

Davenport Community School District

In the Counties of Scott & Muscatine, State of Iowa

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

Prepared by:

Marsha Tangen

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

Introductory Section

Contents

Introductory Section

Table of contents	i - ii
Organizational chart	iii
Mission statement	iv
Board of education and school district officials	v
Transmittal letter	vi – xvii
GFOA certificate of achievement	xviii
ASBO certificate of excellence	xix
Diversity statement	xx

Financial Section

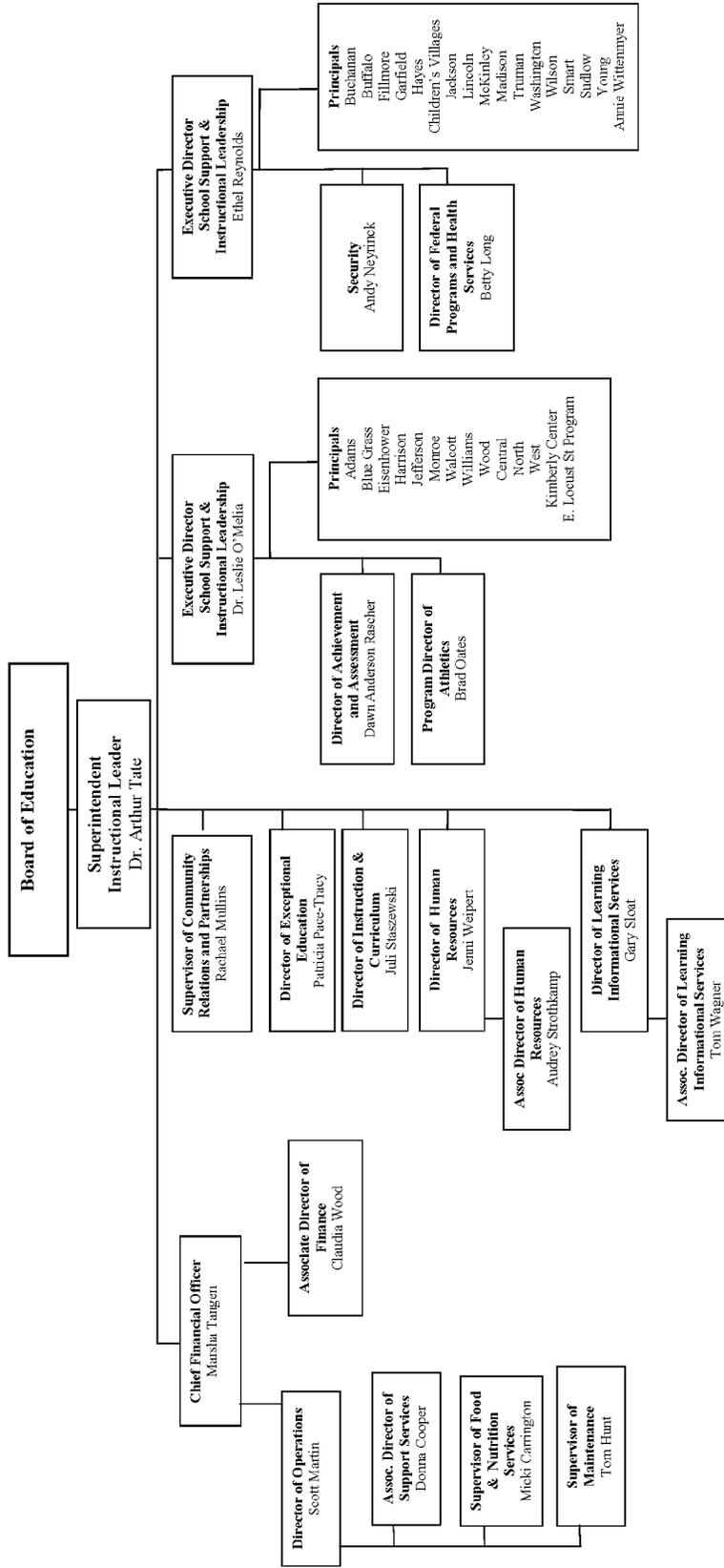
Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 15
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	16 – 17
Statement of activities	18 – 19
Governmental fund financial statements:	
Balance sheet	20 – 21
Reconciliation of total governmental fund balances to net assets of governmental activities	22
Statement of revenues, expenditures and changes in fund balances	23 – 24
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	25
Proprietary fund financial statements:	
Statement of net assets	26
Statement of revenues, expenses and changes in net assets	27
Statement of cash flows	28 – 29
Agency fund financial statements, statement of fiduciary assets and liabilities	30
Notes to basic financial statements	31 – 49
Required supplementary information:	
Retiree health benefit plan	50
Budgetary comparison schedule	51 – 52
Note to required supplementary information – budgetary reporting	53
Other supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	54
Combining statement of revenues, expenditures and changes in fund balances	55
Combining schedule of changes in balances – student activity fund	56 – 57
Statement of changes in fiduciary assets and liabilities – agency fund	58
Combining schedule of changes in amounts due to activity groups – agency fund	59

