

Davenport Community School District

In the Counties of Scott & Muscatine, State of Iowa

Comprehensive Annual Financial Report

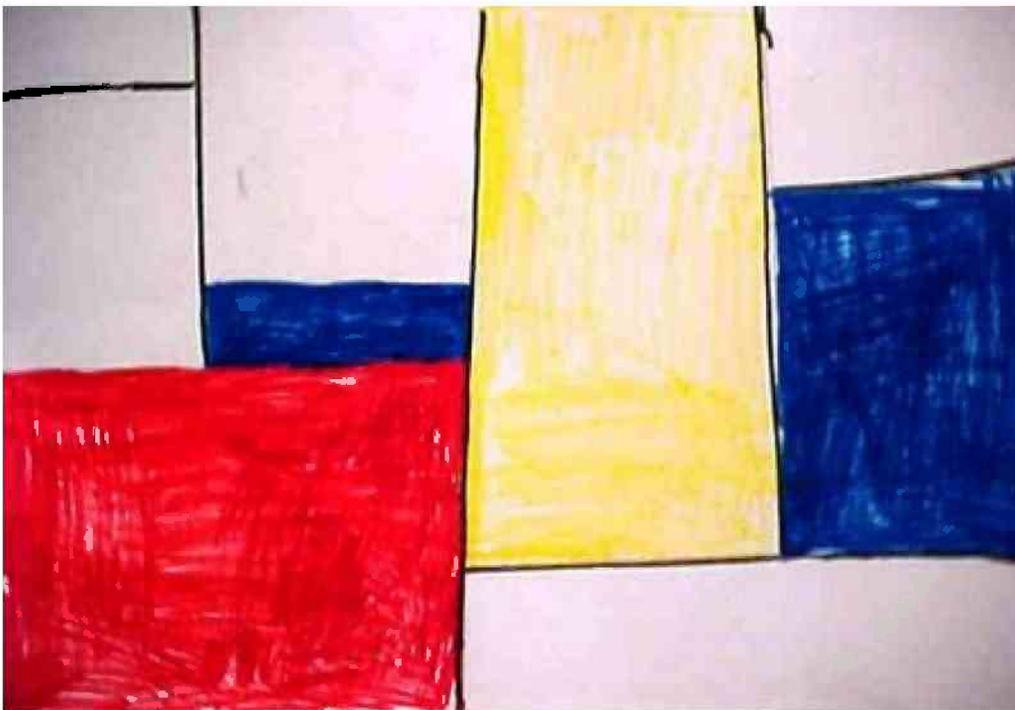
Fiscal Year Ended June 30, 2011

Prepared by:

Marsha Tangen

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

DAVENPORT
COMMUNITY
SCHOOLS



*Kindergarten Primary Color Mondrain drawing by Bailey,
Blue Grass Elementary*



Introductory Section

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Introductory Section

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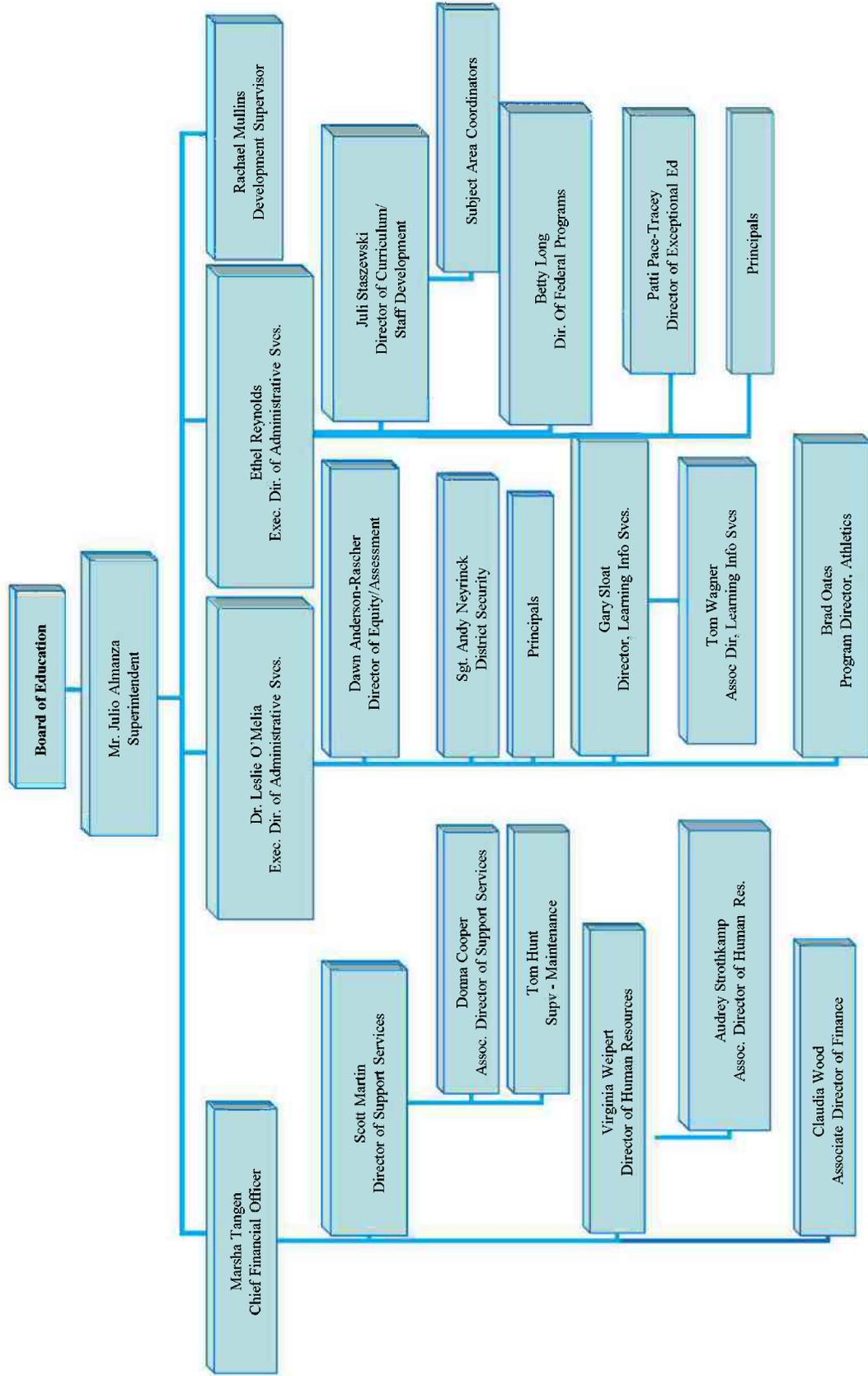
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Davenport Community Schools 2010-11 Organizational Chart





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, 2011**

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

School District Officials

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

DAVENPORT
COMMUNITY
SCHOOLS



American Experience by Leanna, McKinley Elementary

November 30, 2011

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, 2011. 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, 2011. 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 2010-11 school year was approximately 15,932 regular and special education students. Enrollment for grades kindergarten through high school was 15,321. The District employs approximately 2,200 persons of whom approximately 1,300 are professional staff and 900 are support staff.

The average age of our elementary buildings is 58. 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 70 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 which 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 are 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.

Several schools provide immersion English Language Learning (ELL) Programs. Several of our buildings have program service centers where the goal is to help students become proficient in English so they also may attain high academic achievements in our schools. Once students become proficient in English at one of the program service centers, they return to their neighborhood elementary, intermediate, or high school. Recently, the District also began providing limited ELL services at some of our 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 15th each year. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Economic Condition and Outlook

Scott and Muscatine counties in Iowa along with Mercer, Rock Island and Henry counties in Illinois are considered to be a single Metropolitan Statistical Area (MSA) by the Federal Office of Management and Budget. The Davenport School District is located in Scott County, Iowa. The Bi State Regional Commission works closely with this group addressing a broad range of issues associated with economic development in the Region. The Commission released the Comprehensive Economic Development Strategy Progress Report in June of 2011. Information from that report is included to provide a look at the current challenges facing the area and opportunities available.

The Bi-State region labor force is showing faint signs of growth after decreases in previous years. There was a 0.06% increase from 2010 and a 1.06% increase over the 2009 annual average. This very modest increase in labor force has been met with stable to falling unemployment. The Region's unemployment rate has averaged 7.9% compared to 8.3% in 2010.

Bi-State Regional Commission uses a product called Analyst from Economic Modeling Systems Inc. to identify possible future economic trends. From 2011 to 2012, it predicts a growth of 2,769 jobs at employers located within the Region.

According to estimates from the Iowa and Illinois departments of revenue, the region's sales decreased about 3% from 2009 to 2010. Despite that drop, there is an indication that sales may increase in 2011. For the first quarter sales were up 2.4% over last year.

Davenport has the first increase in housing starts since 2007. Davenport increased its housing starts total by 40% over the previous year. Tourism is a key component to the Region's economy and it appears that the Region is experiencing a downturn in visitor travel. Hotel/motel occupancy and tax receipts are also decreasing, most likely associated with the rising cost of fuel.

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.

Economic Threats

The greatest Core Threat to the Region is the loss of jobs on the Rock Island Arsenal due to the restructuring of the U.S. Military. More than 1,000 jobs are leaving the Bi-State area. The most recent modeling shows that if 1,100 Arsenal jobs are lost, an additional 1,324 jobs would be lost decreasing overall earnings by \$174 million annually across the Region.

Other threats are continued layoffs and closures connected to struggling national and international economy. In the past year, five employers in the Bi-State Regional issued notices of worker dislocation (for firms with 50 jobs or greater). Should closures continue, the Region would suffer high unemployment as people move from the Region in search of work.

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.

Wind energy is a growing field in the Bi-State Region and may have future opportunities. Proposed total capital investment for all phases of all projects is approximately \$1.3 billion. Clean Line Energy is developing the Rock Island Clean Line, an approximately 500 mile overhead high voltage direct current transmission line what will run from northwest Iowa to Illinois. The Rock Island Clean Line will make possible approximately \$7 billion in new renewable energy projects, creating thousands of jobs.

(Source: Comprehensive Economic Development Strategy for the Bi-State Region 2011, prepared by Bi-State Regional Commission)

Long term financial planning

Unassigned fund balance in the general fund is up from 2009-10. The District's solvency ratio for 2010-11 is 6.47%, up from 2.13% in 2009-10. 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 another reduction in funding in 2010-11; \$283.61 per student or in Davenport a reduction of \$5,356,834. This was the third year in a row that the state cut back on the per pupil funding. The amount of growth in per pupil funding for 2012 is set at 0%. The growth for 2013 was set at 2%.

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. Future projections indicate a slight increase in enrollment over the next five years however certified enrollment for the 2013 budget is down by 31 students. The District's funding is dependent on enrollment. Declining enrollment equates to decreased funding. With over 80% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority for review if the enrollment does not increase as projected.

A Resource Allocation Committee has been established to make recommendations to the superintendent for budget reductions for 2013. This same group will also be working on a five year financial plan in order to ensure the district stays solvent and within state spending authority guidelines. The district's five year plan has not been updated for several years.

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.

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

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

It is hoped that through recommendations from the Resource Allocation Committee, community input and input from employees the district can set new benchmarks and plan financially for the next five years.

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 2009 legislature sets the FY12 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. For the past several years the legislature has not adhered to their legal responsibility in setting the growth rate 30 days after receiving the governor's budget recommendation.

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

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

Major initiatives

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

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

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

Student Learning Goals: Davenport’s student learning goals are the general expectations for all its graduates. Students graduating from Davenport Community School District will:

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

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

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

Data Teams

In order to improve student achievement, the district has begun providing professional development around Data Teams. Data teams are small teams that examine student work generated from common formative assessments. “Data Teams adhere to continuous improvement cycles, examine patterns and trends, and establish specific timelines, roles and responsibilities to facilitate analysis that results in action.” (*S. White, Beyond the Numbers, 2005, p. 18*)

Teams from every building will be trained on the following 6 step process:

1. Collect and chart data
2. Analyze data and prioritize needs
3. Set, review and revise goals
4. Select common instructional strategies
5. Determine results indicators
6. Monitor and evaluate results

Response to Intervention (RTI)

In conjunction with Data Teams, professional development is taking place on Response to Intervention (RTI), a multi tiered approach to help struggling learners. Students are identified at either the Primary, Secondary or Tertiary Level for intervention which could include no intervention, some individual set aside time for intervention or students with significant needs. The goal is to have 80% of all students successful. Teams are being trained throughout the year.

Positive Behavior Intervention and Supports (PBS)

To address the behavioral needs of struggling students, professional development is being provided on the Positive Behavior Interventions and Supports framework which is made up of three areas of prevention: providing universal interventions for all settings and all students, targeted group interventions for some students and intensive, individual interventions for individual students. Teams are also being trained on PBS throughout the school year.

DIBELS

Teachers are receiving professional development to target students in grades K-6 in reading that are at risk. DIBELS provides a way to use data to make decisions for those struggling students and then to monitor their progress.

Language Essentials for Teachers of Reading and Spelling (LETRS)

Teams of teachers are being trained for 16 days throughout the year in LETRS. The professional development program is to help teachers from grades K-12 understand the language structures they're teaching, how students learn to read and write and the best reasons why some children fail to learn. It is not a reading program or a replacement for the Core, rather it is designed to bring deeper insight and knowledge to reading instruction, provide answers that instructional materials cannot, and allow teachers to reach through explicit, scientifically based methods, students who might otherwise fail. (*Keys to Literacy, LETRS Training*)

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 2010-11 was \$420,230; slightly more than that earned in 2009-10. The downturn in the economy has continued to hinder investment earnings.

