.
- The District contracted with a new Third Party Administrator and network for its self insurance fund beginning July 1, 2009. The new network provides deeper discounts and provides a broader provider network for the District.

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.

Davenport Community School District

Statement of Net Assets

June 30, 2009

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 67,108,043	\$ 292,503	\$ 67,400,546
Receivables:			
Property taxes	61,750,215	-	61,750,215
Other	640,003	228,210	868,213
Due from other governmental units	5,830,314	-	5,830,314
Internal balances	60,860	(60,860)	-
Inventories	290,188	130,570	420,758
Prepaid expenses	35,863	-	35,863
Total current assets	135,715,486	590,423	136,305,909
Noncurrent assets:			
Capital assets, not being depreciated	9,192,859	-	9,192,859
Capital assets, being depreciated	176,940,377	2,360,868	179,301,245
Less accumulated depreciation	(64,743,011)	(1,736,532)	(66,479,543)
Total noncurrent assets	121,390,225	624,336	122,014,561
Total assets	\$ 257,105,711	\$ 1,214,759	\$ 258,320,470

See Notes to Basic Financial Statements.

Liabilities	Governmental Activities	Business-Type Activities	Total
Current liabilities:			
Accounts payable	\$ 3,401,204	\$ 31,926	\$ 3,433,130
Accrued payroll and payroll taxes	18,506,664	41,916	18,548,580
Health claims and administrative costs payable	3,353,296	-	3,353,296
Compensated absences	540,086	2,214	542,300
Construction contracts payable	2,080,428	-	2,080,428
Unearned revenue	63,797,491	1,764	63,799,255
Accrued interest	170,858	-	170,858
Early retirement obligations	745,076	-	745,076
Bond obligations	6,960,000	-	6,960,000
Total current liabilities	99,555,103	77,820	99,632,923
Noncurrent liabilities:			
Other post employment benefits obligation	1,107,343	35,544	1,142,887
Early retirement obligations	1,586,312	-	1,586,312
Total noncurrent liabilities	2,693,655	35,544	2,729,199
Total liabilities	102,248,758	113,364	102,362,122
Net Assets			
Invested in capital assets, net of related debt	114,430,225	624,336	115,054,561
Restricted for:			
Debt service	12,416,725	-	12,416,725
Capital projects	4,223,495	-	4,223,495
Physical plant and equipment	5,063,934	-	5,063,934
Employee benefits	2,675,053	-	2,675,053
Student activities	576,972	-	576,972
Unrestricted	15,470,549	477,059	15,947,608
Total net assets	154,856,953	1,101,395	155,958,348
Total liabilities and net assets	\$ 257,105,711	\$ 1,214,759	\$ 258,320,470

Davenport Community School District

Statement of Activities
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, and Contributions	Capital Grants, and Contributions
Governmental Activities				
Instruction	\$ 116,034,206	\$ 5,612,778	\$ 22,427,315	\$ 203,189
Student support services	4,022,805	-	2,717,561	-
Instructional staff support services	5,082,850	-	631,691	-
General administration	1,877,261	-	314,689	-
Building administration	9,439,032	-	113,338	-
Business and central administration	4,454,131	-	126,281	-
Plant operation and maintenance	15,221,426	-	83,815	-
Student transportation	4,623,723	-	708,619	-
Central support services	6,264	-	-	-
Community services	272,685	-	253,205	-
Area Education Agency	5,852,203	-	5,852,203	-
Interest on long-term debt	343,315	-	-	-
Total governmental activities	167,229,901	5,612,778	33,228,717	203,189
Business-type activities:				
Food services	7,145,508	2,727,373	5,070,188	-
Day care	24,895	17,155	38,758	-
Total business-type activities	7,170,403	2,744,528	5,108,946	-
Total school district	\$ 174,400,304	\$ 8,357,306	\$ 38,337,663	\$ 203,189

General revenues:

Property taxes levied for general purposes
Local option sales tax
Utility tax
Unrestricted state aid and grants
Interest and investment earnings
Miscellaneous
Total general revenues

Changes in net assets
Net assets, beginning of year
Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (87,790,924)	\$ -	\$ (87,790,924)
(1,305,244)	-	(1,305,244)
(4,451,159)	-	(4,451,159)
(1,562,572)	-	(1,562,572)
(9,325,694)	-	(9,325,694)
(4,327,850)	-	(4,327,850)
(15,137,611)	-	(15,137,611)
(3,915,104)	-	(3,915,104)
(6,264)	-	(6,264)
(19,480)	-	(19,480)
-	-	-
(343,315)	-	(343,315)
(128,185,217)	-	(128,185,217)
-	652,053	652,053
-	31,018	31,018
-	683,071	683,071
58,499,226	-	58,499,226
14,495,378	-	14,495,378
2,680,964	-	2,680,964
66,533,410	-	66,533,410
979,404	1,209	980,613
37,122	-	37,122
143,225,504	1,209	143,226,713
15,040,287	684,280	15,724,567
139,816,666	417,115	140,233,781
\$ 154,856,953	\$ 1,101,395	\$ 155,958,348

Davenport Community School District

Balance Sheet - Governmental Funds
June 30, 2009

Assets	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 33,361,132	\$ 15,961,562	\$ 9,490,004	\$ 58,812,698
Receivables:				
Property taxes	55,227,276	-	6,522,939	61,750,215
Other	621,487	7,152	6,751	635,390
Due from other governmental units	3,572,616	2,257,698	-	5,830,314
Due from other funds	145,018	-	-	145,018
Inventories	290,188	-	-	290,188
Prepaid items	25,773	-	-	25,773
Total assets	\$ 93,243,490	\$ 18,226,412	\$ 16,019,694	\$ 127,489,596
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,580,716	\$ -	\$ 820,488	\$ 3,401,204
Accrued payroll and payroll taxes	18,502,404	1,208	3,052	18,506,664
Due to other funds	-	423	1,219	1,642
Construction contracts payable	-	2,080,428	-	2,080,428
Deferred revenue	58,815,532	-	6,383,109	65,198,641
Total liabilities	79,898,652	2,082,059	7,207,868	89,188,579
Fund balances:				
Reserved for:				
Inventories	290,188	-	-	290,188
Prepaid items	25,773	-	-	25,773
Debt service	-	11,920,858	495,867	12,416,725
Phase III, SIT & TAG	281,441	-	-	281,441
Nonpublic textbooks	897	-	-	897
Student activities	-	-	576,972	576,972
Encumbrances	-	2,493,631	-	2,493,631
Unreserved:				
Designated:				
Federal categorical funding	1,598,102	-	-	1,598,102
State categorical funding	2,154,795	-	-	2,154,795
Local grant funding	522,259	-	-	522,259
Undesignated, reported in:				
General Fund	8,471,383	-	-	8,471,383
Special revenue funds	-	-	7,738,987	7,738,987
Capital Projects Fund	-	1,729,864	-	1,729,864
Total fund balances	13,344,838	16,144,353	8,811,826	38,301,017
Total liabilities and fund balances	\$ 93,243,490	\$ 18,226,412	\$ 16,019,694	\$ 127,489,596

See Notes to Basic Financial Statements.

Davenport Community School District

Reconciliation of Total Governmental Fund Balances to Net Assets
of Governmental Activities

June 30, 2009

Total governmental fund balances		\$ 38,301,017
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Capital assets	\$ 186,133,236	
Accumulated depreciation	<u>(64,743,011)</u>	121,390,225
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 in the funds:		
Property taxes	289,564	
Other receivables	<u>1,111,586</u>	1,401,150
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 governmental activities.		
		4,956,752
Internal service funds allocated to business-type activities		
		(82,516)
Long-term liabilities, including bonds payable 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:		
Bonds payable	(6,960,000)	
Accrued interest on the bonds	(170,858)	
Compensated absences	(540,086)	
Early retirement obligations	(2,331,388)	
Other post employment benefits obligation	<u>(1,107,343)</u>	(11,109,675)
Net assets of governmental activities		<u><u>\$ 154,856,953</u></u>

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 51,234,177	\$ -	\$ 7,229,590	\$ 58,463,767
Utility taxes	2,354,268	-	326,696	2,680,964
Local option sales tax, pledged as security for revenue bonds	-	14,495,378	-	14,495,378
Intergovernmental	97,977,896	-	207,721	98,185,617
Charges for services	4,256,788	-	-	4,256,788
Interest	873,886	58,300	47,218	979,404
Contributions and donations	681,578	-	-	681,578
Other	1,220,717	-	1,411,547	2,632,264
Total revenues	158,599,310	14,553,678	9,222,772	182,375,760
Expenditures:				
Current:				
Instruction	108,716,681	-	2,320,757	111,037,438
Student support services	4,329,266	-	-	4,329,266
Instructional staff support services	4,891,941	-	190,909	5,082,850
General administration	1,862,572	-	-	1,862,572
Building administration	9,431,548	-	679	9,432,227
Business and central administration	4,426,375	-	21,220	4,447,595
Plant operation and maintenance	11,183,759	-	3,873,452	15,057,211
Student transportation	4,536,572	-	79,873	4,616,445
Community services	272,685	-	-	272,685
Area Education Agency	5,852,203	-	-	5,852,203
Capital outlay	-	6,418,635	1,022,595	7,441,230
Debt service:				
Principal	-	-	6,655,000	6,655,000
Interest	-	-	505,480	505,480
Total expenditures	155,503,602	6,418,635	14,669,965	176,592,202
Excess (deficiency) of revenues over expenditures	3,095,708	8,135,043	(5,447,193)	5,783,558
Other financing sources (uses):				
Transfers in	8,095	-	7,158,880	7,166,975
Transfers (out)	-	(7,158,880)	(8,095)	(7,166,975)
Total other financing sources (uses)	8,095	(7,158,880)	7,150,785	-
Net change in fund balances	3,103,803	976,163	1,703,592	5,783,558
Fund balances, beginning of year	10,241,035	15,168,190	7,108,234	32,517,459
Fund balances, end of year	\$ 13,344,838	\$ 16,144,353	\$ 8,811,826	\$ 38,301,017

See Notes to Basic Financial Statements.

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, 2009

Net change in fund balances, total governmental funds	\$	5,783,558
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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 assets 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:</p>		
Depreciation expense	\$	(5,253,358)
Total capital outlay expenditures capitalized		8,138,757
		<u>2,885,399</u>
The net effect of various miscellaneous transactions involving capital assets is to increase/decrease net assets, net loss on disposal of capital assets		(19,740)
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 tax revenues. They are, however, recorded as revenues in the statement of activities.		(1,461,564)
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, \$749,345, were less than the amounts earned, \$1,285,331, by \$535,986. Vacation used, \$532,536, was less than the amounts earned, \$540,086 by \$7,550.		(543,536)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		6,655,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrued, regardless of when it is due.		162,165
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 assets in the internal service fund is reported with governmental activities.		2,209,276
Change in Internal Service Fund allocation to business-type activities.		(61,034)
Based on actuarial calculations, the District reports other post employment liabilities in the Statement of Activities that are not reported in the fund statements.		(569,237)
Change in net assets of governmental activities	\$	<u>15,040,287</u>

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Net Assets
 Proprietary Funds
 June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Day Care Fund	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 292,503	\$ -	\$ 292,503	\$ 8,295,345
Other receivables	189,452	38,758	228,210	4,613
Inventories	130,570	-	130,570	-
Prepays	-	-	-	10,090
Total current assets	612,525	38,758	651,283	8,310,048
Noncurrent assets, capital assets, net of accumulated depreciation	624,336	-	624,336	-
Total assets	\$ 1,236,861	\$ 38,758	\$ 1,275,619	\$ 8,310,048
Liabilities				
Current liabilities:				
Accounts payable	\$ 31,925	\$ 1	\$ 31,926	\$ 3,353,296
Accrued payroll and payroll taxes	41,916	-	41,916	-
Compensated absences	2,214	-	2,214	-
Due to other funds	-	143,376	143,376	-
Deferred revenue	1,764	-	1,764	-
Total current liabilities	77,819	143,377	221,196	3,353,296
Noncurrent liabilities, other post employment benefits obligation	35,544	-	35,544	-
Total liabilities	113,363	143,377	256,740	3,353,296
Net Assets				
Invested in capital assets	624,336	-	624,336	-
Unrestricted	499,162	(104,619)	394,543	4,956,752
Total net assets	1,123,498	(104,619)	1,018,879	4,956,752
Total liabilities and net assets	\$ 1,236,861	\$ 38,758	\$ 1,275,619	\$ 8,310,048
Total enterprise fund net assets			\$ 1,018,879	
Amounts reported for business-type activities in the statement of net assets are different due to:				
Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets				
Total business-type activities net assets			<u>82,516</u>	
			<u>\$ 1,101,395</u>	

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Revenues, Expenses and Changes in Net Assets (Deficits)
 Proprietary Funds
 Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Day Care Fund	Total	
Operating revenue, charges for services	\$ 2,727,373	\$ 17,155	\$ 2,744,528	\$ 23,172,381
Operating expenses:				
Salaries and benefits	3,379,335	20,183	3,399,518	-
Facility rent	-	3,700	3,700	-
Purchased services	447,232	143	447,375	-
Supplies	3,192,236	869	3,193,105	-
Depreciation	187,739	-	187,739	-
Health care	-	-	-	20,963,105
Total operating expenses	7,206,542	24,895	7,231,437	20,963,105
Operating income (loss)	(4,479,169)	(7,740)	(4,486,909)	2,209,276
Nonoperating revenues:				
Interest income	1,209	-	1,209	-
Intergovernmental	5,070,188	-	5,070,188	-
Other nonoperating revenue	-	38,758	38,758	-
Total nonoperating revenues	5,071,397	38,758	5,110,155	-
Changes in net assets	592,228	31,018	623,246	2,209,276
Net assets (deficits), beginning of year	531,270	(135,637)	395,633	2,747,476
Net assets (deficits), end of year	\$ 1,123,498	\$ (104,619)	\$ 1,018,879	\$ 4,956,752
Net changes in net assets in enterprise funds			\$ 623,246	
Amounts reported for business-type activities in the statement of net assets are different due to:				
Internal service funds are used by management to charge the cost of certain services to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities			61,034	
Net changes in net assets of business-type activities			\$ 684,280	

