

# **Davenport Community School District**

In the Counties of Scott & Muscatine, State of Iowa

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

**Prepared by:**

**Marsha Tangen**

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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



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### Introductory Section

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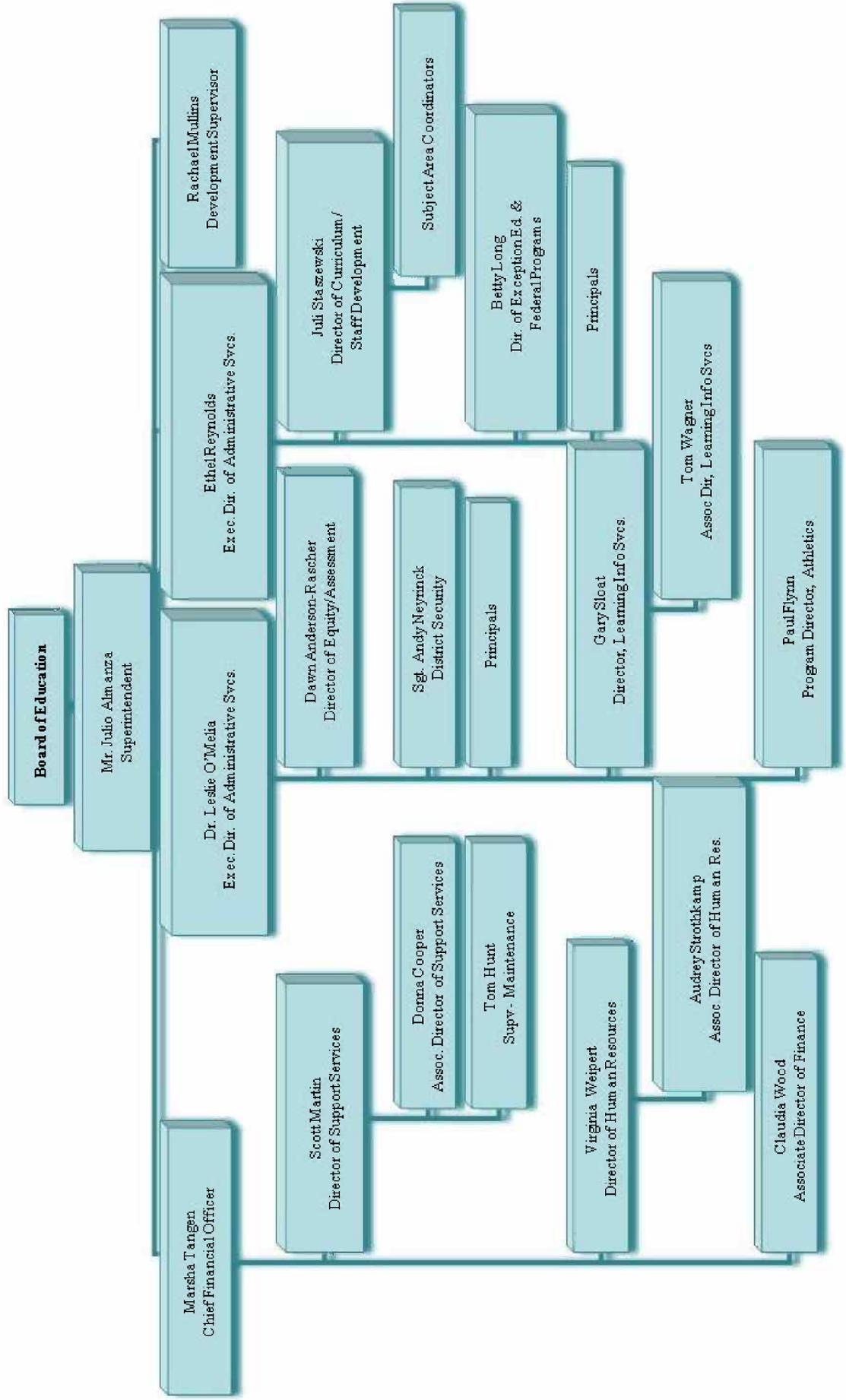
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# Davenport Community Schools 2009-10 Organizational Chart



DAVENPORT  
COMMUNITY  
SCHOOLS

***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 School District**

**Board of Education and School District Officials  
Year Ended June 30, 2010**

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Name	Title	Term Expires
<b>Board of Education</b>		
Patt Zamora	President	2013
Larry Roberson	Vice President	2013
Richard Clewell	Director	2013
Nikki DeFauw	Director	2011
Ralph Johanson	Director	2011
Ken Krumwiede	Director	2011
Tim Tupper	Director	2011

**School District Officials**

Julio Almanza	Superintendent
Lynnette Carver	Board Secretary/Treasurer
Marsha Tangen	Chief Financial Officer

# DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

*“WE BELIEVE each child deserves respect”*



November 29, 2010

To President Johanson, 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, 2010. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining 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, 2010. 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 perogatives.

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

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

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

The District is composed of three high schools, six intermediate schools, nineteen elementary schools, and various off-campus alternative educational programs. Early childhood learning programs are offered at several sites, as well as the state four year old program and Early Headstart/Headstart programs at additional sites. Student enrollment (pre-school through high school) for the 2009-10 school year was approximately 15,929 regular and special education students. Enrollment for grades kindergarten through high school was 15,302. The District employs approximately 2200 persons of whom approximately 1300 are professional staff and 900 are support staff.

The average age of our elementary buildings is 57. 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 69 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.

Eight schools provide emersion 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 intersessions. 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 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 15<sup>th</sup> each year. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

## **Economic Condition and Outlook**

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 2010. Information from that report provides a look at the current challenges facing the area and opportunities available.

This regional economy continues to struggle due to local, national and international events. Local dislocations, including the continuing drawdown of jobs at the Rock Island Arsenal and damage from the 2008 floods have disrupted businesses and reduced demand for some products and services. Combined with the ongoing national/international downturn, these factors have led to layoffs, double digit unemployment and decreased sales.

In 2009 the region posted its 1<sup>st</sup> decline in average total labor force in five years. First quarter 2010 data indicate some stabilization in total labor force but continued growth in unemployment. Looking ahead to 2011, it appears the region could begin to stabilize. From 2010 through 2011 projections from Economic Modeling Systems Inc. show an increase of 2957 jobs across the region. Despite the decline in other areas of the region's economy, tourism remains strong.

### Economic Threats

The greatest local issue facing the Region is the continued reduction of jobs at the Rock Island Arsenal. The biggest threat overall is the continuing national economic struggle. Local governments are being doubly impacted by the downturn, as both local revenues and state sources of funding are shrinking. State government has reduced their budget to deal with shortfalls and these cuts mean less assistance to local governments. Though federal assistance has occurred through the American Recovery and Reinvestment Act, the recession continues to impact the local economy.

### Economic 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.

A second opportunity for economic rejuvenation exists in the potential infrastructure upgrades at a Davenport industrial area. The City of Davenport is working with the EDA and the state to fund a rail port at the Eastern Iowa Industrial Center. The rail port would reduce the Region's existing dependency on the riverfront rail system which is prone to flooding.

### **Long term financial planning**

Unreserved, undesignated fund balance in the general fund is down from 2009-10. The District's solvency ratio for 2009-10 is 2.13%, down from 5.32% in 2008-09. With a solvency ratio between 0-5% a fund balance is considered adequate for short term credit purposes as long as other economic trends such as property tax collections and enrollment are sound. Continued close monitoring of the budget is necessary to prevent operation shortfalls and the deterioration of financial position. In order to meet unforeseen financing requirements it is recommended that District have a solvency ratio of 5-10%.

Districts in Iowa were dealt a significant reduction in funding in 2009-10 coming in two phases after budgets were certified. The first reduction was the equivalent of \$54.59 per student or for Davenport, \$1,014,784. In October of 2009 the Governor ordered an additional 10% across the board cut. The impact to Davenport was \$7,636,517 or the equivalent of \$410 per student.

Looking forward to fiscal 2011, the Governor cut schools' funding by \$283.61 per student, or the equivalent of \$5,356,834. Districts were given an early indication of the 2011 funding cut and were able to build budget reductions based on this information.

The State of Iowa has implemented mid year budget reductions or not provided on time funding over the past ten years. With careful planning and constant budget review, the District has been building reserves since the 2003-04 school year and is now drawing upon those reserves during this period of under funding by the State. The District was able to identify approximately \$3.2 million in reductions for 2010-11 leaving approximately \$4.4 million to be covered through cash reserves or fund balance.

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

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

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

While significant progress was being made in obtaining those goals, the District was handed a setback with 2010 state-wide budget reductions and additional state-wide reductions in 2011.

The District has a Five Year Financial Plan that needs to be updated during the 2010-11 fiscal year given recent budget reductions and possible enrollment increases. Contained within that plan were 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 went through a review of expenditure areas during fiscal year 2010 as part of the long range financial plan. Expenditures were 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 legislature voted in 2009 to not establish a percent of growth for 2011 given the state of the economy.

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 21<sup>st</sup> 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.

Capitol Improvements: The District is continuing to complete a Long Range Facilities Plan for the next ten years. 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 2009-10 was \$358,097; less than half of the 2008-09 amount. An economy in recession is reflected in the interest rates the District experienced during 2009-10.

### **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, 2009. 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, 2009. 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

# DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

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



# 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, 2009

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 stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

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, 2009

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

*Evin Green*

President

*John D. Quasar*

Executive Director

DAVENPORT  
COMMUNITY  
SCHOOLS

**Financial  
Section**





## 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, Davenport, Iowa as of and for the year ended June 30, 2010, 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 audit provides 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, 2010, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12, the District restated beginning net assets due to the implementation of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2010 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 15, the Retiree Health Benefit Plan Schedule of Funding Progress on page 47 and budgetary comparison information on pages 48 through 50 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 has 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 23, 2010

# **Davenport Community School District**

## **Management Discussion and Analysis**

For the Year Ended June 30, 2010

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, 2010. 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, 2010 fund balance decreased to \$10,011,493 from the June 30, 2009 fund balance of \$13,344,838.
- The District's tax levy rate remained constant and did not increase for the 2009-10 school year and has not increased since 2003-04.
- The District continues to be successful in receiving local, state and federal grants. In 2010 the District received almost \$31 million, or 20% of all general fund revenues from grants.
- The certified enrollment for 2009-10 was down 35 students resulting in the District only receiving 3.78% in new funding compared to the state allowable growth amount of 4% for 2009-10.
- Governor Culver ordered two funding reductions during the 2009-10 fiscal year resulting in under funding of \$8,651,301.
- The District received over \$8 million in American Recovery and Reinvestment Act (ARRA) funds. The majority of funding or \$5,492,350 was received as State Fiscal Stabilization Funds and were directed by the Iowa Department of Education to backfill State Aid which was cut for fiscal 2010.
- The District received a very modest increase in health insurance rates of approximately 2% for 2009-10.
- Beginning July 1, 2009 the School Local Option Sales Tax ceased to exist as a separate tax and a statewide sales tax increase went into place. The impact to Davenport is a decrease in annual revenues of close to \$3 million for capital projects.

## 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.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

**Figure A-1**

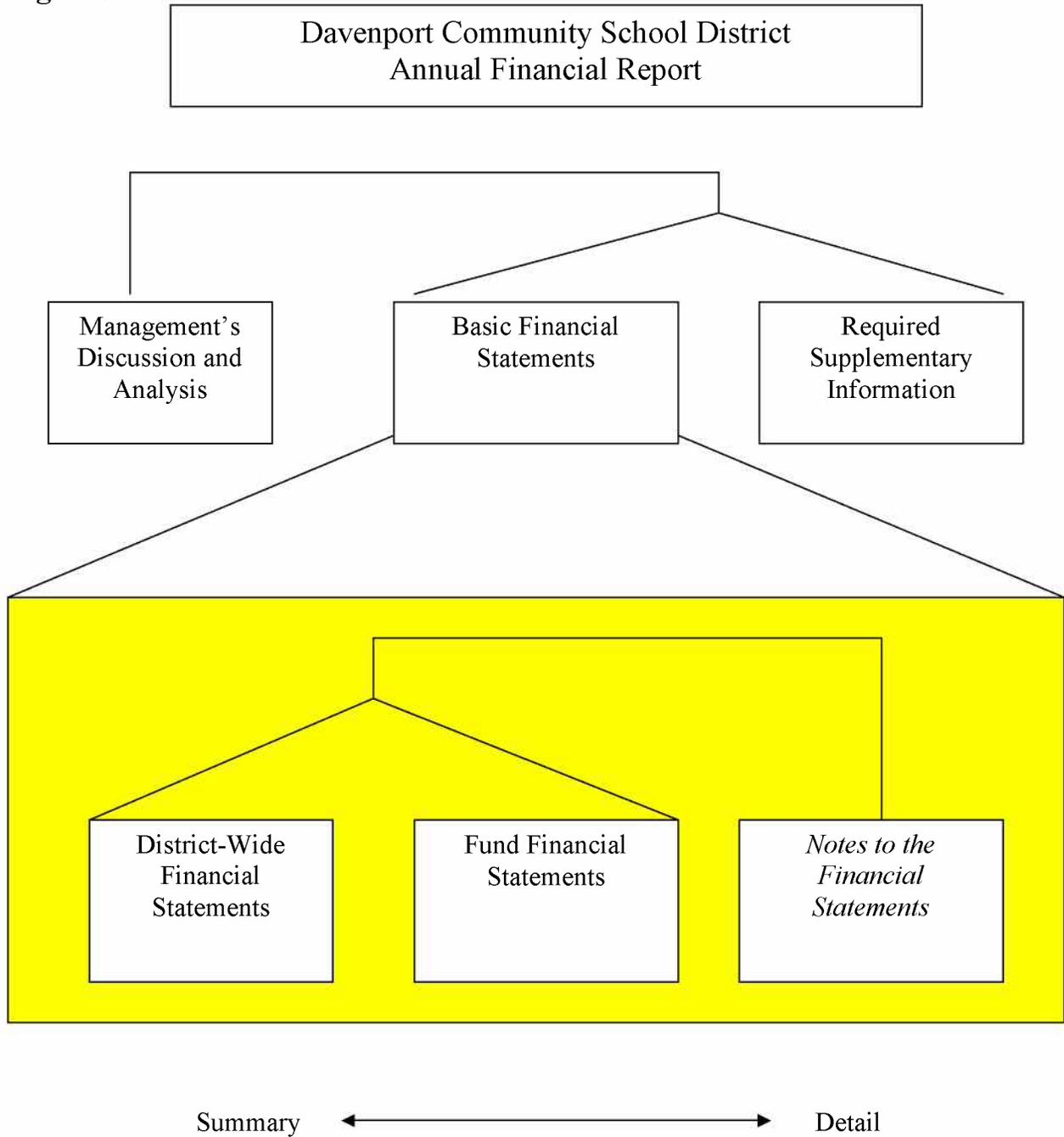


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

	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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statements of revenues, expenditures and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of cash flows</li> <li>• Statements of revenues, expenditures and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of 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, 2010 compared to 2009.