Risk Management

The District currently covers property, liability and workers compensation losses with traditional insurance coverage through the Iowa Association of School Board's group plan carried by Employer's Mutual Insurance Company. The District monitors insurance coverage and costs with the assistance of an insurance committee made up of local insurance providers from Ruhl & Ruhl Insurance 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, 2010. 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, 2010. 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



Dr. Arthur Tate
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Davenport Community
School District
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



President

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, 2010

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

President

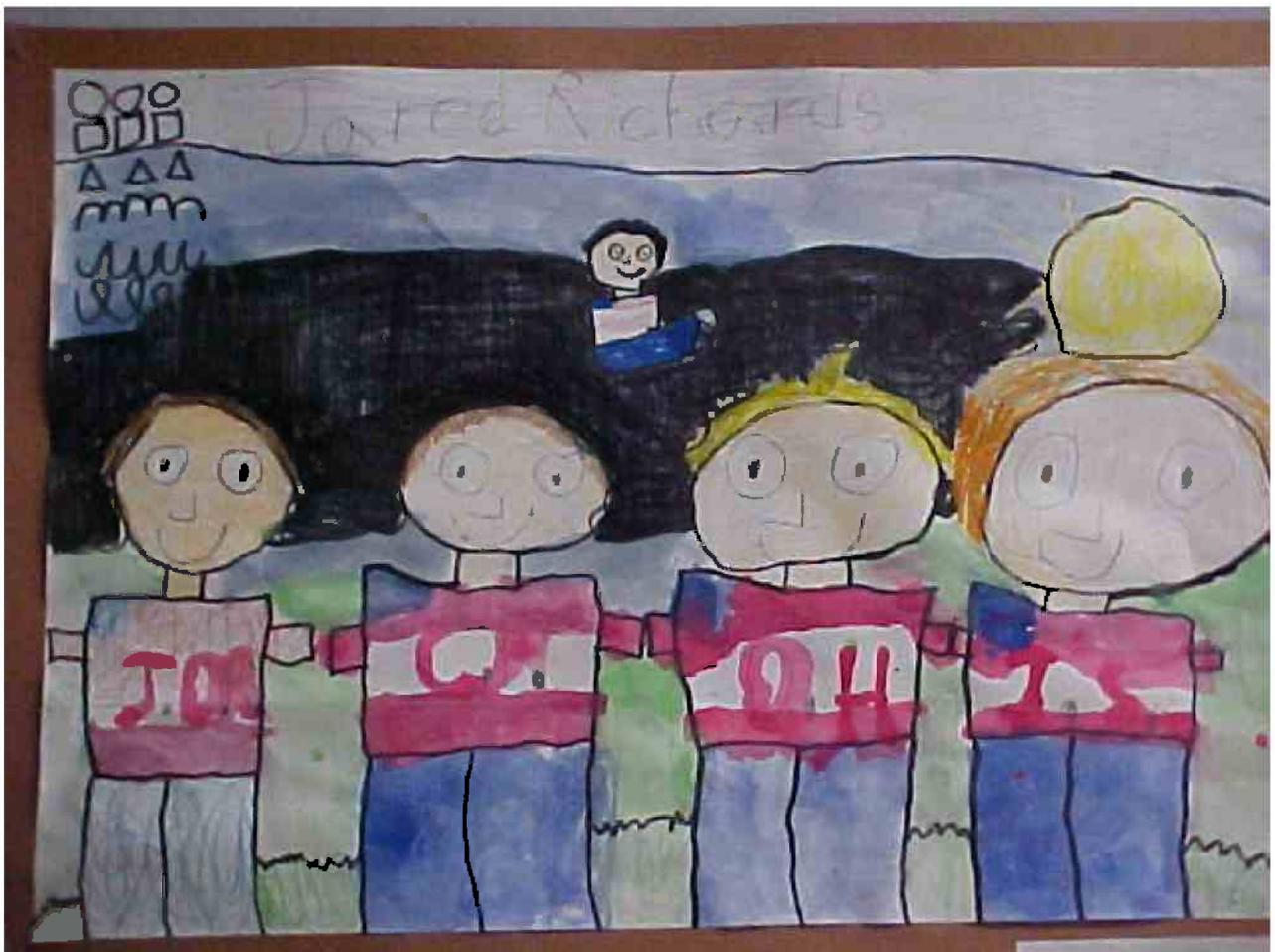
Executive Director

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

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

DAVENPORT
COMMUNITY
SCHOOLS



*Holding Hands, Jared R, Grade 2 – Madison Elementary
Media: Tempera and Crayons*



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 (District) as of and for the year ended June 30, 2011, 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, 2011, 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.

The District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting for governmental funds' fund balance classifications.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011 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 49 and budgetary comparison information on pages 50 through 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 other 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 28, 2011

Davenport Community School District

Management Discussion and Analysis

For the Year Ended June 30, 2011

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, 2011. 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, 2011 fund balance increased to \$11,411,008 from the June 30, 2010 fund balance of \$10,011,493.
- The District's tax levy rate remained constant and did not increase for the 2010-11 school year and has not increased since 2003-04.
- The District continues to be successful in receiving donations and local, state and federal grants. In 2011 the District received almost \$40 million, or 23.39% of all general fund revenues from donations and operating grants.
- The certified enrollment for 2010-11 was down 127 students resulting in the District receiving 3.68% less in funding compared to funding for 2009-10.
- Governor Culver ordered a reduction in per pupil funding of \$283.61. This resulted in a loss of revenues of \$5,356,834.
- The District received over \$8 million in American Recovery and Reinvestment Act (ARRA) funds. The majority of funding or \$3,232,548 was received as Ed Jobs funding.
- The District received a very modest increase in health insurance rates of approximately 2% for 2010-11.

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

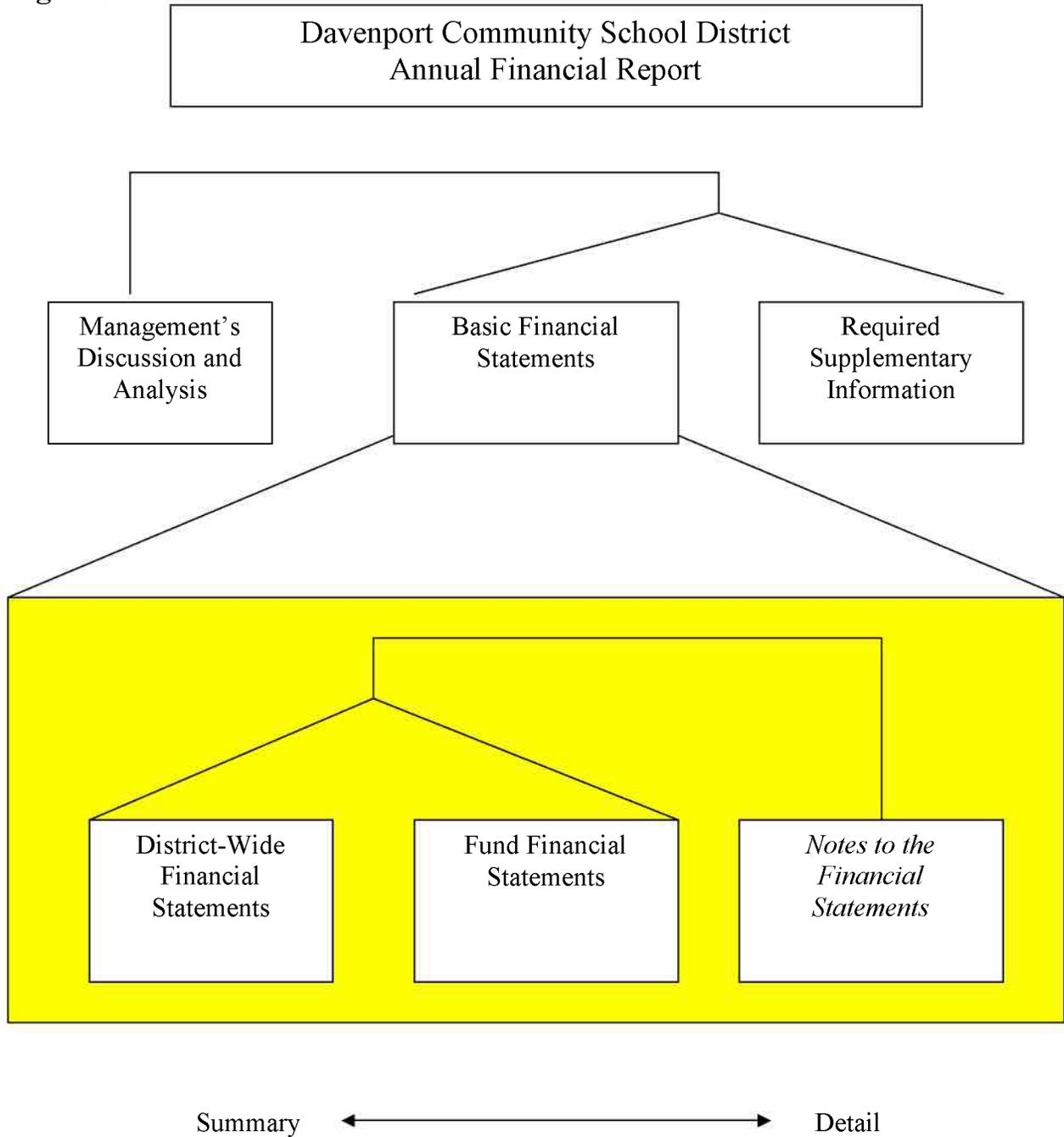


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents 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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statements of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows • Statements of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District’s net assets and how they have changed. Net assets, the difference between the District’s assets and liabilities, are one way to measure the District’s overall financial position. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

- Over time, increases or decreases in the District’s net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities should be considered.

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

- *Governmental activities:* Most of the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District’s food service program is 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, 2011 compared to 2010.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2010-11
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$ 141,190,236	\$ 157,093,362	\$ 1,572,414	\$ 2,522,262	\$ 142,762,650	\$ 159,615,624	11.8%
Capital assets	122,855,936	133,596,413	610,226	510,223	123,466,162	134,106,636	8.6%
Total Assets	264,046,172	290,689,775	2,182,640	3,032,485	266,228,812	293,722,260	10.3%
Long-term debt outstanding	949,844	1,061,355	11,741	13,976	961,585	1,075,331	11.8%
Other liabilities	94,815,761	102,419,747	80,207	119,504	94,895,968	102,539,251	8.1%
Total liabilities	95,765,605	103,481,102	91,948	133,480	95,857,553	103,614,582	8.1%
Net Assets							
Invested in capital assets, net of related debt	122,855,936	133,596,413	610,226	510,223	123,466,162	134,106,636	8.6%
Restricted	23,789,830	22,083,566	-	-	23,789,830	22,083,566	-7.2%
Unrestricted	21,634,801	31,528,694	1,480,466	2,388,782	23,115,267	33,917,476	46.7%
TOTAL NET ASSETS	\$ 168,280,567	\$ 187,208,673	\$ 2,090,692	\$ 2,899,005	\$ 170,371,259	\$ 190,107,678	11.6%

The District’s combined total net assets increased by 11.6% to \$190,107,678. The majority of this improvement in the financial position came from governmental activities, the net assets of which grew \$18,928,106. Unrestricted net assets for the District improved to \$31,528,694 up from the 2010 amount of \$21,634,801. The long term debt outstanding increased to \$1,061,355 due to the increase in other postemployment benefits obligations. Investments in capital assets (net of related debt) increased by \$10,740,477 as the District continues with an aggressive construction schedule.

The total net assets of the District’s business-type activities increased by \$808,313. This is reflective of an increase in Current and Other assets of \$949,848.

Changes in net assets. Figure A-4 shows the changes in net assets for the fiscal year 2011.

Figure A-4

Changes in Net Assets from Operating Results

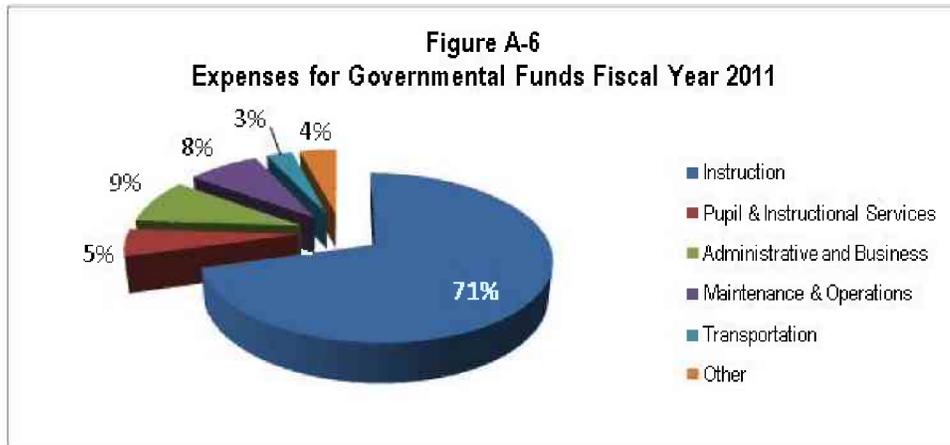
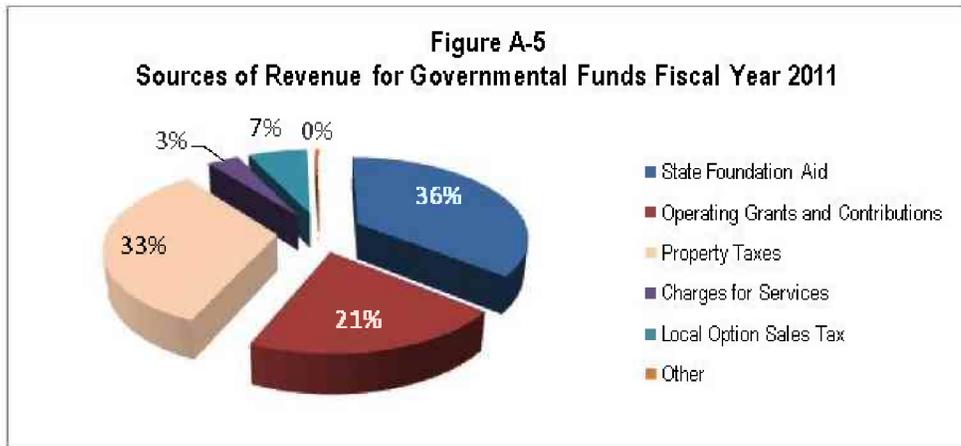
	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2010-11
	2010	2011	2010	2011	2010	2011	
Revenues							
Program Revenues							
Charges for services	\$ 7,004,271	\$ 6,816,358	\$ 2,474,381	\$ 2,367,038	\$ 9,478,652	\$ 9,183,396	-3.22%
Operating Grants & Contributions	38,122,590	40,018,481	5,638,183	5,967,490	43,760,773	45,985,971	4.84%
Capital Grants & Contributions	150,000	149,825	-	-	150,000	149,825	-0.12%
General Revenues							
Property taxes & other taxes	74,487,006	76,541,279	-	-	74,487,006	76,541,279	2.68%
State formula aid	58,634,847	69,280,863	-	-	58,634,847	69,280,863	15.37%
Other	569,216	774,823	7,181	12,367	576,397	787,190	26.78%
Total Revenues	178,967,930	193,581,629	8,119,745	8,346,895	187,087,675	201,928,524	7.35%
Expenses							
Instruction	115,220,844	123,435,023	-	-	115,220,844	123,435,023	6.65%
Pupil & Instructional Svcs	9,696,996	9,409,618	-	-	9,696,996	9,409,618	-3.05%
Administrative & Business	15,434,970	15,585,649	-	-	15,434,970	15,585,649	0.97%
Maintenance & Operations	14,209,020	14,052,852	-	-	14,209,020	14,052,852	-1.11%
Transportation	4,588,851	5,027,504	-	-	4,588,851	5,027,504	8.73%
Other	6,947,227	7,142,877	7,235,067	7,538,582	14,182,294	14,681,459	3.40%
Total Expenses	166,097,908	174,653,523	7,235,067	7,538,582	173,332,975	182,192,105	4.86%
Revenues exceeding expenses	12,870,022	18,928,106	884,678	808,313	13,754,700	19,736,419	30.31%
Transfers in (out)	(104,610)	-	104,610	-	-	-	
Change in net assets	12,765,412	18,928,106	989,288	808,313	13,754,700	19,736,419	30.31%
Beginning net assets	155,515,164	168,280,567	1,101,395	2,090,692	156,616,559	170,371,259	8.07%
Ending net assets	\$ 168,280,576	\$ 187,208,673	\$ 2,090,683	\$ 2,899,005	\$ 170,371,259	\$ 190,107,678	10.38%

Overall, total net assets increased by 30.31% over 2009-10. Expenses are up 4.86% and revenues are also up 7.35%.

As shown in Figure A-4, property tax and state aid provide 75.33% of the funding required for governmental programs while charges for services and operating grants make up 99.85% of the funding for business-type activities. Charges for services and Capital grants and Contributions are the only revenue source to decrease over 2009-10. State Aid is up \$10,646,016 from 2010 when the state implemented significant statewide reductions.

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 76.0% of the District's expenses. Pupil and Instructional services and Maintenance and Operations are the functional areas with a decrease in expenses for 2011. Approximately half of the expenses in the Other functional area are attributable to Business Type Activities.

Business-type activities did experience an increase in net assets for 2010-11. Total revenues increased \$227,150 or 2.80%. The majority of the increase came from state and federal sources, up \$329,307. The increase is attributable to more students qualifying for free and reduced meals.



Governmental Activities

Revenues for governmental activities were \$193,581,629 while total expenses amounted to \$174,651,903 (Figure A-4).