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Day Care Fund	Total	
Cash flows from operating activities:				
Cash received from user charges	\$ 2,581,997	\$ 17,155	\$ 2,599,152	\$ -
Cash received from assessment made to other funds	-	-	-	23,193,664
Cash payments to employees for services	(3,361,252)	(31,556)	(3,392,808)	-
Cash payments for insurance claims	-	-	-	(19,688,958)
Cash payments to suppliers for goods and services	(3,415,646)	(5,800)	(3,421,446)	(1,057,410)
Net cash provided by (used in) operating activities	(4,194,901)	(20,201)	(4,215,102)	2,447,296
Cash flows from noncapital financing activities:				
Proceeds from interfund balances	-	20,201	20,201	-
Payments of interfund balances	(313,222)	-	(313,222)	-
Grants received	4,875,857	-	4,875,857	-
Net cash provided by noncapital financing activities	4,562,635	20,201	4,582,836	-
Cash flows from capital and related financing activities, acquisition of capital assets	(79,217)	-	(79,217)	-
Cash flows from investing activities, interest received	1,209	-	1,209	-
Net increase in cash and cash equivalents	289,726	-	289,726	2,447,296
Cash and cash equivalents:				
Beginning	2,777	-	2,777	5,848,049
Ending	\$ 292,503	\$ -	\$ 292,503	\$ 8,295,345

(Continued)

Davenport Community School District

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School	Nonmajor	Total	
	Nutrition Fund	Day Care Fund		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (4,479,169)	\$ (7,740)	\$ (4,486,909)	\$ 2,209,276
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	187,739	-	187,739	-
Commodities used	372,808	-	372,808	-
Changes in assets and liabilities:				
Receivables	(145,376)	-	(145,376)	21,283
Inventories	56,155	-	56,155	-
Prepays	-	-	-	22
Accounts payable and accrued liabilities	(203,202)	(12,461)	(215,663)	216,715
Other post employment benefits obligation	16,144	-	16,144	-
Net cash provided by (used in) operating activities	\$ (4,194,901)	\$ (20,201)	\$ (4,215,102)	\$ 2,447,296

Noncash noncapital financing activities, during the year the District received \$372,808 of food commodities from the U.S. Department of Agriculture

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Assets and Liabilities

Agency Fund

June 30, 2009

Assets

Cash and cash equivalents	\$	121,901
Due from other governments		92
Total assets	\$	121,993

Liabilities

Accounts payable	\$	3,768
Due to activity groups		118,225
Total liabilities	\$	121,993

See Notes to Basic Financial Statements.

Davenport Community School District

Notes to Basic Financial Statements

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 three high schools, six intermediate schools, 19 elementary schools and various off-campus alternative education programs. Student enrollment (pre-school through high school) for the 2008-2009 school year was approximately 16,081 regular and special education students. The District employs approximately 2,137 individuals.

Reporting entity:

For financial reporting purposes, the Davenport Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also 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 body, 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:

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 government 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 available if they are collected within 60 days after year-end.

Davenport Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

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. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Intergovernmental revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria are met.

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, liabilities, 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 accounts for all financial resources of the District, except those required to be accounted for 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.

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

The **special revenue funds** account for the revenue sources that are legally restricted to expenditures for specific purposes (not including revenues restricted for General Fund activities, debt service expenditures or capital projects) and are not fiduciary. 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

Physical Plant and Equipment Fund: This 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

Debt Service Fund: accounts for the servicing of general long-term debt not being financed by proprietary funds.

Davenport Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

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. The District's enterprise funds apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989.

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 and operating grants. Operating expenses for the proprietary funds include cost of personal 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 food programs.

Additionally, the District reports the Day Care Fund, a nonmajor enterprise fund and the internal service fund type. The internal service fund type consists of the Self-Insurance Fund, which accounts for the financing of services provided by one department to 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 Assets 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.

Davenport Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the special revenue funds, the Debt Service Fund and the Capital Projects Fund 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 statements 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 the 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 assets and to reconcile the changes in fund balance to the changes in net assets. These reconciliations are a part of the fund financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 \$5,852,203 pass-through grant from the Area Education Agency in 2008-2009 as revenue and a related 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 for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and nonnegotiable certificates of deposits and IPAS Education Money Market Fund, which is stated at cost but approximates fair value.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Davenport Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

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 purchase, 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. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable 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.

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 payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

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. Amounts received for which legal claims or applicable requirements have not been met are recorded as deferred revenue. Certain intergovernmental revenues have been included as a reservation of fund balance based on the District's legal claim to the resources and its intention to spend such funds only for the purpose reported.

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.

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.

Davenport Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

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:

<u>Description</u>	<u>Threshold</u>
Land improvements	\$ 3,500
Buildings	3,500
Building improvements	3,500
Furniture and equipment	3,500

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings	50 years
Building improvements	20 years
Furniture and equipment	5 - 10 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.

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, 2009, have been accrued as liabilities as of June 30, 2009.

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, 2009.

Davenport Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Measurement Focus, Basis of Accounting and Financial Statement Presentation and Significant Accounting Policies (Continued)

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, 2009, 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.

Unearned revenue: Although certain revenues are measurable in the Governmental Fund statements, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unearned revenue represents 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unearned revenue consists of unspent grant proceeds and the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within 60 days after year-end.

Long-term obligations: In the District-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 assets.

Fund equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets 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 assets are available, the District first applies restricted resources.

Net assets restricted through enabling legislation include \$12,416,725 for debt service, \$4,223,495 for capital projects, \$5,063,934 for physical plant and equipment, \$2,675,053 for employee benefits and \$576,972 for student activities.

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 or four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2009, expenditures in the support services program functional areas exceeded the amount budgeted.

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

Davenport Community School District

Notes to Basic Financial Statements

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, 2009, the book balance of the District's cash deposits plus petty cash totaled \$67,407,961 and the bank balances totaled \$70,017,394.

As of June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) diversified portfolio totaling \$51,355. The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The value of the investment is the same as the value of the pool shares. ISJIT is registered with and regulated by the Securities and Exchange Commission.

As of June 30, 2009, the District also had investments in the IPAS Education Money Market Fund totaling \$63,161, which also meets the requirements of SEC Rule 2a-7.

Interest rate risk: The District's investment policy 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. As of June 30, 2009, the District's investments were rated as follows:

Investment	Type	Moody's Investors Services	Standard & Poor's
Iowa Schools Joint Investment Trust	Money Market Mutual Fund	Aaa	Unrated
IPAS Education Money Market	Money Market	Unrated	Unrated

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. While the District is in compliance with their policy, each of the District's investments do exceed 5 percent of the total investment portfolio excluding deposits.

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 risk with regards to investments since all investments were invested in external investment pools.

Davenport Community School District

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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

Cash deposits and petty cash	\$ 67,407,961
ISJIT investments	51,355
IPAS education money market fund	63,161
	<u>\$ 67,522,477</u>
Governmental funds	\$ 58,812,698
Internal service fund	8,295,345
Total governmental activities	<u>67,108,043</u>
Business-type activities/enterprise funds	292,503
Agency fund	121,901
	<u>\$ 67,522,447</u>

Note 3. Capital Assets

Governmental Activities	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 4,020,258	\$ -	\$ -	\$ 4,020,258
Construction-in-progress	6,386,488	7,854,623	9,068,510	5,172,601
Total capital assets, not being depreciated	<u>10,406,746</u>	<u>7,854,623</u>	<u>9,068,510</u>	<u>9,192,859</u>
Capital assets, being depreciated:				
Land improvements	11,034,940	499	-	11,035,439
Buildings	95,273,181	-	-	95,273,181
Building improvements	54,219,094	9,068,510	19,427	63,268,177
Furniture and equipment	7,100,917	283,635	20,972	7,363,580
Total capital assets, being depreciated	<u>167,628,132</u>	<u>9,352,644</u>	<u>40,399</u>	<u>176,940,377</u>
Less accumulated depreciation for:				
Land improvements	7,938,506	199,476	-	8,137,982
Buildings	35,892,476	1,713,778	-	37,606,254
Building improvements	10,153,278	2,951,716	-	13,104,994
Furniture and equipment	5,526,052	388,388	20,659	5,893,781
Total accumulated depreciation	<u>59,510,312</u>	<u>5,253,358</u>	<u>20,659</u>	<u>64,743,011</u>
Total capital assets, being depreciated, net	<u>108,117,820</u>	<u>4,099,286</u>	<u>19,740</u>	<u>112,197,366</u>
Governmental activities capital assets, net	<u>\$ 118,524,566</u>	<u>\$ 11,953,909</u>	<u>\$ 9,088,250</u>	<u>\$ 121,390,225</u>

Davenport Community School District

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

Business-Type Activities	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Capital assets, being depreciated, equipment	\$ 2,287,260	\$ 79,217	\$ 5,609	\$ 2,360,868
Less accumulated depreciation for equipment	1,554,402	187,739	5,609	1,736,532
Total capital assets, being depreciated, net	732,858	(108,522)	-	624,336
Business-type activities capital assets, net	\$ 732,858	\$ (108,522)	\$ -	\$ 624,336

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

Governmental activities:

Instruction	\$ 5,047,571
General administration	14,689
Building administration	6,805
Business and central administration	6,536
Plant operation and maintenance	164,215
Student transportation	7,278
Central support services	6,264
	<u>\$ 5,253,358</u>

Business-type activities, food services	<u>\$ 187,739</u>
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Note 4. Individual Fund Disclosures

The Day Care Enterprise fund had a net deficit of \$104,619 as of June 30, 2009. The Day Care discontinued operations in August 2008. This fund will be dissolved in fiscal year 2010.

Note 5. Interfund Balances and Transfers

Interfund balances as of June 30, 2009, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 145,018	\$ -
Capital Projects Fund	-	423
Nonmajor governmental funds	-	1,219
Nonmajor Day Care Fund	-	143,376
	<u>\$ 145,018</u>	<u>\$ 145,018</u>

The amounts due to the General Fund from the Day Care Fund, a nonmajor enterprise fund represents deficit pooled cash investments.

Davenport Community School District

Notes to Basic Financial Statements

Note 5. Interfund Balances and Transfers (Continued)

All remaining balances represent amounts due to the General Fund for the reimbursement of payroll related benefits.

	Transfers In	Transfers Out
General Fund	\$ 8,095	\$ -
Capital Projects Fund	-	7,158,880
Nonmajor governmental funds	7,158,880	8,095
Total	\$ 7,166,975	\$ 7,166,975

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 to the Debt Service Fund, a nonmajor governmental fund, from the Capital Projects Fund are for the principal and interest payments of the local option sales tax bonds.

Note 6. Long-Term Liabilities

Changes in long-term liabilities: A summary of changes in long-term liabilities for the year ended June 30, 2009, is as follows:

	Governmental Activities				Business-Type Activities
	Local Option Sales Tax Bonds	Early Retirement Obligations	Compensated Absences	Total	Compensated Absences
Balance, beginning of year	\$ 13,615,000	\$ 1,795,402	\$ 532,536	\$ 15,942,938	\$ 3,193
Additions	-	1,285,331	540,086	1,825,417	2,214
Reductions	6,655,000	749,345	532,536	7,936,881	3,193
Balance, end of year	<u>\$ 6,960,000</u>	<u>\$ 2,331,388</u>	<u>\$ 540,086</u>	<u>\$ 9,831,474</u>	<u>\$ 2,214</u>
Due within one year	<u>\$ 6,960,000</u>	<u>\$ 745,076</u>	<u>\$ 540,086</u>	<u>\$ 8,245,162</u>	<u>\$ 2,214</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.

Local option sales tax bonds: The District has issued bonds to make local option sales tax revenues of future years immediately available for the acquisition, construction and updating of capital facilities.

	Interest Rate	Maturity Date	Original Balance	Balance June 30, 2009
Sales and service tax revenue bonds, Series 1999	4.80% - 4.95%	7/1/09	\$ 8,400,000	\$ 1,030,000
Sales and service tax revenue bonds, Series 2000	5.20% - 5.30%	7/1/09	9,500,000	1,310,000
Sales and service tax revenue bonds, Series 2001	5.00%	7/1/09	15,000,000	2,195,000
Sales and service tax revenue bonds, Series 2002	3.00% - 4.60%	7/1/09	15,000,000	2,425,000
			<u>\$ 47,900,000</u>	<u>\$ 6,960,000</u>

Davenport Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

The annual requirements including interest to service the local option sales tax bonds are as follows:

Year Ending June 30:	Principal	Interest	Total
2009	\$ 6,960,000	\$ 170,858	\$ 7,130,858

The District has pledged future local option sales and services tax revenues to repay the \$47,900,000 of bonds issued August 1999, March 2000, April 2001 and May 2002. The bonds were issued for the purpose of financing various construction projects for District facilities. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2009. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require less than 50 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$7,130,858. For the current year, principal and interest paid and total local option sales and services tax revenues were \$7,158,880 and \$14,495,378, respectively.

Early retirement: The District provides 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 can not, and do not, contribute to the incentive program.

Early retirement participation is based on the following criteria:

1. To all employees who are at least 55 years of age.
2. The employee has completed at least 25 years of contracted service to the District.
3. The employee must work a minimum of six hours per day or have a contract of at least .75 full time equivalent.
4. The employee must submit an application for participation in the Plan to the Board prior to January 5, 2009.
5. The effective date of the retirement must be at, and not before, the conclusion of the contract or assignment year 2008-2009 and not later than June 30, 2009.
6. Not be subject to termination pursuant to Iowa Code Section 279.27.

The Plan allows an eligible employee to receive retirement incentive as follows:

1. Employees with at least 33 years of service – the lesser of \$25,000 or 50 percent of employees' 2008-2009 salary that shall equal the lesser of \$25,000 or 50 percent of the employees.
2. Employees with at least 30 years of service – the lesser of \$22,500 or 45 percent of employees' 2008-2009 salary.
3. Employees with at least 25 years of service – the lesser of \$20,000 or 40 percent of employees' 2008-2009 salary.

Davenport Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Early retirement benefits are paid into a 403(b) special pay deferral plan and/or health care savings plan in accordance with Internal Revenue Service guidelines evenly over the next five years beginning January 1, 2010.

During the year ended June 30, 2009, 64 District employees requested early retirement. During the year ended June 30, 2009, the District paid \$749,945 of early retirement benefits.

Legal debt margin: As of June 30, 2009, the outstanding general obligation debt of the District did not exceed the statutory debt limit.