**Figure A-3**

*Condensed Statement of Net Assets*

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2009	2010	2009	2010	2009	2010	2009-10
Current and other assets	\$ 135,715,486	\$ 141,190,236	\$ 590,423	\$ 1,572,414	\$ 136,305,909	\$ 142,762,650	4.7%
Capital assets	122,048,436	122,855,936	624,336	610,226	122,672,772	123,466,162	0.6%
<b>Total Assets</b>	<b>257,763,922</b>	<b>264,046,172</b>	<b>1,214,759</b>	<b>2,182,640</b>	<b>258,978,681</b>	<b>266,228,812</b>	<b>2.8%</b>
Long-term debt outstanding	2,693,655	949,844	35,544	11,741	2,729,199	961,585	-64.8%
Other liabilities	99,555,103	94,815,761	77,820	80,207	99,632,923	94,895,968	-4.8%
<b>Total liabilities</b>	<b>102,248,758</b>	<b>95,765,605</b>	<b>113,364</b>	<b>91,948</b>	<b>102,362,122</b>	<b>95,857,553</b>	<b>-6.4%</b>
Net Assets							
Invested in capital assets, net of related debt	115,088,436	122,855,936	624,336	610,226	115,712,772	123,466,162	6.7%
Restricted	24,956,179	23,789,830	-	-	24,956,179	23,789,830	-4.7%
Unrestricted	15,470,549	21,634,801	477,059	1,480,466	15,947,608	23,115,267	44.9%
<b>TOTAL NET ASSETS</b>	<b>\$ 155,515,164</b>	<b>\$ 168,280,567</b>	<b>\$ 1,101,395</b>	<b>\$ 2,090,692</b>	<b>\$ 156,616,559</b>	<b>\$ 170,371,259</b>	<b>8.8%</b>

The District's combined total net assets increased by 8.8% to \$170,371,259. The majority of this improvement in the financial position came from governmental activities, the net assets of which grew \$13,754,700. Unrestricted net assets for the District improved to \$23,115,267 up from the 2009 amount of \$15,947,608. The long term debt outstanding declined to \$961,585 as long term debt is paid off. Investments in capital assets (net of related debt) increased by \$7,753,390 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 \$989,297. This is reflective of an increase in Current and Other assets of \$981,991.

**Changes in net assets.** Figure A-4 shows the changes in net assets for the fiscal year 2010.

**Figure A-4**

*Changes in Net Assets from Operating Results*

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2009-10
	2009	2010	2009	2010	2009	2010	
<b>Revenues</b>							
Program Revenues							
Charges for services	\$ 5,612,778	\$ 7,004,271	\$ 2,744,528	\$ 2,474,381	\$ 8,357,306	\$ 9,478,652	11.83%
Operating Grants & Contributions	33,228,717	38,122,590	5,108,946	5,638,183	38,337,663	43,760,773	12.39%
Capital Grants & Contributions	203,189	150,000	-	-	203,189	150,000	-35.46%
General Revenues							
Property taxes & other taxes	75,675,568	74,487,006	-	-	75,675,568	74,487,006	-1.60%
State formula aid	66,533,410	58,634,847	-	-	66,533,410	58,634,847	-13.47%
Other	1,016,526	569,216	1,209	7,181	1,017,735	576,397	-76.57%
Transfers	-	(104,619)	-	104,619	-	-	0.00%
<b>Total Revenues</b>	<b>182,270,188</b>	<b>178,863,311</b>	<b>7,854,683</b>	<b>8,224,364</b>	<b>190,124,871</b>	<b>187,087,675</b>	<b>-1.62%</b>
<b>Expenses</b>							
Instruction	116,034,206	115,220,844	-	-	116,034,206	115,220,844	-0.71%
Pupil & Instructional Svcs	9,105,655	9,696,996	-	-	9,105,655	9,696,996	6.10%
Administrative & Business	15,770,424	15,434,970	-	-	15,770,424	15,434,970	-2.17%
Maintenance & Operations	15,221,426	14,209,020	-	-	15,221,426	14,209,020	-7.13%
Transportation	4,623,723	4,588,851	-	-	4,623,723	4,588,851	-0.76%
Other	6,474,467	6,947,227	7,170,403	7,235,067	13,644,870	14,182,294	3.79%
<b>Total Expenses</b>	<b>167,229,901</b>	<b>166,097,908</b>	<b>7,170,403</b>	<b>7,235,067</b>	<b>174,400,304</b>	<b>173,332,975</b>	<b>-0.62%</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 15,040,287</b>	<b>\$ 12,765,403</b>	<b>\$ 684,280</b>	<b>\$ 989,297</b>	<b>\$ 15,724,567</b>	<b>\$ 13,754,700</b>	<b>-14.32%</b>

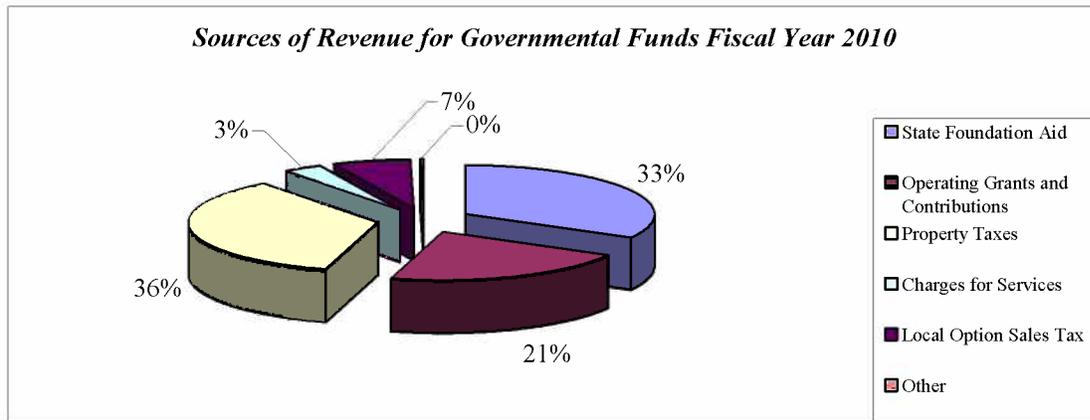
Overall, total net assets increased by 8.8% over 2008-09. Expenses are down 0.62% and revenues are also down 1.62%.

As shown in Figure A-4, property tax and state aid provide 74.43% of the funding required for governmental programs while charges for services and operating grants make up 100% of the funding for business-type activities. Operating grants and contributions and charges for services are the only revenues to increase over 2008-09. Figure A-5 breaks the revenues down further showing grants and contributions making up 21.40% of all revenues.

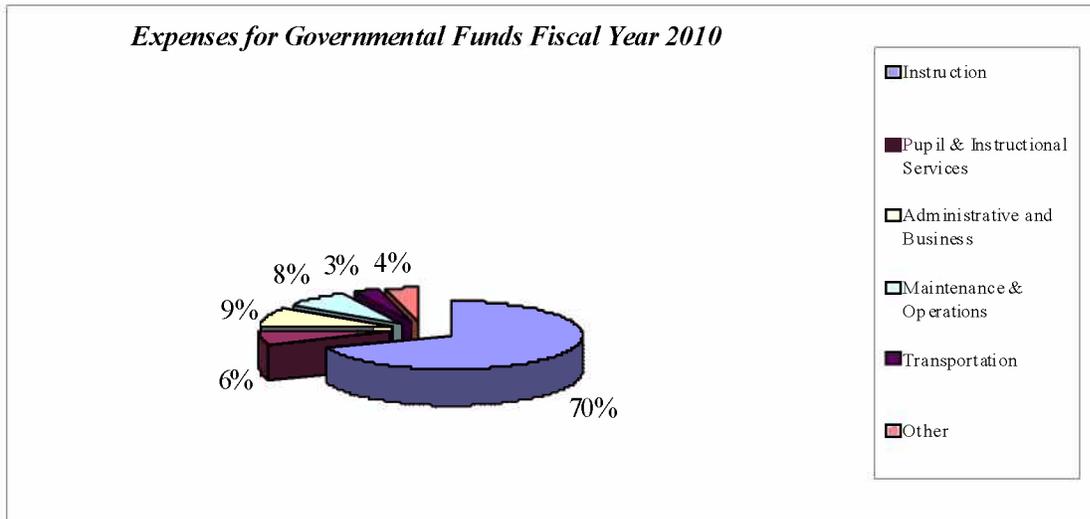
The District's predominant expenses are related to instruction, as can be seen in Figure A-6. Basic Instructional services together with Pupil & Instructional services comprise 75.21% of the District's expenses. Only two expenditure areas in the District increased over 2008-09; Pupil and Instructional Services is up 6.10% and Other is up by 3.79%. The majority of Other is Business Type Activities.

Business type activities experienced a \$684,280 increase in net assets for 2009-10. Total revenues increased \$369,681 or 4.71%. The majority of the increase came from state and federal sources, up \$634,256. The increase is attributable to more students qualifying for free and reduced meals.

**Figure A-5**



**Figure A-6**



**Governmental Activities**

Revenues for governmental activities were \$178,863,311 while total expenses amounted to \$166,097,808 (Figure A-4).

- The federal and state governments subsidized certain programs with grants and contributions of over \$38 million.
- Governmental activities were financed with \$74,487,006 in property taxes and \$58,634,847 of unrestricted state aid based on the statewide finance formula. Unrestricted state aid is down dramatically from 2008-09 due to statewide reductions during 2009-10.
- Charges for services account for only 3.82% 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
	2009	2010	2009-10	2009	2010	2009-10%
Instruction	\$ 116,034,206	\$ 115,220,844	-0.71%	\$ 87,790,924	\$ 83,046,681	-5.71%
Pupil & Instructional Svcs	9,105,655	9,696,996	6.10%	5,756,403	4,921,004	-16.98%
Administrative & Business	15,770,424	15,434,970	-2.17%	15,216,116	14,593,374	-4.27%
Maintenance & Operations	15,221,426	14,209,020	-7.13%	15,137,611	14,134,777	-7.09%
Transportation	4,623,723	4,588,851	-0.76%	3,915,104	4,266,526	8.24%
Other	6,474,467	6,947,227	6.81%	369,059	(141,315)	361.16%
<b>TOTAL</b>	<b>\$ 167,229,901</b>	<b>\$ 166,097,908</b>	<b>-0.68%</b>	<b>\$ 128,185,217</b>	<b>\$ 120,821,047</b>	<b>-6.10%</b>

- The cost of all governmental activities this year was \$166,097,908, down 0.75% from 2008-09.
- Most of the District's costs were financed by District and state taxpayers at a total of \$120,821,047 or 72.74% of total costs.

**Business-Type Activities**

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

- Business-type activities revenues exceeded expenses by \$989,297 for 2009-10. In 2008-09 revenues exceeded expenses by \$684,280. The increase is due to an increase in operating revenue, or revenue generated through meal reimbursements.
- Charges for services in the Food & Nutrition represent 30.09% of total revenue. This represents the amount paid by students/staff for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$5,638,183. This is reflective of the District's population of "free and reduced" students, which is typically close to 60% 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 \$33,801,323, a decrease of \$4,499,964, in comparison with the prior year. The biggest difference is in the General fund which experienced a decrease in the fund balance of \$3,333,345 from last year.

Approximately 72% 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 \$383,457, 2) Prepaid items \$71,395, 3) Debt Service \$499,489, 4) Talented and Gifted \$294,658, 5) Non public textbooks \$2,599, 6) Encumbrances \$1,648,009 and 7) Student Activities \$531,106.

In addition, the District has *designated* funds for federal categorical \$3,253,253, state categorical \$2,537,714 and local grant funding \$115,627. 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 \$3,352,790 while total fund balance decreased to \$10,011,493.

The fund balance of the Davenport Schools general fund declined by \$3,333,345, or almost 25% during the current fiscal year. Key factors in this decline are as follows:

- ▶ State reduction in funding of over \$8 million offset by District reductions, utilization of American Reinvestment and Recovery Act funding and use of fund balance
- ▶ Reduction of \$2.7 million in revenues from Statewide Sales and Service tax moneys

The capital projects fund has a total fund balance of \$14,406,312 compared to \$16,144,353 in 2008-09. Expenditures were at an even level with 2008-09 as projects identified from the Long Range Plan are just beginning. The biggest impact to the fund was the reduction of revenue.

## 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 2009-10 from \$203,012,670 to \$196,231,710 to reflect:

- Decreases in revenues and expenditures to reflect decreased funding from local, state and federal sources

Revenues came in at \$185,326,795. Intergovernmental revenue was below amended budgeted amounts due to the statewide budget reduction. Expenditures came in under budget as a reflection of some budget reductions put into place during the 2009-10 year.

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, 2010 amounts to \$123,466,162 (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 0.64% compared to last year's increase of 2.31%.

### Figure A-8

*Capital Assets (net of depreciation)*

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change 2009-10
	2009	2010	2009	2010	2009	2010	
Land and improvements	\$ 6,917,715	\$ 6,759,159	\$ -	\$ -	\$ 6,917,715	\$ 6,759,159	-2.35%
Construction in progress	5,172,601	2,666,329	-	-	5,172,601	2,666,329	-94.00%
Buildings and improvements	107,830,110	111,723,898	-	-	107,830,110	111,723,898	3.49%
Furniture and Equipment	1,469,799	1,008,858	624,336	610,226	2,094,135	1,619,084	-29.34%
Intangibles	658,211	697,692	-	-	658,211	697,692	5.66%
<b>TOTAL</b>	<b>\$ 122,048,436</b>	<b>\$ 122,855,936</b>	<b>\$ 624,336</b>	<b>\$ 610,226</b>	<b>\$ 122,672,772</b>	<b>\$ 123,466,162</b>	<b>0.64%</b>

The difference between 2008-09 and 2009-10 is the Construction in Progress. The amount of Construction in Progress decreased to \$2,666,329. The number of projects under construction during the summer months has decreased over last year.