- The federal and state governments subsidized certain programs with grants and contributions of almost \$40 million.
- Governmental activities were financed with \$76,541,279 in property taxes and \$69,280,863 of unrestricted state aid based on the statewide finance formula. Unrestricted state aid is up dramatically from 2009-10 when the state implemented statewide reductions.
- Charges for services account for only 3.5% 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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2010	2011	2010-11	2010	2011	2010-11%
Instruction	\$ 115,220,844	\$ 123,435,023	7.13%	\$ 83,046,681	\$ 91,750,719	10.48%
Pupil & Instructional Svcs	9,696,996	9,409,618	-2.96%	4,921,004	3,575,744	-27.34%
Administrative & Business	15,434,970	15,585,649	0.98%	14,593,374	14,040,951	-3.79%
Maintenance & Operations	14,209,020	14,052,852	-1.10%	14,134,777	13,923,236	-1.50%
Transportation	4,588,851	5,027,504	9.56%	4,266,526	4,606,623	7.97%
Other	6,947,227	7,142,877	2.82%	(141,315)	(228,414)	61.63%
TOTAL	\$ 166,097,908	\$ 174,653,523	5.15%	\$ 120,821,047	\$ 127,668,859	5.67%

- The cost of all governmental activities this year was \$174,653,523, up 5.15% from 2009-10.
- Most of the District's costs were financed by District and state taxpayers at a total of \$127,668,859 or 73.10% 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 \$808,313 for 2010-11. In 2009-10 revenues exceeded expenses by \$989,297. The slight decline is due to a decrease in Charges for Services, or revenue generated through meal sales.
- Charges for services in Food & Nutrition represent 28.36% 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 \$5,967,490. This is reflective of the District's population of "free and reduced" students, which was slightly over 61% in 2011.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Davenport Schools governmental funds reported combined ending fund balances of \$34,508,422, an increase of \$707,099 in comparison with the prior year. The Capital Projects fund balance decreased by \$2.8 million as air conditioning projects continue in comparison to the PPEL fund balance which increased by almost \$3 million; resources were directed to Capital Projects this year in an effort to complete as many air conditioning projects as possible.

In 2010 approximately 72% of the governmental fund balance constituted *unreserved, undesignated fund balance*, which was available for spending at the District's discretion. In 2011 approximately 32% of the fund balance is *unassigned*, or is available for spending at the District's discretion.

In addition, the District has *Nonspendable* fund balance of \$345,560 for inventories and \$54,673 for prepaid expenses. The District had restricted fund balances of \$23,095,794 for 2011.

The general fund is the chief operating fund of the Davenport Schools. At the end of the current fiscal year, *unassigned* fund balance in the general fund was \$11,012,395 while total fund balance increased to \$11,412,628.

The fund balance of the Davenport Schools general fund increased by \$1,401,135 during the current fiscal year. Key to the increase in fund balance was the implementation of almost \$3 million of budget reductions.

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 of expenditures in 2010-11 from \$213,283,902 to \$208,806,749 to reflect:

- Increases in expenditures from local, state and federal sources
- Reclassification of functional level of expenditures

Governmental and Enterprise funds came in \$9,747,053 under budget. Instructional and Support Services both were \$1.4 to \$1.5 million under the amended budget. Noninstructional programs came in the closest to the amended budget at only \$469,618 under amended budget. Other expenditures were \$6,282,279 under amended budget. This functional area includes expenditures for capital projects. The District has been aggressive at scheduling construction projects and the schedule changes just prior to year-end and we were not able to complete as much in capital projects as we amended the budget to reflect.

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, 2011 amounts to \$134,106,636 (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 9.24% compared to last year's increase of 0.64%.

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-11
Land and improvements	\$ 6,759,159	\$ 7,346,305	\$ -	\$ -	\$ 6,759,159	\$ 7,346,305	8.69%
Construction in progress	2,666,329	13,192,144	-	-	2,666,329	13,192,144	394.77%
Buildings and improvements	111,723,898	111,200,424	-	-	111,723,898	111,200,424	-0.47%
Furniture and Equipment	1,008,858	1,241,867	610,226	510,223	1,619,084	1,752,090	8.21%
Intangibles	697,692	615,673	-	-	697,692	615,673	-11.76%
TOTAL	\$ 122,855,936	\$ 133,596,413	\$ 610,226	\$ 510,223	\$ 123,466,162	\$ 134,106,636	8.62%

The difference between 2009-10 and 2010-11 is the Construction in Progress. The Construction in Progress soared to \$13,192,144 from \$2,666,329 last year. The number of projects under construction during the summer months increased over last year.

Construction in progress activities during 2010-11 included:

- Air conditioning at West High School
- Air conditioning at Williams Intermediate
- Air conditioning at Adams Elementary
- Air conditioning and gymnasium addition to Walcott Intermediate/Elementary
- Remodeling of Children's Village West

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, Note 3 and long term debt, Note 5, 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 Iowa Legislature set the growth rate for fiscal 2013 at 2%. Since they did not act on the growth rate for fiscal 2012 it defaults to 0%. The district has multi year contracts with five of six negotiated groups all with an annual increase of around 2.75%.
- Effective July 1, 2007 through June 30, 2011 an incremental increase in the employer's share of the Iowa Public Employees Retirement System (IPERS) contributions will go into effect. It is unknown at this time if annual increases will continue beyond June 30, 2011.
- The certified enrollment count for October 1, 2011 was down 31.75 from 2010 which triggers funding for the 2013 school year; a loss of \$190,521 in funding. Forecasts for enrollment are to increase; if enrollment continues instead to decrease further study will need to be completed.
- The district partnered with several other governmental agencies to form a consortium to look at pharmaceutical benefit managers. As a result of the Request for Proposal, there could be substantial savings to the district in pharmaceutical costs.
- A budget Resource Allocation Committee has been formed and is meeting in order to make budget recommendations to the superintendent on the 2013 budget and also begin revising the five-year financial plan. Recommendations from this committee could affect programming and services offered throughout the district.

- Iowa’s Governor Brandstad unveiled a blueprint for education entitled “One Unshakable Vision: World-Class Schools for Iowa”. It has yet to be determined what will be the financial impact on Iowa schools in order to implement recommendations from the blueprint.

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, 2011**

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 85,052,134	\$ 1,770,000	\$ 86,822,134
Receivables:			
Property taxes	65,135,892	-	65,135,892
Other	384,079	-	384,079
Due from other governmental units	6,645,474	113,041	6,758,515
Internal balances	(524,450)	524,450	-
Inventories	345,560	114,771	460,331
Prepaid expenses	54,673	-	54,673
Total current assets	157,093,362	2,522,262	159,615,624
Noncurrent assets:			
Capital assets, not being depreciated	17,894,317	-	17,894,317
Capital assets, being depreciated	192,270,608	2,506,370	194,776,978
Less accumulated depreciation	(76,568,512)	(1,996,147)	(78,564,659)
Total noncurrent assets	133,596,413	510,223	134,106,636
Total assets	\$ 290,689,775	\$ 3,032,485	\$ 293,722,260

See Notes to Basic Financial Statements.

Liabilities	Governmental Activities	Business-Type Activities	Total
Current liabilities:			
Accounts payable	\$ 6,017,940	\$ 59,756	\$ 6,077,696
Accrued payroll and payroll taxes	20,662,888	54,637	20,717,525
Health claims and administrative costs payable	2,035,000	-	2,035,000
Compensated absences	654,568	5,111	659,679
Construction contracts payable	4,381,314	-	4,381,314
Unearned revenue	68,269,892	-	68,269,892
Early retirement obligations	398,145	-	398,145
Total current liabilities	102,419,747	119,504	102,539,251
Noncurrent liabilities:			
Other post employment benefits obligation	447,272	13,976	461,248
Early retirement obligations	614,083	-	614,083
Total noncurrent liabilities	1,061,355	13,976	1,075,331
Total liabilities	103,481,102	133,480	103,614,582
Net Assets			
Invested in capital assets	133,596,413	510,223	134,106,636
Restricted for:			
School infrastructure	11,577,965	-	11,577,965
Physical plant and equipment	9,457,051	-	9,457,051
Management levy purposes	563,262	-	563,262
Student activities	485,288	-	485,288
Unrestricted	31,528,694	2,388,782	33,917,476
Total net assets	187,208,673	2,899,005	190,107,678
Total liabilities and net assets	\$ 290,689,775	\$ 3,032,485	\$ 293,722,260

Davenport Community School District

**Statement of Activities
Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, and Contributions	Capital Grants, and Contributions
Governmental Activities				
Instruction	\$ 123,435,023	\$ 6,816,358	\$ 24,718,121	\$ 149,825
Student support services	3,266,982	-	576,324	-
Instructional staff support services	6,142,636	-	5,257,550	-
General administration	1,813,010	-	1,327,856	-
Building administration	9,950,584	-	39,160	-
Business and central administration	3,822,055	-	177,682	-
Plant operation and maintenance	14,052,852	-	129,616	-
Student transportation	5,027,504	-	420,881	-
Community services	505,551	-	733,965	-
Area Education Agency	6,637,326	-	6,637,326	-
Total governmental activities	174,653,523	6,816,358	40,018,481	149,825
Business-type activities, food services	7,538,582	2,367,038	5,967,490	-
Total school district	\$ 182,192,105	\$ 9,183,396	\$ 45,985,971	\$ 149,825

General revenues:

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

Changes in net assets

- Net assets, beginning of year
- Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (91,750,719)	\$ -	\$ (91,750,719)
(2,690,658)	-	(2,690,658)
(885,086)	-	(885,086)
(485,154)	-	(485,154)
(9,911,424)	-	(9,911,424)
(3,644,373)	-	(3,644,373)
(13,923,236)	-	(13,923,236)
(4,606,623)	-	(4,606,623)
228,414	-	228,414
-	-	-
(127,668,859)	-	(127,668,859)
-	795,946	795,946
61,114,524	-	61,114,524
12,832,292	-	12,832,292
2,594,463	-	2,594,463
69,280,863	-	69,280,863
628,504	12,067	640,571
146,319	300	146,619
146,596,965	12,367	146,609,332
18,928,106	808,313	19,736,419
168,280,567	2,090,692	170,371,259
\$ 187,208,673	\$ 2,899,005	\$ 190,107,678

Davenport Community School District

**Balance Sheet - Governmental Funds
June 30, 2011**

Assets	General	Physical Plant and Equipment	Capital Projects
Cash and investments	\$ 36,666,139	\$ 9,608,396	\$ 14,881,303
Receivables:			
Property taxes	57,435,702	5,078,889	-
Other	310,278	1	56,001
Due from other governmental units	3,941,373	103,171	2,600,930
Inventories	345,560	-	-
Prepaid items	54,673	-	-
Total assets	\$ 98,753,725	\$ 14,790,457	\$ 17,538,234
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 4,604,542	\$ 217,710	\$ 1,022,421
Accrued payroll and payroll taxes	20,656,848	-	911
Construction contracts payable	-	-	4,381,314
Deferred revenue	62,081,327	5,115,696	555,623
Total liabilities	87,342,717	5,333,406	5,960,269
Fund balances:			
Nonspendable for:			
Inventories	345,560	-	-
Prepaid items	54,673	-	-
Restricted for:			
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	11,577,965
Physical plant and equipment	-	9,457,051	-
Unassigned	11,010,775	-	-
Total fund balances	11,411,008	9,457,051	11,577,965
Total liabilities and fund balances	\$ 98,753,725	\$ 14,790,457	\$ 17,538,234

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	2,183,674	\$	63,339,512
	2,621,301		65,135,892
	1,270		367,550
	-		6,645,474
	-		345,560
	-		54,673
<u>\$</u>	<u>4,806,245</u>	<u>\$</u>	<u>135,888,661</u>

\$	141,737	\$	5,986,410
	5,129		20,662,888
	-		4,381,314
	2,598,601		70,351,247
<u>\$</u>	<u>2,745,467</u>	<u>\$</u>	<u>101,381,859</u>

	-		345,560
	-		54,673
	1,575,490		1,575,490
	485,288		485,288
	-		11,577,965
	-		9,457,051
	-		11,010,775
<u>\$</u>	<u>2,060,778</u>	<u>\$</u>	<u>34,506,802</u>
<u>\$</u>	<u>4,806,245</u>	<u>\$</u>	<u>135,888,661</u>

Davenport Community School District

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities June 30, 2011

Total governmental fund balances		\$	34,506,802
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	\$	210,164,925	
Accumulated depreciation		<u>(76,568,512)</u>	133,596,413
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		390,632	
Other receivables		<u>1,690,723</u>	2,081,355
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.			19,662,621
Internal service funds allocated to business-type activities			(524,450)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
Compensated absences		(654,568)	
Early retirement obligations		(1,012,228)	
Other post employment benefits obligation		<u>(447,272)</u>	(2,114,068)
Net assets of governmental activities			<u>\$ 187,208,673</u>

See Notes to Basic Financial Statements.

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S C H O O L S

Davenport Community School District

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011**

	General	Physical Plant and Equipment	Capital Projects
Revenues:			
Property taxes	\$ 54,708,181	\$ 4,766,810	\$ -
Utility taxes	2,328,318	197,093	-
Local option sales tax	-	-	12,832,292
Intergovernmental	107,407,181	12,314	100,500
Charges for services	4,330,427	-	-
Interest	420,230	64,146	126,200
Contributions and donations	681,584	-	-
Other	1,026,514	48,137	-
Total revenues	170,902,435	5,088,500	13,058,992
Expenditures:			
Current:			
Instruction	120,066,248	-	-
Student support services	4,906,654	-	-
Instructional staff support services	5,917,692	3,217	221,727
General administration	1,798,321	-	-
Building administration	9,943,684	-	-
Business and central administration	3,712,792	27,244	-
Plant operation and maintenance	11,039,574	1,429,325	117,106
Student transportation	4,980,922	-	-
Community services	505,551	-	-
Area Education Agency	6,637,326	-	-
Capital outlay	-	1,082,166	15,548,506
Total expenditures	169,508,764	2,541,952	15,887,339
Excess (deficiency) of revenues over expenditures	1,393,671	2,546,548	(2,828,347)
Other financing sources (uses):			
Transfers in	5,844	500,804	-
Transfers (out)	-	-	-
Total other financing sources (uses)	5,844	500,804	-
Net change in fund balances	1,399,515	3,047,352	(2,828,347)
Fund balances, beginning of year	10,011,493	6,409,699	14,406,312
Fund balances, end of year	\$ 11,411,008	\$ 9,457,051	\$ 11,577,965

See Notes to Basic Financial Statements.

	Nonmajor Governmental Funds	Total Governmental Funds
\$	1,622,519	\$ 61,097,510
	69,052	2,594,463
	-	12,832,292
	3,914	107,523,909
	-	4,330,427
	17,928	628,504
	-	681,584
	1,247,316	2,321,967
	<u>2,960,729</u>	<u>192,010,656</u>
	1,924,787	121,991,035
	-	4,906,654
	-	6,142,636
	-	1,798,321
	1,600	9,945,284
	-	3,740,036
	1,401,431	13,987,436
	39,304	5,020,226
	-	505,551
	-	6,637,326
	-	16,630,672
	<u>3,367,122</u>	<u>191,305,177</u>
	(406,393)	705,479
	-	506,648
	(506,648)	(506,648)
	<u>(506,648)</u>	-
	(913,041)	705,479
	2,973,819	33,801,323
\$	<u>2,060,778</u>	<u>\$ 34,506,802</u>

Davenport Community School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2011

Net change in fund balances, total governmental funds	\$	705,479
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeds depreciation in the period:</p>		
Depreciation expense	\$	(5,732,618)
Total capital outlay expenditures capitalized		10,740,477
		<u>16,473,095</u>
<p>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.</p>		332,358
<p>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, \$574,084, were more than the amounts earned of \$0, by \$574,084. Vacation used, \$1,270,729, was less than the amounts earned, \$1,352,079 by \$81,350.</p>		492,734
<p>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.</p>		6,944,507
Change in Internal Service Fund allocation to business-type activities.		(215,937)
<p>Based on actuarial calculations, the District reports other postemployment benefit liabilities in the statement of activities that are not reported in the fund statements.</p>		(71,512)
Change in net assets of governmental activities	\$	<u>18,928,106</u>

See Notes to Basic Financial Statements.