Note 7. Pension and Retirement Benefits

IPERS: The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10 percent of their annual covered salary and the District is required to contribute 6.35 percent of annual covered payroll for the year ended June 30, 2009. For the years ended June 30, 2008 and 2007, plan members were required to contribute 3.90 and 3.70 percent of their annual covered salary, respectively, and the District was required to contribute 6.05 and 5.75 percent of annual covered payroll, respectively. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$5,737,489, \$5,347,495 and \$4,949,929, respectively, equal to the required contributions for each year.

403(b) Plan: The District also contributes to a 403(b) deferred compensation plan for employees at the administrator level. Salary reduction contributions under a 403(b) plan that are the result of a one-time irrevocable election made when an individual is first eligible for the plan are deemed to be employer contributions, not salary reduction contributions. The District contributes 9 percent of compensation for eligible employees to the plan.

The District also contributes additional amounts for administrators and clerical staff not electing the District's medical and dental coverage.

The District's contribution for the year ended June 30, 2009, was \$736,203.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft; 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 insurance 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 \$195,000 and an annual aggregate stop loss for the excess of 125 percent of estimated claims.

Davenport Community School District

Notes to Basic Financial Statements

Note 8. Risk Management (Continued)

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, 2009 and 2008 are as follows:

	2009	2008
Unpaid claims and administrative costs payable balance, beginning of year	\$ 3,136,581	\$ 2,651,593
Incurred claims (including IBNR)	19,905,673	20,560,260
Claim payments	(19,688,958)	(20,075,272)
Unpaid claims and administrative costs payable balance, end of year	<u>\$ 3,353,296</u>	<u>\$ 3,136,581</u>

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

Note 9. Commitments and Contingencies

The District has entered into various construction and repair contracts for projects throughout the District. As of June 30, 2009, the portion of these contracts which has not been paid or accrued as a liability totals \$3,194,838.

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.

Note 10. Operating Leases

The District leases building and equipment under noncancelable operating leases. Total expenses for the year ended June 30, 2009, for such leases were \$339,948, which includes cash paid and the change in the prepaid rent balance. The future minimum lease payments for these leases are as follows:

Year Ending June 30:

2010	\$ 178,020
2011	166,506
2012	132,735
2013	74,471
2014	11,223
	<u>\$ 562,955</u>

Davenport Community School District

Notes to Basic Financial Statements

Note 11. 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 of employees' 65th 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. Employees 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. For fiscal year 2009, the District contributed \$0. Retiree and active members receiving benefits contributed \$2,438,937 through their required contribution for para educators and all other employees of \$594 and \$598 per month, respectively, for single health coverage and \$1,252 and \$1,256, respectively, for family health coverage.

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:

Annual required contribution	\$ 557,506
Interest on net OPEB obligation	27,875
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>585,381</u>
Contributions and payments made	<u>-</u>
Increase in net OPEB obligation	585,381
Net OPEB obligation - January 1, 2008	<u>557,506</u>
Net OPEB obligation - December 31, 2009	<u><u>\$ 1,142,887</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2009 and the two preceding years follows. Fiscal year ended June 30, 2008 was the adoption year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2007	N/A	N/A	N/A
June 30, 2008	\$ 557,506	- %	\$ 557,506
June 30, 2009	585,381	-	1,142,887

Davenport Community School District

Notes to Basic Financial Statements

Note 11. Other Postemployment Benefits (Continued)

Funded status and funding progress: Postemployment Benefit Obligations under GASB Statement No. 45 calculated as of December 31, 2007, the most recent valuation date is as follows:

	Total	Members
Actuarial Accrued Liability		
Current retirees, beneficiaries and dependents	\$ 1,149,627	181
Current active members	5,050,026	1,853
Total Actuarial Accrued Liability (AAL)	6,199,653	
OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	6,199,653	

The results of the December 31, 2007 valuation were rolled forward to June 30, 2009. The covered payroll (annual payroll of active employees covered by the plan) was \$74,318,206 and the ratio of the UAAL to the covered payroll was (8.3) 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 December 31, 2007 actuarial valuation date, projected unit credit method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 10 percent initially, grading down to an ultimate rate of five percent in 5 years. Both rates include a 3.5 percent inflation assumption. 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 December 31, 2007 and 2008, was 30 years and 29 years, respectively.

Davenport Community School District

Notes to Basic Financial Statements

Note 12. New Governmental Accounting Standards Board (GASB) Statements

The District implemented the following statements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the District to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. This Statement had no effect on the District in the current year.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement established consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. This Statement had no effect on the District in the current year.

As of June 30, 2009, the GASB had issued several Statements not yet implemented by the District. The Statements which might impact the District are as follows:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the District beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the District beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.
- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

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

Davenport Community School District

Required Supplementary Information
Davenport Community School District, Retiree Health Benefit Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net 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]
2008	12/31/07	\$ -	\$ 6,199,653	\$ 6,199,653	- %	\$ 75,058,154	(8.3)%
2009	12/31/07	-	6,199,653	6,199,653	-	74,318,206	(8.3)

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of December 31, 2007. Additional information follows:

- a. The actuarial method used to determine the ARC is the projected unit credit method.
- b. There are no plan assets.
- c. The actuarial assumptions included: (1) 5 percent investment rate of return and (2) a health care cost trend rate of 10 percent initially, grading down to an ultimate rate of 5 percent in 5 years. Both rates include a 3.5 percent inflation assumption.
- d. The amortization method is level percentage of pay on an open basis.

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

“WE BELIEVE every child has the right to a safe environment”



Davenport Community School District

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds and Enterprise Funds
 Year Ended June 30, 2009

	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
Revenues:			
Property taxes	\$ 58,463,767	\$ -	\$ 58,463,767
Utility taxes	2,680,964	-	2,680,964
Local option sales tax	14,495,378	-	14,495,378
Intergovernmental	98,185,617	5,070,188	103,255,805
Charges for services	4,256,788	2,744,528	7,001,316
Interest	979,404	1,209	980,613
Other	3,313,842	38,758	3,352,600
Total revenues	182,375,760	7,854,683	190,230,443
Expenditures:			
Current:			
Instruction	111,037,438	-	111,037,438
Support services	45,100,851	-	45,100,851
Noninstructional programs	-	7,231,437	7,231,437
Other expenditures	20,453,913	-	20,453,913
Total expenditures	176,592,202	7,231,437	183,823,639
Excess (deficiency) of revenues over expenditures	5,783,558	623,246	6,406,804
Other financing sources (uses):			
Transfers in	7,166,975	-	7,166,975
Transfers out	(7,166,975)	-	(7,166,975)
Total other financing sources (uses)	-	-	-
Net change in fund balances	5,783,558	623,246	6,406,804
Fund balances, beginning of year	32,517,459	395,633	32,913,092
Fund balances, end of year	\$ 38,301,017	\$ 1,018,879	\$ 39,319,896

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 58,580,000	\$ 58,556,643	\$ (92,876)
2,731,377	2,730,278	(49,314)
15,362,221	14,365,907	129,471
97,023,538	102,712,944	542,861
7,299,653	8,483,709	(1,482,393)
1,740,000	466,500	514,113
3,440,000	3,476,667	(124,067)
186,176,789	190,792,648	(562,205)
111,562,416	111,677,701	640,263
41,413,350	44,463,515	(637,336)
6,594,635	8,121,429	889,992
27,099,760	28,511,083	8,057,170
186,670,161	192,773,728	8,950,089
(493,372)	(1,981,080)	8,387,884
7,158,880	7,265,223	(98,248)
(7,158,880)	(7,265,223)	98,248
-	-	-
\$ (493,372)	\$ (1,981,080)	\$ 8,387,884

Davenport Community School District

Note to Required Supplementary Information – Budgetary Reporting

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 2009.

During the year ended June 30, 2009, expenditures in the support services function exceeded the amount budgeted.

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 April 2009, to increase the authorization of expenditures by \$6,103,567.
5. All annual appropriations lapse at fiscal year-end.
6. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

“WE BELIEVE a caring environment is important for student success because relationships impact learning”



Davenport Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue		
	Management	Student Activity	Physical Plant and Equipment
Assets			
Cash and investments	\$ 2,830,959	\$ 631,135	\$ 5,532,043
Receivables:			
Property taxes	1,691,026	-	4,831,913
Other	1,320	5,428	3
Total assets	\$ 4,523,305	\$ 636,563	\$ 10,363,959
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 208,787	\$ 52,593	\$ 559,108
Accrued payroll and payroll taxes	-	3,052	-
Due to other funds	-	1,219	-
Deferred revenue	1,639,465	2,727	4,740,917
Total liabilities	1,848,252	59,591	5,300,025
Fund balances:			
Reserved for:			
Debt service	-	-	-
Student activities	-	576,972	-
Unreserved, undesignated, reported in special revenue funds	2,675,053	-	5,063,934
Total fund balances	2,675,053	576,972	5,063,934
Total liabilities and fund balances	\$ 4,523,305	\$ 636,563	\$ 10,363,959

Debt Service	Total Nonmajor Governmental Funds
\$ 495,867	\$ 9,490,004
-	6,522,939
-	6,751
<u>\$ 495,867</u>	<u>\$ 16,019,694</u>

\$ -	\$ 820,488
-	3,052
-	1,219
-	6,383,109
<u>-</u>	<u>7,207,868</u>

495,867	495,867
-	576,972
-	7,738,987
<u>495,867</u>	<u>8,811,826</u>
<u>\$ 495,867</u>	<u>\$ 16,019,694</u>

Davenport Community School District

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Special Revenue		
	Management	Student Activity	Physical Plant and Equipment
Revenues:			
Property taxes	\$ 2,669,873	\$ -	\$ 4,559,717
Utility taxes	122,729	-	203,967
Intergovernmental	44,199	-	163,522
Interest	17,352	4,509	22,639
Other	348	1,411,199	-
Total revenues	2,854,501	1,415,708	4,949,845
Expenditures:			
Current:			
Instruction	848,217	1,472,540	-
Instruction staff support services	-	5,442	185,467
Building administration	-	679	-
Business administration	-	-	21,220
Plant operation and maintenance	1,588,783	-	2,284,669
Student transportation	-	79,873	-
Capital outlay	-	-	1,022,595
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,437,000	1,558,534	3,513,951
Excess (deficiency) of revenues over (under) expenditures	417,501	(142,826)	1,435,894
Other financing sources (uses):			
Transfers in	-	-	-
Transfers (out)	-	(8,095)	-
Total other financing sources (uses)	-	(8,095)	-
Net change in fund balances	417,501	(150,921)	1,435,894
Fund balances, beginning of year	2,257,552	727,893	3,628,040
Fund balances, end of year	\$ 2,675,053	\$ 576,972	\$ 5,063,934

Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 7,229,590
-	326,696
-	207,721
2,718	47,218
-	1,411,547
<u>2,718</u>	<u>9,222,772</u>
-	2,320,757
-	190,909
-	679
-	21,220
-	3,873,452
-	79,873
-	1,022,595
6,655,000	6,655,000
505,480	505,480
<u>7,160,480</u>	<u>14,669,965</u>
<u>(7,157,762)</u>	<u>(5,447,193)</u>
7,158,880	7,158,880
-	(8,095)
<u>7,158,880</u>	<u>7,150,785</u>
1,118	1,703,592
494,749	7,108,234
<u>\$ 495,867</u>	<u>\$ 8,811,826</u>

Davenport Community School District

Combining Schedule of Changes in Balances
 Student Activity Fund
 Year Ended June 30, 2009

	Balance June 30, 2008	Revenues	Expenditures
District-Wide Athletics	\$ 15,782	\$ -	\$ 1,775
Central High School Athletics	43,135	97,732	74,937
North High School Athletics	35,790	75,633	74,427
West High School Athletics	38,561	93,282	97,750
Central High School	175,465	296,420	336,633
Central Band Uniforms	21,949	-	-
North High School	(6,661)	168,140	192,793
West High School	110,606	344,261	400,520
Kimberly Center	87	857	1,555
Smart Intermediate School	25,520	11,079	11,755
Sudlow Intermediate School	58,173	78,086	90,894
Walcott Elementary and Intermediate School	40,473	68,112	64,797
Williams Intermediate School	33,864	42,577	53,011
Williams IDOT Grant	138	-	-
Wood Intermediate School	37,820	67,226	75,992
Young Intermediate School	3,944	16,151	17,936
Adams Elementary	3,417	546	2,309
Blue Grass Elementary	937	-	237
Buchanan Elementary	10,864	20,898	18,896
Buffalo Elementary	13,967	3,041	6,866
Eisenhower Elementary	3,513	5,426	6,001
Fillmore Elementary	1,145	-	-
Garfield Elementary	8,118	4,555	3,900
Harrison Elementary	2,186	2,623	4,098
Hayes Elementary	714	950	567
Jackson Elementary	74	-	36
Jefferson Elementary	54	-	-
Lincoln Elementary	7,250	1,567	2,198
Madison Elementary	12,861	4,378	6,149
McKinley Elementary	11,227	-	2,145
Monroe Elementary	2,544	557	455
Truman Elementary	1,205	1,318	3,166
Washington Elementary	3,653	2,334	3,254
Wilson Elementary	1,423	3,450	3,482
Unallocated interest income	8,095	4,509	-
Total special revenue student activity fund	\$ 727,893	\$ 1,415,708	\$ 1,558,534

Transfers	Balance June 30, 2009
\$ -	\$ 14,007
-	65,930
-	36,996
-	34,093
-	135,252
-	21,949
-	(31,314)
-	54,347
-	(611)
-	24,844
-	45,365
-	43,788
-	23,430
-	138
-	29,054
-	2,159
-	1,654
-	700
-	12,866
-	10,142
-	2,938
-	1,145
-	8,773
-	711
-	1,097
-	38
-	54
-	6,619
-	11,090
-	9,082
-	2,646
-	(643)
-	2,733
-	1,391
(8,095)	4,509
<u>\$ (8,095)</u>	<u>\$ 576,972</u>