Construction in progress activities during 2009-10 included:

- Air conditioning at Blue Grass Elementary
- Air conditioning at Jackson Elementary

### **Long-Term Debt**

At year-end, the District had \$0 in general obligation bonds. The District has not had general obligation bonded debt since 1990-91. The District did sell \$47.9 million in sales tax revenue bonds over a period of three years to help finance facilities construction and improvements throughout the District during the first 10 year period of receiving Local Option Sales & Services tax revenue. That obligation was paid off 7-1-10.

More detailed information on the District's capital assets and long term debt can be found in the notes to the financial statements.

### **Factors Bearing on the District's Future**

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

- The District will receive \$5 million less in funding during 2010-11 due to on-going reduction in revenues at the state level. The Iowa Legislature is a year behind in setting the growth rate for fiscal 2012 funding which could have a direct impact on negotiating contracts for 2012. Five of six negotiated contracts are open for 2012.
- Effective July 1, 2007 through June 30, 2011 an incremental increase the employer's share of the Iowa Public Employees Retirement System (IPERS) contributions will go into effect.
- The District contracted with a new Third Party Administrator and network for its self insurance fund beginning July 1, 2009. The first renewal came in around 2%. The likelihood of another renewal at such a low rate is unlikely.
- The certified enrollment count for October 1, 2010 was up from 2009 which triggers funding for the 2012 school year. Trend data shows the increase in enrollment to continue in upcoming years. The funding formula is based on enrollment so the enrollment increase should equate to additional funding.
- The District has utilized American Reinvestment and Recovery Act funding to backfill reductions in state funding and to delay reduction in staffing. When funding begins to run out in fiscal 2011, other revenue sources will need to be identified or additional reductions made to make up for the loss in funding.
- The Revenue Estimating Conference report in October of 2010 did indicate an increase in state revenues which was originally not expected. If revenue continues to trend positively then the report in December from the group could be favorable to setting growth rates for 2012 and 2013.
- The District's superintendent is retiring at the close of the 2010-11 school year. Continued support of the financial health of the District will be critical in these tough economic times.

### **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, 2010**

<b>Assets</b>	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 71,511,872	\$ 1,019,716	\$ 72,531,588
Receivables:			
Property taxes	62,632,599	-	62,632,599
Other	636,306	41	636,347
Due from other governmental units	6,263,120	168,307	6,431,427
Internal balances	(308,513)	308,513	-
Inventories	383,457	75,837	459,294
Prepaid expenses	71,395	-	71,395
<b>Total current assets</b>	<b>141,190,236</b>	<b>1,572,414</b>	<b>142,762,650</b>
Noncurrent assets:			
Capital assets, not being depreciated	6,686,587	-	6,686,587
Capital assets, being depreciated	187,113,383	2,475,457	189,588,840
Less accumulated depreciation	(70,944,034)	(1,865,231)	(72,809,265)
<b>Total noncurrent assets</b>	<b>122,855,936</b>	<b>610,226</b>	<b>123,466,162</b>
<b>Total assets</b>	<b>\$ 264,046,172</b>	<b>\$ 2,182,640</b>	<b>\$ 266,228,812</b>

See Notes to Basic Financial Statements.

<b>Liabilities</b>	Governmental Activities	Business-Type Activities	Total
Current liabilities:			
Accounts payable	\$ 2,713,023	\$ 26,305	\$ 2,739,328
Accrued payroll and payroll taxes	18,981,057	51,096	19,032,153
Health claims and administrative costs payable	2,635,000	-	2,635,000
Compensated absences	573,218	2,806	576,024
Construction contracts payable	1,684,722	-	1,684,722
Unearned revenue	67,216,513	-	67,216,513
Early retirement obligations	1,012,228	-	1,012,228
<b>Total current liabilities</b>	<b>94,815,761</b>	<b>80,207</b>	<b>94,895,968</b>
Noncurrent liabilities:			
Other post employment benefits obligation	375,760	11,741	387,501
Early retirement obligations	574,084	-	574,084
<b>Total noncurrent liabilities</b>	<b>949,844</b>	<b>11,741</b>	<b>961,585</b>
<b>Total liabilities</b>	<b>95,765,605</b>	<b>91,948</b>	<b>95,857,553</b>
<b>Net Assets</b>			
Invested in capital assets	122,855,936	610,226	123,466,162
Restricted for:			
Debt service	499,489	-	499,489
Capital projects	14,406,312	-	14,406,312
Physical plant and equipment	6,409,699	-	6,409,699
Employee benefits	1,943,224	-	1,943,224
Student activities	531,106	-	531,106
Unrestricted	21,634,801	1,480,466	23,115,267
<b>Total net assets</b>	<b>168,280,567</b>	<b>2,090,692</b>	<b>170,371,259</b>
<b>Total liabilities and net assets</b>	<b>\$ 264,046,172</b>	<b>\$ 2,182,640</b>	<b>\$ 266,228,812</b>

## Davenport Community School District

### Statement of Activities Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, and Contributions	Capital Grants, and Contributions
<b>Governmental Activities</b>				
Instruction	\$ 115,220,844	\$ 7,004,271	\$ 25,019,892	\$ 150,000
Student support services	3,596,004	-	643,980	-
Instructional staff support services	6,100,992	-	4,132,012	-
General administration	1,871,580	-	507,529	-
Building administration	9,870,846	-	332,147	-
Business and central administration	3,692,544	-	1,920	-
Plant operation and maintenance	14,209,020	-	74,243	-
Student transportation	4,588,851	-	322,325	-
Central support services	21,198	-	-	-
Community services	419,790	-	583,103	-
Area Education Agency	6,505,439	-	6,505,439	-
Interest and fees on long-term debt	800	-	-	-
<b>Total governmental activities</b>	<b>166,097,908</b>	<b>7,004,271</b>	<b>38,122,590</b>	<b>150,000</b>
Business-type activities, food services	7,235,067	2,474,381	5,638,183	-
<b>Total school district</b>	<b>\$ 173,332,975</b>	<b>\$ 9,478,652</b>	<b>\$ 43,760,773</b>	<b>\$ 150,000</b>

#### General revenues:

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

#### Transfers

#### Total general revenues

#### Changes in net assets

Net assets, beginning of year, as restated  
Net assets, end of year

See Notes to Basic Financial Statements.

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Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (83,046,681)	\$ -	\$ (83,046,681)
(2,952,024)	-	(2,952,024)
(1,968,980)	-	(1,968,980)
(1,364,051)	-	(1,364,051)
(9,538,699)	-	(9,538,699)
(3,690,624)	-	(3,690,624)
(14,134,777)	-	(14,134,777)
(4,266,526)	-	(4,266,526)
(21,198)	-	(21,198)
163,313	-	163,313
-	-	-
(800)	-	(800)
(120,821,047)	-	(120,821,047)
-	877,497	877,497
60,062,506	-	60,062,506
11,711,344	-	11,711,344
2,713,156	-	2,713,156
58,634,847	-	58,634,847
533,536	6,781	540,317
35,680	400	36,080
(104,619)	104,619	-
133,586,450	111,800	133,698,250
12,765,403	989,297	13,754,700
155,515,164	1,101,395	156,616,559
\$ 168,280,567	\$ 2,090,692	\$ 170,371,259

**Davenport Community School District**

**Balance Sheet - Governmental Funds  
June 30, 2010**

<b>Assets</b>	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 32,207,918	\$ 14,088,220	\$ 9,867,463	\$ 56,163,601
Receivables:				
Property taxes	56,067,050	-	6,565,549	62,632,599
Other	626,083	284	5,096	631,463
Due from other governmental units	3,741,167	2,502,953	19,000	6,263,120
Due from other funds	1,642	-	-	1,642
Inventories	383,457	-	-	383,457
Prepaid items	71,395	-	-	71,395
<b>Total assets</b>	<b>\$ 93,098,712</b>	<b>\$ 16,591,457</b>	<b>\$ 16,457,108</b>	<b>\$ 126,147,277</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 2,128,986	\$ -	\$ 584,037	\$ 2,713,023
Accrued payroll and payroll taxes	18,978,034	-	3,023	18,981,057
Due to other funds	-	423	1,219	1,642
Construction contracts payable	-	1,684,722	-	1,684,722
Deferred revenue	61,980,199	500,000	6,485,311	68,965,510
<b>Total liabilities</b>	<b>83,087,219</b>	<b>2,185,145</b>	<b>7,073,590</b>	<b>92,345,954</b>
Fund balances:				
Reserved for:				
Inventories	383,457	-	-	383,457
Prepaid items	71,395	-	-	71,395
Debt service	-	-	499,489	499,489
Phase III, SIT & TAG	294,658	-	-	294,658
Nonpublic textbooks	2,599	-	-	2,599
Student activities	-	-	531,106	531,106
Encumbrances	-	1,648,009	-	1,648,009
Unreserved:				
Designated:				
Federal categorical funding	3,253,253	-	-	3,253,253
State categorical funding	2,537,714	-	-	2,537,714
Local grant funding	115,627	-	-	115,627
Undesignated, reported in:				
General Fund	3,352,790	-	-	3,352,790
Special revenue funds	-	-	8,352,923	8,352,923
Capital Projects Fund	-	12,758,303	-	12,758,303
<b>Total fund balances</b>	<b>10,011,493</b>	<b>14,406,312</b>	<b>9,383,518</b>	<b>33,801,323</b>
<b>Total liabilities and fund balances</b>	<b>\$ 93,098,712</b>	<b>\$ 16,591,457</b>	<b>\$ 16,457,108</b>	<b>\$ 126,147,277</b>

See Notes to Basic Financial Statements.

**Davenport Community School District**

**Reconciliation of Total Governmental Fund Balances to Net Assets  
of Governmental Activities  
June 30, 2010**

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Total governmental fund balances		\$ 33,801,323
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	\$ 193,799,970	
Accumulated depreciation	<u>(70,944,034)</u>	122,855,936
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	373,618	
Other receivables	<u>1,375,379</u>	1,748,997
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.		12,718,114
Internal service funds allocated to business-type activities		(308,513)
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:		
Compensated absences	(573,218)	
Early retirement obligations	(1,586,312)	
Other post employment benefits obligation	<u>(375,760)</u>	(2,535,290)
<b>Net assets of governmental activities</b>		<u><u>\$ 168,280,567</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, 2010**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 53,673,126	\$ -	\$ 6,305,328	\$ 59,978,454
Utility taxes	2,433,517	-	279,639	2,713,156
Local option sales tax, pledged as security for revenue bonds	-	11,711,344	-	11,711,344
Intergovernmental	95,115,656	-	165,409	95,281,065
Charges for services	3,957,803	-	-	3,957,803
Interest	358,097	97,585	77,854	533,536
Contributions and donations	415,120	-	-	415,120
Other	1,339,206	-	1,277,366	2,616,572
<b>Total revenues</b>	<b>157,292,525</b>	<b>11,808,929</b>	<b>8,105,596</b>	<b>177,207,050</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	111,848,402	-	2,176,578	114,024,980
Student support services	5,456,799	-	-	5,456,799
Instructional staff support services	5,803,478	-	274,362	6,077,840
General administration	1,856,891	-	-	1,856,891
Building administration	9,784,572	-	455	9,785,027
Business and central administration	3,582,860	-	-	3,582,860
Plant operation and maintenance	10,789,247	-	3,322,243	14,111,490
Student transportation	4,540,761	-	40,812	4,581,573
Community services	419,790	-	-	419,790
Area Education Agency	6,505,439	-	-	6,505,439
Capital outlay	-	6,416,112	1,651,666	8,067,778
<b>Debt service:</b>				
Principal	-	-	6,960,000	6,960,000
Interest	-	-	171,658	171,658
<b>Total expenditures</b>	<b>160,588,239</b>	<b>6,416,112</b>	<b>14,597,774</b>	<b>181,602,125</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,295,714)</b>	<b>5,392,817</b>	<b>(6,492,178)</b>	<b>(4,395,075)</b>
<b>Other financing sources (uses):</b>				
Transfers in	4,509	-	7,130,858	7,135,367
Transfers (out)	(42,140)	(7,130,858)	(66,988)	(7,239,986)
<b>Total other financing sources (uses)</b>	<b>(37,631)</b>	<b>(7,130,858)</b>	<b>7,063,870</b>	<b>(104,619)</b>
Net change in fund balances	(3,333,345)	(1,738,041)	571,692	(4,499,694)
Fund balances, beginning of year	13,344,838	16,144,353	8,811,826	38,301,017
Fund balances, end of year	\$ 10,011,493	\$ 14,406,312	\$ 9,383,518	\$ 33,801,323

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, 2010

Net change in fund balances, total governmental funds \$ (4,499,694)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net 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:

Depreciation expense	\$ (5,954,031)	
Total capital outlay expenditures capitalized	6,761,531	807,500

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. 347,847

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, \$745,076, were more than the amounts earned, \$0, by \$745,076. Vacation used, \$540,086, was less than the amounts earned, \$573,218 by \$33,132. 711,944

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. 6,960,000

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. 170,858

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. 7,761,362

Change in Internal Service Fund allocation to business-type activities. (225,997)

Based on actuarial calculations, the District reports other postemployment benefit liabilities in the statement of activities that are not reported in the fund statements. 731,583

<b>Change in net assets of governmental activities</b>	\$ 12,765,403	
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See Notes to Basic Financial Statements.

**Davenport Community School District**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2010**

	Business-Type Activities - Enterprise Funds			Governmental
	School	Nonmajor	Total	Activities
	Nutrition Fund	Day Care Fund		Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,019,716	\$ -	\$ 1,019,716	\$ 15,348,271
Other receivables	41	-	41	4,843
Due from other governmental units	168,307	-	168,307	-
Inventories	75,837	-	75,837	-
<b>Total current assets</b>	<b>1,263,901</b>	<b>-</b>	<b>1,263,901</b>	<b>15,353,114</b>
Noncurrent assets, capital assets, net of accumulated depreciation				
	610,226	-	610,226	-
<b>Total assets</b>	<b>\$ 1,874,127</b>	<b>\$ -</b>	<b>\$ 1,874,127</b>	<b>\$ 15,353,114</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 26,305	\$ -	\$ 26,305	\$ 2,635,000
Accrued payroll and payroll taxes	51,096	-	51,096	-
Compensated absences	2,806	-	2,806	-
<b>Total current liabilities</b>	<b>80,207</b>	<b>-</b>	<b>80,207</b>	<b>2,635,000</b>
Noncurrent liabilities, other				
post employment benefits obligation	11,741	-	11,741	-
<b>Total liabilities</b>	<b>91,948</b>	<b>-</b>	<b>91,948</b>	<b>2,635,000</b>
<b>Net Assets</b>				
Invested in capital assets	610,226	-	610,226	-
Unrestricted	1,171,953	-	1,171,953	12,718,114
<b>Total net assets</b>	<b>1,782,179</b>	<b>-</b>	<b>1,782,179</b>	<b>12,718,114</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,874,127</b>	<b>\$ -</b>	<b>\$ 1,874,127</b>	<b>\$ 15,353,114</b>
Total enterprise fund net assets			\$ 1,782,179	
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				
<b>Total business-type activities net assets</b>			<u>308,513</u>	
			<u>\$ 2,090,692</u>	

See Notes to Basic Financial Statements.