Davenport Community School District

**Statement of Net Assets
Proprietary Funds
June 30, 2011**

	Business-Type Activities Enterprise Fund School Nutrition Fund	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,770,000	\$ 21,712,622
Other receivables	-	16,529
Due from other governmental units	113,041	-
Inventories	114,771	-
Total current assets	<u>1,997,812</u>	<u>21,729,151</u>
Noncurrent assets, capital assets, net of accumulated depreciation	510,223	-
Total assets	<u>\$ 2,508,035</u>	<u>\$ 21,729,151</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 59,756	\$ 31,530
Accrued payroll and payroll taxes	54,637	-
Health claims and administrative costs payable	-	2,035,000
Compensated absences	5,111	-
Total current liabilities	<u>119,504</u>	<u>2,066,530</u>
Noncurrent liabilities, other post employment benefits obligation	13,976	-
Total liabilities	<u>133,480</u>	<u>2,066,530</u>
Net Assets		
Invested in capital assets	510,223	-
Unrestricted	1,864,332	19,662,621
Total net assets	<u>2,374,555</u>	<u>19,662,621</u>
Total liabilities and net assets	<u>\$ 2,508,035</u>	<u>\$ 21,729,151</u>
Total enterprise fund net assets	\$ 2,374,555	
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	524,450	
Total business-type activities net assets	<u>\$ 2,899,005</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, 2011**

	Business-Type Activities Enterprise Fund School Nutrition Fund	Governmental Activities Internal Service Fund
Operating revenue, charges for services	\$ 2,367,038	\$ 24,880,106
Operating expenses:		
Salaries and benefits	3,660,507	-
Purchased services	450,353	-
Supplies	3,500,441	-
Depreciation	143,218	-
Health care	-	17,935,599
Total operating expenses	<u>7,754,519</u>	<u>17,935,599</u>
Operating income (loss)	<u>(5,387,481)</u>	<u>6,944,507</u>
Nonoperating revenues:		
Interest income	12,067	-
Intergovernmental	5,967,490	-
Other nonoperating revenue	300	-
Total nonoperating revenues	<u>5,979,857</u>	<u>-</u>
Change in net assets	592,376	6,944,507
Net assets, beginning of year	1,782,179	12,718,114
Net assets, end of year	<u>\$ 2,374,555</u>	<u>\$ 19,662,621</u>
Net changes in net assets in enterprise funds	\$ 592,376	
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	215,937	
Net changes in net assets of business-type activities	<u>\$ 808,313</u>	

See Notes to Basic Financial Statements.

Davenport Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011**

	Business-Type Activities Enterprise Funds School Nutrition Fund	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from user charges	\$ 2,367,038	\$ -
Cash received from assessment made to other funds	-	24,868,420
Cash payments to employees for services	(3,652,426)	-
Cash payments for insurance claims	-	(17,582,884)
Cash payments to suppliers for goods and services	(3,424,785)	(921,185)
Net cash provided by (used in) operating activities	(4,710,173)	6,364,351
Cash flows from noncapital financing activities:		
Other nonoperating	300	-
Grants received	5,491,305	-
Net cash provided by noncapital financing activities	5,491,605	-
Cash flows from capital and related financing activities, acquisition of capital assets		
	(43,215)	-
Cash flows from investing activities, interest received		
	12,067	-
Net increase in cash and cash equivalents	750,284	6,364,351
Cash and cash equivalents:		
Beginning	1,019,716	15,348,271
Ending	\$ 1,770,000	\$ 21,712,622

(Continued)

Davenport Community School District

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2011

	Business-Type Activities Enterprise Funds School Nutrition Fund	Governmental Activities Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (5,387,481)	\$ 6,944,507
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	143,218	-
Commodities used	531,492	-
Changes in assets and liabilities:		
Receivables	-	(11,686)
Inventories	(38,934)	-
Accounts payable and accrued liabilities	39,297	(568,470)
Other post employment benefits obligation	2,235	-
Net cash provided by (used in) operating activities	\$ (4,710,173)	\$ 6,364,351

Noncash noncapital financing activities, during the year the District received \$531,492 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, 2011

Assets

Cash and cash equivalents	\$ <u>116,845</u>
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Liabilities

Accounts payable	\$ 4,474
Due to activity groups	<u>112,371</u>
Total liabilities	\$ <u>116,845</u>

See Notes to Basic Financial Statements.



Backyard Hoops, Samantha Light, Grade 11 – Central High School

Media: Tempra Paint

Benchmark: Understand what makes works of art effective or ineffective in the communication of ideas

Davenport Community School District

Notes to Basic Financial Statements

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

Nature of operations:

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

The District is composed of three high schools, six intermediate schools, 19 elementary schools and various off-campus alternative education programs. Student enrollment (pre-school through high school) for the 2009-2011 school year was approximately 15,900 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

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 is used to account for and report all financial resources not accounted for and reported in another fund.

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

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

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

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

Debt Service Fund: accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Davenport Community School District

Notes to Basic Financial Statements

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

Proprietary funds: are accounted for using the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred. The District's enterprise funds apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989.

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

The District reports the following major proprietary fund:

School Nutrition Fund: accounts for the activities of the District's school lunch, breakfast and summer food programs.

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

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

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

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

Davenport Community School District

Notes to Basic Financial Statements

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

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the special revenue funds, the Debt Service Fund and the capital projects funds adjusted from the modified accrual to the full accrual basis of accounting. Governmental activities also include the activities from the Internal Service Fund. Business-type activities in the government-wide statements are comprised of the enterprise funds. Fiduciary funds are not reported in the government-wide statements because these funds cannot be used to support District activities. As a general rule, interfund activity has been eliminated from the government-wide statements. However, interfund services provided and used are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. In addition, certain indirect costs are included in program expenses reported for individual functions and activities.

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

The modified accrual basis of accounting as employed by the governmental funds and 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 \$6,637,326 pass-through grant from the Area Education Agency in 2010-2011 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 investments in the Iowa Schools Joint Investment Trust and IPAS Education Money Market Fund which are valued at amortized cost under the Investment Company Act of 1940 and nonnegotiable certificates of deposits, which are stated at cost that approximates fair value.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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

Davenport Community School District

Notes to Basic Financial Statements

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

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

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

Property taxes receivable: Property taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½ percent per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

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.

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

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:

Description	Threshold
Land improvements	\$ 3,500
Buildings	3,500
Building improvements	3,500
Furniture and equipment	3,500
Intangibles	100,000

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

Description	Estimated Lives
Land improvements	20 years
Buildings	50 years
Building improvements	20 years
Furniture and equipment	5 - 10 years
Intangibles	5 - 20 years

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

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

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, 2011, have been accrued as liabilities as of June 30, 2011.

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, 2011.

Davenport Community School District

Notes to Basic Financial Statements

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

Compensated absences: Noninstructional District employees accumulate vacation hours for subsequent use or for payment upon termination. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2011, 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.

Deferred and 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. Deferred revenue in the Government Fund statements includes 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. Deferred revenue in the Government Fund statements and unearned revenue in the government-wide financial statements consist 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 balance: In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

Assigned: Amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Chief Financial Officer.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

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

Davenport Community School District

Notes to Basic Financial Statements

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

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 \$11,577,965 for school infrastructure, \$9,457,051 for physical plant and equipment, \$563,262 for management levy purposes and \$485,288 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.

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, 2011, the book balance of the District's cash deposits plus petty cash totaled \$86,824,132 and the bank balances totaled \$88,961,552.

As of June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) diversified portfolio totaling \$51,468. The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. ISJIT is registered with and regulated by the Securities and Exchange Commission.

As of June 30, 2011, the District also had investments in the IPAS Education Money Market Fund totaling \$63,379, which is also valued at an amortized cost pursuant to under the Investment Company Act of 1940.

Interest rate risk: The District's investment policy 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.

Davenport Community School District

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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, 2011, 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	Unrated	AAm
IPAS Education Money Market	Money Market	Unrated	Unrated

Concentration of credit risk: The District's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than 10 percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to 5 percent of its total deposits and investments. While the District is in compliance with their policy, each of the District's investments exceed 5 percent of the total investment portfolio excluding deposits.

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

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

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

Cash deposits and petty cash	\$ 86,824,132
ISJIT money market mutual fund	51,468
IPAS education money market fund	63,379
	<u>\$ 86,938,979</u>
Governmental funds	\$ 63,339,512
Internal service fund	21,712,622
Total governmental activities	<u>85,052,134</u>
Business-type activities/enterprise funds	1,770,000
Agency fund	116,845
	<u>\$ 86,938,979</u>

Davenport Community School District

Notes to Basic Financial Statements

Note 3. Capital Assets

Governmental Activities	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 4,020,258	\$ 681,915	\$ -	\$ 4,702,173
Construction-in-progress	2,666,329	15,385,467	4,859,652	13,192,144
Total capital assets, not being depreciated	6,686,587	16,067,382	4,859,652	17,894,317
Capital assets, being depreciated/amortized:				
Land improvements	11,078,035	110,391	-	11,188,426
Buildings	97,260,263	-	-	97,260,263
Building improvements	70,228,183	4,749,261	-	74,977,444
Furniture and equipment	7,298,229	405,713	108,140	7,595,802
Intangibles	1,248,673	-	-	1,248,673
Total capital assets, being depreciated/amortized	187,113,383	5,265,365	108,140	192,270,608
Less accumulated depreciation/amortization for:				
Land improvements	8,339,134	205,160	-	8,544,294
Buildings	39,301,422	1,670,291	-	40,971,713
Building improvements	16,463,126	3,602,444	-	20,065,570
Furniture and equipment	6,289,371	172,704	108,140	6,353,935
Intangibles	550,981	82,019	-	633,000
Total accumulated depreciation/amortization	70,944,034	5,732,618	108,140	76,568,512
Total capital assets, being depreciated/amortized, net	116,169,349	(467,253)	-	115,702,096
Governmental activities capital assets, net	\$ 122,855,936	\$ 15,600,129	\$ 4,859,652	\$ 133,596,413
Business-Type Activities	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, being depreciated, equipment	\$ 2,475,457	\$ 43,215	\$ 12,302	\$ 2,506,370
Less accumulated depreciation for equipment	1,865,231	143,218	12,302	1,996,147
Total capital assets, being depreciated, net	610,226	(100,003)	-	510,223
Business-type activities capital assets, net	\$ 610,226	\$ (100,003)	\$ -	\$ 510,223

Davenport Community School District

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

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

Governmental activities:

Instruction	\$	5,557,916
General administration		14,689
Building administration		5,300
Business and central administration		82,019
Plant operation and maintenance		65,416
Student transportation		7,278
	\$	<u>5,732,618</u>
Business-type activities, food services	\$	<u>143,218</u>

Note 4. Interfund Transfers

Interfund transfers as of June 30, 2011, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 5,844	\$ -
Physical Plant and Equipment Fund	500,804	-
Nonmajor governmental funds	-	506,648
Total	<u>\$ 506,648</u>	<u>\$ 506,648</u>

Transfers to the General Fund from the nonmajor governmental funds represents interest earned in the Student Activity Fund required to be transferred to the General Fund by state code.

Transfers to the Physical Plant and Equipment Fund from the Debt Service Fund, a nonmajor governmental fund, is due to the closing out of the Debt Service Fund fund balance.

Davenport Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities

Changes in long-term liabilities: A summary of changes in long-term liabilities for the year ended June 30, 2011, is as follows:

	Governmental Activities			Business-Type Activities
	Early Retirement Obligations	Compensated Absences	Total	Compensated Absences
Balance, beginning of year	\$ 1,586,312	\$ 573,218	\$ 2,159,530	\$ 2,806
Additions	-	1,352,079	1,352,079	10,339
Reductions	574,084	1,270,729	1,844,813	8,034
Balance, end of year	<u>\$ 1,012,228</u>	<u>\$ 654,568</u>	<u>\$ 1,666,796</u>	<u>\$ 5,111</u>
Due within one year	<u>\$ 398,145</u>	<u>\$ 654,568</u>	<u>\$ 1,052,713</u>	<u>\$ 5,111</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, 2011, the District did not hold any outstanding general obligation debt and did not exceed the statutory debt limit.

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 4.50 percent of their annual covered salary and the District is required to contribute 6.95 percent of annual covered payroll for the year ended June 30, 2011. For the years ended June 30, 2010 and 2009, plan members were required to contribute 4.30 and 4.10 percent of their annual covered salary, respectively, and the District was required to contribute 6.65 and 6.35 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, 2011, 2010 and 2009 were \$6,607,604, \$6,149,722 and \$5,737,489, 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, 2011 was \$775,435.

Davenport Community School District

Notes to Basic Financial Statements

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.

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, 2011 and 2010 are as follows:

	2011	2010
Unpaid claims and administrative costs payable balance, beginning of year	\$ 2,635,000	\$ 3,353,296
Incurred claims (including IBNR)	17,359,884	15,710,637
Claim payments	(17,959,884)	(16,428,933)
Unpaid claims and administrative costs payable balance, end of year	<u>\$ 2,035,000</u>	<u>\$ 2,635,000</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, 2011, the portion of these contracts which has not been paid or accrued as a liability totals \$8,070,506.

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

The District had significant encumbrances in the Capital Projects fund of \$6,907,286.

Davenport Community School District

Notes to Basic Financial Statements

Note 9. Operating Leases

The District leases building and equipment under noncancelable operating leases. Total expenses for the year ended June 30, 2011, for such leases were \$394,889, 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:

2012	\$	387,779
2013		327,283
2014		261,803
2015		233,776
2016		24,631
	<u>\$</u>	<u>1,235,272</u>

Note 10. Other Postemployment Benefits

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

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

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

	Coverage Type	
	Single	Family
Plan I	\$ 595	\$ 1,455
Plan II (non-bargaining)	576	1,406
Plan II (teachers)	582	1,420
Plan III	549	1,340

Davenport Community School District

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

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	\$ 385,945
Interest on net OPEB obligation	19,375
Adjustment to annual required contribution	(16,012)
Annual OPEB cost (expense)	<u>389,308</u>
Contributions and payments made	<u>315,561</u>
Increase in net OPEB obligation	73,747
Net OPEB obligation, beginning	<u>387,501</u>
Net OPEB obligation, ending	<u><u>\$ 461,248</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2011 and the two preceding years follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 585,381	- %	\$ 1,142,887
June 30, 2010	(398,678)	189.0	387,501
June 30, 2011	389,308	81.1	461,248

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	<u>3,550,872</u>	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 \$73,348,359 and the ratio of the UAAL to the covered payroll was (6.2) percent.

Davenport Community School District

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

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.

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

During the year ended June 30, 2011, the District implemented the following GASB statements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement improves the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. The District reclassified the fund balances for all governmental funds as a result of the implementation of this Statement.
- GASB Statement No. 59, *Financial Instruments Omnibus*. This Statement updates and improves 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 required disclosures were made in the current year financial statements.

Davenport Community School District

Notes to Basic Financial Statements

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

As of June 30, 2011, 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. 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.
- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

Davenport Community School District

Notes to Basic Financial Statements

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

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the District beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

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

Davenport Community School District

Required Supplementary Information

Davenport Community School District, Retiree Health Benefit Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a
				(Over funded) AAL (UAAL) (b-a)			Percentage of Covered Payroll [(b-a)/c]
2009	12/31/07	\$ -	\$ 6,199,653	\$ 6,199,653	- %	\$ 74,318,206	8.3%
2010	12/31/09	-	4,520,749	4,520,749	-	72,378,398	6.2
2011	12/31/09	-	4,520,749	4,520,749	-	73,348,359	6.2

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:

- The actuarial method used to determine the ARC is the projected unit credit method.
- There are no plan assets.
- 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.
- 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.