Contents

Statistical Section (unaudited)	
Statistical section contents	60
Net assets by component	61 – 62
Expenses, program revenues and net (expense) revenue	63 – 64
General revenues and total change in net assets	65 – 66
Fund balances, governmental funds	67 – 68
Changes in fund balances, governmental funds	69 – 70
Assessed value and actual value of taxable property	71 – 72
Direct and overlapping property tax rates	73 – 74
Principal property taxpayers	75
Property tax levies and collections	76
Outstanding debt by type	77
Direct and overlapping governmental activities debt	78
Legal debt margin information	79 – 80
Pledged-revenue coverage	81
Demographic and economic statistics	82
Demographic and miscellaneous statistics	83 – 89
Principal employers	90
Full-time equivalent district employees by type	91 – 92
Operating statistics	93
School building information	94 – 99

Compliance Section	
Schedule of expenditures of federal awards	100 – 101
Notes to schedule of expenditures of federal awards	102
Summary schedule of prior audit findings	103
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	104 – 105
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	106 – 107
Schedule of findings and questioned costs	108 – 112
Corrective action plan	113

Davenport Community School District 2011-12 Organization Chart





DAVENPORT COMMUNITY SCHOOL DISTRICT

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, 2012**

Name	Title	Term Expires
Board of Education		
Ralph Johanson	President	2015
Ken Krumwiede	Vice President	2015
Nikki DeFauw	Director	2015
Richard Clewell	Director	2013
Larry Roberson	Director	2013
Bill Sherwood	Director	2015
Patt Zamora	Director	2013

School District Officials

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

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

November 19, 2012

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

It is indeed our pleasure to submit to you the Comprehensive Annual Financial Report, (CAFR) for the Davenport Community School District, (the “District”) for the year ending June 30, 2012. 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 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 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, 2012. 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 four 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 2011-12 school year was approximately 15,881 regular and special education students. Enrollment for grades kindergarten through high school was 15,305. The District employs approximately 2179 persons of whom approximately 1348 are professional staff and 831 are support staff.

The average age of our elementary buildings is 59. 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 71 with 3 buildings built in 1917. Wood Intermediate was the last intermediate building constructed and that was in 1984. The district has four high schools; Central High constructed in 1904, West High in 1960, North High School which was originally built in 1972 as Wood Intermediate and was converted to a high school setting in 1984, and the Kimberly Center for Alternative Education which is currently housed in

a building with other programs. All of our facilities are in excellent condition as we follow a rigorous maintenance schedule in order to maintain and enhance the historical beauty and integrity of our older facilities as well as preserve all the facilities in the District.

The curriculum of the Davenport Community Schools meets and, in many cases, exceeds requirements in Iowa, a state that is known for its quality education. In addition to general education courses offered at the high school level a variety of elective Industrial Technology courses is offered, allowing students to get a good head start at honing specialized and marketable skills. Some of the courses have become a tradition, while others have been added to keep pace with the changing times and advancements of technology.

Davenport Community School District also offers a wide range of programming opportunities for students across a wide range of special needs (or disabilities) ages six 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 other elementary schools through a resource teacher. Participation in these limited ELL opportunities is decided by the principal, parents and District ELL director.

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 2012. Information from that report is included to provide a look at the current challenges facing the area and opportunities available.

Over the fiscal year July 1, 2011 to June 30, 2012 the Bi-State Region's economy continued to show signs of a gradual recovery. While the Region did not suffer the extreme distress seen in some parts of the country, there have been major worker dislocations related to military base realignment and the Great Recession. Mixed, but mostly positive, economic measures are now being reported from the major federal and state data sources. The positive measures include: increasing Gross Regional Product, recovering retail sales, and decreasing unemployment.

Gross Regional Product (GRP) has become a common measure of regional economies. GRP represents the total value of all goods and services produced in a defined economic region. The most recent data available show the metropolitan statistical area within the Bi-State Region increased its GRP 4.7% in current dollars from calendar year 2009 to 2010.

According to estimates from the Iowa and Illinois departments of revenue, the Region's total retail sales increased nearly 3% from FY2010 to FY2011. Adjusting for inflation indicates that the actual value of the Region's retail sales have decreased slightly.

The size of the Bi-State Region's labor force shows a recent decline. For the 12 months for which data are available (April 2011 to March 2012) the labor force has averaged 223,841 persons. This is a 1.1% decrease from the same period a year ago. The decrease in total labor force has been met with falling unemployment. Thus the drop in unemployment rate may be partially a result of unemployed persons opting out of the labor force. From April 2011 to March 2012 the Region's unemployment rate averaged 7.4%. Over the same 12 month period last year the rate was 7.9%.

Bi-State Regional Commission uses the Economic Modeling Systems Inc. to identify possible future economic trends. From 2012 to 2013, it predicts a growth of 1691 jobs at employers located within the Region. The projected job growth may be an indication that unemployment will continue to decrease, while the total labor force holds steady or even grows.

In 2010 the population of the Bi-State Region grew by 3.5% as a whole since 1990. A population pyramid is a type of graph that can tell a lot about a community. The population pyramid of the Bi-State Region has a slightly heavier top than bottom with the largest age group of 45-54 which is very similar to the U.S. This type of pyramid shape tends to suggest negative

population growth or low birth rates. However, the Bi-State Region is projected to grow by 10.1% by 2040.