**Davenport Community School District**

**Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds			Governmental
	School	Nonmajor	Total	Activities
	Nutrition Fund	Day Care Fund		Internal Service Fund
Operating revenue, charges for services	\$ 2,474,381	\$ -	\$ 2,474,381	\$ 24,542,036
Operating expenses:				
Salaries and benefits	3,490,700	-	3,490,700	-
Purchased services	484,479	-	484,479	-
Supplies	3,335,886	-	3,335,886	-
Depreciation	149,999	-	149,999	-
Health care	-	-	-	16,780,674
<b>Total operating expenses</b>	<b>7,461,064</b>	<b>-</b>	<b>7,461,064</b>	<b>16,780,674</b>
<b>Operating income (loss)</b>	<b>(4,986,683)</b>	<b>-</b>	<b>(4,986,683)</b>	<b>7,761,362</b>
Nonoperating revenues:				
Interest income	6,781	-	6,781	-
Intergovernmental	5,638,183	-	5,638,183	-
Other nonoperating revenue	400	-	400	-
<b>Total nonoperating revenues</b>	<b>5,645,364</b>	<b>-</b>	<b>5,645,364</b>	<b>-</b>
<b>Income before transfers</b>	<b>658,681</b>	<b>-</b>	<b>658,681</b>	<b>7,761,362</b>
Transfers in	-	104,619	104,619	-
Changes in net assets	658,681	104,619	763,300	7,761,362
Net assets (deficits), beginning of year	1,123,498	(104,619)	1,018,879	4,956,752
Net assets, end of year	\$ 1,782,179	\$ -	\$ 1,782,179	\$ 12,718,114
Net changes in net assets in enterprise funds			\$ 763,300	
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			225,997	
<b>Net changes in net assets of business-type activities</b>			<b>\$ 989,297</b>	

See Notes to Basic Financial Statements.

**Davenport Community School District**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds			Governmental
	School Nutrition Fund	Nonmajor Day Care Fund	Total	Activities Internal Service Fund
Cash flows from operating activities:				
Cash received from user charges	\$ 2,495,485	\$ -	\$ 2,495,485	\$ -
Cash received from assessment made to other funds	-	-	-	24,541,806
Cash payments to employees for services	(3,504,731)	-	(3,504,731)	-
Cash payments for insurance claims	-	-	-	(16,428,933)
Cash payments to suppliers for goods and services	(3,347,844)	-	(3,347,844)	(1,059,947)
<b>Net cash provided by     (used in) operating activities</b>	<b>(4,357,090)</b>	<b>-</b>	<b>(4,357,090)</b>	<b>7,052,926</b>
Cash flows from noncapital financing activities:				
Payments to interfund accounts	-	(143,376)	(143,376)	-
Transfers in	-	104,619	104,619	-
Other nonoperating	400	38,757	39,157	-
Grants received	5,213,011	-	5,213,011	-
<b>Net cash provided by     noncapital financing activities</b>	<b>5,213,411</b>	<b>-</b>	<b>5,213,411</b>	<b>-</b>
Cash flows from capital and related financing activities, acquisition of capital assets	(135,889)	-	(135,889)	-
Cash flows from investing activities, interest received	6,781	-	6,781	-
<b>Net increase in cash and     cash equivalents</b>	<b>727,213</b>	<b>-</b>	<b>727,213</b>	<b>7,052,926</b>
Cash and cash equivalents:				
Beginning	292,503	-	292,503	8,295,345
Ending	\$ 1,019,716	\$ -	\$ 1,019,716	\$ 15,348,271

(Continued)

**Davenport Community School District**

**Statement of Cash Flows (Continued)  
Proprietary Funds  
Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds			Governmental
	School	Nonmajor	Total	Activities
	Nutrition Fund	Day Care Fund		Internal
				Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (4,986,683)	\$ -	\$ (4,986,683)	\$ 7,761,362
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	149,999	-	149,999	-
Commodities used	423,408	-	423,408	-
Changes in assets and liabilities:				
Receivables	21,104	-	21,104	(230)
Inventories	54,733	-	54,733	-
Prepays	-	-	-	10,090
Accounts payable and accrued liabilities	4,152	-	4,152	(718,296)
Other post employment benefits obligation	(23,803)	-	(23,803)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (4,357,090)</b>	<b>\$ -</b>	<b>\$ (4,357,090)</b>	<b>\$ 7,052,926</b>

Noncash noncapital financing activities, during the year the District received \$423,408 of food commodities from the U.S. Department of Agriculture

See Notes to Basic Financial Statements.

**Davenport Community School District**

**Statement of Fiduciary Assets and Liabilities**

**Agency Fund**

**June 30, 2010**

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**Assets**

Cash and cash equivalents	\$	123,615
Due from other governments		118
<b>Total assets</b>	<b>\$</b>	<b>123,733</b>

**Liabilities**

Accounts payable	\$	5,632
Due to activity groups		118,101
<b>Total liabilities</b>	<b>\$</b>	<b>123,733</b>

See Notes to Basic Financial Statements.

## Davenport Community School District

### Notes to Basic Financial Statements

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#### **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 2009-2010 school year was approximately 16,000 regular and special education students. The District employs approximately 2,200 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

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#### 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

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#### 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 Day Care Fund ceased operations in the prior year and was closed out in the current year. 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

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#### **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 a statement for the fiduciary funds. The fund financial statements for both the governmental and the proprietary funds report the major funds individually and the nonmajor funds combined. The Internal Service Fund is shown at the far right of the Proprietary Fund financial statements.

The modified accrual basis of accounting as employed by the governmental funds and 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 \$6,505,439 pass-through grant from the Area Education Agency in 2009-2010 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

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#### **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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

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. Prepaids are recorded as expenditures when the goods or services are consumed rather than when purchased.

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

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#### 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
Intangibles	100,000

Capital assets are depreciated using the straight-line method of depreciation/amortization 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
Intangibles	5 - 20 years

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

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

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, 2010, have been accrued as liabilities as of June 30, 2010.

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, 2010.

## Davenport Community School District

### Notes to Basic Financial Statements

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#### 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, 2010, 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 government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net 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 \$499,489 for debt service, \$14,406,312 for capital projects, \$6,409,699 for physical plant and equipment, \$1,943,224 for employee benefits and \$531,106 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.

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

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#### 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, 2010, the book balance of the District's cash deposits plus petty cash totaled \$71,509,521 and the bank balances totaled \$76,809,500.

As of June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) diversified portfolio totaling \$51,413. 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, 2010, the District also had investments in the IPAS Education Money Market Fund totaling \$63,296, 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 of 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.

As of June 30, 2010, the District had investments in Commercial Paper totaling \$1,030,973, all of which matures in March 2011.

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, 2010, 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
Countrywide Home Loans Inc.	Commercial Paper	Aa	A

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 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.

## Davenport Community School District

### Notes to Basic Financial Statements

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#### Note 2. Cash and Investments (Continued)

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's commercial paper of \$1,030,973 is exposed to custodial credit risk as of June 30, 2010.

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

Cash deposits and petty cash	\$ 71,509,521
ISJIT money market mutual fund	51,413
IPAS education money market fund	63,296
Commercial paper	1,030,973
	<u>\$ 72,655,203</u>
Governmental funds	\$ 56,163,601
Internal service fund	15,348,271
<b>Total governmental activities</b>	<u>71,511,872</u>
Business-type activities/enterprise funds	1,019,716
Agency fund	123,615
	<u>\$ 72,655,203</u>

# Davenport Community School District

## Notes to Basic Financial Statements

### Note 3. Capital Assets

Governmental Activities	Balance, as restated June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 4,020,258	\$ -	\$ -	\$ 4,020,258
Construction-in-progress	5,172,601	6,440,816	8,947,088	2,666,329
<b>Total capital assets, not being depreciated</b>	<b>9,192,859</b>	<b>6,440,816</b>	<b>8,947,088</b>	<b>6,686,587</b>
Capital assets, being depreciated/amortized:				
Land improvements	11,035,439	42,596	-	11,078,035
Buildings	95,273,181	1,987,082	-	97,260,263
Building improvements	63,268,177	6,960,006	-	70,228,183
Furniture and equipment	7,363,580	158,119	223,470	7,298,229
Intangibles	1,128,673	120,000	-	1,248,673
<b>Total capital assets, being depreciated/amortized</b>	<b>178,069,050</b>	<b>9,267,803</b>	<b>223,470</b>	<b>187,113,383</b>
Less accumulated depreciation/amortization for:				
Land improvements	8,137,982	201,152	-	8,339,134
Buildings	37,606,254	1,695,168	-	39,301,422
Building improvements	13,104,994	3,358,132	-	16,463,126
Furniture and equipment	5,893,781	619,060	223,470	6,289,371
Intangibles	470,462	80,519	-	550,981
<b>Total accumulated depreciation/amortization</b>	<b>65,213,473</b>	<b>5,954,031</b>	<b>223,470</b>	<b>70,944,034</b>
<b>Total capital assets, being depreciated/amortized, net</b>	<b>112,855,577</b>	<b>3,313,772</b>	<b>-</b>	<b>116,169,349</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 122,048,436</b>	<b>\$ 9,754,588</b>	<b>\$ 8,947,088</b>	<b>\$ 122,855,936</b>
Business-Type Activities	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets, being depreciated, equipment	\$ 2,360,868	\$ 135,889	\$ 21,300	\$ 2,475,457
Less accumulated depreciation for equipment	1,736,532	149,999	21,300	1,865,231
<b>Total capital assets, being depreciated, net</b>	<b>624,336</b>	<b>(14,110)</b>	<b>-</b>	<b>610,226</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 624,336</b>	<b>\$ (14,110)</b>	<b>\$ -</b>	<b>\$ 610,226</b>

**Davenport Community School District**

**Notes to Basic Financial Statements**

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**Note 3. Capital Assets (Continued)**

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

Governmental activities:

Instruction	\$ 5,594,681
Instructional staff support services	23,152
General administration	14,689
Building administration	85,819
Business and central administration	109,684
Plant operation and maintenance	97,530
Student transportation	7,278
Central support services	21,198
	<u>\$ 5,954,031</u>
Business-type activities, food services	<u>\$ 149,999</u>

**Note 4. Interfund Balances and Transfers**

Interfund balances as of June 30, 2010, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,642	\$ -
Capital Projects Fund	-	423
Nonmajor governmental funds	-	1,219
	<u>\$ 1,642</u>	<u>\$ 1,642</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

## Davenport Community School District

### Notes to Basic Financial Statements

#### Note 4. 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	\$ 4,509	\$ 42,140
Capital Projects Fund	-	7,130,858
Nonmajor governmental funds	7,130,858	66,988
Nonmajor enterprise fund, Day Care Fund	104,619	-
<b>Total</b>	<b>\$ 7,239,986</b>	<b>\$ 7,239,986</b>

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.

Transfers to the Day Care Fund from the General Fund and nonmajor governmental funds are to close out the deficit in net assets.

#### Note 5. Long-Term Liabilities

Changes in long-term liabilities: A summary of changes in long-term liabilities for the year ended June 30, 2010, is as follows:

	Governmental Activities				Business-Type
	Local Option Sales Tax Bonds	Early Retirement Obligations	Compensated Absences	Total	Compensated Absences
Balance, beginning of year	\$ 6,960,000	\$ 2,331,388	\$ 540,086	\$ 9,831,474	\$ 2,214
Additions	-	-	1,283,886	1,283,886	6,284
Reductions	6,960,000	745,076	1,250,754	8,955,830	5,692
Balance, end of year	<u>\$ -</u>	<u>\$ 1,586,312</u>	<u>\$ 573,218</u>	<u>\$ 2,159,530</u>	<u>\$ 2,806</u>
Due within one year	<u>\$ -</u>	<u>\$ 1,012,228</u>	<u>\$ 573,218</u>	<u>\$ 1,585,446</u>	<u>\$ 2,806</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.

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

Legal debt margin: As of June 30, 2010, the outstanding general obligation debt of the District did not exceed the statutory debt limit.

## Davenport Community School District

### Notes to Basic Financial Statements

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#### **Note 6. 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 4.30 percent of their annual covered salary and the District is required to contribute 6.65 percent of annual covered payroll for the year ended June 30, 2010. For the years ended June 30, 2009 and 2008, plan members were required to contribute 4.10 and 3.90 percent of their annual covered salary, respectively, and the District was required to contribute 6.35 and 6.05 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, 2010, 2009 and 2008 were \$6,149,722, \$5,737,489 and \$5,347,495, 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. 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, 2010, was \$754,328.

#### **Note 7. 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

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#### Note 7. 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, 2010 and 2009 are as follows:

	2010	2009
Unpaid claims and administrative costs payable balance, beginning of year	\$ 3,353,296	\$ 3,136,581
Incurred claims (including IBNR)	15,710,637	19,905,673
Claim payments	(16,428,933)	(19,688,958)
Unpaid claims and administrative costs payable balance, end of year	<u>\$ 2,635,000</u>	<u>\$ 3,353,296</u>

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

#### Note 8. Commitments and Contingencies

The District has entered into various construction and repair contracts for projects throughout the District. As of June 30, 2010, the portion of these contracts which has not been paid or accrued as a liability totals \$1,964,617.