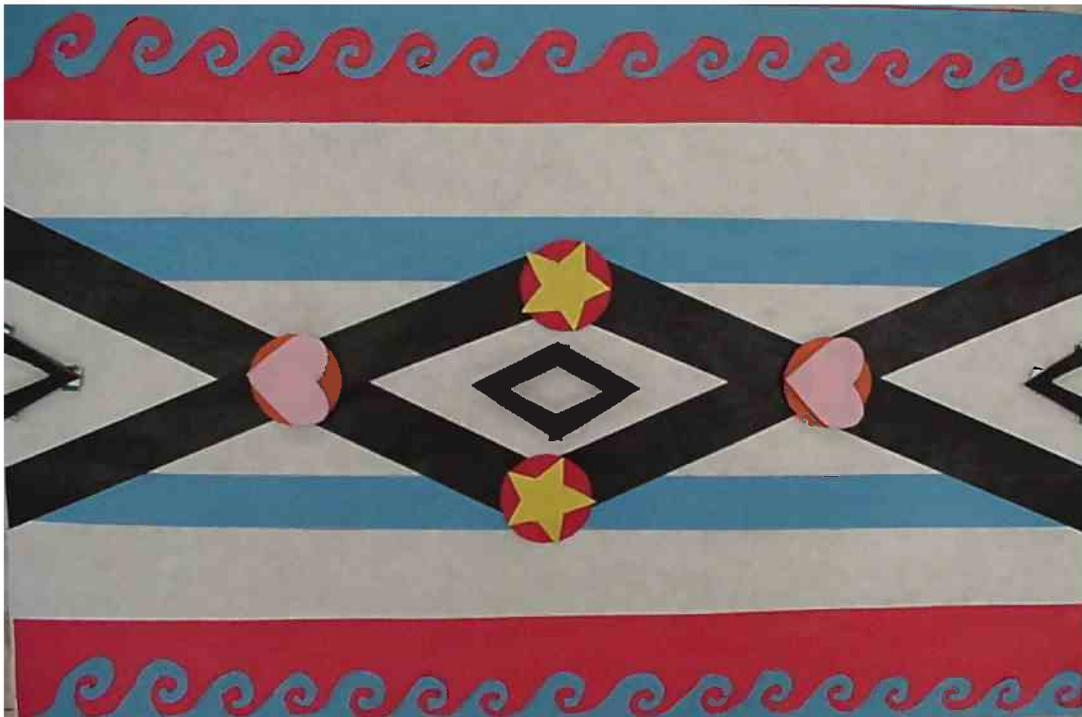
Davenport Community School District

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds and Enterprise Funds
 Year Ended June 30, 2011

	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
Revenues:			
Property taxes	\$ 61,097,510	\$ -	\$ 61,097,510
Utility taxes	2,594,463	-	2,594,463
Local option sales tax	12,832,292	-	12,832,292
Intergovernmental	107,523,909	5,967,490	113,491,399
Charges for services	4,330,427	2,367,038	6,697,465
Interest	628,504	12,067	640,571
Other	3,003,551	300	3,003,851
Total revenues	192,010,656	8,346,895	200,357,551
Expenditures:			
Current:			
Instruction	121,991,035	-	121,991,035
Support services	46,046,144	-	46,046,144
Noninstructional programs	-	7,754,519	7,754,519
Other expenditures	23,267,998	-	23,267,998
Total expenditures	191,305,177	7,754,519	199,059,696
Excess (deficiency) of revenues over expenditures	705,479	592,376	1,297,855
Other financing sources (uses):			
Transfers in	506,648	-	506,648
Transfers out	(506,648)	-	(506,648)
Total other financing sources (uses)	-	-	-
Net change in fund balances	705,479	592,376	1,297,855
Fund balances, beginning of year	33,801,323	1,782,179	35,583,502
Fund balances, end of year	\$ 34,506,802	\$ 2,374,555	\$ 36,881,357

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 61,299,919	\$ 61,412,604	\$ (315,094)
2,599,381	2,599,381	(4,918)
11,744,000	12,219,724	612,568
114,110,984	116,637,933	(3,146,534)
6,646,652	5,361,538	1,335,927
194,000	387,500	253,071
4,726,823	4,003,585	(999,734)
201,321,759	202,622,265	(2,264,714)
122,946,997	123,403,989	(1,412,954)
53,432,322	47,628,346	(1,582,202)
8,178,580	8,224,137	(469,618)
28,726,003	29,550,277	(6,282,279)
213,283,902	208,806,749	(9,747,053)
(11,962,143)	(6,184,484)	7,482,339
-	500,989	5,659
-	(500,989)	(5,659)
-	-	-
\$ (11,962,143)	\$ (6,184,484)	\$ 7,482,339



*Mesquakie Indian Blanket, Long, Grade 8 – Williams
Intermediate School*

Media: Paper

*Benchmark: Identify specific works of art as belonging to
particular cultures, times and places*

Davenport Community School District

Note to Required Supplementary Information – Budgetary Reporting

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District was in compliance with such formula for fiscal 2011.

During the year ended June 30, 2011, 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 2011, to decrease the authorization of expenditures by \$4,477,153.
5. All annual appropriations lapse at fiscal year-end.

DAVENPORT
COMMUNITY
SCHOOLS



Alex, Grade 4 – Walcott Elementary School

Media: Paper Mosaic

Benchmark: Recognize the use of elements of art and principles of design to compose visual space in a work of art

DAVENPORT
COMMUNITY
SCHOOLS

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

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

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

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

Debt Service Fund: accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Davenport Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue		Total Nonmajor Governmental Funds
	Management	Student Activity	
Assets			
Cash and investments	\$ 1,610,230	\$ 573,444	\$ 2,183,674
Receivables:			
Property taxes	2,621,301	-	2,621,301
Other	-	1,270	1,270
Total assets	\$ 4,231,531	\$ 574,714	\$ 4,806,245
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 57,500	\$ 84,237	\$ 141,737
Accrued payroll and payroll taxes	-	5,129	5,129
Deferred revenue	2,598,541	60	2,598,601
Total liabilities	2,656,041	89,426	2,745,467
Fund balances:			
Restricted for:			
Management levy purposes	1,575,490	-	1,575,490
Student activities	-	485,288	485,288
Total fund balances	1,575,490	485,288	2,060,778
Total liabilities and fund balances	\$ 4,231,531	\$ 574,714	\$ 4,806,245

Davenport Community School District

**Combining Statement of Revenues, Expenditures and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011**

	Special Revenue			Total Nonmajor Governmental Funds
	Management	Student Activity	Debt Service	
Revenues:				
Property taxes	\$ 1,622,519	\$ -	\$ -	\$ 1,622,519
Utility taxes	69,052	-	-	69,052
Intergovernmental	3,914	-	-	3,914
Interest	11,214	5,399	1,315	17,928
Other	-	1,247,316	-	1,247,316
Total revenues	1,706,699	1,252,715	1,315	2,960,729
Expenditures:				
Current:				
Instruction	673,002	1,251,785	-	1,924,787
Building administration	-	1,600	-	1,600
Plant operation and maintenance	1,401,431	-	-	1,401,431
Student transportation	-	39,304	-	39,304
Total expenditures	2,074,433	1,292,689	-	3,367,122
Excess (deficiency) of revenues over expenditures	(367,734)	(39,974)	1,315	(406,393)
Other financing sources (uses), transfers (out)	-	(5,844)	(500,804)	(506,648)
Net change in fund balances	(367,734)	(45,818)	(499,489)	(913,041)
Fund balances, beginning of year	1,943,224	531,106	499,489	2,973,819
Fund balances, end of year	\$ 1,575,490	\$ 485,288	\$ -	\$ 2,060,778

Davenport Community School District

Combining Schedule of Changes in Balances

Student Activity Fund

Year Ended June 30, 2011

	Balance June 30, 2010	Revenues	Expenditures
District-Wide Athletics	\$ 14,007	\$ -	\$ 94
Central High School Athletics	93,455	101,389	123,466
North High School Athletics	41,815	67,835	73,641
West High School Athletics	31,835	110,600	113,513
Central High School	119,126	242,095	233,353
North High School	(19,070)	141,669	158,525
West High School	12,884	311,767	310,682
Kimberly Center	69	1,350	586
Smart Intermediate School	19,745	11,828	17,269
Sudlow Intermediate School	48,074	70,581	87,833
Walcott Elementary and Intermediate School	45,441	57,072	56,524
Williams Intermediate School	18,591	43,020	32,982
Wood Intermediate School	24,614	37,234	40,025
Young Intermediate School	2,178	7,094	8,710
Adams Elementary	1,355	6,385	4,528
Blue Grass Elementary	775	-	40
Buchanan Elementary	17,788	9,189	8,134
Buffalo Elementary	6,345	1,821	2,100
Eisenhower Elementary	2,971	4,661	-
Fillmore Elementary	1,145	-	-
Garfield Elementary	8,698	10,453	4,815
Harrison Elementary	1,175	1,562	1,263
Hayes Elementary	1,760	615	101
Jackson Elementary	68	36	-
Jefferson Elementary	54	-	-
Lincoln Elementary	6,375	579	5,714
Madison Elementary	10,020	-	1,654
McKinley Elementary	6,453	440	979
Monroe Elementary	2,718	64	390
Truman Elementary	906	850	1,519
Washington Elementary	2,615	1,478	806
Wilson Elementary	1,277	5,649	3,443
Unallocated interest income	5,844	5,399	-
Total special revenue student activity fund	\$ 531,106	\$ 1,252,715	\$ 1,292,689

Transfers	Balance June 30, 2011
\$ -	\$ 13,913
-	71,378
-	36,009
-	28,922
-	127,868
-	(35,926)
-	13,969
-	833
-	14,304
-	30,822
-	45,989
-	28,629
-	21,823
-	562
-	3,212
-	735
-	18,843
-	6,066
-	7,632
-	1,145
-	14,336
-	1,474
-	2,274
-	104
-	54
-	1,240
-	8,366
-	5,914
-	2,392
-	237
-	3,287
-	3,483
(5,844)	5,399
<u>\$ (5,844)</u>	<u>\$ 485,288</u>

Davenport Community School District

Statement of Changes in Fiduciary
Assets and Liabilities - Agency Fund
Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets				
Cash and investments	\$ 123,615	\$ 163,202	\$ 169,972	\$ 116,845
Due from other governments	118	-	118	-
Total assets	\$ 123,733	\$ 163,202	\$ 170,090	\$ 116,845
Liabilities				
Accounts payable	\$ 5,632	\$ 3,794	\$ 4,952	\$ 4,474
Due to activity groups	118,101	159,408	165,138	112,371
Total liabilities	\$ 123,733	\$ 163,202	\$ 170,090	\$ 116,845

Davenport Community School District

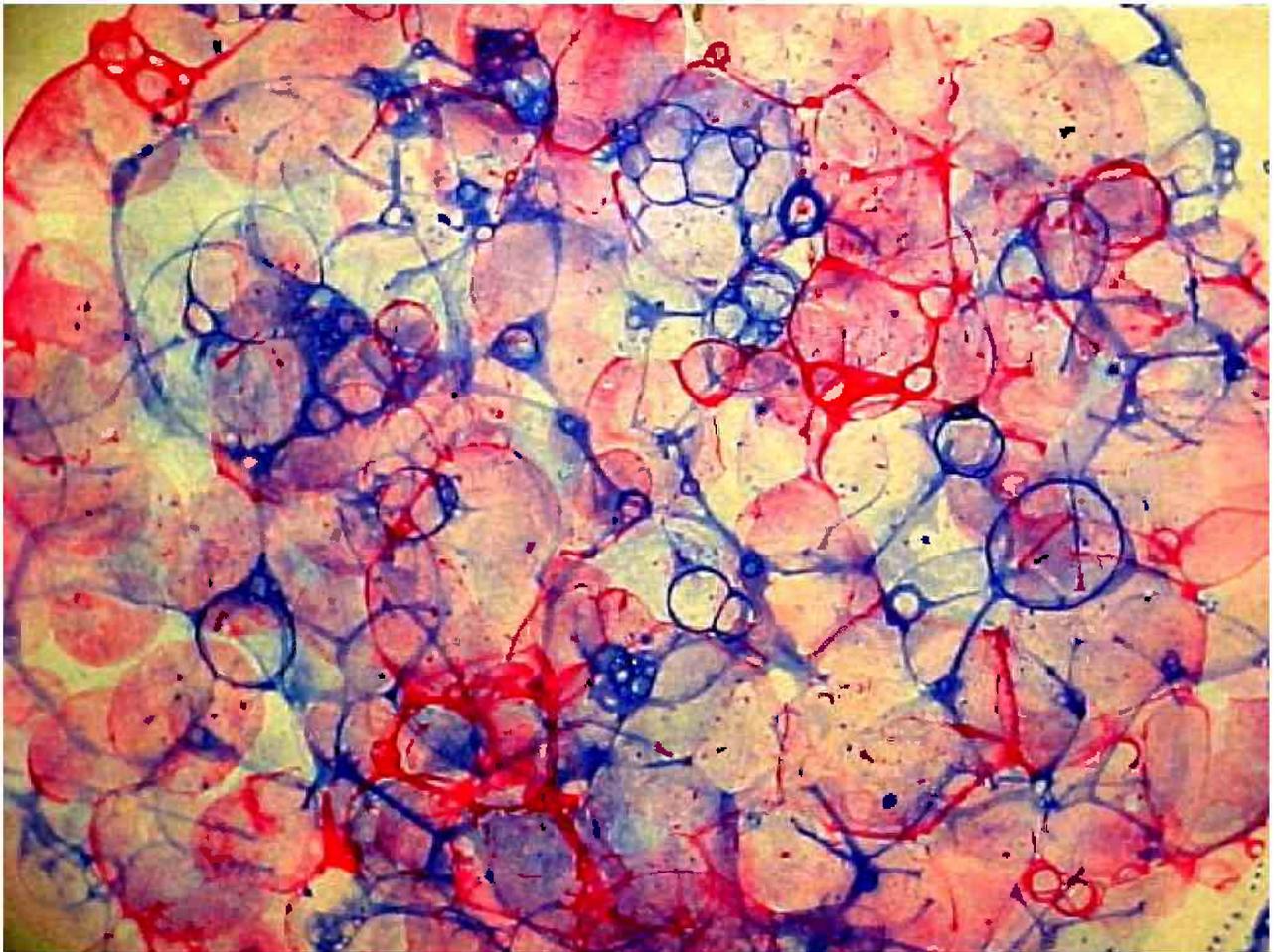
Combining Schedule of Changes in Amounts Due to Activity Groups