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. In net, about 1100 Arsenal jobs have left the Bi-State Region as part of the continued restructuring of the US military initiated in 2005 by the Defense Base Closure and Realignment Commission. Economic Modeling Software shows that the 1100 civilian jobs lost precipitated the additional loss of 1294 jobs bringing the total job loss to 2394. A dislocation of this type and scope is also projected to decrease overall earnings by over \$177 million annually across the Region. Some analysts are projecting an additional round of base closures by 2015.

Continued layoffs and closures are a threat to the Region. In the past year multiple employers in the Bi-State Region issued federal notices of worker dislocation. These dislocations alone account for 1073 jobs lost in the Region within the last fiscal year (July 1, 2011 to June 30, 2012).

While the Bi-State Region is well situated as a multi-modal area, there are several transportation related threats to the area. Of greatest concern and highest priority is the I-74 bridge reconstruction project. Due to the \$1 billion price tag associated with the project, the Region faces funding challenges as state and federal budgets are integral to funding construction. Over 20% of those employed in the Region work out of their state of residency and many of those people travel over the I-74 Bridge.

The Quad City International Airport has experienced challenges due to the changing dynamics of the air carrier market and the ability of low cost carriers to compete in a very competitive market. AirTran left the area in January 2012 citing the economy and rising fuel costs as the main reasons. Allegiant Airlines has expanded their services to compensate for the direct flights left

when AirTran left which has resulted in better deplanement and enplanement numbers than originally planned.

Economic instability and budget constraints at the state and federal levels threaten future tax credits and financial incentives. The elimination of renewable energy tax credits is a threat to our Region. The lack of financial incentive may stall or eliminate further development of future renewable energy projects in the Region. It may also negatively affect the agricultural industry as ethanol production throughout the country would decrease, lowering the value of corn.

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. The realignment of high ranking officers and uniformed personnel to the base may indicate that the Department of Defense intends to maintain the Arsenal as a military installation over the long term.

Another positive economic opportunity is the recent removal of the cap on private partnerships with which the Arsenal can contract manufacturing work. The 2012 National Defense Appropriations Act now allows for unlimited partnership between the Arsenal's Joint Manufacturing Technology Center and the private sector. Such partnerships at the Arsenal can strengthen and diversify the regional economy.

In addition, the US Army will be offering businesses a chance to bid on millions of dollars in contracts through the Enhanced Army Global Logistics Enterprise program. This will have a direct benefit to the Region because the Rock Island Arsenal houses a Directorate of Logistics responsible for providing installation level supply, maintenance, transportation, food service and support to soldiers and their families.

Wind as a renewable energy source is a growing industry in the Bi-State Region and may present future opportunities. The rural areas have demonstrated the potential for wind farm development. Interest in developing larger scale wind farms in the Region has also occurred.

Two new construction facilities that will have a positive economic impact for the Region are expected to begin construction in 2012. Construction will soon be underway on the City of Davenport's EDA funded trans load facilities along a newly constructed railroad spur to the Eastern Iowa Industry Center. The City of Moline will begin construction on an Amtrak station. MetroLINK, the regional transit provider in the Illinois portion of the Region was also awarded \$5.1 million in federal grants this fall for a new transfer facility. Nine major expansion projects are underway in the Bi-State Region yielding an estimated 640 new job opportunities. (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 2010-11. The District's solvency ratio for 2011-12 is 7.07%, up from 6.47% in 2010-11. With a solvency ratio between 0-5% a fund balance is considered adequate for short term credit purposes as long as other economic trends

such as property tax collections and enrollment are sound. Continued close monitoring of the budget is necessary to prevent operation shortfalls and the deterioration of financial position. In order to meet unforeseen financing requirements it is recommended that the District have a solvency ratio of 5-10%.

The State of Iowa has implemented mid year budget reductions or not provided on time funding over the past ten years. For the 2012 school year the state legislature did not establish an “allowable growth” rate so the growth for 2012 defaulted to 0%. 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 \$1 million in reductions for 2011-12 leaving additional requirements to be covered through cash reserves or fund balance.

With the exception of one year, the District’s enrollment has declined for the past ten years. Future projections indicate a slight increase in enrollment over the next five years however certified enrollment for the 2013 budget is projected to be down from 2012. 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 was established in 2012 to make recommendations to the superintendent for budget reductions for 2013. This committee was made up of: district staff representing all employee groups; parents; community members; a board member; a member from the minority, athletic and fine arts community; and administration. After several months of work, recommendations for budget reductions were made to the superintendent and subsequent community forums were held for community input.

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

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

While significant progress was being made in obtaining those goals, the District was handed several setbacks with 2010 state-wide budget reductions, additional state-wide reductions in 2011 and 0% new funding for 2012.

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 2010 legislature sets the FY13 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. For 2013 the state legislature ignored their duty to establish the percent of allowable growth so it defaulted to zero.

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 30+ 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 (PBIS)

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.