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 9. Operating Leases

The District leases building and equipment under noncancelable operating leases. Total expenses for the year ended June 30, 2010, for such leases were \$199,288, 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:

2011	\$ 205,527
2012	171,756
2013	111,261
2014	45,781
2015	17,753
	<u>\$ 552,078</u>

## Davenport Community School District

### Notes to Basic Financial Statements

#### Note 10. Other Postemployment Benefits

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

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

The required contribution is based on projected pay-as-you-go financing. Retiree and active members receiving benefits for para-educators have required contributions of \$574 per month for single health coverage and \$1,342 for family health coverage. Retiree and active members receiving benefits for all other employees have required contributions of \$605 per month for single health coverage and \$1,420 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	\$ 383,860
Interest on net OPEB obligation	17,813
Adjustment to annual required contribution	(801,352)
Annual OPEB cost (expense)	<u>(399,679)</u>
Contributions and payments made	355,707
Increase in net OPEB obligation	<u>(755,386)</u>
Net OPEB obligation, beginning	<u>1,142,887</u>
Net OPEB obligation, ending	<u><u>\$ 387,501</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2010 and the two preceding years follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 557,506	- %	\$ 557,506
June 30, 2009	585,381	-	1,142,887
June 30, 2010	(398,678)	189.0	387,501

## Davenport Community School District

### Notes to Basic Financial Statements

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#### Note 10. Other Postemployment Benefits (Continued)

Funded status and funding progress: Postemployment Benefit Obligations under GASB Statement No. 45 calculated as of December 31, 2009, the most recent valuation date is as follows:

	Total	Members
Actuarial Accrued Liability:		
Current retirees, beneficiaries and dependents	\$ 969,877	144
Current active members	3,550,872	1,979
Total Actuarial Accrued Liability (AAL)	4,520,749	
OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	4,520,749	

The covered payroll (annual payroll of active employees covered by the plan) was \$72,378,398 and the ratio of the UAAL to the covered payroll was (6.2) 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, 2009 actuarial valuation date, projected unit credit method was used. The actuarial assumptions included a 5 percent discount rate and an annual health care cost trend rate of 9 percent initially, grading down to an ultimate rate of 5 percent in 8 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, 2009, was 30 years.

## Davenport Community School District

### Notes to Basic Financial Statements

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#### Note 11. New Governmental Accounting Standards Board (GASB) Statements

The District implemented the following statements:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. 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). As a result of implementation, the District capitalized intangible assets acquired prior to the fiscal year ended June 30, 2010 and restated beginning governmental activities net assets by \$658,211.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement improves 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. This Statement had no effect on the District in the current year.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. The adoption of this Statement had no effect to the District in the current year.

As of June 30, 2010, 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. 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.
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment of GASB Statement No. 43 and No. 45, issued January 2010, will be effective for the District beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.

## Davenport Community School District

### Notes to Basic Financial Statements

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#### Note 11. New Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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

#### Note 12. Restatement

The District restated the following net assets previously reported:

	Balance June 30, 2009 as Previously Reported	Restatement	Balance June 30, 2009 as Restated
Governmental activities	\$ 154,856,953	\$ 658,211	\$ 155,515,164

The restatement is related to the capitalization of intangible assets acquired prior to the fiscal year ending June 30, 2010 due to the implementation of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

**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)
<b>2010</b>	<b>12/31/09</b>	-	<b>4,520,749</b>	<b>4,520,749</b>	-	<b>72,378,398</b>	<b>(6.2)</b>

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of December 31, 2009. 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 discount rate and (2) a health care cost trend rate of 9 percent initially, grading down to an ultimate rate of 5 percent in 8 years. Both rates include a 3.5 percent inflation assumption.
- d. The amortization method is level percentage of pay on an open basis.

**Summary of Changes in Valuation**

The actuarial accrued liability (AAL) as of December 31, 2009 is \$4,520,749, compared to \$6,199,653 from the prior valuation. The AAL had been expected to equal \$6,571,226 as of December 31, 2009. The difference between actual and expected actuarial accrued liabilities was the net effect of several factors:

- An **actuarial experience gain** decreased the AAL by \$146,202. This was the net result of gains and losses due to demographic changes and contributions and benefit payments that were different from expected.
- **Valuation assumption changes** decreased the AAL by \$1,093,379. This was primarily due to reducing the percentage of future retirees electing to receive coverage from 75 percent to 50 percent. Other offsetting changes include updating the valuation –year per capita health costs, the future trends applied to the health costs and dependent assumptions.
- **Plan changes** decreased the AAL by \$810,896. Effective July 1, 2009, the plan switched contract administrators and PPO networks. The current plan of benefits is summarized in Exhibit III of Section 4.

Davenport Community School District

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds and Enterprise Funds  
 Year Ended June 30, 2010

	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
<b>Revenues:</b>			
Property taxes	\$ 59,978,454	\$ -	\$ 59,978,454
Utility taxes	2,713,156	-	2,713,156
Local option sales tax	11,711,344	-	11,711,344
Intergovernmental	95,281,065	5,638,183	100,919,248
Charges for services	3,957,803	2,474,381	6,432,184
Interest	533,536	6,781	540,317
Other	3,031,692	400	3,032,092
<b>Total revenues</b>	<b>177,207,050</b>	<b>8,119,745</b>	<b>185,326,795</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Instruction	114,024,980	-	114,024,980
Support services	45,872,270	-	45,872,270
Noninstructional programs	-	7,461,064	7,461,064
Other expenditures	21,704,875	-	21,704,875
<b>Total expenditures</b>	<b>181,602,125</b>	<b>7,461,064</b>	<b>189,063,189</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,395,075)</b>	<b>658,681</b>	<b>(3,736,394)</b>
<b>Other financing sources (uses):</b>			
Transfers in	7,135,367	104,619	7,239,986
Transfers out	(7,239,986)	-	(7,239,986)
<b>Total other financing sources (uses)</b>	<b>(104,619)</b>	<b>104,619</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,499,694)</b>	<b>763,300</b>	<b>(3,736,394)</b>
Fund balances, beginning of year	38,301,017	1,018,879	39,319,896
Fund balances, end of year	\$ 33,801,323	\$ 1,782,179	\$ 35,583,502

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 60,310,401	\$ 60,307,534	\$ (329,080)
2,762,773	2,730,978	(17,822)
9,200,000	11,646,316	65,028
109,805,626	102,479,928	(1,560,680)
6,730,919	6,503,478	(71,294)
484,500	188,700	351,617
4,660,000	4,689,309	(1,657,217)
193,954,219	188,546,243	(3,219,448)
116,468,905	117,565,766	3,540,786
45,870,461	47,335,164	1,462,894
14,902,380	7,694,483	233,419
25,770,924	23,636,297	1,931,422
203,012,670	196,231,710	7,168,521
(9,058,451)	(7,685,467)	3,949,073
7,130,858	7,235,477	4,509
(7,130,858)	(7,235,477)	(4,509)
-	-	-
\$ (9,058,451)	\$ (7,685,467)	\$ 3,949,073

DAVENPORT  
COMMUNITY  
SCHOOLS

Davenport Community School District Belief Statements:

*“WE BELIEVE we must never limit children”*



## Davenport Community School District

### Note to Required Supplementary Information – Budgetary Reporting

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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 2010.

During the year ended June 30, 2010, expenditures in all functions were less than 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 2010, to decrease the authorization of expenditures by \$6,780,960.
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 effective instruction encourages students to be inquisitive and to explore and discover”*





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**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	Special Revenue		
	Management	Student Activity	Physical Plant and Equipment
<b>Assets</b>			
Cash and investments	\$ 1,939,133	\$ 565,376	\$ 6,863,475
Receivables:			
Property taxes	1,666,568	-	4,898,981
Other	593	2,850	1,643
Due from other governmental units	-	-	19,000
<b>Total assets</b>	<b>\$ 3,606,294</b>	<b>\$ 568,226</b>	<b>\$ 11,783,099</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 22,324	\$ 31,060	\$ 530,653
Accrued payroll and payroll taxes	-	3,023	-
Due to other funds	-	1,219	-
Deferred revenue	1,640,746	1,818	4,842,747
<b>Total liabilities</b>	<b>1,663,070</b>	<b>37,120</b>	<b>5,373,400</b>
Fund balances:			
Reserved for:			
Debt service	-	-	-
Student activities	-	531,106	-
Unreserved, undesignated, reported in special revenue funds	1,943,224	-	6,409,699
<b>Total fund balances</b>	<b>1,943,224</b>	<b>531,106</b>	<b>6,409,699</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,606,294</b>	<b>\$ 568,226</b>	<b>\$ 11,783,099</b>

Debt Service	Total Nonmajor Governmental Funds
\$ 499,479	\$ 9,867,463
-	6,565,549
10	5,096
-	19,000
<u>\$ 499,489</u>	<u>\$ 16,457,108</u>

\$ -	\$ 584,037
-	3,023
-	1,219
-	6,485,311
<u>-</u>	<u>7,073,590</u>

499,489	499,489
-	531,106
-	8,352,923
<u>499,489</u>	<u>9,383,518</u>
<u>\$ 499,489</u>	<u>\$ 16,457,108</u>

**Davenport Community School District**

**Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2010**

	Special Revenue		
	Management	Student Activity	Physical Plant and Equipment
Revenues:			
Property taxes	\$ 1,616,691	\$ -	\$ 4,688,637
Utility taxes	73,295	-	206,344
Intergovernmental	4,053	-	161,356
Interest	17,448	5,844	50,140
Other	4,588	1,271,278	1,500
<b>Total revenues</b>	<b>1,716,075</b>	<b>1,277,122</b>	<b>5,107,977</b>
Expenditures:			
Current:			
Instruction	893,606	1,277,212	5,760
Instruction staff support services	-	-	274,362
Building administration	-	455	-
Plant operation and maintenance	1,554,298	-	1,767,945
Student transportation	-	40,812	-
Capital outlay	-	-	1,651,666
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>2,447,904</b>	<b>1,318,479</b>	<b>3,699,733</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(731,829)</b>	<b>(41,357)</b>	<b>1,408,244</b>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers (out)	-	(4,509)	(62,479)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,509)</b>	<b>(62,479)</b>
Net change in fund balances	(731,829)	(45,866)	1,345,765
Fund balances, beginning of year	2,675,053	576,972	5,063,934
Fund balances, end of year	<b>\$ 1,943,224</b>	<b>\$ 531,106</b>	<b>\$ 6,409,699</b>

Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 6,305,328
-	279,639
-	165,409
4,422	77,854
-	1,277,366
<u>4,422</u>	<u>8,105,596</u>
-	2,176,578
-	274,362
-	455
-	3,322,243
-	40,812
-	1,651,666
6,960,000	6,960,000
171,658	171,658
<u>7,131,658</u>	<u>14,597,774</u>
<u>(7,127,236)</u>	<u>(6,492,178)</u>
7,130,858	7,130,858
-	(66,988)
<u>7,130,858</u>	<u>7,063,870</u>
3,622	571,692
495,867	8,811,826
<u>\$ 499,489</u>	<u>\$ 9,383,518</u>

**Davenport Community School District**

**Combining Schedule of Changes in Balances**

**Student Activity Fund**

**Year Ended June 30, 2010**

	Balance June 30, 2009	Revenues	Expenditures
District-Wide Athletics	\$ 14,007	\$ -	\$ -
Central High School Athletics	65,930	103,485	75,960
North High School Athletics	36,996	68,472	63,653
West High School Athletics	34,093	89,015	91,273
Central High School	157,255	240,959	279,088
North High School	(31,207)	141,752	129,615
West High School	54,186	357,434	398,736
Kimberly Center	(611)	631	(49)
Smart Intermediate School	24,844	14,210	19,309
Sudlow Intermediate School	45,365	71,595	68,886
Walcott Elementary and Intermediate School	43,788	38,927	37,274
Williams Intermediate School	23,568	37,731	42,708
Wood Intermediate School	29,054	55,434	59,874
Young Intermediate School	2,159	10,192	10,173
Adams Elementary	1,654	1,528	1,827
Blue Grass Elementary	700	75	-
Buchanan Elementary	12,866	18,078	13,156
Buffalo Elementary	10,142	3,442	7,239
Eisenhower Elementary	2,938	314	281
Fillmore Elementary	1,145	-	-
Garfield Elementary	8,773	5,915	5,990
Harrison Elementary	711	2,791	2,327
Hayes Elementary	1,097	853	190
Jackson Elementary	38	30	-
Jefferson Elementary	54	-	-
Lincoln Elementary	6,619	1,769	2,013
Madison Elementary	11,090	20	1,090
McKinley Elementary	9,082	-	2,629
Monroe Elementary	2,646	72	-
Truman Elementary	(643)	1,549	-
Washington Elementary	2,733	1,583	1,701
Wilson Elementary	1,391	3,422	3,536
Unallocated interest income	4,509	5,844	-
<b>Total special revenue student activity fund</b>	<b>\$ 576,972</b>	<b>\$ 1,277,122</b>	<b>\$ 1,318,479</b>

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Transfers	Balance June 30, 2010
\$ -	\$ 14,007
-	93,455
-	41,815
-	31,835
-	119,126
-	(19,070)
-	12,884
-	69
-	19,745
-	48,074
-	45,441
-	18,591
-	24,614
-	2,178
-	1,355
-	775
-	17,788
-	6,345
-	2,971
-	1,145
-	8,698
-	1,175
-	1,760
-	68
-	54
-	6,375
-	10,020
-	6,453
-	2,718
-	906
-	2,615
-	1,277
(4,509)	5,844
<u>\$ (4,509)</u>	<u>\$ 531,106</u>

Davenport Community School District

Statement of Changes in Fiduciary  
Assets and Liabilities - Agency Fund  
Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>Assets</b>				
Cash and investments	\$ 121,901	\$ 142,883	\$ 141,169	\$ 123,615
Due from other governments	92	350	324	118
<b>Total assets</b>	<b>\$ 121,993</b>	<b>\$ 143,233</b>	<b>\$ 141,493</b>	<b>\$ 123,733</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,768	\$ 5,632	\$ 3,768	\$ 5,632
Due to activity groups	118,225	130,243	130,367	118,101
<b>Total liabilities</b>	<b>\$ 121,993</b>	<b>\$ 135,875</b>	<b>\$ 134,135</b>	<b>\$ 123,733</b>

**Davenport Community School District**

**Combining Schedule of Changes in Amounts Due to Activity Groups**

**Agency Fund**

**Year Ended June 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Adams staff account	\$ 185	\$ -	\$ 185	\$ -
Adams dad's club/state farm	-	500	353	147
Administration pop account	4,404	4,456	4,073	4,787
Administration thanksgiving	-	2,257	2,091	166
CV Buchanan	666	(666)	-	-
CV Hayes staff account	-	589	500	89
CVW staff account	36	1,050	1,006	80
Central staff pop account	15,737	2,880	17,826	791
Central concessions	(697)	39,154	26,113	12,344
Buchanan pop account	2,539	2,437	2,082	2,894
Fillmore pop account	1,545	1,871	1,950	1,466
Garfield pop account	866	1,472	986	1,352
Harrison pop account	2,743	2,318	2,044	3,017
Havlife foundation account	16,347	20,005	6,213	30,139
Hayes staff fund	2,972	3,234	3,996	2,210
Hoover pop account	485	182	454	213
Lincoln pop account	2,900	686	3,586	-
Madison teacher's pop account	4,133	1,754	2,127	3,760
Monroe pop account	7,836	6,072	8,485	5,423
North pop account	5,135	8,063	9,027	4,171
Smart pop account	7,162	2,862	2,241	7,783
Special ed rec league	1,253	3,500	2,394	2,359
Sudlow staff account	3,108	6,572	6,338	3,342
Truman pop account	(58)	58	-	-
Young staff pop account	(147)	2,919	2,774	(2)
Walcott staff account	1,000	-	-	1,000
Washington pop account	1,897	627	984	1,540
West pop account	21,922	5,006	12,184	14,744
West alumni shrine hallway	(276)	-	-	(276)
Williams sunshine pop account	3	2,341	1,798	546
Williams pop cans	-	120	60	60
Wilson pop account	11,037	6,969	7,212	10,794
Wood pop account	1,416	685	990	1,111
Youth fest account	1,840	-	-	1,840
KC staff account	236	270	295	211
<b>Total</b>	<b>\$ 118,225</b>	<b>\$ 130,243</b>	<b>\$ 130,367</b>	<b>\$ 118,101</b>

# DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

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



DAVENPORT  
COMMUNITY  
SCHOOLS

**Statistical  
Section**



# Davenport Community School District

## Statistical Section Contents

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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.