Davenport Community School District

Statement of Changes in Fiduciary
Assets and Liabilities - Agency Fund
Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Assets				
Cash and investments	\$ 115,991	\$ 125,803	\$ 119,893	\$ 121,901
Due from other governments	313	92	313	92
Total assets	\$ 116,304	\$ 125,895	\$ 120,206	\$ 121,993
Liabilities				
Accounts payable	\$ 3,189	\$ 3,767	\$ 3,188	\$ 3,768
Due to activity groups	113,115	113,069	107,959	118,225
Total liabilities	\$ 116,304	\$ 116,836	\$ 111,147	\$ 121,993

Davenport Community School District

Combining Schedule of Changes in Amounts Due to Activity Groups
 Agency Fund
 Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Adams staff account	\$ 63	\$ 149	\$ 27	\$ 185
Administration pop account	5,881	4,229	5,706	4,404
Administration scholarship	-	1,500	1,500	-
CV Buchanan	-	666	-	666
CVW staff account	453	285	702	36
Central staff pop account	8,916	31,177	24,356	15,737
Central concessions	-	12,202	12,899	(697)
Buchanan pop account	2,540	1,272	1,273	2,539
Fillmore pop account	827	2,036	1,318	1,545
Garfield pop account	475	1,139	748	866
Harrison pop account	2,540	1,962	1,759	2,743
Havlife foundation account	21,927	-	5,580	16,347
Hayes staff fund	680	6,306	4,014	2,972
Hoover pop account	383	494	392	485
Lincoln pop account	3,612	1,113	1,825	2,900
Madison teacher's pop account	4,826	1,627	2,320	4,133
Monroe pop account	6,440	7,142	5,746	7,836
North pop account	2,264	8,202	5,331	5,135
Smart pop account	7,082	3,179	3,099	7,162
Special ed rec league	-	3,500	2,247	1,253
Sudlow staff account	4,436	9,993	11,321	3,108
Truman pop account	6	-	64	(58)
Young staff pop account	252	2,110	2,509	(147)
Walcott staff account	-	2,000	1,000	1,000
Washington pop account	2,238	861	1,202	1,897
West pop account	21,229	1,317	624	21,922
West alumni shrine hallway	1,876	-	2,152	(276)
Williams sunshine pop account	(14)	1,631	1,614	3
Wilson pop account	10,598	6,225	5,786	11,037
Wood pop account	1,640	309	533	1,416
Youth fest account	1,840	-	-	1,840
KC staff account	105	443	312	236
Total	\$ 113,115	\$ 113,069	\$ 107,959	\$ 118,225

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

*“WE BELIEVE extracurricular activities engage students
in the educational environment”*



DAVENPORT
COMMUNITY
SCHOOLS

Statistical
Section

Davenport Community School District

Statistical Section

Contents

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
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	57 - 66
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	67 - 72
Debt Capacity	
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.	73 - 77
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	78 - 86
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	87 - 97

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The District implemented GASB Statement No. 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

Davenport Community School District

Net Assets by Component
Last Eight Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year	
	2009	2008
Governmental activities:		
Invested in capital assets, net of related debt	\$ 114,430,225	\$ 104,909,566
Restricted	24,956,179	22,276,424
Unrestricted	15,470,549	12,630,676
Total governmental activities net assets	\$ 154,856,953	\$ 139,816,666
Business-type activities:		
Invested in capital assets, net of related debt	\$ 624,336	\$ 732,858
Restricted	-	-
Unrestricted	477,059	(315,743)
Total business-type activities net assets	\$ 1,101,395	\$ 417,115
Primary government:		
Invested in capital assets, net of related debt	\$ 115,054,561	\$ 105,642,424
Restricted	24,956,179	22,276,424
Unrestricted	15,947,608	12,314,933
Total primary government net assets	\$ 155,958,348	\$ 140,233,781

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: District financial records

		Fiscal Year									
		2007	2006	2005	2004	2003	2002				
\$	94,038,379	\$	85,255,475	\$	75,569,655	\$	60,388,078	\$	47,119,649	\$	42,896,101
	21,162,958		17,795,508		16,739,808		19,813,106		20,172,162		33,002,217
	8,126,005		2,862,552		91,109		(860,462)		(2,288,644)		(24,007,751)
\$	123,327,342	\$	105,913,535	\$	92,400,572	\$	79,340,722	\$	65,003,167	\$	51,890,567
\$	919,518	\$	995,006	\$	756,996	\$	803,504	\$	901,725	\$	759,255
	-		-		-		-		15,733		-
	(340,514)		(208,308)		525,990		574,393		534,777		603,419
\$	579,004	\$	786,698	\$	1,282,986	\$	1,377,897	\$	1,452,235	\$	1,362,674
\$	94,957,897	\$	86,250,481	\$	76,326,651	\$	61,191,582	\$	48,021,374	\$	43,655,356
	21,162,958		17,795,508		16,739,808		19,813,106		20,187,895		33,002,217
	7,785,491		2,654,244		617,099		(286,069)		(1,753,867)		(23,404,332)
\$	123,906,346	\$	106,700,233	\$	93,683,558	\$	80,718,619	\$	66,455,402	\$	53,253,241

Davenport Community School District

Expenses, Program Revenues and Net (Expense) Revenue
 Last Eight Fiscal Years*
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year	
	2009	2008
Expenses:		
Governmental activities:		
Instruction	\$ 116,034,206	\$ 113,522,124
Student support services	4,022,805	4,003,009
Instructional staff support services	5,082,850	5,139,836
General administration	1,877,261	1,949,544
Building administration	9,439,032	8,754,199
Business administration	4,454,131	4,550,916
Plant operation and maintenance	15,221,426	14,157,556
Student transportation	4,623,723	4,047,272
Area Education Agency	5,852,203	5,662,264
Other expenses	278,949	220,927
Interest on long-term debt	343,315	667,645
Total governmental activities expenses	167,229,901	162,675,292
Business-type activities:		
Food service	7,145,508	7,392,708
Day care	24,895	345,411
Total business-type activities expenses	7,170,403	7,738,119
Total primary government expenses	\$ 174,400,304	\$ 170,413,411
Program revenues:		
Governmental activities:		
Charges for services, instruction	\$ 5,612,778	\$ 5,629,822
Operating grants and contributions	33,228,717	29,110,981
Capital grants and contributions	203,189	13,088
Total governmental revenues	39,044,684	34,753,891
Business-type activities:		
Charges for services:		
Food services	2,727,373	2,597,998
Day Care	17,155	216,982
Operating grants and contributions	5,108,946	4,761,250
Total business-type revenues	7,853,474	7,576,230
Total primary government revenues	46,898,158	42,330,121
Net (expense) revenue:		
Governmental activities	\$ (128,185,217)	\$ (127,921,401)
Business-type activities	683,071	(161,889)
Total primary government net expense	\$ (127,502,146)	\$ (128,083,290)

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: District financial records

		Fiscal Year									
		2007	2006	2005	2004	2003	2002				
\$	106,527,884	\$	103,265,247	\$	103,464,881	\$	96,345,329	\$	93,629,997	\$	90,265,176
	5,506,239		4,332,402		3,528,044		3,626,534		2,909,873		2,946,202
	4,227,603		3,756,106		3,071,271		2,940,963		3,085,657		4,135,267
	3,181,869		2,696,173		2,490,873		2,535,403		2,884,288		2,430,463
	8,179,463		8,874,500		8,380,875		8,125,994		8,561,479		8,496,206
	3,325,183		3,075,192		2,886,051		1,060,832		902,711		962,615
	12,249,743		11,931,445		10,912,469		10,316,051		10,428,662		11,642,431
	3,762,589		3,256,495		2,931,059		3,754,103		3,568,003		3,394,219
	5,422,638		5,069,948		4,899,580		4,911,280		5,180,587		5,188,282
	-		108,871		93,996		1,887,330		1,879,094		1,616,120
	971,828		1,253,072		1,520,560		1,771,719		1,973,294		1,661,272
	153,355,039		147,619,451		144,179,659		137,275,538		135,003,645		132,738,253
	6,942,428		6,774,334		6,734,989		6,329,378		5,967,580		5,761,785
	349,860		276,428		310,842		353,194		360,225		332,755
	7,292,288		7,050,762		7,045,831		6,682,572		6,327,805		6,094,540
\$	160,647,327	\$	154,670,213	\$	151,225,490	\$	143,958,110	\$	141,331,450	\$	138,832,793
\$	4,781,066	\$	3,718,848	\$	3,109,533	\$	3,959,144	\$	2,670,054	\$	2,489,305
	24,009,203		22,019,691		22,204,449		20,235,392		19,359,323		19,996,052
	162,112		232,035		506,426		310,070		377,356		-
	28,952,381		25,970,574		25,820,408		24,504,606		22,406,733		22,485,357
	2,436,442		2,501,019		2,478,444		2,322,193		2,352,352		2,334,242
	338,519		226,833		295,403		306,694		361,204		361,109
	4,309,633		3,816,447		4,158,185		3,974,182		3,691,509		3,534,797
	7,084,594		6,544,299		6,932,032		6,603,069		6,405,065		6,230,148
	36,036,975		32,514,873		32,752,440		31,107,675		28,811,798		28,715,505
\$	(124,402,658)	\$	(121,648,877)	\$	(118,359,251)	\$	(112,770,932)	\$	(112,596,912)	\$	(110,252,896)
	(207,694)		(506,463)		(113,799)		(79,503)		77,260		135,608
\$	(124,610,352)	\$	(122,155,340)	\$	(118,473,050)	\$	(112,850,435)	\$	(112,519,652)	\$	(110,117,288)

Davenport Community School District

**General Revenues and Total Change in Net Assets
Last Eight Fiscal Years*
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year	
	2009	2008
Net (expense) revenue:		
Governmental activities	\$ (128,185,217)	\$ (127,921,401)
Business-type activities	683,071	(161,889)
Total primary government net expense	(127,502,146)	(128,083,290)
General revenues and other changes in net assets:		
Governmental activities:		
Property taxes	58,499,226	56,080,120
Utility tax	2,680,964	2,615,919
Local option sales tax	14,495,378	15,411,214
Unrestricted state aid and grants	66,533,410	68,452,968
Interest and investment earnings	979,404	1,624,652
Miscellaneous	37,122	225,852
Total governmental activities	143,225,504	144,410,725
Business-type activities, interest and investment earnings	1,209	-
Total primary government	143,226,713	144,410,725
Change in net assets:		
Governmental activities	15,040,287	16,489,324
Business-type activities	684,280	(161,889)
Total primary government	\$ 15,724,567	\$ 16,327,435

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: District financial records

		Fiscal Year									
		2007	2006	2005	2004	2003	2002				
\$	(124,402,658)	\$	(121,648,877)	\$	(118,359,251)	\$	(112,770,932)	\$	(112,596,912)	\$	(110,252,896)
	(207,694)		(506,463)		(113,799)		(79,503)		77,260		135,608
	(124,610,352)		(122,155,340)		(118,473,050)		(112,850,435)		(112,519,652)		(110,117,288)
	57,104,269		54,862,698		53,095,883		51,609,343		49,562,253		44,127,732
	-		-		-		-		-		-
	14,879,136		13,902,861		13,647,672		13,512,282		13,303,691		13,727,303
	67,397,428		63,441,500		62,293,142		60,904,421		59,924,250		58,305,016
	1,963,695		1,109,542		360,682		254,285		480,210		821,399
	471,937		1,845,239		1,233,770		917,683		2,439,168		2,580,569
	141,816,465		135,161,840		130,631,149		127,198,014		125,709,572		119,562,019
	1		10,175		6,840		5,165		12,301		(5,352)
	141,816,466		135,172,015		130,637,989		127,203,179		125,721,873		119,556,667
	17,413,807		13,512,963		12,271,898		14,427,082		13,112,660		9,309,123
	(207,693)		(496,288)		(106,959)		(74,338)		89,561		130,256
\$	17,206,114	\$	13,016,675	\$	12,164,939	\$	14,352,744	\$	13,202,221	\$	9,439,379

Davenport Community School District

**Fund Balances, Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	Fiscal Year	
	2009	2008
General Fund:		
Reserved	\$ 598,299	\$ 755,430
Unreserved	12,746,539	9,485,605
Total General Fund	\$ 13,344,838	\$ 10,241,035
All other governmental funds:		
Reserved	\$ 15,487,328	\$ 14,541,398
Unreserved, reported in:		
Capital projects funds	1,729,864	1,888,725
Special revenue funds	7,738,987	5,846,301
Total all other governmental funds	\$ 24,956,179	\$ 22,276,424

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: District financial records

		Fiscal Year									
		2007	2006	2005	2004	2003	2002				
\$	1,045,409	\$	1,158,326	\$	1,441,457	\$	516,982	\$	500,863	\$	339,424
	6,977,264		3,044,321		794,920		200,274		(865,120)		(3,549,266)
\$	8,022,673	\$	4,202,647	\$	2,236,377	\$	717,256	\$	(364,257)	\$	(3,209,842)
\$	18,667,369	\$	15,968,444	\$	15,339,931	\$	16,891,494	\$	16,319,745	\$	21,362,061
	(3,119,646)		(2,879,516)		(3,494,174)		(92,799)		687,251		8,203,633
	5,615,235		4,706,580		4,078,240		3,014,411		3,165,166		3,436,523
\$	21,162,958	\$	17,795,508	\$	15,923,997	\$	19,813,106	\$	20,172,162	\$	33,002,217

Davenport Community School District

Changes in Fund Balances, Governmental Funds
 Last Eight Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year	
	2009	2008
Revenues:		
Property taxes	\$ 58,463,767	\$ 55,945,162
Utility tax	2,680,964	2,615,919
Local options sales tax, pledged as security for revenue bonds	14,495,378	15,411,214
Intergovernmental	98,185,617	94,308,745
Charges for services	4,256,788	3,876,643
Interest	979,404	1,624,652
Contributions and donations	681,578	191,841
Other	2,632,264	1,802,332
Total revenues	182,375,760	175,776,508
Expenditures:		
Instruction	111,037,438	107,820,164
Student support services	4,329,266	3,819,850
Instructional staff support services	5,082,850	5,134,015
General administration	1,862,572	1,934,856
Building administration	9,432,227	8,754,199
Business administration	4,447,595	4,543,863
Plant operations and maintenance	15,057,211	13,949,803
Student transportation	4,616,445	4,039,994
Other support services	272,685	217,087
Area Education Agency	5,852,203	5,662,264
Capital outlay	7,441,230	9,383,063
Capital outlay, not capitalized	-	-
Debt service:		
Principal	6,655,000	6,370,000
Interest	505,480	819,736
Total expenditures	176,592,202	172,448,894
Excess of revenues over (under) expenditures	5,783,558	3,327,614
Other financing sources (uses):		
Proceeds from sale of bonds	-	-
Transfers in	7,166,975	7,212,630
Transfers (out)	(7,166,975)	(7,212,630)
Total other financing sources	-	-
Special item, proceeds from sale of school property	-	4,214
Net change in fund balances	\$ 5,783,558	\$ 3,331,828
Debt service as a percentage of noncapital expenditures	4.251%	4.409%