Agency Fund

Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Adams dad's club/state farm	\$ 147	\$ -	\$ 147	\$ -
Administration pop account	4,787	4,530	5,211	4,106
Administration thanksgiving	166	375	330	211
CV Hayes staff account	89	586	514	161
CVW staff account	80	1,775	1,283	572
Central staff pop account	791	20,074	14,836	6,029
Central concessions	12,344	29,613	27,478	14,479
Buchanan pop account	2,894	1,930	1,685	3,139
Buffalo business partners	-	1,500	-	1,500
Fillmore pop account	1,466	1,799	2,100	1,165
Garfield pop account	1,352	1,565	1,254	1,663
Harrison pop account	3,017	2,660	2,114	3,563
Harrison Olweus Donation	-	625	-	625
Havlife foundation account	30,139	-	11,619	18,520
Hayes staff fund	2,210	5,020	5,253	1,977
Hoover pop account	213	495	572	136
Lincoln pop account	-	1,265	627	638
Madison teacher's pop account	3,760	1,676	2,298	3,138
Monroe pop account	5,423	6,683	4,849	7,257
North metro fest	-	2,000	500	1,500
North pop account	4,171	13,004	8,918	8,257
River music experience havlife	-	2,500	770	1,730
Smart pop account	7,783	2,480	2,435	7,828
Special ed rec league	2,359	3,500	2,456	3,403
Sudlow staff account	3,342	5,415	5,642	3,115
Young staff pop account	(2)	2,401	2,376	23
Walcott staff account	1,000	2,173	2,173	1,000
Washington pop account	1,540	760	1,081	1,219
West pop account	14,744	30,541	41,592	3,693
West alumni shrine hallway	(276)	276	-	-
Williams sunshine pop account	546	2,078	1,786	838
Williams pop cans	60	23	-	83
Wilson pop account	10,794	9,066	12,208	7,652
Wood pop account	1,111	601	544	1,168
Youth fest account	1,840	-	-	1,840
KC staff account	211	419	487	143
Total	\$ 118,101	\$ 159,408	\$ 165,138	\$ 112,371

DAVENPORT
COMMUNITY
SCHOOLS



Megan N, Grade 5 – Adams Elementary School

Media: Tempera and Dish Soap

Benchmark: Uses a variety of media and techniques to communicate ideas and feeling in two-dimensional and three-dimensional works of art



Statistical Section

Davenport Community School District

Statistical Section Contents

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	60 - 69
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	70 - 75
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	76 - 80
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	81 - 88
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	89 - 97

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

Davenport Community School District

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

	Fiscal Year			
	2011	2010	2009	2008
Governmental activities:				
Invested in capital assets, net of related debt	\$ 133,596,413	\$ 122,855,936	\$ 114,430,225	\$ 104,909,566
Restricted	22,083,566	23,789,830	24,956,179	22,276,424
Unrestricted	31,528,694	21,634,801	15,470,549	12,630,676
Total governmental activities net assets	\$ 187,208,673	\$ 168,280,567	\$ 154,856,953	\$ 139,816,666
Business-type activities:				
Invested in capital assets, net of related debt	\$ 510,223	\$ 610,226	\$ 624,336	\$ 732,858
Restricted	-	-	-	-
Unrestricted	2,388,782	1,480,466	477,059	(315,743)
Total business-type activities net assets	\$ 2,899,005	\$ 2,090,692	\$ 1,101,395	\$ 417,115
Primary government:				
Invested in capital assets, net of related debt	\$ 134,106,636	\$ 123,466,162	\$ 115,054,561	\$ 105,642,424
Restricted	22,083,566	23,789,830	24,956,179	22,276,424
Unrestricted	33,917,476	23,115,267	15,947,608	12,314,933
Total primary government net assets	\$ 190,107,678	\$ 170,371,259	\$ 155,958,348	\$ 140,233,781

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

Source: District financial records

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

Davenport Community School District

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

	Fiscal Year			
	2011	2010	2009	2008
Expenses:				
Governmental activities:				
Instruction	\$ 123,435,023	\$ 115,220,844	\$ 116,034,206	\$ 113,522,124
Student support services	3,266,982	3,596,004	4,022,805	4,003,009
Instructional staff support services	6,142,636	6,100,992	5,082,850	5,139,836
General administration	1,813,010	1,871,580	1,877,261	1,949,544
Building administration	9,950,584	9,870,846	9,439,032	8,754,199
Business administration	3,822,055	3,692,544	4,454,131	4,550,916
Plant operation and maintenance	14,052,852	14,209,020	15,221,426	14,157,556
Student transportation	5,027,504	4,588,851	4,623,723	4,047,272
Area Education Agency	6,637,326	6,505,439	5,852,203	5,662,264
Other expenses	505,551	440,988	278,949	220,927
Interest on long-term debt	-	800	343,315	667,645
Total governmental activities expenses	174,653,523	166,097,908	167,229,901	162,675,292
Business-type activities:				
Food service	7,538,582	7,235,067	7,145,508	7,392,708
Day care	-	-	24,895	345,411
Total business-type activities expenses	7,538,582	7,235,067	7,170,403	7,738,119
Total primary government expenses	\$ 182,192,105	\$ 173,332,975	\$ 174,400,304	\$ 170,413,411
Program revenues:				
Governmental activities:				
Charges for services, instruction	\$ 6,816,358	\$ 7,004,271	\$ 5,612,778	\$ 5,629,822
Operating grants and contributions	40,018,481	38,122,590	33,228,717	29,110,981
Capital grants and contributions	149,825	150,000	203,189	13,088
Total governmental revenues	46,984,664	45,276,861	39,044,684	34,753,891
Business-type activities:				
Charges for services:				
Food services	2,367,038	2,474,381	2,727,373	2,597,998
Day Care	-	-	17,155	216,982
Operating grants and contributions	5,967,490	5,638,183	5,108,946	4,761,250
Total business-type revenues	8,334,528	8,112,564	7,853,474	7,576,230
Total primary government revenues	55,319,192	53,389,425	46,898,158	42,330,121
Net (expense) revenue:				
Governmental activities	\$ (127,668,859)	\$ (120,821,047)	\$ (128,185,217)	\$ (127,921,401)
Business-type activities	795,946	877,497	683,071	(161,889)
Total primary government net expense	\$ (126,872,913)	\$ (119,943,550)	\$ (127,502,146)	\$ (128,083,290)

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

Source: District financial records

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

Davenport Community School District

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

	Fiscal Year			
	2011	2010	2009	2008
Net (expense) revenue:				
Governmental activities	\$ (127,668,859)	\$ (120,821,047)	\$ (128,185,217)	\$ (127,921,401)
Business-type activities	795,946	877,497	683,071	(161,889)
Total primary government net expense	(126,872,913)	(119,943,550)	(127,502,146)	(128,083,290)
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes	61,114,524	60,062,506	58,499,226	56,080,120
Utility tax	2,594,463	2,713,155	2,680,964	2,615,919
Local option sales tax	12,832,292	11,711,344	14,495,378	15,411,214
Unrestricted state aid and grants	69,280,863	58,634,847	66,533,410	68,452,968
Interest and investment earnings	628,504	533,535	979,404	1,624,652
Miscellaneous	146,319	35,681	37,122	225,852
Transfers	-	(104,619)	-	-
Total governmental activities	146,596,965	133,586,450	143,225,504	144,410,725
Business-type activities:				
Interest and investment earnings	12,067	6,781	1,209	-
Other	300	400	-	-
Transfers	-	104,619	-	-
Total business type activities	12,367	111,800	1,209	-
Total primary government	146,609,332	133,698,250	143,226,713	144,410,725
Change in net assets:				
Governmental activities	18,928,106	12,765,403	15,040,287	16,489,324
Business-type activities	808,313	989,297	684,280	(161,889)
Total primary government	\$ 19,736,419	\$ 13,754,700	\$ 15,724,567	\$ 16,327,435

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

Source: District financial records

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

Davenport Community School District

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)
(Unaudited)**

	Fiscal Year			
	2011	2010	2009	2008
General Fund:				
Nonspendable	\$ 400,233	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	11,010,775	-	-	-
Reserved	-	752,109	598,299	755,430
Unreserved	-	9,259,384	12,746,539	9,485,605
Total General Fund	\$ 11,411,008	\$ 10,011,493	\$ 13,344,838	\$ 10,241,035
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	23,095,794	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
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
Total all other governmental funds	\$ 23,095,794	\$ 23,789,830	\$ 24,956,179	\$ 22,276,424

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

Source: District financial records

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

Davenport Community School District

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

	Fiscal Year			
	2011	2010	2009	2008
Revenues:				
Property taxes	61,097,510	59,978,454	58,463,767	\$ 55,945,162
Utility tax	2,594,463	2,713,155	2,680,964	2,615,919
Local options sales tax, pledged as security for revenue bonds	12,832,292	11,711,344	14,495,378	15,411,214
Intergovernmental	107,523,909	95,281,065	98,185,617	94,308,745
Charges for services	4,330,427	3,957,803	4,256,788	3,876,643
Interest	628,504	533,535	979,404	1,624,652
Contributions and donations	681,584	415,120	681,578	191,841
Other	2,321,967	2,616,574	2,632,264	1,802,332
Total revenues	192,010,656	177,207,050	182,375,760	175,776,508
Expenditures:				
Instruction	121,991,035	114,024,980	111,037,438	107,820,164
Student support services	4,906,654	5,456,799	4,329,266	3,819,850
Instructional staff support services	6,142,636	6,077,840	5,082,850	5,134,015
General administration	1,798,321	1,856,891	1,862,572	1,934,856
Building administration	9,945,284	9,785,027	9,432,227	8,754,199
Business administration	3,740,036	3,582,860	4,447,595	4,543,863
Plant operations and maintenance	13,987,436	14,111,490	15,057,211	13,949,803
Student transportation	5,020,226	4,581,573	4,616,445	4,039,994
Other support services	505,551	419,790	272,685	217,087
Area Education Agency	6,637,326	6,505,439	5,852,203	5,662,264
Capital outlay	16,473,095	6,761,531	7,441,230	9,383,063
Capital outlay, not capitalized	157,577	1,306,247	-	-
Debt service:				
Principal	-	6,960,000	6,655,000	6,370,000
Interest	-	171,658	505,480	819,736
Total expenditures	191,305,177	181,602,125	176,592,202	172,448,894
Excess of revenues over (under) expenditures	705,479	(4,395,075)	5,783,558	3,327,614
Other financing sources (uses):				
Proceeds from sale of bonds	-	-	-	-
Transfers in	506,648	7,135,367	7,166,975	7,212,630
Transfers (out)	(506,648)	(7,239,986)	(7,166,975)	(7,212,630)
Total other financing sources	-	(104,619)	-	-
Special item, proceeds from sale of school property	-	-	-	4,214
Net change in fund balances	\$ 705,479	\$ (4,499,694)	\$ 5,783,558	\$ 3,331,828
Debt service as a percentage of noncapital expenditures	0.000%	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
2009	2010-11	\$ 3,580,355,994	\$ 6,095,055,480	\$ 42,402,009	\$ 42,402,009
2008	2009-10	3,419,866,960	5,733,466,144	41,982,187	41,982,187
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

Source: Scott County Auditor's Office

Utilities		Total		Total Assessed Value to	Total
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Estimated Actual Value	Direct Rate
\$ 262,667,149	\$ 262,667,149	\$ 3,885,425,152	\$ 6,400,124,638	60.70859%	\$ 17.11276
262,620,628	262,620,628	3,724,469,775	6,038,068,959	61.68313	17.09334
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

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			
2011	\$ 15.81276	\$ 1.30000	\$ -	\$ 17.11276	\$ 6.37607	
2010	15.79334	1.30000	-	17.09334	5.47607	
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	

Source: Scott County Auditor's Office

Overlapping Rates		
City of Davenport	Area IX Community College	Other
\$ 15.53000	\$ 0.92444	\$ 0.30838
15.58000	0.87714	0.32634
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

Davenport Community School District

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

Taxpayer	2011				2002		
	Taxable Value	Taxes	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
MidAmerican Energy	\$155,591,720	6,348,243	1	2.55%	\$158,732,355	1	5.63%
SDG Macerich Properties	59,067,700	2,362,708	2	0.97%	65,105,400	2	2.31%
Iowa American Water Company	43,263,190	1,752,558	3	0.71%	43,281,437	3	1.53%
THF Davenport North Development	21,145,800	845,832	4	0.35%			
Qwest	20,848,458	783,964	5	0.34%			
LaFarge Corporation	16,905,200	676,208	6	0.28%	23,234,916	4	0.82%
Wal-Mart Real Estate	15,632,650	625,306	7	0.26%			
Telecommunications 1031 Venture	14,166,100	566,644	8	0.23%			
Genesis Health System	14,064,500	562,580	9	0.23%			
Quanex Corporation	13,970,350	558,814	10	0.23%	16,613,015	7	0.59%
Genventures, Inc					20,824,100	5	0.74%
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%
Davenport Center LTD Partnership					12,012,700	10	0.43%
US West Communications					20,334,649	6	0.72%
Total	\$374,655,668			6.15%	\$400,701,942		14.21%

Source: Scott County Auditor'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
2010-11	2009	\$ 64,012,011	\$ 63,451,778	99.12	\$ 108,783	0.17
2009-10	2008	63,070,307	62,598,461	99.25	195,661	0.31
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

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		
2011	\$ -	0%	\$ -
2010	-	-	-
2009	6,960,000	0.11	42.78
2008	13,615,000	0.23	83.69
2007	19,985,000	0.35	122.89
2006	26,080,000	0.49	162.87
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

Source: District financial records

Davenport Community School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2011

(dollars in thousands)

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 15,660,000	56.09%	\$ 8,783,694
Eastern Iowa Community College	69,525,000	32.61%	22,672,103
City of Blue Grass	2,464,440	100.00%	2,464,440
City of Buffalo	245,000	100.00%	245,000
City of Davenport	177,080,000	95.60%	169,288,480
City of Walscott	4,325,000	100.00%	4,325,000
City of Durant	2,470,000	4.68%	115,596
Subtotal, overlapping debt			<u>207,894,313</u>
District direct debt			-
Total direct and overlapping debt			<u><u>\$ 207,894,313</u></u>

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

Davenport Community School District

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

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	<u>\$ 3,885,425,152</u>
Debt limit (5% of assessed value)	\$ 194,271,258
Debt applicable to limit	-
Legal debt margin	<u>\$ 194,271,258</u>

	2011	2010	2009	2008
Debt limit	\$ 194,271,258	\$ 186,223,489	\$ 184,074,379	\$ 178,977,708
Total net debt applicable to limit	-	-	6,960,000	13,615,000
Legal debt margin	<u>\$ 194,271,258</u>	<u>\$ 186,223,489</u>	<u>\$ 177,114,379</u>	<u>\$ 165,362,708</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	3.78%	7.61%

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

2007	2006	2005	2004	2003	2002
\$ 171,274,196	\$ 167,494,741	\$ 156,634,717	\$ 149,612,745	\$ 146,495,120	\$ 138,161,257
19,985,000	26,080,000	31,915,000	37,505,000	42,735,000	45,810,000
\$ 151,289,196	\$ 141,414,741	\$ 124,719,717	\$ 112,107,745	\$ 103,760,120	\$ 92,351,257
11.67%	15.57%	20.38%	25.07%	29.17%	33.16%

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		
2011	\$ 12,832,292	\$ -	\$ -	-	
2010	11,711,344	6,960,000	171,658	1.64	
2009	14,495,378	6,655,000	503,880	2.03	
2008	15,411,214	6,370,000	818,136	2.14	
2007	14,879,136	6,095,000	1,112,450	2.06	
2006	14,157,960	5,835,000	1,385,916	1.96	
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	

Source: District financial records

Davenport Community School District

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

Calendar Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	165,224	6,931,699	41,594	37.7	15,932	6.90
2010	166,650	6,569,772	39,953	35.4	15,929	7.50
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

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

Source: Bureau of Economic Analysis, U.S. Census Bureau (via Bi-State Regional Commission)

N/A: Not Available

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

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: \$233,132,611 in 2010-11

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 – 98.7

Housing – 98.4

Utilities – 81.6

Transportation – 104.3

Health Care – 97.7

Misc. Goods – 96.8

Composite – 96.7

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 4th grade
 - Departmental instruction in 4th and 5th grade in art, mathematics, music, physical education, science and social studies
 - Special education programming
 - Talented and gifted programming
 - State of the art library media centers – the first library media centers in elementary schools in Iowa and west of the Mississippi River

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

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

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Employee and District Top Awards:

West High School business education teacher, Steve Verdon, was recently honored as the 2010 Iowa Masonic teacher of the Year.