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Contents	Page
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	60 - 69
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	70 - 75
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	76 - 80
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	81 - 88
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	89 - 99

**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 Nine Fiscal Years\*  
(accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2010	2009	2008
Governmental activities:			
Invested in capital assets, net of related debt	\$ 122,855,936	\$ 114,430,225	\$ 104,909,566
Restricted	23,789,830	24,956,179	22,276,424
Unrestricted	21,634,801	15,470,549	12,630,676
<b>Total governmental activities net assets</b>	<b>\$ 168,280,567</b>	<b>\$ 154,856,953</b>	<b>\$ 139,816,666</b>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 610,226	\$ 624,336	\$ 732,858
Restricted	-	-	-
Unrestricted	1,480,466	477,059	(315,743)
<b>Total business-type activities net assets</b>	<b>\$ 2,090,692</b>	<b>\$ 1,101,395</b>	<b>\$ 417,115</b>
Primary government:			
Invested in capital assets, net of related debt	\$ 123,466,162	\$ 115,054,561	\$ 105,642,424
Restricted	23,789,830	24,956,179	22,276,424
Unrestricted	23,115,267	15,947,608	12,314,933
<b>Total primary government net assets</b>	<b>\$ 170,371,259</b>	<b>\$ 155,958,348</b>	<b>\$ 140,233,781</b>

\* 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		
<hr/>													
\$	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		
<hr/>													
\$	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 Nine Fiscal Years\*  
(accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2010	2009	2008
Expenses:			
Governmental activities:			
Instruction	\$ 115,220,844	\$ 116,034,206	\$ 113,522,124
Student support services	3,596,004	4,022,805	4,003,009
Instructional staff support services	6,100,992	5,082,850	5,139,836
General administration	1,871,580	1,877,261	1,949,544
Building administration	9,870,846	9,439,032	8,754,199
Business administration	3,692,544	4,454,131	4,550,916
Plant operation and maintenance	14,209,020	15,221,426	14,157,556
Student transportation	4,588,851	4,623,723	4,047,272
Area Education Agency	6,505,439	5,852,203	5,662,264
Other expenses	440,988	278,949	220,927
Interest on long-term debt	800	343,315	667,645
<b>Total governmental activities expenses</b>	<b>166,097,908</b>	<b>167,229,901</b>	<b>162,675,292</b>
Business-type activities:			
Food service	7,235,067	7,145,508	7,392,708
Day care	-	24,895	345,411
<b>Total business-type activities expenses</b>	<b>7,235,067</b>	<b>7,170,403</b>	<b>7,738,119</b>
<b>Total primary government expenses</b>	<b>\$ 173,332,975</b>	<b>\$ 174,400,304</b>	<b>\$ 170,413,411</b>
Program revenues:			
Governmental activities:			
Charges for services, instruction	\$ 7,004,271	\$ 5,612,778	\$ 5,629,822
Operating grants and contributions	38,122,590	33,228,717	29,110,981
Capital grants and contributions	150,000	203,189	13,088
<b>Total governmental revenues</b>	<b>45,276,861</b>	<b>39,044,684</b>	<b>34,753,891</b>
Business-type activities:			
Charges for services:			
Food services	2,474,381	2,727,373	2,597,998
Day Care	-	17,155	216,982
Operating grants and contributions	5,638,183	5,108,946	4,761,250
<b>Total business-type revenues</b>	<b>8,112,564</b>	<b>7,853,474</b>	<b>7,576,230</b>
<b>Total primary government revenues</b>	<b>53,389,425</b>	<b>46,898,158</b>	<b>42,330,121</b>
Net (expense) revenue:			
Governmental activities	\$ (120,821,047)	\$ (128,185,217)	\$ (127,921,401)
Business-type activities	877,497	683,071	(161,889)
<b>Total primary government net expense</b>	<b>\$ (119,943,550)</b>	<b>\$ (127,502,146)</b>	<b>\$ (128,083,290)</b>

\* 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 Nine Fiscal Years\*  
(accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2010	2009	2008
Net (expense) revenue:			
Governmental activities	\$ (120,821,047)	\$ (128,185,217)	\$ (127,921,401)
Business-type activities	877,497	683,071	(161,889)
<b>Total primary government net expense</b>	<b>(119,943,550)</b>	<b>(127,502,146)</b>	<b>(128,083,290)</b>
General revenues and other changes in net assets:			
Governmental activities:			
Property taxes	60,062,506	58,499,226	56,080,120
Utility tax	2,713,156	2,680,964	2,615,919
Local option sales tax	11,711,344	14,495,378	15,411,214
Unrestricted state aid and grants	58,634,847	66,533,410	68,452,968
Interest and investment earnings	533,536	979,404	1,624,652
Miscellaneous	35,680	37,122	225,852
Transfers	(104,619)	-	-
<b>Total governmental activities</b>	<b>133,586,450</b>	<b>143,225,504</b>	<b>144,410,725</b>
Business-type activities:			
Interest and investment earnings	6,781	1,209	-
Other	400	-	-
Transfers	104,619	-	-
<b>Total business-type activities</b>	<b>111,800</b>	<b>1,209</b>	<b>-</b>
<b>Total primary government</b>	<b>133,698,250</b>	<b>143,226,713</b>	<b>144,410,725</b>
Change in net assets:			
Governmental activities	12,765,403	15,040,287	16,489,324
Business-type activities	989,297	684,280	(161,889)
<b>Total primary government</b>	<b>\$ 13,754,700</b>	<b>\$ 15,724,567</b>	<b>\$ 16,327,435</b>

\* 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)
	-		-		-		-		-		-
	-		-		-		-		-		-
	1		10,175		6,840		5,165		12,301		(5,352)
	141,816,465		135,161,840		130,631,149		127,198,014		125,709,572		119,562,019
	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 Nine Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)**

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	Fiscal Year		
	2010	2009	2008
General Fund:			
Reserved	\$ 752,109	\$ 598,299	\$ 755,430
Unreserved	9,259,384	12,746,539	9,485,605
<b>Total General Fund</b>	<b>\$ 10,011,493</b>	<b>\$ 13,344,838</b>	<b>\$ 10,241,035</b>
All other governmental funds:			
Reserved	\$ 2,678,604	\$ 15,487,328	\$ 14,541,398
Unreserved, reported in:			
Capital projects funds	12,758,303	1,729,864	1,888,725
Special revenue funds	8,352,923	7,738,987	5,846,301
<b>Total all other governmental funds</b>	<b>\$ 23,789,830</b>	<b>\$ 24,956,179</b>	<b>\$ 22,276,424</b>

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

Source: District financial records

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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)
<u>\$ 8,022,673</u>	<u>\$ 4,202,647</u>	<u>\$ 2,236,377</u>	<u>\$ 717,256</u>	<u>\$ (364,257)</u>	<u>\$ (3,209,842)</u>
\$ 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
<u>\$ 21,162,958</u>	<u>\$ 17,795,508</u>	<u>\$ 15,923,997</u>	<u>\$ 19,813,106</u>	<u>\$ 20,172,162</u>	<u>\$ 33,002,217</u>

**Davenport Community School District**

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

	Fiscal Year		
	2010	2009	2008
<b>Revenues:</b>			
Property taxes	\$ 59,978,454	\$ 58,463,767	\$ 55,945,162
Utility tax	2,713,156	2,680,964	2,615,919
Local options sales tax, pledged as security for revenue bonds	11,711,344	14,495,378	15,411,214
Intergovernmental	95,281,065	98,185,617	94,308,745
Charges for services	3,957,803	4,256,788	3,876,643
Interest	533,536	979,404	1,624,652
Contributions and donations	415,120	681,578	191,841
Other	2,616,572	2,632,264	1,802,332
<b>Total revenues</b>	<b>177,207,050</b>	<b>182,375,760</b>	<b>175,776,508</b>
<b>Expenditures:</b>			
Instruction	114,024,980	111,037,438	107,820,164
Student support services	5,456,799	4,329,266	3,819,850
Instructional staff support services	6,077,840	5,082,850	5,134,015
General administration	1,856,891	1,862,572	1,934,856
Building administration	9,785,027	9,432,227	8,754,199
Business administration	3,582,860	4,447,595	4,543,863
Plant operations and maintenance	14,111,490	15,057,211	13,949,803
Student transportation	4,581,573	4,616,445	4,039,994
Other support services	419,790	272,685	217,087
Area Education Agency	6,505,439	5,852,203	5,662,264
Capital outlay	6,761,531	7,441,230	9,383,063
Capital outlay, not capitalized	1,306,247	-	-
<b>Debt service:</b>			
Principal	6,960,000	6,655,000	6,370,000
Interest	171,658	505,480	819,736
<b>Total expenditures</b>	<b>181,602,125</b>	<b>176,592,202</b>	<b>172,448,894</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(4,395,075)</b>	<b>5,783,558</b>	<b>3,327,614</b>
<b>Other financing sources (uses):</b>			
Proceeds from sale of bonds	-	-	-
Transfers in	7,135,367	7,166,975	7,212,630
Transfers (out)	(7,239,986)	(7,166,975)	(7,212,630)
<b>Total other financing sources</b>	<b>(104,619)</b>	<b>-</b>	<b>-</b>
Special item, proceeds from sale of school property	-	-	4,214
<b>Net change in fund balances</b>	<b>\$ (4,499,694)</b>	<b>\$ 5,783,558</b>	<b>\$ 3,331,828</b>
Debt service as a percentage of noncapital expenditures	4.080%	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)**

Levy Year	Collection Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
<b>2008</b>	<b>2009-10</b>	<b>\$ 3,419,866,960</b>	<b>\$ 5,733,466,144</b>	<b>\$ 41,982,187</b>	<b>\$ 41,982,187</b>
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

Source: Scott County Auditor's Office

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Utilities		Total		Total Assessed Value to	Total
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Estimated Actual Value	Direct Rate
<b>\$ 262,620,628</b>	<b>\$ 262,620,628</b>	<b>\$ 3,724,469,775</b>	<b>\$ 6,038,068,959</b>	<b>61.68313%</b>	<b>\$ 17.09334</b>
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

**Davenport Community School District**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year Ended	General Purposes	District Direct Rates			Total	Scott County
		Capital Purposes	Debt Service Purposes			
<b>2010</b>	<b>\$ 15.79334</b>	<b>\$ 1.30000</b>	<b>\$ -</b>	<b>\$ 17.09334</b>	<b>\$ 5.47607</b>	
2009	15.79414	1.30000	-	17.09414	5.33791	
2008	15.80576	1.30000	-	17.10576	5.54040	
2007	15.80760	1.30000	-	17.10760	5.11060	
2006	15.79027	1.30000	-	17.09027	5.56513	
2005	15.78691	1.30000	-	17.08691	4.75497	
2004	15.77873	1.30000	-	17.07873	4.80887	
2003	15.66204	1.30000	-	16.96204	4.17307	
2002	14.16758	1.30000	-	15.46758	4.16147	
2001	14.22039	1.30000	-	15.52039	4.06203	

Source: Scott County Auditor's Office

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Overlapping Rates		
City of Davenport	Area IX Community College	Other
<b>\$ 15.58000</b>	<b>\$ 0.87714</b>	<b>\$ 0.32634</b>
15.57584	0.60635	0.34572
15.57515	0.60785	0.38043
15.56702	0.61277	0.30072
15.24000	0.59269	0.33018
15.24000	0.59216	0.34587
14.96445	0.61738	0.38242
14.60301	0.60382	0.40278
14.63429	0.60302	0.38003
13.95123	0.54709	0.36043

**Davenport Community School District**

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

Taxpayer	2010			2001		
	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%
Oscar Mayer Foods Corp.				12,011,870	11	0.43%
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%
<b>Total</b>	<b>\$ 384,739,283</b>		<b>10.75%</b>	<b>\$ 400,701,942</b>		<b>14.21%</b>

Source: Scott County Treasurer's Office

**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
<b>2009-10</b>	<b>2008</b>	<b>\$ 63,070,307</b>	<b>\$ 62,598,461</b>	<b>99.25</b>	<b>\$ 195,661</b>	<b>0.31</b>
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

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		
<b>2010</b>	\$ -	<b>0.00%</b>	\$ -
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

Source: District financial records

**Davenport Community School District**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2010**

*(dollars in thousands)*

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 17,190,000	56.09%	\$ 9,641,871
Eastern Iowa Community College	74,885,000	32.61%	24,419,999
City of Blue Grass	2,465,290	100.00%	2,465,290
City of Buffalo	285,000	100.00%	285,000
City of Davenport	163,115,000	95.60%	155,937,940
City of Walcott	2,785,000	100.00%	2,785,000
City of Durant	2,470	4.68%	116
<b>Subtotal, overlapping debt</b>			195,535,216
District direct debt			-
<b>Total direct and overlapping debt</b>			<b>\$ 195,535,216</b>

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)**

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Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	<b>\$ 3,724,469,775</b>
Debt limit (5% of assessed value)	<b>\$ 186,223,489</b>
Debt applicable to limit	-
Legal debt margin	<b>\$ 186,223,489</b>