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: District financial records

		Fiscal Year									
		2007	2006	2005	2004	2003	2002				
\$	57,156,980	\$	55,266,406	\$	53,186,303	\$	51,311,490	\$	49,624,114	\$	43,773,947
	-		-		-		-		-		-
	14,879,136		13,902,861		13,647,672		13,512,282		13,303,691		13,727,303
	88,515,128		85,212,452		82,655,338		80,354,110		79,283,573		78,301,068
	2,290,106		3,593,277		3,373,607		2,455,095		2,670,054		2,489,305
	1,963,695		1,109,542		360,682		254,285		480,210		821,399
	281,982		182,115		32,565		186,426		377,356		-
	4,263,978		3,173,343		2,737,790		2,260,809		2,336,690		2,515,449
	169,351,005		162,439,996		155,993,957		150,334,497		148,075,688		141,628,471
	101,570,521		100,396,929		99,487,411		93,949,560		90,371,397		87,363,380
	5,711,135		4,332,402		3,528,044		3,626,534		2,909,873		2,946,202
	4,226,468		3,744,654		3,047,147		2,926,648		3,082,908		4,125,388
	3,167,180		2,681,482		2,477,019		2,521,966		2,870,851		2,417,026
	8,179,463		8,868,370		8,376,064		8,121,070		8,565,161		8,495,298
	3,322,681		3,073,582		2,884,968		1,060,832		901,118		960,963
	12,217,681		10,123,119		10,524,740		9,393,391		10,042,945		11,565,705
	3,755,311		3,249,217		2,923,775		3,746,825		3,560,725		3,386,941
	-		108,871		93,996		1,886,247		1,901,984		1,616,120
	5,422,638		5,069,948		4,899,580		4,911,280		5,180,587		5,188,282
	7,370,945		9,731,725		13,684,961		10,425,907		24,027,813		25,254,294
	12,056		-		-		-		-		-
	6,095,000		5,835,000		5,590,000		5,230,000		3,075,000		2,005,861
	1,112,450		1,386,916		1,646,240		1,885,142		1,870,475		1,415,197
	162,163,529		158,602,215		159,163,945		149,685,402		158,360,837		156,740,657
	7,187,476		3,837,781		(3,169,988)		649,095		(10,285,149)		(15,112,186)
	-		-		-		-		-		15,025,047
	7,228,437		7,228,879		7,242,344		898,226		7,346,842		5,341,939
	(7,228,437)		(7,228,879)		(7,242,344)		(898,226)		(7,346,842)		(5,341,939)
	-		-		-		-		-		15,025,047
	1		-		-		162,889		300,679		156,000
\$	7,187,477	\$	3,837,781	\$	(3,169,988)	\$	811,984	\$	(9,984,470)	\$	68,861
	4.656%		5.098%		5.234%		5.384%		3.822%		2.671%

Davenport Community School District

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Collection Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2007	2008-09	3,377,640,802	5,652,587,850	41,077,544	41,120,304
2006	2007-08	3,362,507,489	5,578,021,579	40,893,499	40,893,499
2005	2006-07	3,349,894,818	4,301,812,300	39,702,426	39,702,426
2004	2005-06	3,326,490,854	4,259,220,129	38,579,755	38,579,755
2003	2004-05	3,120,307,787	4,056,400,123	37,456,073	37,456,073
2002	2003-04	2,992,254,894	3,978,054,705	35,784,917	35,784,917
2001	2002-03	2,929,902,406	3,782,343,963	36,370,965	36,370,965
2000	2001-02	2,587,066,279	3,673,937,065	33,117,781	33,117,781
1999	2000-01	2,484,714,587	3,608,185,091	55,903,012	55,903,012
1998	1999-00	2,336,180,564	3,310,341,641	82,413,989	82,413,989

Source: Scott County Auditor's Office

Utilities		Total		Total Assessed Value to Total Estimated Actual Value	Total Direct Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
262,769,241	262,439,678	3,681,487,587	5,956,147,832	61.80988%	17.08731
261,591,920	261,591,920	3,664,992,908	5,880,506,998	62.32444	17.10610
253,802,006	253,802,006	3,643,399,250	4,595,316,732	79.28505	17.10576
247,614,354	247,614,354	3,612,684,963	4,545,414,238	79.47977	17.09734
238,503,228	238,503,228	3,396,267,088	4,332,359,424	78.39301	17.09591
226,853,877	226,853,877	3,254,893,688	4,240,693,499	76.75381	17.07873
217,000,491	217,274,495	3,183,273,862	4,035,989,423	78.87221	16.96204
212,034,311	212,034,311	2,832,218,371	3,919,089,157	72.26726	15.46758
214,191,684	214,191,684	2,754,809,283	3,878,279,787	71.03173	15.50967
221,302,221	221,302,221	2,639,896,774	3,614,057,851	73.04523	14.92898

Davenport Community School District

Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)
 (Unaudited)

City	Levy Year	Collection Year	State	Area IX Community College	Ag Extension - BANGS	Assessor	Scott County
Davenport	2007	2008-09	\$ 0.005000	\$ 0.60635	\$ 0.06892	\$ 0.27680	\$ 5.33791
	2006	2007-08	0.005000	0.60785	0.07079	0.30964	5.54040
	2005	2006-07	0.005000	0.61277	0.07034	0.29672	5.51106
	2004	2005-06	0.005000	0.59269	0.06973	0.27404	5.56513
	2003	2004-05	0.005000	0.59216	0.06439	0.27648	4.75497
	2005	2003-04	0.005000	0.61738	0.06221	0.31521	4.80887
	2001	2002-03	0.005000	0.62633	0.06248	0.37656	4.48067
	2000	2001-02	0.005000	0.60382	0.06790	0.33488	4.17307
	1999	2000-01	0.005000	0.60302	0.06700	0.31303	4.16147
	1998	1999-00	0.005000	0.54709	0.06732	0.29311	4.06203
Blue Grass	2007	2008-09	\$ 0.005000	\$ 0.60635	\$ 0.06892	\$ 0.27680	\$ 5.33791
	2006	2007-08	0.005000	0.60785	0.07079	0.28899	5.54040
	2005	2006-07	0.005000	0.61277	0.07034	0.29563	5.51106
	2004	2005-06	0.005000	0.59269	0.06973	0.27404	5.56513
	2003	2004-05	0.005000	0.59216	0.06439	0.27124	4.75497
	2005	2003-04	0.005000	0.61738	0.06221	0.33119	4.80887
	2001	2002-03	0.005000	0.62633	0.06248	0.33124	4.48067
	2000	2001-02	0.005000	0.60382	0.06790	0.33488	4.17307
	1999	2000-01	0.005000	0.60302	0.06700	0.31303	4.16147
	1998	1999-00	0.005000	0.54709	0.06732	0.29311	4.06203
Walcott	2007	2008-2009	\$ 0.005000	\$ 0.60635	\$ 0.06892	\$ 0.27680	\$ 5.33791
	2006	2007-08	0.005000	0.60785	0.07079	0.28899	5.54040
	2005	2006-07	0.005000	0.61277	0.07034	0.29563	5.51106
	2004	2005-06	0.005000	0.59269	0.06973	0.27404	5.56513
	2003	2004-05	0.005000	0.59216	0.06439	0.27124	4.75497
	2005	2003-04	0.005000	0.61738	0.06221	0.33119	4.80887
	2001	2002-03	0.005000	0.62633	0.06248	0.33124	4.48067
	2000	2001-02	0.005000	0.60382	0.06790	0.33488	4.17307
	1999	2000-01	0.005000	0.60302	0.06700	0.31303	4.16147
	1998	1999-00	0.005000	0.54709	0.06732	0.29311	4.06203
Buffalo	2007	2008-2009	\$ 0.005000	\$ 0.60635	\$ 0.06892	\$ 0.27680	\$ 5.33791
	2008	2007-08	0.005000	0.60785	0.07079	0.28899	5.54040
	2005	2006-07	0.005000	0.61277	0.07034	0.29563	5.51106
	2004	2005-06	0.005000	0.59269	0.06973	0.27404	5.56513
	2003	2004-05	0.005000	0.59216	0.06439	0.27124	4.75497
	2005	2003-04	0.005000	0.61738	0.06221	0.33119	4.80887
	2001	2002-03	0.005000	0.62633	0.06248	0.33124	4.48067
	2000	2001-02	0.005000	0.60382	0.06790	0.33488	4.17307
	1999	2000-01	0.005000	0.60302	0.06700	0.31303	4.16147
	1998	1999-00	0.005000	0.54709	0.06732	0.29311	4.06203

Source: Scott County Auditor's Office

Davenport Community School District	City	Total	Ratio of Davenport Community School District to Total
\$ 17.08731	\$ 15.57584	38.95813	43.86%
17.10610	15.57515	39.21493	43.62
17.10760	15.56702	39.17051	43.67
17.09734	15.24000	38.84393	44.02
17.09591	15.24000	38.02891	44.96
17.07873	14.96445	37.85185	45.12
16.96204	14.63000	37.14308	45.67
15.46758	14.00000	34.65225	44.64
15.50967	14.60301	35.26220	43.98
14.92898	13.95123	33.85476	44.10
\$ 17.08731	\$ 11.07291	34.45520	49.59%
17.10610	11.65760	35.27673	48.49
17.10760	11.58668	35.18908	48.62
17.09734	11.43975	35.04368	48.79
17.09591	11.51524	34.29891	49.84
17.07873	12.48463	35.38801	48.26
16.96204	12.43356	34.90132	48.60
15.46758	11.56925	32.22150	48.00
15.50967	11.14846	31.80765	48.76
14.92898	10.38054	30.28407	49.30
\$ 17.08731	\$ 10.00000	33.38229	51.19%
17.10610	10.00000	33.61913	50.88
17.10760	9.75000	33.35240	51.29
17.09734	9.75001	33.35394	51.26
17.09591	9.75001	32.53368	52.55
17.07873	9.50000	32.40338	52.71
16.96204	9.50001	31.96777	53.06
15.46758	10.00001	30.65226	50.46
15.50967	10.50225	31.16144	49.77
14.92898	10.09000	29.99353	49.77
\$ 17.08731	\$ 8.09999	31.48228	54.28%
17.10610	8.10000	31.71913	53.93
17.10760	8.10000	31.70240	53.96
17.09734	8.09998	31.70391	53.93
17.09591	8.09999	30.88366	55.36
17.07873	7.65547	30.55885	55.89
16.96204	7.00203	29.46979	57.56
15.46758	6.99999	27.65224	55.94
15.50967	7.00003	27.65922	56.07
14.92898	6.65000	26.55353	56.22

Davenport Community School District

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2009			2000		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Isle of Capri Bettendorf LC	85,002,320	1	2.37%			
SDG Macerich Properties	63,792,785	2	1.78%	\$ 65,105,400	2	2.31%
Iowa American Water Company	51,529,166	3	1.44%	43,281,437	3	1.53%
Aluminum Company of America	40,858,880	4	1.14%			
Qwest	29,576,387	5	0.83%			
Northern Border Pipeline Company	26,011,485	6	0.73%			
Gulf Investments LLC	24,522,800	7	0.69%			
Deere & Company	22,600,000	8	0.63%			
Davenport-Durler Family Trust	20,554,200	9	0.57%			
LaFarge Corporation	20,291,260	10	0.57%	23,234,916	4	0.82%
Genventures, Inc				20,824,100	5	0.74%
Quanex Corporation				16,613,015	7	0.59%
Bradley Operating LTD Partnership				15,587,000	8	0.55%
Rivercenter Plaza Development				12,964,500	9	0.46%
MidAmerican Energy*				158,732,355	1	5.63%
Davenport Center LTD Partnership				12,012,700	10	0.43%
US West Communications				20,334,649	6	0.72%
Total	\$ 384,739,283		10.75%	\$ 388,690,072		13.78%

Source: Scott County Treasurer's Office

* MidAmerican is no longer a property taxpayer, they are now a "utility replacement" taxpayer.