Debbie Potts, third grade teacher at Buchanan Elementary was recently the recipient of "A Day Made Better" sponsored by Office Max and received \$1000 in school supplies. Ms. Potts was one of only four 2010 recipients of this award in the state of Iowa.

Jason Franzenburg was honored as a teacher of Excellence from the Iowa Industrial and Technology association.

Davenport Community School District and Iowa Alliance for Arts Education have received notice from the John F. Kennedy Center for the Performing Arts that they have been awarded a grant to fund the BASICS (Bridging Arts Strategies in Communities and Schools) program.

Science Alliance Club attended the Iowa Academy of Science conference in April where Laura McCreery was awarded the Excellence in Science Teaching 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 12th grade) - 3

Alternative Education (high school) - 1

Athletic Stadium - 1

Operations Center - 1

Administration Services Center - 1

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

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

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 – 52.25 percent

Specialist or Doctorate Degrees – 1.17 percent

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Skills for Life Initiative

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

The 18 Skills for Life Are:

Starting at the elementary level –

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

Added at the intermediate school level –

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

Added at the high school level –

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

Student Top Awards (Just A Few!):

West High School was one of only 25 nation wide recipients of the Project Lead the Way (PLTW) Model Schools' Awards. The award allows two teachers and four students to attend the annual National Innovation Summit and the USA Science and Engineering Expo in Washington, D.C.

A group of North High School students performed a "directors cut" of *Seussical!* At the State Thespian Festival and were chosen Chapter Select and invited to represent the State of Iowa in the Studio Theater Division at the International Thespian Festival in Lincoln, Nebraska. Emily Briggs received a Best of Center and Superior rating in the Solo Musical Theater and will perform at the International Thespian Festival. Caitlin Walton was named to the 2010-11 State Thespian Student Board.

Josh Phoun, 9th grade, was selected to participate in Blue Lake Fine Arts Camp's international program from over 2500 students. Josh is one of 350 to tour Europe.

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

West High School junior Alexandra Dobbs was named “Best of Show” art exhibit winner at the 2010 Festival of Trees for her “*Moonlight Sonata*”.

Over fifty Davenport Community School District students represented the district at the 2010 Iowa All State Music Festival, 2010 OPUS Honor Choir and 2010 Junior Honor Orchestra.

Davenport’s ProStart Culinary Arts Team won 1st Place at the State of Iowa’s Culinary Arts Competition held on March 7, 2011 in Ankeny, Iowa. Each student received a scholarship to the Culinary Schools of the Art Institute and they will be traveling to the National ProStart Competition in Overland Park, Kansas.

West High School’s Cheerleading Squad won the Iowa State Co-Ed Cheerleading title in Des Moines for 2010-11.

Student Diversity:

Alaskan/American Indian - .4%

Asian— 2.0%

Black – not Hispanic – 18.7%

Hispanic – 12.9%

Hawaiian or Other Pacific Islander – .1%

White – 59.9%

Multi-Racial – 6.2%

Student Enrollment: 15,932 (October 1, 2010 Official Enrollment Count Day)

Student Teacher Ratio:

Elementary – 12:1

Intermediate – 14:1

High School – 14:1

Teacher Data:

	Beginning Salary	Maximum Salary	Number of Teachers	Average Salary
Bachelors	\$ 28,100	\$ 45,120	319	\$ 36,328
Bachelors + 15 hours	29,610	46,530	240	42,755
Masters	32,430	56,400	330	49,817
Masters + 15 hours	33,840	57,810	100	54,418
Masters + 30 hours	35,250	59,220	197	57,488
Specialists Degree	36,660	60,630	14	58,918

Average teachers salary: \$46,433

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

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

Elementary School - 1.5 miles
Intermediate School- 2 miles
High School - 3 miles

Twenty-five Great Things About Our Schools

"Enhance each student's abilities ... "

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

"Provide a quality education"

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

"Enriched by our diverse community ... "

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

Davenport Community School District

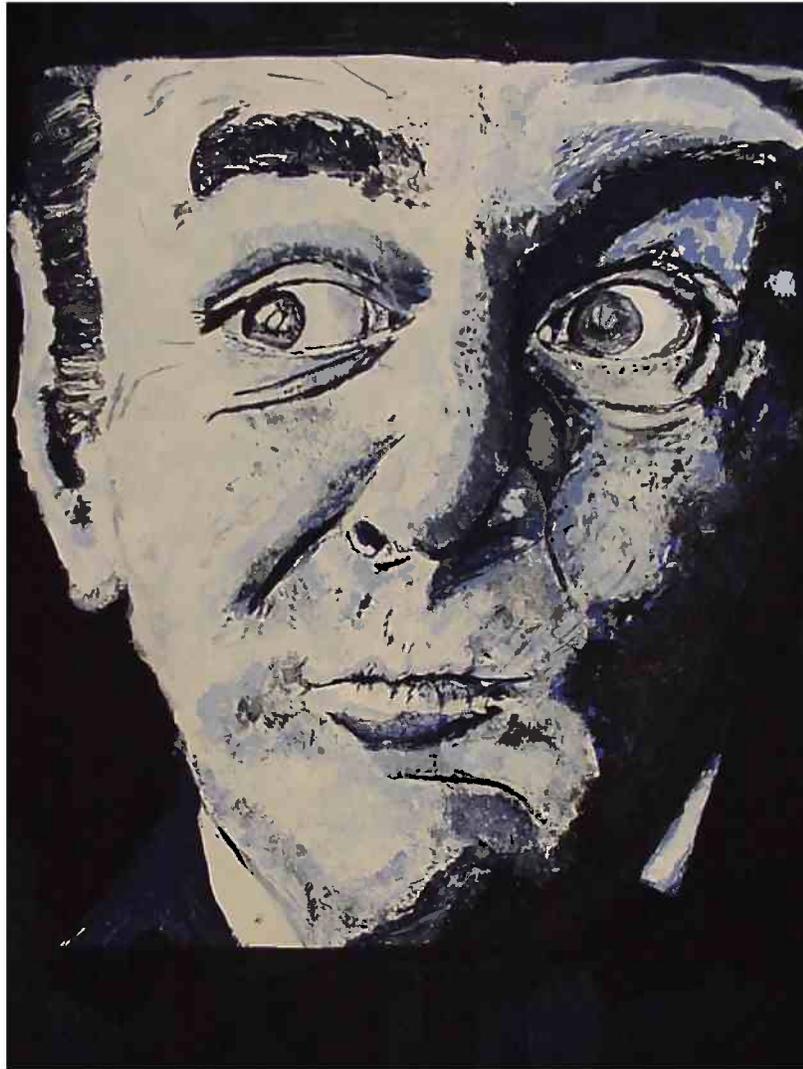
**Principal Employers
Current Year and Ten Years Ago
(Unaudited)**

Employer	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rock Island Arsenal	8,200	1	4.45%	6,000	2	3.31%
Deere & Company	6,000	2	3.26%	8,215	1	4.53%
Genesis Medical Center	3,850	3	2.09%	3,000	3	1.65%
Davenport Schools	1,950	4	1.06%	2,151	7	1.19%
ALCOA, Inc.	1,900	5	1.03%	2,513	4	1.38%
Kraft Foods (Oscar Mayer)	1,500	6	0.81%	1,635	8	0.90%
Xpac (Export Packaging, Inc.)	1,200	7	0.65%	-	-	-
City of Davenport	980	8	0.53%	-	-	-
Isle of Capri	925	9	0.50%	-	-	-
APAC Customer Service	900	10	0.49%	-	-	-
Moline Public School District #41	900	10	0.49%	-	-	-
Exelon	900	10	0.49%	-	-	-
Trinity Medical Center	-	-	-	2,500	5	1.38%
Iowa Beef Processors	-	-	-	2,300	6	1.27%
Mid American Energy	-	-	-	1,200	9	0.66%
Illini Hospital	-	-	-	950	10	0.52%
Total	<u>29,205</u>		15.86%	<u>30,464</u>		16.79%

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

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

DAVENPORT
COMMUNITY
SCHOOLS



*Monochromatic Painting, Kari Renkosik, Grade 12 – North
High School
Media Tempera and Paper*

Davenport Community School District

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

	2011	2010	2009	2008
Administration:				
District Secretary/Treasurer	1	1	1	1
Superintendent	1	1	1	1
Assistant Superintendents	2	2	2	2
Principals	29	29	28	30
Assistant Principals	19	19	18	18
All Other Administrators	16	16	16	17
Total Administration	68	68	66	69
Instructional:				
Teachers	934	923	940	915
Teachers - Special Programs	195	206	203	198
Teachers Aides	384	410	353	332
Total Instructional	1,513	1,539	1,496	1,445
Student Services:				
Counselors	41	40	42	38
Library Specialist	24	24	23	22
Other Education Professional	23	41	37	36
Nurses	29	26	26	22
Other Technical	20	18	40	26
Total Student Services	137	149	168	144
Support Services:				
Business Manager/Accountant	2	2	2	2
Other Professional	33	33	38	13
Office/Clerical	112	111	114	114
Crafts/Trades	24	24	26	28
Service Workers	320	311	254	282
Total Support Services	491	481	434	439
Total	2,209	2,237	2,164	2,097

Source: District records as reported on Certified Annual Report

2007	2006	2005	2004	2003	2002	Percentage Change 2002 - 2011
1	1	1	1	1	1	0.0%
1	1	1	1	1	1	0.0%
2	2	2	1	1	1	100.0%
30	27	27	28	28	31	(6.5)%
16	14	16	16	16	14	35.7%
16	14	14	16	16	15	6.7%
66	59	61	63	63	63	7.9%
905	896	882	860	841	935	(0.1)%
210	308	260	257	240	242	(19.4)%
323	369	394	376	370	406	(5.4)%
1,438	1,573	1,536	1,493	1,451	1,583	(4.4)%
44	31	38	38	33	28	47.1%
24	27	27	25	26	25	(6.0)%
46	12	10	9	-	-	0.0%
21	26	23	22	18	15	93.3%
25	16	14	12	11	11	81.8%
160	112	112	106	88	79	73.0%
2	2	2	2	2	2	0.0%
-	3	7	7	8	7	371.4%
113	111	111	112	112	103	8.7%
29	29	29	29	29	30	(20.0)%
272	272	281	282	276	265	20.8%
416	417	430	432	427	407	20.6%
2,080	2,161	2,139	2,094	2,029	2,132	3.6%

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
2011	15,932	\$ 170,897,456	\$ 10,727	0.06	1,153	13.82	61.42
2010	15,929	160,588,239	10,082	0.04	1,179	13.51	60.00
2009	16,081	155,503,602	9,670	0.03	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

Source: District financial records

DAVENPORT
COMMUNITY
SCHOOLS



Andrew, Grade 4 – Jackson Elementary School

Media: Ink on Metal

Benchmark: Use a variety of media and techniques to communicate ideas and feelings in two-dimensional and three-dimensional works of art

Davenport Community School District

School Building Information

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2011	2010	2009	2008
Elementary:				
Adams (1950)				
Square feet	86,786	86,786	86,786	86,786
Capacity	690	690	690	690
Enrollment	577	521	552	540
Blue Grass (1957)	-	-	-	-
Square feet	66,884	66,884	66,884	66,884
Capacity	552	552	552	552
Enrollment	363	391	387	368
Buchanan (1971)	-	-	-	-
Square feet	60,481	60,481	60,481	60,481
Capacity	506	506	506	506
Enrollment	327	357	353	315
Buffalo (2002)	-	-	-	-
Square feet	53,980	53,980	53,980	53,980
Capacity	391	391	391	391
Enrollment	258	271	284	266
Eisenhower (1969)	-	-	-	-
Square feet	61,442	61,442	61,442	61,442
Capacity	506	506	506	506
Enrollment	446	442	444	426
Fillmore (1955)	-	-	-	-
Square feet	56,017	56,017	56,017	56,017
Capacity	552	552	552	552
Enrollment	351	371	341	391
Garfield (1923)	-	-	-	-
Square feet	90,458	90,458	90,458	90,458
Capacity	483	483	483	483
Enrollment	492	439	438	415
Harrison (1953)	-	-	-	-
Square feet	72,912	72,912	72,912	72,912
Capacity	598	598	598	598
Enrollment	578	580	573	557
Hayes (1923)	-	-	-	-
Square feet	77,618	77,618	77,618	77,618
Capacity	506	506	506	506
Enrollment	320	305	308	284
Jackson (1971)				
Square feet	55,503	55,503	55,503	55,503
Capacity	529	529	529	529
Enrollment	370	379	395	377
Jefferson (1939)	-	-	-	-
Square feet	64,514	64,514	64,514	64,514
Capacity	552	552	552	552
Enrollment	403	470	441	465

(Continued)

Fiscal Year					
2007	2006	2005	2004	2003	2002
86,786	86,786	86,786	86,786	86,786	86,786
690	690	690	690	690	690
575	564	567	554	565	519
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
344	338	326	336	317	365
60,481	60,481	60,481	60,481	60,481	60,481
506	506	506	506	506	506
312	322	334	345	377	366
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
288	299	305	316	282	261
61,442	61,442	61,442	61,442	61,442	61,442
506	506	506	506	506	506
419	424	462	417	399	395
56,017	56,017	56,017	56,017	56,017	56,017
552	552	552	552	552	552
388	380	401	440	425	415
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
428	406	476	459	546	379
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
533	504	517	527	488	453
77,618	77,618	77,618	77,618	77,618	71,918
506	506	506	506	506	506
274	256	321	349	336	338
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
388	358	370	396	374	341
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
472	464	415	404	487	506

Davenport Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2011	2010	2009	2008
Elementary (Continued)				
Lincoln (1939)	-	-	-	-
Square feet	59,536	59,536	59,536	59,536
Capacity	483	483	483	483
Enrollment	270	259	231	255
Madison (1939)	-	-	-	-
Square feet	64,614	64,614	64,614	64,614
Capacity	506	506	506	506
Enrollment	417	408	395	393
McKinley (1939)	-	-	-	-
Square feet	61,063	61,063	61,063	61,063
Capacity	460	460	460	460
Enrollment	361	349	372	377
Monroe (1938)	-	-	-	-
Square feet	72,435	72,435	72,435	72,435
Capacity	598	598	598	598
Enrollment	449	419	417	414
Truman (1977)	-	-	-	-
Square feet	61,064	61,064	61,064	61,064
Capacity	391	391	391	391
Enrollment	404	405	398	402
Washington (1939)	-	-	-	-
Square feet	46,180	46,180	46,180	46,180
Capacity	322	322	322	322
Enrollment	283	284	264	298
Wilson (1955)	-	-	-	-
Square feet	78,401	78,401	78,401	78,401
Capacity	672	672	672	672
Enrollment	561	541	518	521
Intermediate	-	-	-	-
Smart (1917)	-	-	-	-
Square feet	134,901	134,901	134,901	134,901
Capacity	978	978	978	978
Enrollment	521	522	520	508
Sudlow (1917)	-	-	-	-
Square feet	134,524	134,524	134,524	134,524
Capacity	978	978	978	978
Enrollment	707	677	669	645
Walcott (K-8) (1956)	-	-	-	-
Square feet	92,160	92,160	92,160	92,160
Capacity	722	722	722	722
Enrollment	410	416	601	598
Williams (1954)	-	-	-	-
Square feet	133,794	133,794	133,794	133,794
Capacity	977	977	977	977
Enrollment	739	725	724	730

(Continued)

Fiscal Year					
2007	2006	2005	2004	2003	2002
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
302	281	240	287	345	337
64,614	64,614	64,614	64,614	64,614	64,614
506	506	506	506	506	506
363	334	304	326	318	308
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
354	363	354	404	360	289
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
354	467	459	445	434	463
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
395	423	389	373	354	358
46,180	46,180	46,180	46,180	46,180	46,180
322	322	322	322	322	322
270	290	270	245	247	260
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
483	513	503	509	594	581
134,901	134,901	134,901	134,901	134,901	134,901
978	978	978	978	978	978
542	597	625	658	683	678
134,524	134,524	134,524	134,524	134,524	134,524
978	978	978	978	978	978
643	665	706	693	654	653
92,160	92,160	92,160	92,160	92,160	92,160
722	722	722	722	722	722
596	614	615	610	660	657
133,794	133,794	133,794	133,794	133,794	133,794
977	977	977	977	977	977
745	779	799	772	792	781

Davenport Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2011	2010	2009	2008
Intermediates (continued)				
Wood (1984)	-	-	-	-
Square feet	105,815	105,815	105,815	105,815
Capacity	977	977	977	977
Enrollment	701	694	659	700
Young (1917)	-	-	-	-
Square feet	108,018	108,018	108,018	108,018
Capacity	829	829	829	829
Enrollment	320	311	317	297
High	-	-	-	-
Central (1904)	-	-	-	-
Square feet	301,385	301,385	301,385	301,385
Capacity	1,933	1,933	1,933	1,933
Enrollment	1,412	1,406	1,490	1,510
North (1972)	-	-	-	-
Square feet	390,763	390,763	390,763	390,763
Capacity	1,551	1,551	1,551	1,551
Enrollment	966	1,002	978	1,039
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	1,871	1,893	2,034	2,028
Other	-	-	-	-
Child. Village at Hoover (1956)	-	-	-	-
Square feet	20,002	20,002	20,002	20,002
Capacity	138	138	138	138
Enrollment	128	129	133	131
Child. Village West (2004)	-	-	-	-
Square feet	35,400	35,400	35,400	35,400
Capacity	286	286	286	286
Enrollment	261	254	232	199
Kimberly Center (1961)	-	-	-	-
Square feet	79,884	79,884	79,884	79,884
Capacity	*	*	*	*
Enrollment	288	288	285	405

Source: District records

* Kimberly Center houses several alternative programs and the District bakery. Capacity is not available.