	<b>2010</b>		2009		2008		2007
Debt limit	<b>\$ 186,223,489</b>	\$	184,074,379	\$	178,977,708	\$	171,274,196
Total net debt applicable to limit	-		6,960,000		13,615,000		19,985,000
Legal debt margin	<b>\$ 186,223,489</b>	\$	177,114,379	\$	165,362,708	\$	151,289,196
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>0.00%</b>		3.78%		7.61%		11.67%

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

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2006	2005	2004	2003	2002	2001
\$ 167,494,741	\$ 156,634,717	\$ 149,612,745	\$ 146,495,120	\$ 138,161,257	\$ 132,153,371
26,080,000	31,915,000	37,505,000	42,735,000	45,810,000	32,225,000
<u>\$ 141,414,741</u>	<u>\$ 124,719,717</u>	<u>\$ 112,107,745</u>	<u>\$ 103,760,120</u>	<u>\$ 92,351,257</u>	<u>\$ 99,928,371</u>
15.57%	20.38%	25.07%	29.17%	33.16%	24.38%

**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		
<b>2010</b>	<b>\$ 11,711,344</b>	<b>\$ 6,960,000</b>	<b>\$ 171,658</b>	<b>1.64</b>	
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	

Source: District financial records

## Davenport Community School District

### Demographic and Economic Statistics Last Ten Calendar Years (Unaudited)

Fiscal Year	Population	Personal Income (000's )	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
<b>2010</b>	<b>166,650</b>	<b>6,569,772</b>	<b>39,953</b>	<b>35.4</b>	<b>15,929</b>	<b>7.50</b>
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

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

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#### 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:** \$235,278,039 in 2009-10

**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 – 94.1
- Housing – 87.9
- Utilities – 97.8
- Transportation – 101.2
- Health Care – 93.1
- Misc. Goods – 95.2
- Composite – 93.7

**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
  - Special Features:
    - Preschool opportunities
    - Emphasis on reading proficiency in primary grades
    - Balanced Literacy approach
    - Special, visiting artists programs
    - Vocal music performance opportunities
    - Instrumental music program beginning in 4<sup>th</sup> grade
    - Departmental instruction in 4<sup>th</sup> and 5<sup>th</sup> grade in art, mathematics, music, physical education, science and social studies
    - Special education programming
    - Talented and gifted programming
    - State of the art library media centers – the first library media centers in elementary schools in Iowa and west of the Mississippi River

## Davenport Community School District

### Demographic and Miscellaneous Statistics

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- 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
    - Special Features:
      - Literacy strategies integrated across the curriculum
      - School to Work programming
      - Individual student lessons in instrumental music
      - Special education programming
      - Talented and gifted programming
      - State of the art library media centers
- Senior High (Ninth through Twelfth Grade)
  - 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
  - Special Features:
    - Options within required course areas
    - World 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
    - Advanced placement programs
    - College credit classes for those eligible
    - Project Lead the Way (engineering technology curriculum for grades 9-12)

#### Employee and District Top Awards:

The Davenport School Board of Directors as well as the Davenport School Foundation received a 2009 Governor's Volunteer Award for outstanding contributions of volunteer service in our community. In a letter from Governor Culver, he states "The devotion of volunteers like you helps Iowa consistently remain in the top 10 states in the nation for its volunteerism rate. Thank you for contributing your time, dedication and talent to make a tremendous difference in our state."

Chris Cartee, Central High School athletic director recently received the endorsement of Certified Athletic Administrator. This national title identifies those AD's who demonstrate a certifiable level of both experience and expertise in the field of athletic administration.

Doreen Underwood was elected to the Iowa talented and Gifted Board of Directors

Kay Hall was named art administrator of the year in Iowa.

## **Davenport Community School District**

### **Demographic and Miscellaneous Statistics**

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Stacy Houk was named elementary visual art teacher of the year in Iowa.

Bob Gill was named high school physical education, recreation and dance teacher of the year in Iowa.

Doris Lawler, second grade teacher at Fillmore Elementary received Office Max's "A Day Made Better Award". She is one of 1000 teachers across the country to receive this award.

Laura McCreery, a biology teacher at North High School has been named the recipient of the Iowa Academy of Science's 2010 Excellence in Life Science Teacher Award.

#### **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 12<sup>th</sup> 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-

- 52% Free
- 8% 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

#### **Professional Employees' Credentials:**

- Bachelors' Degrees – 100 percent
- Masters' Degrees – 51.75 percent
- Specialist or Doctorate Degrees – 1.2 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.

## Davenport Community School District

### Demographic and Miscellaneous Statistics

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#### The 18 Skills for Life Are:

*Starting at the elementary level –*

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

*Added at the intermediate school level –*

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

*Added at the high school level –*

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

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

Jonathon O'Leary a Central High senior was selected as a 2010 Bezos Scholar; one of only 12 in the nation. The Bezos Scholars Program at the Aspen Institute is a prestigious, seven day all expense paid scholarship that each summer brings together 12 of the country's top public high school juniors.

On December 4<sup>th</sup> and 5<sup>th</sup> the largest State Dance and Drill Team competition in the nation was held in Des Moines, Iowa. College and high school teams from throughout the state competed. The West High girls presented three routines in the competition – pom, kick and hip-hop. They received a Division 1 trophy for all three routines. This is the first time a West High dance/pom team has ever placed high enough to receive a trophy. The team also received a Distinguished Scholar recognition and plaque for having a team grade point average of 3.5 to 4.0. The girls also received the "Character Counts Team of the Year" award, the only team in then state so honored.

Davenport Central High School Army JROTC program was selected as "Honor Unit with Distinction", the highest recognition possible from the Army ROTC.

The West High and North High Marine Corp Junior Reserve Officer Training Corp recently participated in the 10<sup>th</sup> Annual Bellevue Invitation Drill Meet. The student won first in both the duet and armed exhibition, second in solo exhibition and third in unarmed exhibition.

Sudlow Intermediate had two inventions chosen as "Meritorious Award Winners" in the Invent Iowa competition.

## Davenport Community School District

### Demographic and Miscellaneous Statistics

---

#### Student Diversity:

- Alaskan/American Indian - .4%
- Asian– 2.1%
- Black – not Hispanic – 19.0%
- Hispanic – 11.8%
- Multiracial – 6.60%
- Pacific Islander - .1%
- White –60.1%

**Student Enrollment:** 15,929 (October 1, 2009 Official Enrollment Count Day)

#### 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

## **Davenport Community School District**

### **Demographic and Miscellaneous Statistics**

---

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

1. Trend-setting academic programs, based on research and developed by staff with district students in mind
2. Iowa FINE Award-winning schools and programs
3. Nationally-recognized focus on the importance of reading for overall student success
4. Student learning goals set for each grade and course
5. Student ACT (American College Testing) average scores above national norms
6. State of - the-art media 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

**Davenport Community School District**

**Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	2010			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rock Island Arsenal	6,300	1	7.43%	-		-
Deere & Company	5,041	2	5.95%	950	7	1.13%
Genesis Health Systems	4,870	3	5.75%	-		-
Trinity Regional Health System	2,951	4	3.48%	-		-
Hy-Vee	2,807	5	3.31%	-		-
Tyson Fresh Meats	2,500	6	2.95%	-		-
Davenport Schools	2,283	7	2.69%	2,400	3	2.85%
ALCOA, Inc.	2,200	8	2.60%	2,600	2	3.09%
Kraft Foods/Oscar Mayer	1,500	9	1.77%	1,500	4	1.78%
Isle of Capri	-		0.00%	900	8	1.07%
MidAmerican Energy	1,200	10	1.42%	1,200	5	1.43%
Amerus Life Insurance Co.	-		-	1,000	6	1.19%
Presidents Casino and Hotel	-		-	700	9	83.00%
APAC Customer Services Inc.	-		-	500	10	59.00%
Ralston Purina	-		-	3,560	1	4.23%
<b>Total</b>	<b>31,652</b>		<b>36.85%</b>	<b>15,310</b>		<b>18.21%</b>

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 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**

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

	2010	2009	2008	2007
<b>Administration:</b>				
District Secretary/Treasurer	1	1	1	1
Superintendent	1	1	1	1
Assistant Superintendents	2	2	2	2
Principals	29	28	28	30
Assistant Principals	19	18	18	16
All Other Administrators	16	16	17	16
<b>Total Administration</b>	<b>68</b>	<b>66</b>	<b>67</b>	<b>66</b>
<b>Instructional:</b>				
Teachers	923	890	937	872
Teachers - Special Programs	206	251	169	210
Teachers Aides	410	356	428	387
<b>Total Instructional</b>	<b>1,539</b>	<b>1,497</b>	<b>1,534</b>	<b>1,469</b>
<b>Student Services:</b>				
Counselors	40	42	38	44
Library Specialist	24	23	22	24
Other Education Professional	41	32	32	14
Nurses	26	27	22	21
Other Technical	18	21	34	18
<b>Total Student Services</b>	<b>149</b>	<b>145</b>	<b>148</b>	<b>121</b>
<b>Support Services:</b>				
Business Manager/Accountant	2	2	2	2
Other Professional	33	20	23	-
Office/Clerical	111	114	114	113
Crafts/Trades	24	28	28	29
Service Workers	311	265	331	280
<b>Total Support Services</b>	<b>481</b>	<b>429</b>	<b>498</b>	<b>424</b>
<b>Total</b>	<b>2,237</b>	<b>2,137</b>	<b>2,247</b>	<b>2,080</b>

Source: District records as reported on Certified Annual Report

2006	2005	2004	2003	2002	2001	Percentage Change 2001 - 2010
1	1	1	1	1	1	0.0%
1	1	1	1	1	1	-
2	2	1	1	1	2	-
27	27	28	28	31	32	(9.68)
16	16	16	16	14	16	12.50
14	14	15	14	15	11	45.45
61	61	62	61	63	63	48.27
894	896	870	850	935	980	(7.10)
260	258	257	240	242	284	(18.77)
394	394	376	370	406	404	(6.27)
1,548	1,548	1,503	1,460	1,583	1,668	(32.14)
38	38	38	25	28	31	30.00
27	27	25	26	25	31	(25.81)
7	7	-	-	-	-	-
23	23	22	20	17	21	35.00
14	14	12	11	11	13	61.54
109	109	97	82	81	96	100.73
2	2	2	2	3	3	(33.33)
-	-	7	8	5	4	400.00
111	111	112	112	103	120	(2.56)
29	29	29	29	30	39	(36.36)
281	281	282	276	132	159	9.96
423	423	432	427	273	325	337.71
2,141	2,141	2,094	2,030	2,000	2,152	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
2010	15,929	\$ 160,588,239	\$ 10,082	0.67	1,179	13.51	60.00
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

Source: District financial records

# DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

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



**Davenport Community School District**

**School Building Information**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2010	2009	2008	2007
Elementary:				
Adams (1950)				
Square feet	<b>86,786</b>	86,786	86,786	86,786
Capacity	<b>690</b>	690	690	690
Enrollment	<b>521</b>	552	540	575
Blue Grass (1957)				
Square feet	<b>66,884</b>	66,884	66,884	66,884
Capacity	<b>552</b>	552	552	552
Enrollment	<b>391</b>	387	368	344
Buchanan (1971)				
Square feet	<b>60,481</b>	60,481	60,481	60,481
Capacity	<b>506</b>	506	506	506
Enrollment	<b>357</b>	353	315	312
Buffalo (2002)				
Square feet	<b>53,980</b>	53,980	53,980	53,980
Capacity	<b>391</b>	391	391	391
Enrollment	<b>271</b>	284	266	288
Old Buffalo (1952)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Eisenhower (1969)				
Square feet	<b>61,442</b>	61,442	61,442	61,442
Capacity	<b>506</b>	506	506	506
Enrollment	<b>442</b>	444	426	419
Fillmore (1955)				
Square feet	<b>56,017</b>	56,017	56,017	56,017
Capacity	<b>552</b>	552	552	552
Enrollment	<b>371</b>	341	391	388
Garfield (1923)				
Square feet	<b>90,458</b>	90,458	90,458	90,458
Capacity	<b>483</b>	483	483	483
Enrollment	<b>439</b>	438	415	428
Grant (1912)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Harrison (1953)				
Square feet	<b>72,912</b>	72,912	72,912	72,912
Capacity	<b>598</b>	598	598	598
Enrollment	<b>580</b>	573	557	533
Hayes (1923)				
Square feet	<b>77,618</b>	77,618	77,618	77,618
Capacity	<b>506</b>	506	506	506
Enrollment	<b>305</b>	308	284	274

(Continued)

Fiscal Year					
2006	2005	2004	2003	2002	2001
86,786	86,786	86,786	86,786	86,786	86,786
690	690	690	690	690	690
564	567	554	565	519	520
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
338	326	336	317	365	350
60,481	60,481	60,481	60,481	60,481	60,481
506	506	506	506	506	506
322	334	345	377	366	363
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
299	305	316	282	261	304
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
61,442	61,442	61,442	61,442	61,442	61,442
506	506	506	506	506	506
424	462	417	399	395	416
56,017	56,017	56,017	56,017	56,017	56,017
552	552	552	552	552	552
380	401	440	425	415	408
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
406	476	459	546	379	388
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
504	517	527	488	453	449
77,618	77,618	77,618	77,618	71,918	71,918
506	506	506	506	506	506
256	321	349	336	338	377

**Davenport Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2010	2009	2008	2007
Elementary (Continued)				
Jackson (1971)				
Square feet	<b>55,503</b>	55,503	55,503	55,503
Capacity	<b>529</b>	529	529	529
Enrollment	<b>379</b>	395	377	388
Jefferson (1939)				
Square feet	<b>64,514</b>	64,514	64,514	64,514
Capacity	<b>552</b>	552	552	552
Enrollment	<b>470</b>	441	465	472
Johnson (1912)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Lincoln (1939)				
Square feet	<b>59,536</b>	59,536	59,536	59,536
Capacity	<b>483</b>	483	483	483
Enrollment	<b>259</b>	231	255	302
Madison (1939)				
Square feet	<b>64,614</b>	64,614	64,614	64,614
Capacity	<b>506</b>	506	506	506
Enrollment	<b>408</b>	395	393	363
McKinley (1939)				
Square feet	<b>61,063</b>	61,063	61,063	61,063
Capacity	<b>460</b>	460	460	460
Enrollment	<b>349</b>	372	377	354
Monroe (1938)				
Square feet	<b>72,435</b>	72,435	72,435	72,435
Capacity	<b>598</b>	598	598	598
Enrollment	<b>419</b>	417	414	354
Roosevelt (N/A)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Perry (N/A)				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Truman (1977)				
Square feet	<b>61,064</b>	61,064	61,064	61,064
Capacity	<b>391</b>	391	391	391
Enrollment	<b>405</b>	398	402	395
Washington (1939)				
Square feet	<b>46,180</b>	46,180	46,180	46,180
Capacity	<b>322</b>	322	322	322
Enrollment	<b>284</b>	264	298	270