Davenport Community School District

Property Tax Levies and Collections
 Last Ten Fiscal Years
 (Unaudited)

Collection Fiscal Year Ending	Taxes Levied for the Fiscal Year	Total Tax Levy	Total Tax Collections	Percentage of Total Tax Collections	Outstanding Delinquent Taxes	Percentage of Levy
2008-09	2007	59,561,478	59,080,460	99.19	86,361	0.15
2007-08	2006	58,718,818	56,528,792	96.27	142,393	0.24
2006-07	2005	57,772,619	55,301,375	95.72	169,861	0.29
2005-06	2004	55,684,269	55,393,625	99.48	81,646	0.15
2004-05	2003	53,979,612	53,271,950	98.69	173,385	0.32
2003-04	2002	48,626,737	48,578,772	99.90	47,965	0.10
2002-03	2001	47,174,096	47,096,785	99.84	77,311	0.16
2001-02	2000	44,081,430	43,809,809	99.38	271,621	0.62
2000-01	1999	40,915,128	40,869,765	99.89	45,363	0.11
1999-00	1998	39,529,157	39,463,615	99.83	65,541	0.17

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)

Fiscal Year	Governmental	Percentage of Personal Income	Per Capita
	Activities Revenue Sales Bonds		
2009	\$ 6,960,000	2.34%	\$ 42.78
2008	13,615,000	1.19	83.69
2007	19,985,000	0.35	122.89
2006	26,080,000	0.49	162.87
2005	31,915,000	0.64	200.22
2004	37,505,000	0.77	235.77
2003	42,735,000	0.91	269.23
2002	45,810,000	1.02	288.60
2001	32,225,000	0.76	202.97
2000	17,900,000	0.43	113.47

Source: District financial records

Davenport Community School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2009

(dollars in thousands)

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 7,740,000	56.09%	\$ 4,341,366
Eastern Iowa Community College	34,326,820	32.61%	11,193,976
City of Blue Grass	2,180,485	100.00%	2,180,485
City of Buffalo	325,000	100.00%	325,000
City of Davenport	149,105,000	95.60%	142,544,380
City of Walcott	3,205,000	100.00%	3,205,000
City of Durant	129,848	4.68%	6,077
Subtotal, overlapping debt			163,796,284
District direct debt			6,960,000
Total direct and overlapping debt			\$ 170,756,284

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

Davenport Community School District

Legal Debt Margin Information
 Last Ten Fiscal Years
(dollars in thousands)
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	<u>\$ 3,681,487,588</u>
Debt limit (5% of assessed value)	<u>\$ 184,074,379</u>
Debt applicable to limit	<u>6,960,000</u>
Legal debt margin	<u>\$ 177,114,379</u>

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt limit	\$ 184,074,379	\$ 178,977,708	\$ 171,274,196	\$ 167,494,741
Total net debt applicable to limit	<u>6,960,000</u>	<u>13,615,000</u>	<u>19,985,000</u>	<u>26,080,000</u>
Legal debt margin	<u>\$ 177,114,379</u>	<u>\$ 165,362,708</u>	<u>\$ 151,289,196</u>	<u>\$ 141,414,741</u>
Total net debt applicable to the limit as a percentage of debt limit	3.78%	7.61%	11.67%	15.57%

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

2005	2004	2003	2002	2001	2000
\$ 156,634,717	\$ 149,612,745	\$ 146,495,120	\$ 138,161,257	\$ 132,153,371	\$ 129,405,653
31,915,000	37,505,000	42,735,000	45,810,000	32,225,000	17,900,000
\$ 124,719,717	\$ 112,107,745	\$ 103,760,120	\$ 92,351,257	\$ 99,928,371	\$ 111,505,653
20.38%	25.07%	29.17%	33.16%	24.38%	13.83%

Davenport Community School District

Pledged-Revenue Coverage
 Last Ten Fiscal Years
(dollars in thousands)
 (Unaudited)

Fiscal Year	Local Option Sales Tax Revenue Bonds			Coverage
	Revenue	Debt Service		
		Principal	Interest	
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
2005	14,099,821	5,590,000	1,644,840	1.95
2004	13,798,885	5,230,000	1,884,242	1.94
2003	13,937,406	3,075,000	1,869,500	2.82
2002	14,747,944	1,415,000	1,394,912	5.25
2001	12,203,137	675,000	983,269	7.36
2000	12,664,447	-	-	-

Source: District financial records

Davenport Community School District

Demographic and Economic Statistics Last Ten Calendar Years (Unaudited)

Calendar Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	164,690	6,261,177	37,402	38.0	16,081	6.70
2008	162,687	5,975,000	36,950	37.9	16,310	3.80
2007	162,621	5,694,662	35,018	37.4	16,446	3.40
2006	160,125	5,292,804	33,054	36.6	16,377	5.00
2005	159,399	4,959,726	31,115	36.2	16,417	4.70
2004	159,076	4,855,622	30,524	35.9	16,622	4.60
2003	158,733	4,677,783	29,470	35.4	16,831	3.90
2002	158,732	4,469,469	28,157	N/A	17,366	3.40
2001	158,765	4,256,086	26,807	N/A	17,288	3.10
2000	157,754	4,176,600	26,475	N/A	17,461	2.80

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

Source: Bureau of Economic Analysis, U.S. Census Bureau

N/A: Not Available

Davenport Community School District

Demographic and Miscellaneous Statistics

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.

Budget: \$230,937,408 in 2008-09

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

Computers: Average of 1 computer to each 3 students

Cost of Living: based on the U.S. Average of 100, the Quad Cities ranks as follows:

- Groceries – 95.6
- Housing – 92.3
- Utilities – 98.5
- Transportation – 98.2
- Health Care – 92.5
- Misc. Goods – 98.2
- Composite – 95.9

Climate in the area is as follows:

- Average Winter Temperature – 24.8
- Average Summer Temperature – 73.2
- Average Annual Precipitation – 38.04"
- Average Annual Snowfall – 30.6"
- Average Wind Speed – 9.7 mph

Curriculum Basics:

- Elementary (Kindergarten through Fifth Grade)
 - Fine arts, health and safety, language arts, mathematics, physical education, reading, science and social studies
- Intermediate (Sixth through Eighth Grade)
 - Grade 6 - same as elementary
 - Grades 7 and 8:
 - Required Areas: health, language arts, mathematics, physical education, science and social studies
 - Elective Areas: art, business education, computer education, foreign languages, family and consumer science, industrial technology, music and reading
- Senior High (Ninth through Twelfth Grade)

(Continued)

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

- Required Course Areas: seven semesters of language arts, four semesters of mathematics, eight semesters of physical education, four semesters of science and six semesters of social studies
- Elective Courses: art, business education, driver education, foreign language, health, family and consumer science, humanities, industrial technology, music, journalism, drama, public speaking, and vocational education

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 grades 4-5 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 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)

- Options within required course areas
- Foreign language offerings in French, Spanish, German and some Latin & Greek
- School-to-Work programming
- Advanced placement programs
- College credit classes for those eligible
- Project Lead the Way (engineering technology curriculum for grades 9-12)
- Diverse performing and creative arts opportunities
- Special education programming
- Talented and gifted programming
- Reserve Officer Training Corps. (ROTC) at two high schools
- State-of-the-art library media centers

(Continued)

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Employee and District Top Awards:

Mr. Matson, a JROTC teacher at Central High School was selected as one of the top five teachers in Iowa. He will be honored in Des Moines in October. This award is given to honor the many teachers in the State of Iowa who touch the lives of students every day.

The **Davenport Community School District** was one of six school districts that were honored by the State Board of Education for improving gaps in student achievement. Davenport, Fort Dodge, Keokuk, Marshalltown, Norwalk and Waterloo community school districts each received a **Breaking Barriers to Learning and Teaching Award**, which was created by the State Board of Education to recognize successful efforts to eliminate achievement gaps by improving instruction, curriculum and programs, and professional development opportunities for school staff.

Districts earned the award if they made significant improvement among any subgroup of students in at least one grade level and subject, without allowing any other subgroup of students to decline significantly.

The Davenport Community Schools is being awarded for reducing achievement gaps among seventh- and eighth-grade special education students in math, and fourth-, fifth-, seventh-, and eighth-grade special education students in reading. The district's work on early identification of student needs through diagnostic assessments and appropriate interventions helped with this achievement. Another factor was the district's instructional model that allows students with behavior disorders to spend the majority of their day in the general education setting. In addition, collaborative teaching occurs across the district with special education teachers and their general education partner. And these teachers set high expectations. Staff development helps support teachers in developing a belief in setting high expectations for all students.

Facilities:

- Preschool Center-2
- Elementary (some with preschool, all with kindergarten through fifth grade) - 19
- Intermediate (sixth through eighth grade) - 6
- Senior High (ninth through 12th grade) - 3
- Alternative Education (high school) - 1
- Athletic Stadium - 1
- Operations Center - 1
- Administration Services Center - 1

Facility Maintenance: One of first counties in the state in which voters approved a one-cent sales tax to fund major school renovations, resulting in nearly \$120 million over 10 years for the district

Food Service: Innovative and award-winning breakfast and lunch programs provided in all schools. Free and Reduced students-

- 48% Free
- 9% Reduced

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

(Continued)

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Professional Employees' Credentials:

- Bachelors' Degrees – 100 percent
- Masters' Degrees – 53 percent
- Specialist or Doctorate Degrees – .6 percent

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

(Continued)

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Student Top Awards (Just A Few!):

- **Baylee Rees**, a senior at **Davenport West High School**, has been declared a National Winner in the American Society of Newspaper Editors/Quill and Scroll 2009 International Writing and Photo Contest. Her winning entry in the Feature Story category was titled "Comedy Sportz," which appeared in the West High school newspaper, the Beak 'n' Eye. She is co-editor-in-chief of the paper.
- Congratulations to **Joel Franken** and six **Jackson Elementary** art students! Joel is to be commended for the high quality of his arts instruction bringing students to this level of excellence—and for his strong professional connections and efforts with state and national arts organizations and initiatives. We are proud that Joel is a National Board Certified Art Educator.

Congratulations to six Jackson Elementary Students for having their art work accepted in the 2009 Youth Art Month Exhibit to be shown at the State Historical Building the month of March. The show has 100 pieces of art work K-12 from over 50 schools in Iowa.

The following students had work selected:

First Grade- **Kyle Antle, Tony Kordick** and **Dawson Metcalf**

Second Grade- **Marcell Kirk**

Third Grade- **Heather Statz** and **Emily Jones**

All six students will be honored with a special recognition reception at 1:00 PM, February 28th at the State Historical building Des Moines.

- **Petra Hahn**, student at Central High School was elected Lieutenant Governor of the State of Hawkeye at Iowa Girls State 2009 this past summer.
- At the **Rockwell Collins FIRST LEGO League Regional Qualifying Tournament "Climate Connections"** in Cedar Rapids on Saturday, December 13, 2008, the **Williams Intermediate School** Climate Cavaliers - Team 838 - won First Place in the Robot Performance category. Out of 39 teams at one of 6 regional qualifiers in the state of Iowa, the Climate Cavaliers earned the top score in the robot game challenge. The team performed very well in each of the "Climate Connections" competition categories. Team members are thrilled to have won first place for their robot's performance.
- North High School I-JAG Team awarded the 2009 Outstanding Young Iowan Award for leadership and achievement
- West High School's Project Lead the Way engineering students won several awards at the state Student Symposium, including two 1st place awards and the best Overall Project – 39 students enrolled in PLTW earning college level credit at the University of Iowa and Iowa State and 148 more earned joint credit from Scott Community College.
- **Megan and Connor Essary** and **Steven Martinez** placed first in the Regional Mousetrap Car Competition. They will compete at the National Mousetrap Car Competition in Daytona, Florida June 24-28.

Student Diversity:

- Alaskan/American Indian - .7%
- Asian or Pacific Islander – 2.5%
- Biracial – 7.0%
- Black – not Hispanic – 18.0%
- White – not Hispanic – 63.4%
- Hispanic – 8.3%

Student Enrollment: 15,338 (October 1, 2008 Official Enrollment Count Day)

(Continued)

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Student Teacher Ratio:

- Elementary – 14:1
- Intermediate – 12:1
- High School – 13:1

Teacher Data:

	Beginning Salary	Maximum Salary	Number of Teachers	Average Salary
Bachelors	\$ 27,300	\$ 43,680	322	\$ 33,505
Bachelors + 15 hours	28,665	45,045	256	40,546
Masters	31,395	54,600	305	46,680
Masters + 15 hours	32,760	55,965	109	51,590
Masters + 30 hours	34,125	57,330	230	55,172
Specialists Degree	35,490	58,695	7	59,101

Average teachers salary: \$43,525

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

(Continued)

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

6. State of - the-art media centers 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 ... "

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

Unique Curriculum Offerings-

- **Read & Succeed Newborn Program:** emphasizes the importance of modeling reading for children - from birth - in order to prepare them to be successful in school. The program involves a unique "Growing with Books" growth chart and a gift bag containing a variety of other reading related materials. The program materials are distributed to parents and caregivers of newborns with the help of the Davenport Public Library and local health care providers.
- **Brain Compatible Classrooms:** in which the stage is set for productive learning with eight components, include absence of threat, collaboration and an enriched environment.
- **Skills for Living:** woven throughout the curriculum, ranging from caring to integrity and onto resourcefulness.
- **Hands-On Learning:** students working together and experimenting with materials to internalize and make meaning out of abstract concepts.
- **Accelerated Mathematics:** a computer assisted program that allows elementary students to progress at their individual pace and master each mathematic skill presented.
- **Algebra for All:** initially offered at two intermediate schools to help more students master algebra and seek a college education.
- **Science Inquiry/Technology Grant:** funding from the Riverboat Development Authority for laptop computers and printers, presentation systems, micro-video probes, stereo and digital microscopes, digital cameras and more to be used in secondary classrooms.
- **Core-Plus Mathematics:** a course being pioneered across the country and in a Davenport high school in which students work in small groups with technology to develop their mathematical thinking skills and address real life situations.