Fiscal Year					
2007	2006	2005	2004	2003	2002
105,815	105,815	105,815	105,815	105,815	105,815
977	977	977	977	977	977
732	784	812	775	747	720
108,018	108,018	108,018	108,018	108,018	108,018
829	829	829	829	829	829
371	371	382	351	402	436
301,385	301,385	301,385	301,385	301,385	301,385
1,933	1,933	1,933	1,933	1,933	1,933
1,560	1,554	1,560	1,475	1,456	1,407
390,763	390,763	359,621	359,621	359,621	359,621
1,551	1,551	1,551	1,551	1,551	1,551
1,070	1,127	1,107	1,142	1,108	1,082
453,811	453,811	453,811	453,811	453,811	449,316
2,592	2,592	2,592	2,592	2,592	2,592
2,088	2,158	2,138	2,231	2,263	2,336
20,002	20,002	20,002	20,002	20,002	20,002
138	138	138	138	138	138
97	93	128	81	66	57
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



Sunset Silhouette, Joshua, Grade 3 – Hayes Elementary School

Media: Watercolor and Construction Paper

Benchmark: Identify principles of design in a visual art composition



Compliance Section

Davenport Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

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	\$ 1,065,679
National School Lunch Program	10.555	N/A	4,024,425
Summer Food Service Program for Children	10.559	N/A	96,916
National School Lunch Program, Food Donation (Noncash)	10.555	N/A	531,492
Total nutrition cluster			5,718,512
Fresh Fruit and Vegetable	10.582	N/A	179,455
Total U.S. Department of Agriculture			5,897,967
U.S. Department of Defense:			
Passed through Scott County, Iowa:			
Flood Control Projects	12.112	N/A	14,013
U.S. Department of Education:			
Direct program, High School Graduation Initiative	84.360	N/A	61,101
Passed through State of Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	N/A	4,835,506
ARRA - Title I Basic LEA Grants Stabilization	84.389	N/A	2,819,237
Special Education - Grants to States	84.027	N/A	311,488
Vocational Education - Grants to States	84.048	N/A	267,986
SS/HS Grant Second Step	84.184	N/A	17,068
Title IV - Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	11,274
Education for Homeless Children & Youth	84.196	N/A	18,525
Twenty First Century Community Learning Centers	84.287	N/A	576,287
Enhancing Education Through Technology Grant (E2T2)	84.318	N/A	109,210
State Program Improvement Grants - SPDG	84.323	N/A	9,022
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	N/A	74,700
Reading First	84.357	N/A	111,456
Title II - Improving Teacher Quality State Grants	84.367	N/A	1,263,289
Title VI - Grants for State Assessments and Related Activities	84.369	N/A	100,250
Technical Assistance on State Data Collection	84.373	N/A	2,495
ARRA - Education for Homeless Children & Youth	84.387	N/A	22,341
ARRA - State Fiscal Stabilization Fund -Education State Grants	84.394	N/A	1,323,496
ARRA - State Fiscal Stabilization Fund - Teacher Professional Development	84.394	N/A	65,310
ARRA - State Fiscal Stabilization Fund - Government Services	84.397	N/A	758,809
Education Jobs Fund	84.410	N/A	3,232,548
			15,930,297

(Continued)

Davenport Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011**

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	984,488
ARRA - Special Education - Grants to States	84.391	N/A	1,213,970
Fund for the Improvement of Education	84.215	N/A	184,671
Advanced Placement Program	84.330	N/A	5,040
Title III - English Language Acquisition Grants	84.365	N/A	<u>60,312</u>
			<u>2,448,481</u>
U.S. Department of Education:			
Passed through the Green Hills Area Education Agency:			
Special Education - Grants to States	84.027	N/A	<u>9,201</u>
U.S. Department of Education:			
Passed through School Administrators of Iowa:			
Parental Assistance Grants (iSPIN)	84.310	N/A	<u>6,568</u>
U.S. Department of Education:			
Passed through Eastern Iowa Community College:			
Title IIB - Math and Science Partnerships	84.366	N/A	<u>86,269</u>
Total U.S. Department of Education			<u>18,541,917</u>
U.S. Department of Health and Human Services:			
Passed through State of Iowa Department of Education			
Wrap-Around Child Care Grant	93.575	N/A	<u>183,923</u>
Total expenditures of federal awards			<u><u>\$ 24,637,820</u></u>

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, 2011

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, 2011. 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, 2011**

Finding	Status	Corrective Action Plan or Other Explanation	
Other Findings Related to Statutory Reporting			
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.	Not corrected	See corrective action plan at 11-IV-G
10-IV-I	The District's investment in commercial paper was held at the depositing institution with no underlying collateral or insurance.	Corrected	
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.	Not corrected	See corrective action plan at 11-IV-K



**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, 2011, which collectively comprise Davenport Community School District's basic financial statements and have issued our report thereon dated November 28, 2011. 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

Management of Davenport Community School District is responsible for establishing and maintaining effective 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 District'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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting, listed as 11-II-A. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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, 2011 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 28, 2011.

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

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 28, 2011



**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, 2011. 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 management. Our responsibility is to express an opinion on Davenport Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Davenport Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Davenport Community School District's compliance with those requirements.

In our opinion, Davenport Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 11-III-A. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 28, 2011

Davenport Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

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
84.027	Special Education - Grants to States
84.391	ARRA - Special Education - Grants to States
84.010	Title I - Grants to Local Educational Agencies
84.389	ARRA - Title I Basic LEA Grants Stabilization
84.394	ARRA - State Fiscal Stabilization Fund
84.397	ARRA - State Fiscal Stabilization Fund
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$739,135

Auditee qualified as low-risk auditee? Yes No

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011**

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

A. Significant Deficiency in Internal Control

11-II-A

Finding: The District did not accrue two significant invoices at year-end that related to expenditures incurred in the current year. Additionally, the District over accrued employee benefits payable at year-end.

Criteria: Generally accepted accounting principles require the liability and the related expenditure or capital assets be recorded in the period to which they relate, regardless of when payment occurs.

Condition: The District did not properly identify and accrue two invoices into fiscal year 2011 that related to work performed during the fiscal year. This also caused the related governmental activities capital assets to be understated by the amount of the invoices. The District fully integrated the general ledger system in fiscal year 2011. During the new reconciliation process, the District over accrued for benefits payable as of June 30, 2011.

Context: Approximately \$1.1 million of additional accounts payable, capital outlay expenditures and capital assets were identified in the audit process and posted during the audit. Approximately \$1.4 million of employee benefits payable and the related benefits expense was identified and reversed during the audit process.

Effect: Accounts payable, capital assets, employee benefits payable and the related expenditures/expenses could be misstated.

Cause: The District's controls over the accounts payable and employee benefits payable cut off procedures were not operating effectively.

Recommendation: We recommend the District carefully review invoices received after year-end for any amounts that relate to the prior fiscal year, and properly record these items back into the prior fiscal year. In addition, we recommend that someone involved in the capital asset process review a listing of construction in process at year end in order to ensure that the balances recorded as of year-end appear reasonable compared to the amount of work done on the project. We recommend the District review their process for accruing for employee benefits.

Response and Corrective Action Plan: The District will continue to review CIP at year-end and cross check the balances with the operations department. The District will continue to review the accrual of employee benefits and feels this was a one-time issue due to the conversion to a new payroll system this fiscal year.

B. Instances of Noncompliance

None reported

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011**

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiency in Internal Control

11-III-A

**U.S. Department of Education
Passed through State of Iowa Department of Education
Title I – Grants to Local Educational Agencies (CFDA 84.010A)
ARRA – Title I Basic LEA Grants Stabilization (CFDA 84.389)
Education Jobs Fund (CFDA 84.410)
Federal Award Year: 2010/2011**

Finding: The District had not ensured that adequate and correct documentation was obtained to support the allocation of employee pay to various federal programs.

Criteria: The Office of Management and Budget Circular A-87 requires that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification; and where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

Condition: The District charged payroll expenditures to federal grants without ensuring the required certification from the employees supported the expenditure being charged to the grant.

Context: Two employees out of 25 tested in the Education Jobs Fund grant did not have any documentation completed to indicate that their time worked should be charged to this grant. In addition, two other employees out of 25 selected under the Education Jobs Fund grant had completed a certification that their time was spent working under another federal grant. Two out of 33 employees selected for testing under the Title I and ARRA Title I grants completed their certification for the time period by indicating a different amount of time was spent working under the grant than was charged to the grant.

Effect: Noncompliance with federal compliance requirements.

Cause: The District did not perform an adequate review of the certifications submitted by employees in order to ensure that time charged under the grants was appropriately supported by adequate documentation from the employees.

Recommendation: We recommend that the District perform reviews of the certifications submitted by employees in order to ensure that all time charged to grants is adequately supported.

Response and Corrective Action: The District will perform reviews of the certification of time to ensure all time charged to grants is adequately supported.

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011**

B. Instances of Noncompliance

None reported.

IV. Other Findings Related to Required Statutory Reporting

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

No expenditures exceeded the amended certified budget amounts.

11-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.

11-IV-C Travel Expenses

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

11-IV-D Business Transactions

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

11-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.

11-IV-F Board Minutes

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

11-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 2010. The variances included a total reduction of certified students by a net of 19 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, 2011**

11-IV-H Supplementary Weighting

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

11-IV-I Deposits and Investments

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

11-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 2012 beginning equity balances.

11-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 \$105 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 \$105 for Beginning Teacher Mentoring and Induction Program should be reported as restricted 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 restricted fund balance.

Conclusion: Response accepted.

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011**

11-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, 2011, the District's financial activity and other required information for the state-wide sales, services and use tax revenue are as follows:

Beginning balance	\$ 14,406,312
State-wide sales, services and use tax	12,832,292
Federal grant	100,500
Interest	126,200
Expenditures:	
School infrastructure:	
Land	(681,915)
Buildings	(14,859,372)
Equipment	(346,052)
Ending balance	<u>\$ 11,577,965</u>

The state-wide sales, services and use tax revenue received during the year ended June 30, 2011 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Physical plant and equipment levy	\$ 3.43797	\$ 12,832,292

Davenport Community School District

**Corrective Action Plan
Year Ended June 30, 2011**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Significant Deficiency in Internal Control				
11-II-A	The District did not accrue two significant invoices at year-end that related to expenditures incurred in the current year. Additionally, the District over accrued employee benefits payable at year-end.	See response and corrective action plan at 11-II-A.	June 2012	Marsha Tangen
Significant Deficiency in Internal Control over Administering Federal Awards				
11-III-A	The District had not ensured that adequate and correct documentation was obtained to support the allocation of employee pay to various federal programs.	See response and corrective action plan at 11-III-A.	June 2012	Marsha Tangen
Other Findings Related to Statutory Reporting				
11-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 11-IV-G.	June 2012	Marsha Tangen
11-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 11-IV-K.	June 2012	Marsha Tangen



Starry Night Cityscape, Ashley B, Grade 2 – Wilson Elementary School

*Media: Crayon and tempera paint with silhouette collage
Benchmark: Respond in a personal way (both verbally and visually) through the elements of art (line, color, shape)*



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, 2011, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We have separately communicated to you identified deficiencies that we determined to be significant deficiencies. Certain control deficiencies that have been previously communicated to you, in writing, by us or by others within your District 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 over grants in the current year, we noted that five of the 23 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.

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's policy is for receipts to be given out for any monies collected. Receipt documentation as well as deposit 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 the District's business office. We wanted to stress the importance of the compensating controls of the reconciliation process completed by the District's business office such as, accounting for receipt sequences, reconciling to the bank statements, and obtaining the approved reconciliation sheets back from each of the schools to ensure each school is reviewing the activity posted to the general ledger to their internal records.

In our testing of North High School this year, we noted the reconciliation prepared by the building secretary excludes uncleared transactions, some of which relate to fiscal years 2007 to 2010. The District's finance office recognized the uncleared activity and has begun further reconciliation procedures. Additionally, the consolidated activity fund and yearbook reconciliation for North High School is currently in a deficit position. Monies for this type of program should not be spent prior to funds being available. In order to mitigate fraud and misuse of activity funds, we recommend controls be put in place to ensure these funds are not deficit spending and reconciling items are investigated in a timely manner.

Cash management: The District is required, under OMB guidance, to calculate interest earnings on federal grant dollars held by the District and remit these earnings back to the federal government at least quarterly. During testing of the State Fiscal Stabilization and Education Jobs grants, we noted the calculation was not prepared correctly for these two grants. The calculations were based on the dates items were expensed to the grant in the general ledger rather than the dates expenditures were actually paid for. In addition, we noted that the calculation of interest earnings and interest remitted was for 18 months, and thus was not calculated and remitted quarterly. We recommend that the process of calculating the amount of interest earned be reviewed in order to ensure that the calculation is performed properly, and that the calculation and subsequent remittance of interest is performed quarterly in accordance with OMB guidance.

Suspension and debarment: The District is required, under OMB guidance, to ensure that vendors are not suspended or debarred from doing business with the federal government prior to contracting with them, when using federal funds to pay those vendors. Although the District's policy is to check vendors, as required, they do not maintain documentation of this process for nonbid procurements. We recommend that the District maintain documentation of the verification process of vendors they contract with showing they are not suspended or debarred.

Disposal fees: The District's policy is to charge a "disposal fee" to each fund that purchases any electronics, at the time of purchase. These "fees" are accumulated in a contra-expense account which is then charged when the disposal fee is actually paid at the time of disposal of the asset in a future year. Several of these fees were charged to grant accounts as grant monies were used to purchase electronics in the current year. These are not eligible grant expenditures as they are charges for an expected future cost, and not an actual expenditure in the current year. We recommend that the District not charge these expenditures to the various federal grants.

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 those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
November 28, 2011