(Continued)

Fiscal Year					
2006	2005	2004	2003	2002	2001
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
358	370	396	374	341	358
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
464	415	404	487	506	495
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
281	240	287	345	337	314
64,614	64,614	64,614	64,614	64,614	64,614
506	506	506	506	506	506
334	304	326	318	308	339
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
363	354	404	360	289	278
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
467	459	445	434	463	467
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
423	389	373	354	358	372
46,180	46,180	46,180	46,180	46,180	46,180
322	322	322	322	322	322
290	270	245	247	260	302

Davenport Community School District

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

School	Fiscal Year			
	2010	2009	2008	2007
Elementary (Continued)				
Wilson (1955)				
Square feet	78,401	78,401	78,401	78,401
Capacity	672	672	672	672
Enrollment	541	518	521	483
Intermediate				
Smart (1917)				
Square feet	134,901	134,901	134,901	134,901
Capacity	978	978	978	978
Enrollment	522	520	508	542
Sudlow (1917)				
Square feet	134,524	134,524	134,524	134,524
Capacity	978	978	978	978
Enrollment	677	669	645	643
Walcott (K-8) (1956)				
Square feet	92,160	92,160	92,160	92,160
Capacity	722	722	722	722
Enrollment	416	601	598	596
Williams (1954)				
Square feet	133,794	133,794	133,794	133,794
Capacity	977	977	977	977
Enrollment	725	724	730	745
Wood (1984)				
Square feet	105,815	105,815	105,815	105,815
Capacity	977	977	977	977
Enrollment	694	659	700	732
Young (1917)				
Square feet	108,018	108,018	108,018	108,018
Capacity	829	829	829	829
Enrollment	311	317	297	371
High				
Central (1904)				
Square feet	301,385	301,385	301,385	301,385
Capacity	1,933	1,933	1,933	1,933
Enrollment	1,406	1,490	1,510	1,560
North (1972)				
Square feet	390,763	390,763	390,763	390,763
Capacity	1,551	1,551	1,551	1,551
Enrollment	1,002	978	1,039	1,070
West (including train. rm. & vest) (1960)				
Square feet	453,811	453,811	453,811	453,811
Capacity	2,592	2,592	2,592	2,592
Enrollment	1,893	2,034	2,028	2,088
Other				
Child. Village at Hoover (1956)				
Square feet	20,002	20,002	20,002	20,002
Capacity	138	138	138	138
Enrollment	129	133	131	97

(Continued)

Fiscal Year					
2006	2005	2004	2003	2002	2001
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
513	503	509	594	581	551
134,901	134,901	134,901	134,901	134,901	134,901
978	978	978	978	978	978
597	625	658	683	678	688
134,524	134,524	134,524	134,524	134,524	134,524
978	978	978	978	978	978
665	706	693	654	653	659
92,160	92,160	92,160	92,160	92,160	92,160
722	722	722	722	722	722
614	615	610	660	657	658
133,794	133,794	133,794	133,794	133,794	133,794
977	977	977	977	977	977
779	799	772	792	781	773
105,815	105,815	105,815	105,815	105,815	105,815
977	977	977	977	977	977
784	812	775	747	720	773
108,018	108,018	108,018	108,018	108,018	108,018
829	829	829	829	829	829
371	382	351	402	436	410
301,385	301,385	301,385	301,385	301,385	301,385
1,933	1,933	1,933	1,933	1,933	1,933
1,554	1,560	1,475	1,456	1,407	1,398
390,763	359,621	359,621	359,621	359,621	359,621
1,551	1,551	1,551	1,551	1,551	1,551
1,127	1,107	1,142	1,108	1,082	1,059
453,811	453,811	453,811	453,811	449,316	420,196
2,592	2,592	2,592	2,592	2,592	2,592
2,158	2,138	2,231	2,263	2,336	2,324
20,002	20,002	20,002	20,002	20,002	20,002
138	138	138	138	138	138
93	128	81	66	57	41

**Davenport Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2010	2009	2008	2007
Other (Continued)				
Child. Village West (2004)				
Square feet	<b>35,400</b>	35,400	35,400	35,400
Capacity	<b>286</b>	286	286	286
Enrollment	<b>274</b>	254	232	199
Kimberly Center (1961)				
Square feet	<b>79,884</b>	79,884	79,884	79,884
Capacity	*	*	*	*
Enrollment	<b>320</b>	288	285	405

Source: District records

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

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Fiscal Year					
2006	2005	2004	2003	2002	2001
35,400	35,400	-	-	-	-
286	286	-	-	-	-
178	164	-	-	-	-
79,884	79,884	79,884	79,884	79,884	79,884
*	*	*	*	*	*
349	335	452	455	428	366

# DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

*“WE BELIEVE effective schools nurture relationships and impact learning”*



DAVENPORT  
COMMUNITY  
SCHOOLS

**Compliance  
Section**



**Davenport Community School District**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010**

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	\$ 998,281
National School Lunch Program	10.555	N/A	3,813,116
Summer Food Service Program for Children	10.559	N/A	102,036
National School Lunch Program, Food Donation (Noncash)	10.555	N/A	423,408
<b>Total nutrition cluster</b>			<b>5,336,841</b>
Team Nutrition	10.574	N/A	653
ARRA - School Lunch Equipment Grants Stabilization	10.579	N/A	79,526
Fresh Fruit and Vegetable	10.582	N/A	146,555
<b>Total U.S. Department of Agriculture</b>			<b>5,563,575</b>
U.S. Army Corps of Engineers:			
Passed through Scott County, Iowa:			
Flood Control Projects	12.112	N/A	15,275
U.S. Department of Education:			
Passed through State of Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010A	N/A	5,532,251
ARRA - Title I Basic LEA Grants Stabilization	84.389	N/A	619,429
Vocational Education - Grants to States	84.048	N/A	270,868
SS/HS Grant Second Step	84.184	N/A	6,486
Title IV - Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	108,901
Education for Homeless Children & Youth	84.196	N/A	25,621
Twenty First Century Community Learning Centers	84.287	N/A	595,481
Enhancing Education Through Technology Grant (E2T2)	84.318	N/A	34,092
State Program Improvement Grants - SPDG	84.323	N/A	15,887
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	N/A	207,639
Reading First	84.357	N/A	212,824
Title II - Improving Teacher Quality State Grants	84.367	N/A	1,185,417
Title VI - Grants for State Assessments and Related Activities	84.369	N/A	101,296
Technical Assistance on State Data Collection	84.373	N/A	382
ARRA - Education for Homeless Children & Youth	84.387	N/A	1,008
ARRA - State Fiscal Stabilization Fund -Education State Grants	84.394	N/A	5,492,356
ARRA - State Fiscal Stabilization Fund - Instructional Support	84.394	N/A	526,440
			<b>14,936,378</b>

(Continued)

**Davenport Community School District**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2010**

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	994,938
ARRA - Special Education - Grants to States	84.391	N/A	1,513,243
Fund for the Improvement of Education	84.215	N/A	169,000
Advanced Placement Program	84.330	N/A	988
Title III - English Language Acquisition Grants	84.365	N/A	54,100
			2,732,269
U.S. Department of Education:			
Passed through the Green Hills Area Education Agency:			
Special Education - Grants to States	84.027	N/A	5,434
U.S. Department of Education:			
Passed through School Administrators of Iowa:			
Parental Assistance Grants (iSPIN)	84.310	N/A	6,500
<b>Total U.S. Department of Education</b>			17,680,581
U.S. Department of Health and Human Services:			
Passed through State of Iowa Department of Public Health			
Wrap-Around Child Care Grant	93.575	N/A	190,190
Harkin Wellness Grant - Tobacco Survey	93.283	N/A	1,400
<b>Total U.S. Department of Agriculture</b>			191,590
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	4,027
<b>Total expenditures of federal awards</b>			<b>\$ 23,455,048</b>

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, 2010

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#### **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, 2010. 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, 2010

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	Finding	Status	Corrective Action Plan or Other Explanation
<b>Significant Deficiencies in Internal Control</b>			
09-II-A	The District does not have an adequate system over reconciling their supporting documentation to the general ledger.	Corrected	
<b>Significant Deficiencies in Internal Control Over Administering Federal Awards</b>			
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.	Corrected	
<b>Instances of Noncompliance Over Administering Federal Awards</b>			
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.	Corrected	
<b>Other Findings Related to Statutory Reporting</b>			
09-IV-A	Expenditures exceeded the amended certified budget amount in the support services function.	Corrected	
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	Not corrected	See corrective action plan at 10-IV-G
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.	Not corrected	See corrective action plan at 10-IV-K
09-IV-K	The Day Care Fund had a deficit fund balance as of June 30, 2009.	Corrected	



**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, business-type activities, each major fund and the aggregate remaining fund information of Davenport Community School District, Davenport, Iowa as of and for the year ended June 30, 2010, which collectively comprise Davenport Community School District's basic financial statements and have issued our report thereon dated November 23, 2010. Our report was modified to refer to a restatement of beginning governmental activities net assets due to the implementation of GASB Statement No. 51. 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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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 no 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, 2010 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 interpretations of those statutes.

We noted certain matters that we reported to management of Davenport Community School District in a separate letter dated November 23, 2010.

This report is intended solely for the information and use of 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 23, 2010



**Independent Auditor's Report on Compliance With  
Requirements That Could Have a Direct and Material Effect on  
Each Major Program and on 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 Davenport Community School District, Davenport, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Davenport Community School District's major federal programs for the year ended June 30, 2010. 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 requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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. 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, 2010.

**Internal Control Over Compliance**

Management of Davenport Community School District is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Davenport Community School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of 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 23, 2010

**Davenport Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010**

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**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?  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?  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
84.391	ARRA - Special Education - Grants to States
84.010A	Title I - Grants to Local Educational Agencies
84.389	ARRA - Title I Basic LEA Grants Stabilization
84.394	ARRA - State Fiscal Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$703,651

Auditee qualified as low-risk auditee?  Yes  No

**II. Financial Statement Findings**

None

**III. Federal Award Findings and Questioned Costs**

None

(Continued)

**Davenport Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**IV. Other Findings Related to Required Statutory Reporting**

**10-IV-A – Certified Budget and General Fund Spending Authority**

No expenditures exceeded the amended certified budget amounts.

**10-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.

**10-IV-C Travel Expenses**

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

**10-IV-D Business Transactions**

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

**10-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.

**10-IV-F Board Minutes**

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

**10-IV-G Certified Enrollment**

Finding: The District's supporting documentation did not agree to the Project Easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education. This is based on documentation maintained by the District to support the basic enrollment certified to the IDE for October 2009. The variances included a total reduction of certified students by a net of 15 students.

Recommendation: The District should ensure that their system reconciles to the PEACE system number of students reported as certified enrollment. The Iowa Department of Management and Iowa Department of Education should be notified of the variances.

Response and Corrective Action Plan: The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor supporting information and reconciliation of data submitted to the Iowa Department of Education.

Conclusion: Response accepted.

(Continued)

## Davenport Community School District

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2010

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#### **10-IV-H Supplementary Weighting**

No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

#### **10-IV-I Deposits and Investments**

Finding: Except as noted, no instance 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. The Code of Iowa Chapter 12C.17 (2) states "A deposit of securities shall not be made in a facility owned or controlled directly or indirectly by the financial institution which deposits the securities." The District's investment in commercial paper is held at the depositing institution with no underlying collateral or insurance.

Recommendation: The District should contact the depositing institution and request the asset be collateralized in accordance with the state code.

Response and Corrective Action Plan: The District will contact the financial institution and collateralize the asset.

Conclusion: Response Accepted.

#### **10-IV-J Certified Annual Report**

The Certified Annual Report (CAR) was filed with the Iowa Department of Education timely. As part of the audit, the District recorded adjustments which changed amounts reported on the CAR which was previously submitted. These changes will be reflected in the fiscal year 2011 beginning equity balances.

#### **10-IV-K 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 \$3,341 for food expenditures for the Beginning Teacher Mentoring and Induction Program (3202). Food expenditures are not allowable costs for this program pursuant to Chapter 257 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 food expenditures to the Beginning Teacher Mentoring and Induction Program. The questioned costs of \$3,341.48 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.

(Continued)

**Davenport Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-IV-L State-Wide Sales, Services and Use Tax**

No instances of noncompliance with the use of the state-wide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the state-wide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the state-wide sales, services and use tax revenue are as follows:

Beginning balance	\$ 16,144,353
State-wide sales, services and use tax	11,711,344
Interest	97,585
Expenditures/transfers out:	
School infrastructure:	
Land	(924,056)
Buildings	(5,474,665)
Equipment	(17,126)
Other improvements	(265)
Debt service for school infrastructure, revenue debt	(7,130,858)
Ending balance	<u><u>\$ 14,406,312</u></u>

The state-wide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	<hr/>	<hr/>
Debt service levy	\$ 1.91460	\$ 7,130,858
Physical plant and equipment levy	1.72289	6,416,882

**Davenport Community School District**

**Corrective Action Plan  
Year Ended June 30, 2010**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Other Findings Related to Statutory Reporting</b>				
10-IV-G	The District's supporting documentation did not agree to the Project Easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education.	See response and corrective action plan at 10-IV-G.	June 2011	Marsha Tangen
10-IV-I	The District's investment in commercial paper was held at the depositing institution with no underlying collateral or insurance.	See response and corrective action plan at 10-IV-I.	June 2011	Marsha Tangen
10-IV-K	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 10-IV-K.	June 2011	Marsha Tangen

# DAVENPORT COMMUNITY SCHOOLS

Davenport Community School District Belief Statements:

*“WE BELIEVE in the power of effective instruction”*





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, 2010, 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.

Certain control deficiencies that have been previously communicated to you, in writing, by us or by others within your Organization are not repeated herein.

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

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

Account reconciliations: 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, capital assets, property tax revenue and deferred revenue.

Student activity and agency fund accounts: School activity funds exist 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.

There is one school activity fund, North High School and two agency funds, 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 23, 2010