Davenport Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2009			2000		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rock Island Arsenal	7,500	1	4.62%	7,880	1	4.90%
Deere & Company	6,300	2	3.88%	7,566	2	4.70%
Genesis Health Systems	4,900	3	3.02%	3,000	3	1.87%
Trinity Regional Health System	2,900	4	1.79%	2,168	7	1.35%
Tyson Fresh Meats	2,400	5	1.48%			0.00%
Davenport Schools	2,281	6	1.40%	2,490	5	1.55%
ALCOA, Inc.	2,250	7	1.39%	2,660	4	1.65%
Kraft Foods/Oscar Mayer	1,650	8	1.02%	1,700	8	1.06%
Isle of Capri	1,050	9	0.65%	-		0.00%
MidAmerican Energy	1,026	10	0.63%	1,200	10	0.75%
CASE Corporation	-		-	1,610	9	1.00%
IBP	-		-	2,270	6	1.41%
Total	32,257		19.88%	32,544		20.24%

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

Source: Quad City Development Group, Iowa Workforce Development, Illinois Department of Employment

Davenport Community School District

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

	2009	2008	2007	2006
Administration:				
District Secretary/Treasurer	1	1	1	1
Superintendent	1	1	1	1
Assistant Superintendents	2	2	2	2
Principals	28	28	30	27
Assistant Principals	18	18	16	16
All Other Administrators	16	17	16	14
Total Administration	66	67	66	61
Instructional:				
Teachers	890	937	872	894
Teachers - Special Programs	251	169	210	260
Teachers Aides	356	428	387	394
Total Instructional	1,497	1,534	1,469	1,548
Student Services:				
Counselors	42	38	44	38
Library Specialist	23	22	24	27
Other Education Professional	32	32	14	7
Nurses	27	22	21	23
Other Technical	21	34	18	14
Total Student Services	145	148	121	109
Support Services:				
Business Manager/Accountant	2	2	2	2
Other Professional	20	23	-	-
Office/Clerical	114	114	113	111
Crafts/Trades	28	28	29	29
Operative	-	-	-	-
Service Workers	265	331	280	281
Total Support Services	429	498	424	423
Total	2,137	2,247	2,080	2,141

Source: District records as reported on Certified Annual Report

2005	2004	2003	2002	2001	2000	Percentage Change 2000 - 2009
1	1	1	1	1	1	0.0%
1	1	1	1	1	1	-
2	1	1	1	2	2	-
27	28	28	31	32	31	(9.68)
16	16	16	14	16	16	12.50
14	15	14	15	11	11	45.45
61	62	61	63	63	62	48.27
896	870	850	935	980	958	(7.10)
258	257	240	242	284	309	(18.77)
394	376	370	406	404	335	(6.27)
1,548	1,503	1,460	1,583	1,668	1,602	(32.14)
38	38	25	28	31	32	30.00
27	25	26	25	31	31	(25.81)
7	-	-	-	-	-	-
23	22	20	17	21	20	35.00
14	12	11	11	13	13	61.54
109	97	82	81	96	96	100.73
2	2	2	3	3	3	(33.33)
-	7	8	5	4	4	400.00
111	112	112	103	120	117	(2.56)
29	29	29	30	39	44	(36.36)
-	-	-	-	-	-	-
281	282	276	132	159	241	9.96
423	432	427	273	325	409	337.71
2,141	2,094	2,030	2,000	2,152	2,169	454.57

Davenport Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Price Meals
2009	16,081	\$ 155,503,602	\$ 9,670	0.60	1,233	13.04	57.00
2008	16,310	149,512,560	9,381	0.55	1,106	14.41	56.00
2007	16,446	141,749,209	6,050	(0.28)	1,082	14.86	47.12
2006	16,377	137,157,061	8,409	4.90	1,154	14.13	54.31
2005	16,417	131,835,442	8,016	(13.49)	1,154	14.25	55.56
2004	16,622	126,742,246	9,267	22.80	1,127	12.14	53.62
2003	16,831	123,891,530	7,547	3.59	1,090	15.06	51.35
2002	17,366	121,096,490	7,285	2.01	1,176	14.13	48.67
2001	17,288	120,205,496	7,142	8.30	1,264	13.32	47.91
2000	17,461	114,518,693	6,594	3.85	1,267	13.71	45.39

Source: District financial records

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

“WE BELIEVE effective schools nurture relationships and impact learning”



Davenport Community School District

**School Building Information
Last Ten Fiscal Years
(Unaudited)**

School	2009	2008	2007	2006
Elementary:				
Adams (1950)				
Square feet	86,786	86,786	86,786	86,786
Capacity	690	690	690	690
Enrollment	552	540	575	564
Blue Grass (1957)				
Square feet	66,884	66,884	66,884	66,884
Capacity	552	552	552	552
Enrollment	387	368	344	338
Buchanan (1971)				
Square feet	60,481	60,481	60,481	60,481
Capacity	506	506	506	506
Enrollment	353	315	312	322
Buffalo (2002)				
Square feet	53,980	53,980	53,980	53,980
Capacity	391	391	391	391
Enrollment	284	266	288	299
Old Buffalo (1952)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Eisenhower (1969)				
Square feet	61,442	61,442	61,442	61,442
Capacity	506	506	506	506
Enrollment	444	426	419	424
Fillmore (1955)				
Square feet	56,017	56,017	56,017	56,017
Capacity	552	552	552	552
Enrollment	341	391	388	380
Garfield (1923)				
Square feet	90,458	90,458	90,458	90,458
Capacity	483	483	483	483
Enrollment	438	415	428	406
Grant (1912)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Harrison (1953)				
Square feet	72,912	72,912	72,912	72,912
Capacity	598	598	598	598
Enrollment	573	557	533	504
Hayes (1923)				
Square feet	77,618	77,618	77,618	77,618
Capacity	506	506	506	506
Enrollment	308	284	274	256

(Continued)

Fiscal Year					
2005	2004	2003	2002	2001	2000
86,786	86,786	86,786	86,786	86,786	82,282
690	690	690	690	690	690
567	554	565	519	520	528
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
326	336	317	365	350	365
60,481	60,481	60,481	60,481	60,481	56,103
506	506	506	506	506	506
334	345	377	366	363	400
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
305	316	282	261	304	203
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
61,442	61,442	61,442	61,442	61,442	57,811
506	506	506	506	506	506
462	417	399	395	416	426
56,017	56,017	56,017	56,017	56,017	56,017
552	552	552	552	552	552
401	440	425	415	408	479
90,458	90,458	90,458	90,458	90,458	68,558
483	483	483	483	483	483
476	459	546	379	388	403
-	-	-	-	-	34,789
-	-	-	-	-	232
-	-	-	-	-	231
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
517	527	488	453	449	459
77,618	77,618	77,618	71,918	71,918	64,918
506	506	506	506	506	506
321	349	336	338	377	432

Davenport Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	2009	2008	2007	2006
Elementary (Continued)				
Jackson (1971)				
Square feet	55,503	55,503	55,503	55,503
Capacity	529	529	529	529
Enrollment	395	377	388	358
Jefferson (1939)	-	-	-	-
Square feet	64,514	64,514	64,514	64,514
Capacity	552	552	552	552
Enrollment	441	465	472	464
Johnson (1912)	-	-	-	-
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Lincoln (1939)	-	-	-	-
Square feet	59,536	59,536	59,536	59,536
Capacity	483	483	483	483
Enrollment	231	255	302	281
Madison (1939)	-	-	-	-
Square feet	64,614	64,614	64,614	64,614
Capacity	506	506	506	506
Enrollment	395	393	363	334
McKinley (1939)	-	-	-	-
Square feet	61,063	61,063	61,063	61,063
Capacity	460	460	460	460
Enrollment	372	377	354	363
Monroe (1938)	-	-	-	-
Square feet	72,435	72,435	72,435	72,435
Capacity	598	598	598	598
Enrollment	417	414	354	467
Roosevelt (N/A)	-	-	-	-
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Perry (N/A)	-	-	-	-
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Truman (1977)	-	-	-	-
Square feet	61,064	61,064	61,064	61,064
Capacity	391	391	391	391
Enrollment	398	402	395	423
Washington (1939)	-	-	-	-
Square feet	46,180	46,180	46,180	46,180
Capacity	322	322	322	322
Enrollment	264	298	270	290

(Continued)

Fiscal Year					
2005	2004	2003	2002	2001	2000
55,503	55,503	55,503	55,503	55,503	53,632
529	529	529	529	529	529
370	396	374	341	358	373
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
415	404	487	506	495	483
-	-	-	-	-	33,501
-	-	-	-	-	284
-	-	-	-	-	279
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
240	287	345	337	314	348
64,614	64,614	64,614	64,614	64,614	64,614
506	506	506	506	506	506
304	326	318	308	339	356
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
354	404	360	289	278	288
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
459	445	434	463	467	464
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	22,302
-	-	-	-	-	260
-	-	-	-	-	126
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
389	373	354	358	372	361
46,180	46,180	46,180	46,180	46,180	46,180
322	322	322	322	322	322
270	245	247	260	302	304

Davenport Community School District

School Building Information (Continued)
 Last Ten Fiscal Years
 (Unaudited)

School	2009	2008	2007	2006
Elementary (Continued)				
Wilson (1955)				
Square feet	78,401	78,401	78,401	78,401
Capacity	672	672	672	672
Enrollment	518	521	483	513
Intermediate	-	-		
Smart (1917)				
Square feet	134,901	134,901	134,901	134,901
Capacity	978	978	978	978
Enrollment	520	508	542	597
Sudlow (1917)				
Square feet	134,524	134,524	134,524	134,524
Capacity	978	978	978	978
Enrollment	669	645	643	665
Walcott (K-8) (1956)				
Square feet	92,160	92,160	92,160	92,160
Capacity	722	722	722	722
Enrollment	601	598	596	614
Williams (1954)				
Square feet	133,794	133,794	133,794	133,794
Capacity	977	977	977	977
Enrollment	724	730	745	779
Wood (1984)				
Square feet	105,815	105,815	105,815	105,815
Capacity	977	977	977	977
Enrollment	659	700	732	784
Young (1917)				
Square feet	108,018	108,018	108,018	108,018
Capacity	829	829	829	829
Enrollment	317	297	371	371
High	-	-		
Central (1904)				
Square feet	301,385	301,385	301,385	301,385
Capacity	1,933	1,933	1,933	1,933
Enrollment	1,490	1,510	1,560	1,554
North (1972)				
Square feet	390,763	390,763	390,763	390,763
Capacity	1,551	1,551	1,551	1,551
Enrollment	978	1,039	1,070	1,127
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	2,034	2,028	2,088	2,158
Other	-	-		
Child. Village at Hoover (1956)				
Square feet	20,002	20,002	20,002	20,002
Capacity	138	138	138	138
Enrollment	133	131	97	93

(Continued)

Fiscal Year					
2005	2004	2003	2002	2001	2000
78,401	78,401	78,401	78,401	78,401	73,501
672	672	672	672	672	672
503	509	594	581	551	543
134,901	134,901	134,901	134,901	134,901	134,901
978	978	978	978	978	978
625	658	683	678	688	730
134,524	134,524	134,524	134,524	134,524	134,524
978	978	978	978	978	978
706	693	654	653	659	657
92,160	92,160	92,160	92,160	92,160	87,771
722	722	722	722	722	722
615	610	660	657	658	694
133,794	133,794	133,794	133,794	133,794	133,794
977	977	977	977	977	977
799	772	792	781	773	746
105,815	105,815	105,815	105,815	105,815	105,815
977	977	977	977	977	977
812	775	747	720	773	736
108,018	108,018	108,018	108,018	108,018	108,018
829	829	829	829	829	829
382	351	402	436	410	432
301,385	301,385	301,385	301,385	301,385	301,385
1,933	1,933	1,933	1,933	1,933	1,933
1,560	1,475	1,456	1,407	1,398	1,439
359,621	359,621	359,621	359,621	359,621	276,940
1,551	1,551	1,551	1,551	1,551	1,551
1,107	1,142	1,108	1,082	1,059	1,126
453,811	453,811	453,811	449,316	420,196	391,076
2,592	2,592	2,592	2,592	2,592	2,592
2,138	2,231	2,263	2,336	2,324	2,416
20,002	20,002	20,002	20,002	20,002	4,943
138	138	138	138	138	94
128	81	66	57	41	75

Davenport Community School District

**School Building Information (Continued)
Last Ten Fiscal Years
(Unaudited)**

School	2009	2008	2007	2006
Other (Continued)				
Child. Village West (2004)				
Square feet	35,400	35,400	35,400	35,400
Capacity	286	286	286	286
Enrollment	254	232	199	178
Kimberly Center (1961)	-	-	-	-
Square feet	79,884	79,884	79,884	79,884
Capacity	*	*	*	*
Enrollment	288	285	405	349

Source: District records

* Kimberly Center houses several alternative programs, the District bakery and employee day care center. Capacity is not available.

Fiscal Year						
2005	2004	2003	2002	2001	2000	
35,400	-	-	-	-	-	-
286	-	-	-	-	-	-
164	-	-	-	-	-	-
79,884	79,884	79,884	79,884	79,884	79,884	79,884
*	*	*	*	*	*	*
335	452	455	428	366	413	

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

“WE BELIEVE in the power of effective instruction”



DAVENPORT
COMMUNITY
SCHOOLS

Compliance
Section

Davenport Community School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through the State Department of Agriculture and			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
National School Breakfast Program	10.553	N/A	\$ 965,073
National School Lunch Program	10.555	N/A	3,528,445
Summer Food Service Program for Children	10.559	N/A	96,371
National School Lunch Program, Food Donation (Noncash)	10.555	N/A	372,808
Total nutrition cluster			4,962,697
Fresh Fruit and Vegetable	10.582	N/A	26,844
Total U.S. Department of Agriculture			4,989,541
U.S. Army Corps of Engineers:			
Passed through Scott County, Iowa:			
Flood Control Projects	12.112	N/A	12,261
U.S. Department of Health and Human Services:			
Passed through State of Iowa Department of Health			
Wrap-Around Child Care Grant	93.575	N/A	180,924
Corporation for National Community Service:			
Passed through State of Iowa Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	N/A	11,738
U.S. Department of Education:			
Passed through State of Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010A	N/A	4,746,559
Special Education - Grants to States	84.027	N/A	97,050
Special Education - Grants to States	84.027	N/A	300
Vocational Education - Grants to States	84.048	N/A	276,562
Special Education/Preschool Grant Part B	84.173	N/A	500
Title IV - Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	104,283
Twenty First Century Community Learning Centers	84.287	N/A	459,443
Education Technology State Grants	84.318	N/A	73,770
State Program Improvement Grants - SPDG	84.323	N/A	2,556
Reading First	84.357	N/A	409,373
Title II - Improving Teacher Quality State Grants	84.367	N/A	1,043,424
Title VI - Grants for State Assessments and Related Activities	84.369	N/A	100,503
Technical Assistance on State Data Collection	84.373	N/A	67
ARRA - State Fiscal Stabilization Fund -Education State Grants	84.394	N/A	1,338,739
			8,653,129

(Continued)

Davenport Community School District

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed through Mississippi Bend Area Education Agency:			
Special Education - Grants to States	84.027	N/A	1,105,568
Fund for the Improvement of Education	84.215	N/A	77,786
Title V - State Grants for Innovative Programs	84.298	N/A	1,716
Advanced Placement Program	84.330	N/A	758
Title III - English Language Acquisition Grants	84.365	N/A	35,218
			1,221,046
Total U.S. Department of Education			9,874,175
U.S. Department of Homeland Security:			
Passed through Iowa Department of Public Defense:			
FEMA Disaster Recovery	97.036	N/A	10,689
Total expenditures of federal awards			\$ 15,079,328

See Notes to Schedule of Expenditures of Federal Awards.