Dynamic Indicators of Basic Early Literacy Skills (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*)

Capital 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:

- ❖ 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 buildings in the district
- ❖ Dedicate \$500,000 annually to upgrading technology in the District
- ❖ Construct/renovate the pool and auditorium at Central High School

- ❖ Renovate North High School music rooms and media center
- ❖ 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 2011-12 school year and is currently in year one 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. The downturn in the economy has continued to hinder investment earnings.

Risk Management

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

Awards

The Government Finance Officers Association of the United States and Canada, (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Davenport School District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. 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, 2011. This Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

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

Acknowledgments

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

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



Marsha L Tangen, RSBA
Chief Financial Officer



Dr. Arthur Tate
Superintendent

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, 2011

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

DAVENPORT COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

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

DAVENPORT
COMMUNITY
SCHOOLS

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

Inquiries related to this policy may be directed to 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.

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, 2012, 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 15, the Retiree Health Benefit Plan Schedule of Funding Progress on page 50 and budgetary comparison information on pages 51 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and schedule of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. 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. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Davenport, Iowa
November 19, 2012

Davenport Community School District

Management Discussion and Analysis

For the Year Ended June 30, 2012

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, 2012. 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, 2012 fund balance increased to \$15,712,918 from the June 30, 2011 fund balance of \$11,411,008.
- The District's tax levy rate remained relatively constant and did not increase for the 2011-12 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 2012 the District received almost \$35 million, or 20.5% of all general fund revenues from donations and operating grants.
- The 2011-12 school year was the first year since 2007-08 that the state did not reduce funding to the school district; the percentage of allowable growth for 2012 was set at zero.
- Enrollment for 2011-12 was up 107 students from 2010-11.
- Over \$1 million in budget reductions were implemented which included an administrative reduction, administrator furlough days, reduction in work days for secondary school clerical staff and teacher reductions at the secondary level.
- The District did not experience an increase in health insurance rates for 2011-12.
- Over twenty construction projects were completed totaling over \$14 million.

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 and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

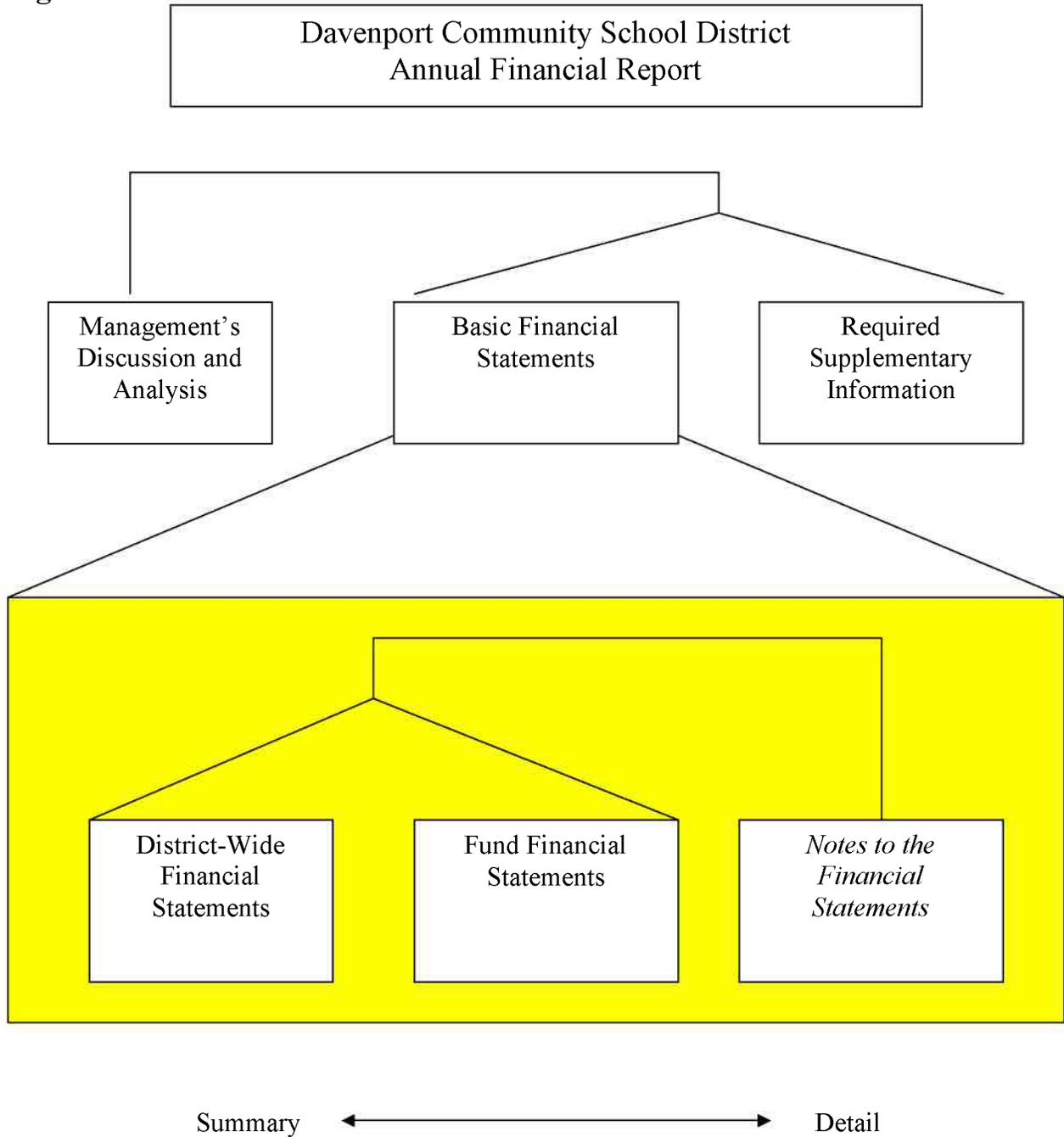


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

	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 net assets 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds:* Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District’s *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund, the self insurance fund.

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

Financial Analysis of the District as a Whole

Net assets. Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2012 compared to 2011.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-12
Current and other assets	\$157,093,362	\$164,211,017	\$2,522,262	\$3,253,191	\$159,615,624	\$167,464,208	4.9%
Capital assets	\$133,596,413	\$142,713,991	\$510,223	\$423,492	\$134,106,636	\$143,137,483	6.7%
Total Assets	\$290,689,775	\$306,925,008	\$3,032,485	\$3,676,683	\$293,722,260	\$310,601,691	5.7%
Long-term debt outstanding	\$1,061,355	\$2,462,609	\$13,976	\$24,893	\$1,075,331	\$2,487,502	131.3%
Other liabilities	\$102,419,747	\$98,813,362	\$119,504	\$388,853	\$102,539,251	\$99,202,215	-3.3%
Total liabilities	\$103,481,102	\$101,275,971	\$133,480	\$413,746	\$103,614,582	\$101,689,717	-1.9%
Net Assets							
Invested in capital assets, net of related debt	\$133,596,413	\$142,713,991	\$510,223	\$423,492	\$134,106,636	\$143,137,483	6.7%
Restricted	\$22,083,566	\$22,439,084	-	-	\$22,083,566	\$22,439,084	1.6%
Unrestricted	\$31,528,694	\$40,495,962	\$2,388,782	\$2,839,445	\$33,917,476	\$43,335,407	27.8%
TOTAL NET ASSETS	\$187,208,673	\$205,649,037	\$2,899,005	\$3,262,937	\$190,107,678	\$208,911,974	9.9%

The District's combined total net assets increased by 9.9% to \$208,911,974. The majority of this improvement in the financial position came from governmental activities, the net assets of which grew \$18,440,364. Unrestricted net assets for the total District improved to \$43,335,407 up from the 2011 amount of \$33,917,476. Investments in capital assets (net of related debt) increased by \$9,030,849 as the District continues with an aggressive construction schedule. The long term debt outstanding increased to \$2,487,502 as an early retirement incentive was offered in 2012 and will be paid out over the next five years.

The total net assets of the District's business-type activities increased by \$363,932. This is reflective of an increase in Current and Other assets of \$730,929 while Capital Assets decreased by \$86,731.

Changes in net assets. Figure A-4 shows the changes in net assets for the fiscal year 2012.

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2011-12
	2011	2012	2011	2012	2011	2012	
Revenues							
Program Revenues							
Charges for services	\$ 6,816,358	\$ 3,389,471	\$ 2,367,038	\$ 3,109,815	\$ 9,183,396	\$ 6,499,286	-29.23%
Operating Grants & Contributions	\$ 40,018,481	\$ 35,614,403	\$ 5,967,490	\$ 6,041,999	\$ 45,985,971	\$ 41,656,402	-9.41%
Capital Grants & Contributions	\$ 149,825	\$ 150,000	-	-	\$ 149,825	\$ 150,000	0.12%
General Revenues							
Property taxes & other taxes	\$ 76,541,279	\$ 79,856,455	-	-	\$ 76,541,279	\$ 79,856,455	4.33%
State formula aid	\$ 69,280,863	\$ 75,498,841	-	-	\$ 69,280,863	\$ 75,498,841	8.98%
Other	\$ 774,823	\$ 506,789	\$ 12,367	\$ 22,434	\$ 787,190	\$ 529,223	-32.77%
Total Revenues	\$ 193,581,629	\$ 195,015,959	\$ 8,346,895	\$ 9,174,248	\$ 201,928,524	\$ 204,190,207	1.12%
Expenses							
Instruction	\$ 123,435,023	\$ 122,607,089	-	-	\$ 123,435,023	\$ 122,607,089	-0.67%
Pupil & Instructional Svcs	\$ 9,409,618	\$ 9,035,698	-	-	\$ 9,409,618	\$ 9,035,698	-3.97%
Administrative & Business	\$ 15,585,649	\$ 17,961,171	-	-	\$ 15,585,649	\$ 17,961,171	15.24%
Maintenance & Operations	\$ 14,052,852	\$ 15,002,810	-	-	\$ 14,052,852	\$ 15,002,810	6.76%
Transportation	\$ 5,027,504	\$ 5,260,931	-	-	\$ 5,027,504	\$ 5,260,931	4.64%
Other	\$ 7,142,877	\$ 6,703,503	\$ 7,538,582	\$ 8,814,709	\$ 14,681,459	\$ 15,518,212	5.70%
Total Expenses	\$ 174,653,523	\$ 176,571,202	\$ 7,538,582	\$ 8,814,709	\$ 182,192,105	\$ 185,385,911	1.75%
Revenues exceeding expenses	\$ 18,928,106	\$ 18,444,757	\$ 808,313	\$ 359,539	\$ 19,736,419	\$ 18,804,296	-4.72%
Transfers in (out)		\$ (4,393)	-	\$ 4,393	-	-	-
Change in net assets	\$ 18,928,106	\$ 18,440,364	\$ 808,313	\$ 363,932	\$ 19,736,419	\$ 18,804,296	-4.72%
Beginning net assets	\$ 168,280,567	\$ 187,208,673	\$ 2,090,692	\$ 2,899,005	\$ 170,371,259	\$ 190,107,678	11.58%
Ending net assets	\$ 187,208,673	\$ 205,649,037	\$ 2,899,005	\$ 3,262,937	\$ 190,107,678	\$ 208,911,974	9.89%