Davenport Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Davenport Community School District for the year ended June 30, 2009. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Davenport Community School District

Summary Schedule of Prior Audit Findings Year Ended June 30, 2009

	Finding	Status	Corrective Action Plan or Other Explanation
Significant Deficiencies in Internal Control			
08-II-A	The District does not have an adequate system over reconciling their supporting documentation to the general ledger.	Not corrected	See corrective action plan at 09-II-A.
Significant Deficiencies in Internal Control Over Administering Federal Awards			
08-III-A	The District does not have an adequate system in place for documenting that they ensure that procurement contracts entered into with vendors are not suspended or debarred parties by the federal government.	Not corrected	See corrective action plan at 09-III-A.
Instances of Noncompliance Over Administering Federal Awards			
08-III-B	The District submitted their reporting package subsequent to the required deadline per OMB Circular A-133.	Corrected	
Other Findings Related to Statutory Reporting			
08-IV-A	Expenditures exceeded the amended certified budget amount in the support services and noninstructional programs functions.	Partially corrected	See corrective action plan at 09-IV-A.
08-IV-F	The District did not submit the Board meeting proceedings for publishing within the two week required time frame.	Corrected	
08-IV-J	The Day Care Fund had a deficit fund balance as of June 30, 2008.	Not corrected	See corrective action plan at 09-IV-K.

McGladrey & Pullen

Certified Public Accountants

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 the financial statements of governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of Davenport Community School District as of and for the year ended June 30, 2009, and have issued our report thereon dated November 19, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Davenport Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Davenport Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Davenport Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 09-II-A, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Davenport Community School District's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the District. 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 interpretation of those statutes.

We noted certain matters that we reported to management of Davenport Community School District in a separate letter dated November 19, 2009.

Davenport Community School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Davenport Community School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the entity and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
November 19, 2009

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of Davenport Community School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Davenport Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Davenport Community School District's management. Our responsibility is to express an opinion on Davenport Community School District's compliance based on our audit.

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 types of 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 Davenport Community School 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. Our audit does not provide a legal determination on Davenport Community School District's compliance with those requirements.

In our opinion, Davenport Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 09-III-B.

Internal Control Over Compliance

The management of Davenport Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Davenport Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose expressing our opinion on compliance, 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 Davenport Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-III-A to be significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not identify any deficiency in the accompany schedule of findings and questioned costs to be material weakness.

Davenport Community School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Davenport Community School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the entity and appropriate regulatory and oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
November 19, 2009

Davenport Community School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program Food Donation
10.559	Summer Food Service Program for Children
84.027	Special Education - Grants to States
84.173	Special Education/Preschool Grant Part B
84.287	Twenty First Century Community Learning Centers
84.367	Title II - Improving Teacher Quality State Grants
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants

Dollar threshold used to distinguish between type A and type B programs: \$452,380

Auditee qualified as low-risk auditee? Yes No

(Continued)

Davenport Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant deficiencies in internal control

09-II-A

Finding: The District did not have all of the supporting documentation reconciled to the general ledger at the time of the audit.

Condition: During our audit, we noted several adjustments were required to be made to ensure supporting documentation and the general ledger agreed. The areas identified included the following: cash, accounts payable, retainages payable, accrued payroll, capital assets, accounts receivable and deferred revenue.

In addition, there is an unexplained difference of \$72,952 per the District's bank reconciliation and the District's general ledger as of June 30, 2009.

Criteria: The reconciliation between the supporting documentation and the general ledger is a critical function of the District to ensure transactions are recorded appropriately.

Context: Pervasive to the financial statements as a whole.

Effect: The lack of adequate reconciliation procedures could result in material misstatements to the financial statements.

Recommendation: We recommend the District implement a system to properly reconcile detailed supporting documentation to the general ledger on a monthly basis.

Response and Corrective Action Plan: The District will continue to reconcile the detailed supporting documentation to the general ledger throughout the fiscal year and will have the reconciliations completed prior to the audit.

(Continued)

Davenport Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

III. Findings and Questioned Costs for Federal Awards

A. Significant deficiencies in internal control

09-III-A

**U.S. Department of Agriculture
Passed through State Department of Agriculture and Iowa Department of Education
School Nutrition Cluster Programs
National School Breakfast Program (CFDA 10.553)
National School Lunch Program Food Donation (CFDA 10.555)
National School Lunch Program (CFDA 10.555)
Summer Food Service Program for Children (CFDA 10.559)
Federal Award Year: 2007/2008 and 2008/2009**

Finding: The District does not have an adequate system in place for documenting that they ensure that procurement contracts entered into with vendors are not suspended or debarred parties by the federal government.

Condition: The District could not provide documentation to support that they verified that a certain vendor, whom the District signed a procurement contract with exceeding \$25,000, was not suspended or debarred by the federal government at the time the contract was entered into.

Criteria: Under OMB A-133 Circular guidelines, entities are to perform a verification check for covered transactions under A-102 Common rule to ensure parties they are contracting with are not suspended or debarred by the federal government.

Context: The District had entered into one procurement contract with a vendor that exceeded \$25,000 during fiscal year 2009 in regards to the Nutrition program.

Effect: The District could have entered into a contract with a suspended or debarred party.

Recommendation: We recommend that the District have a system in place to verify that all vendors with which the District will be signing a contract to pay the vendor with money which will be reimbursed with a federal grant are not suspended or debarred by the federal government. Verification checks may be performed by collecting a certification from the entity, adding a clause or condition to the covered transaction with the entity or checking the Excluded Parties List System at <http://epls.arnet.gov>. Documentation should be maintained in the file by the District when verification has taken place.

Response and Corrective Action Plan: The District will have a system in place to have printed verification that all vendors, with which the District will be signing a contract that will be reimbursed with a federal grant, are not suspended or debarred by the federal government. This verification will be maintained in the file by the District.

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009**

B. Instances of Noncompliance

09-III-B

U.S. Department of Education

Passed through State of Iowa Department of Education

Twenty-First Century Community Learning Centers (CFDA 84.287)

Federal Award Year: 2008/2009

Finding: The District does not maintain notification of timely consultation with private school officials regarding equitable services to school children, teachers and families eligible under the program.

Condition: The District could not provide documentation to support that they communicated to private school officials regarding their possible eligibility for federal funds.

Criteria: The U.S. Office of Management and Budget (OMB) Circular A-133 states, the District must conduct timely and meaningful consultation with private school officials to provide equitable services to eligible private school children, their teachers and their families.

Effect: Federal compliance requirements may not be met.

Questioned Costs: None

Recommendation: We recommend the District implement procedures to maintain documentation and ensure private school officials are notified that they may be eligible to receive federal funds.

Response and Corrective Action Plan: The District will implement procedures to maintain documentation to ensure nonpublic school officials are notified that they may be eligible to receive federal funds.

IV. Other Findings Related to Required Statutory Reporting

09-IV-A – Certified Budget and General Fund Spending Authority

Finding: Expenditures for the year ended June 30, 2009, exceeded the amended certified budget amount in the support services 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: The District will continue to monitor the budget throughout the year in functional areas and make adjustments as needed.

Conclusion: Response accepted.

(Continued)

Davenport Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

09-IV-B Questionable Expenditures

No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

09-IV-C Travel Expenses

No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

09-IV-D Business Transactions

No business transactions between the District and District officials or employees were noted.

09-IV-E Bond Coverage

Surety bond coverage of the District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

09-IV-F Board Minutes

No transactions requiring Board approval which had not been approved in the Board minutes were noted.

09-IV-G Certified Enrollment

Finding: The District's supporting documentation did not agree to the Enrollment Report submitted to the Iowa Department of Education. This is based on the documentation maintained by the District to support the basic enrollment certified to the IDE for September 2008. The following variances were noted:

<u>Line Number</u>	<u>Certified Numbers</u>	<u>District Records</u>
1	15,712.8	15,714.9

Recommendation: The District should update and maintain proper documentation on file supporting the number of students reported in the certified enrollment. The Iowa Department of Management and the Iowa Department of Education should be notified of the variances.

Response and Corrective Action Plan: The District does maintain documentation of students that qualify for certified enrollment. The challenge is there are changes that occur throughout the school year. The numbers reported as of the certified enrollment date can and may change up to the date the information is submitted to the State Department of Education. The District will continue to update and maintain appropriate documentation for those changes that occur during the year and also as the designated certified enrollment date.

Conclusion: Response accepted.

(Continued)

Davenport Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2009

09-IV-H Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

09-IV-I 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 2009 beginning equity balances.

09-IV-J Categorical Funding

Finding: Except as noted, no instances were noted of categorical funding being used to supplant rather than supplement other funds.

- The District charged \$69.94 for a teacher's edition textbook for Nonpublic Textbook Services (3222). Teacher's edition textbooks are not allowable costs for this program pursuant to Chapter 98 of the Code of Iowa and Iowa Department of Education proposed administrative rules.
- The District charged \$136.86 for food expenditures for the Beginning Teacher Mentoring and Induction Program (3202). Food expenditures are not allowable costs for this program pursuant to Chapter 98 of the Code of Iowa and Iowa Department of Education proposed administrative rules.

Recommendation: The District should contact the Iowa Department of Education regarding corrective action required. In the future, the District should not allocate teacher's edition textbooks and food expenditures to the Nonpublic Textbook Services and Beginning Teacher Mentoring and Induction Program. The questioned costs of \$69.94 for Nonpublic Textbook Services and \$136.86 for Beginning Teacher Mentoring and Induction Program should be reported as reserved fund balance.

Response and Corrective Action Plan: The District will contact the Iowa Department of Education regarding corrective action required. The District will report the questioned costs as reserved fund balance.

Conclusion: Response accepted.

09-IV-K Deficit Balances

Finding: The Day Care Fund had a deficit fund balance of \$104,619 as of June 30, 2009.

Recommendation: The District should continue to investigate alternatives to eliminate this deficit in order to return this account to a sound financial condition.

Response and Corrective Action Plan: The District recognized the issue with the Day Care Fund in 2007 and has discontinued activity in this fund as of August 1, 2008. The fund will be closed out in fiscal year 2010.

Conclusion: Response accepted and corrective action plan accepted.

Davenport Community School District

**Corrective Action Plan
Year Ended June 30, 2009**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Significant Deficiencies in Internal Control				
09-II-A	The District does not have an adequate system over reconciling their supporting documentation to the general ledger.	See response and corrective action plan at 09-II-A.	June 2010	Marsha Tangen
Significant Deficiencies in Internal Control Over Administering Federal Awards				
09-III-A	The District does not have an adequate system in place for documenting that they ensure that procurement contracts entered into with vendors are not suspended or debarred parties by the federal government.	See response and corrective action plan at 09-III-A.	June 2010	Marsha Tangen
Instances of Noncompliance Over Administering Federal Awards				
09-III-B	The District does not maintain notification of timely consultation with private school officials regarding equitable services to school children, teachers, and families eligible under the program.	See response and corrective action plan at 09-III-B.	June 2010	Marsha Tangen
Other Findings Related to Statutory Reporting				
09-IV-A	Expenditures exceeded the amended certified budget amount in the support services function.	See response and corrective action plan at 09-IV-A.	June 2010	Marsha Tangen
09-IV-G	For certified enrollment the District's supporting documentation did not agree to the Enrollment Report submitted to the Iowa Department of Education	See response and corrective action plan at 09-IV-G.	June 2010	Marsha Tangen
09-IV-J	The District had expenditures within related to categorical funding that were not in accordance with Chapter 98 of the Code of Iowa and Iowa Department of Education administrative rules.	See response and corrective action plan at 09-IV-J.	June 2010	Marsha Tangen
09-IV-K	The Day Care Fund had a deficit fund balance as of June 30, 2009.	See response and corrective action plan at 09-IV-K.	June 2010	Marsha Tangen

DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

*“WE BELIEVE all children can and will learn in the
Davenport Community School District”*



McGladrey & Pullen

Certified Public Accountants

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

In connection with our audit of the financial statements of Davenport Community School District as of and for the year ended June 30, 2009, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency 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 deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

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 financial statements will not be prevented, or detected and corrected on a timely basis.

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.

We have separately communicated, to you and the Board of Education, identified deficiencies that we determined to be significant deficiencies or material weaknesses.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Cash receipts: The Associate Director of Finance's Administrative Assistant has the ability to collect cash insurance payments, grant funding, building usage fees, and other miscellaneous fees. This individual is also able to post journal entries, which are approved before posting, but there is no review over the posted journal entries. To strengthen the controls already in place, we recommend an individual independent of the cash receipts and journal entry posting cycles review the journal entries posted to the system.

Capital assets: During our testing of capital assets in the current year, we noted that one of twenty-three assets tested was improperly capitalized. The instance was a result of the District capitalizing a portion of a construction project relating to sales tax in which the District is reimbursed by the State. We recommend the District review all capital outlay expenditures to ensure only those expenditures deemed to be capital outlay expenses of the District are capitalized.

Payroll: During our testing of payroll controls in the current year, we noted that one of the seven employees selected for testing did not have a supervisor's approval on their timesheets. We recommend that the District supervisors approve all timesheets that are submitted to the payroll department to ensure appropriate information is being reported.

School activity and agency fund accounts:

- School activity funds are taken in at each of the schools. The school secretaries may collect cash, make out the deposit tickets, and post activity to the school activity system called Quicken. A courier takes all money to the bank. The compensating controls in place are that each school has a prenumbered receipt book. Receipts are to be given out for any monies collected. Receipt documentation as well as deposits slips returned from the bank are sent to the District's business office to enter into the general ledger system as well as reconcile to the deposits made to the bank on a daily, weekly and monthly basis. After the monthly bank reconciliation process has been completed by the District's business office, a report is sent back to each of the schools for them to reconcile the activity that was posted on the District's general ledger system to their internal records and system. The reconciliations are to be approved and then sent back to District's business office. We wanted to stress the importance of the compensating controls of the reconciliation process completed by the District's business office such as, accounting for receipt sequences, reconciling to the bank statements, and obtaining the approved reconciliation sheets back from each of the schools to ensure each school is reviewing the activity posted to the general ledger to their internal records. In addition, through inquiry with a few schools in the current year, it is our understanding that pop monies collected out of the vending machines are not always being counted by two individuals together. We recommend there always be two people collecting and counting the monies together. Once the monies are counted and recorded, they should be placed in a locked bank bag for the courier to take to the bank.
- There are three school activity funds, North High School, Kimberly Center and Truman Elementary, and four agency funds, Central Concessions, Truman Pop Account, Young Staff Pop Account and West Alumni Shrine Hallway that are currently in a deficit position. Monies for these types of programs should not be spent prior to funds being available. In order to mitigate fraud and misuse of activity or agency funds, we recommend controls be put in place to ensure these funds are not deficit spending.

This communication is intended solely for the information and use of the Board of Education, management, others within the organization, and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
November 19, 2009