Overall, total net assets increased by 9.89 % over 2010-11. Expenses are up 1.75% and revenues are also up 1.12%.

As shown in Figure A-4, property tax and state aid provide 76.08% of the funding required for governmental programs while charges for services and operating grants make up 99.76% of the funding for business-type activities. State Aid is up \$6,217,978 from 2011 when the state underfunded the district by \$6.8 million.

The District's predominant expenses are related to instruction, as can be seen in Figure A-6. Basic Instructional services together with Pupil & Instructional services comprise 71.78% of the District's expenses. Both of these areas were down from 2011. The largest increase is in Administrative and Business; this is due to a re-coding of the functional area for 2012.

Business type activities did experience an increase in net assets for 2011-12. Total revenues increased to \$9,174,248 or 9.91%. The majority of the increase came from Charges for Services which was up \$742,777. The majority of the increase is attributable to adding the Out of School Time program to the Enterprise Fund for 2012.

Figure A-5

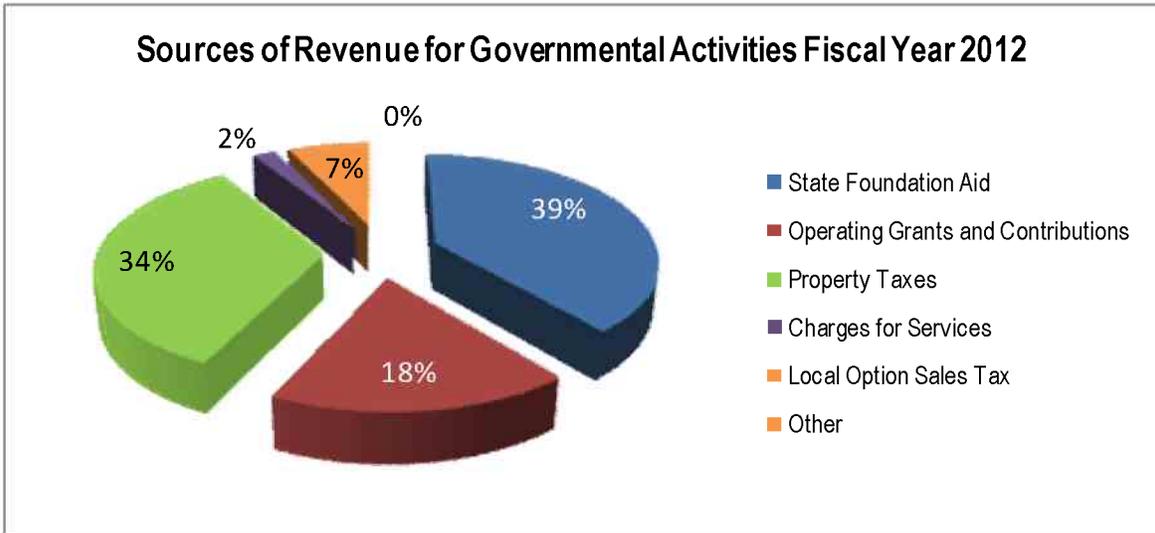
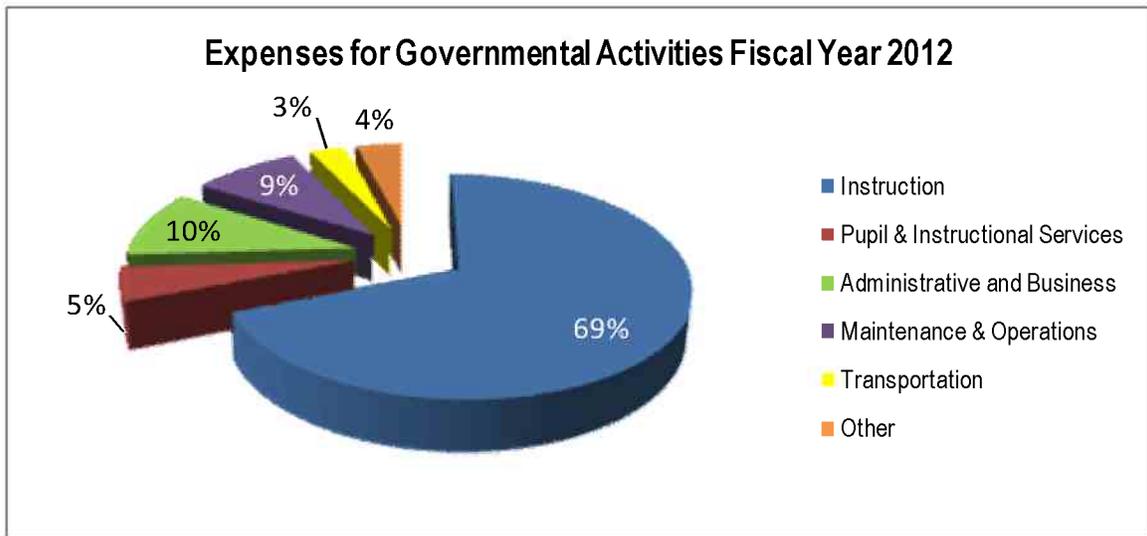


Figure A-6



Governmental Activities

Revenues for governmental activities were \$195,015,959 while total expenses amounted to \$176,571,202 (Figure A-4).

- The federal and state governments subsidized certain programs with grants and contributions of almost \$35 million.

- Governmental activities were financed with \$79,856,455 in property taxes and \$75,498,841 of state aid based on the statewide finance formula. State Aid is up from 2010-11 when the state implemented statewide reductions.
- Charges for services account for only 1.74% of all governmental revenues.

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

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2011	2012	2011-12	2011	2012	2011-12%
Instruction	\$ 123,435,023	\$ 122,607,089	-0.67%	\$91,750,719	\$ 96,031,342	4.67%
Pupil & Instructional Svcs	\$ 9,409,618	\$ 9,035,698	-3.97%	\$3,575,744	\$ 5,614,746	57.02%
Administrative & Business	\$ 15,585,649	\$ 17,961,171	15.24%	\$14,040,951	\$ 16,961,293	20.80%
Maintenance & Operations	\$ 14,052,852	\$ 15,002,810	6.76%	\$13,923,236	\$ 14,448,123	3.77%
Transportation	\$ 5,027,504	\$ 5,260,931	4.64%	\$4,606,623	\$ 4,497,208	-2.38%
Other	\$ 7,142,877	\$ 6,703,503	-6.15%	-\$228,414	\$ (135,384)	-40.73%
TOTAL	\$ 174,653,523	\$ 176,571,202	1.10%	\$127,668,859	\$ 137,417,328	7.64%

- The cost of all governmental activities this year was \$176,571,202, up 1.10% from 2010-11.
- Most of the District's costs were financed by District and state taxpayers at a total of \$137,417,328 or 77.83% of total costs.

Business-Type Activities

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

- Business-type activities revenues exceeded expenses by \$363,932 for 2011-12. In 2010-11 revenues exceeded expenses by \$808,313. The difference is due to the addition of the Out of School Time program to Business Type Activities.

- Charges for services in represent 33.90% of total revenue. This represents the amount paid by students/staff for daily food service and the tuition paid by students attending the after school program.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$6,041,999. This is reflective of the District’s population of “free and reduced” students, which was slightly over 60% in 2012.

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 \$40,415,312, an increase of \$5,908,510 in comparison with the prior year. The Capital Projects fund balance decreased by \$728,095 as air conditioning projects continue in comparison to the PPEL fund balance which increased by over \$1.7 million; resources were directed to Capital Projects this year in an effort to complete as many air conditioning projects as possible.

In 2011 approximately 31.91% of the governmental fund balance constituted an *unassigned* fund balance, which was available for spending at the District’s discretion. In 2012 approximately 37.95% 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 \$350,092 for inventories and \$28,615 for prepaid expenses. The District also has \$24,697,981 in *restricted* fund balance; \$2,258,897 for Management Levy, \$425,498 for student activities, \$10,849,870 for school infrastructure and \$11,163,716 for physical plant and equipment levy projects.

The general fund is the chief operating fund of the Davenport Schools. At the end of the current fiscal year the total fund balance increased to \$15,712,918.

The fund balance of the Davenport Schools general fund increased by \$4,301,910 during the current fiscal year. Key to the increase in fund balance was the implementation of almost \$1 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 in 2011-12 from \$204,939,675 to \$205,323,771 to reflect:

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

Governmental revenues came in \$4.5 million over budget however expenditures also came in under budget by \$6.8 million. Enterprise Funds revenues came in \$650,891 under budget and expenditures also came in under budget by \$139,784.

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, 2012 amounts to \$143,137,483 (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 6.73% compared to last year's increase of 8.62%.

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-12
Land and improvements	\$ 7,346,305	\$ 7,571,167	\$ -	\$ -	\$ 7,346,305	\$ 7,571,167	3.06%
Construction in progress	\$ 13,192,144	\$ 16,079,151	-	-	\$ 13,192,144	\$ 16,079,151	21.88%
Buildings and improvements	\$ 111,200,424	\$ 117,249,125	-	-	\$ 111,200,424	\$ 117,249,125	5.44%
Furniture and Equipment	\$ 1,241,868	\$ 1,268,013	\$ 510,223	\$ 423,492	\$ 1,752,091	\$ 1,691,505	-3.46%
Intangibles	\$ 615,672	\$ 546,535	-	-	\$ 615,672	\$ 546,535	-11.23%
TOTAL	\$ 133,596,413	\$ 142,713,991	\$ 510,223	\$ 423,492	\$ 134,106,636	\$ 143,137,483	6.73%

The difference between 2010-11 and 2011-12 is the Construction in Progress. The Construction in Progress soared to \$16,079,151 from \$13,192,144 last year. The number of projects under construction during the summer months increased over last year.

Construction in progress activities during 2011-12 included:

- Façade repair, tennis court resurfacing and air conditioning at West High School
- Air conditioning at Wilson Elementary
- Air conditioning at Young K-8 School
- Air condition at Sudlow Intermediate
- Various roofing projects

Long-Term Debt

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

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

Factors Bearing on the District's Future

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

- The Iowa Legislature set the growth rate for fiscal 2013 at 2%. The district has multi-year contracts with five of six negotiated groups all with an annual increase of around 2.75%.
- An increase in the employer's share of the Iowa Public Employees Retirement System (IPERS) contributions went into effect on July 1, 2012. The increase was 0.6%.
- The certified enrollment count for October 1, 2012 was down almost 200 students from 2011 which triggers funding for the 2014 school year. If the allowable growth rate remains at 2% for 2014 the district will be at *budget guarantee* which means state funding will be less than 1%.
- 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. The committee recommended over \$5 million in reductions for 2013 and is projected to make another \$3 million in reductions over the next 5 years.

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, 2012**

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 90,300,505	\$ 2,334,643	\$ 92,635,148
Receivables:			
Property taxes	66,757,426	-	66,757,426
Other	589,054	48,540	637,594
Due from other governmental units	6,864,859	98,496	6,963,355
Internal balances	(679,534)	679,534	-
Inventories	350,092	91,978	442,070
Prepaid expenses	28,615	-	28,615
Total current assets	164,211,017	3,253,191	167,464,208
Noncurrent assets:			
Capital assets, not being depreciated	20,781,324	-	20,781,324
Capital assets, being depreciated	204,577,898	2,519,283	207,097,181
Less accumulated depreciation	(82,645,231)	(2,095,791)	(84,741,022)
Total noncurrent assets	142,713,991	423,492	143,137,483
Total assets	\$ 306,925,008	\$ 3,676,683	\$ 310,601,691

See Notes to Basic Financial Statements.

Liabilities	Governmental Activities	Business-Type Activities	Total
Current liabilities:			
Accounts payable	\$ 7,703,583	\$ 323,316	\$ 8,026,899
Accrued payroll and payroll taxes	18,973,197	53,714	19,026,911
Health claims and administrative costs payable	2,431,000	-	2,431,000
Compensated absences	632,215	11,607	643,822
Construction contracts payable	471,486	-	471,486
Unearned revenue	67,940,642	216	67,940,858
Early retirement obligations	661,239	-	661,239
Total current liabilities	98,813,362	388,853	99,202,215
Noncurrent liabilities:			
Other post employment benefits obligation	812,753	24,893	837,646
Early retirement obligations	1,649,856	-	1,649,856
Total noncurrent liabilities	2,462,609	24,893	2,487,502
Total liabilities	101,275,971	413,746	101,689,717
Net Assets			
Invested in capital assets	142,713,991	423,492	143,137,483
Restricted for:			
School infrastructure	10,849,870	-	10,849,870
Physical plant and equipment	11,163,716	-	11,163,716
Student activities	425,498	-	425,498
Unrestricted	40,495,962	2,839,445	43,335,407
Total net assets	205,649,037	3,262,937	208,911,974
Total liabilities and net assets	\$ 306,925,008	\$ 3,676,683	\$ 310,601,691

Davenport Community School District

**Statement of Activities
Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, and Contributions	Capital Grants, and Contributions
Governmental Activities				
Instruction	\$ 122,607,089	\$ 3,379,959	\$ 23,195,788	\$ -
Student support services	1,997,085	-	1,414,459	-
Instructional staff support services	7,038,613	-	2,006,493	-
General administration	1,958,785	-	968,555	-
Building administration	11,866,688	-	-	-
Business and central administration	4,135,698	-	31,323	-
Plant operation and maintenance	15,002,810	-	404,687	150,000
Student transportation	5,260,931	9,512	754,211	-
Central support services	4,653	-	-	-
Community services	585,125	-	725,162	-
Area Education Agency	6,113,725	-	6,113,725	-
Total governmental activities	176,571,202	3,389,471	35,614,403	150,000
Business-type activities:				
School nutrition	8,128,218	2,288,652	6,041,999	-
Out of school time	686,491	821,163	-	-
Total business-type activities	8,814,709	3,109,815	6,041,999	-
Total school district	\$ 185,385,911	\$ 6,499,286	\$ 41,656,402	\$ 150,000

General revenues:

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

Total general revenues

- Changes in net assets
- Net assets, beginning of year
- 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
\$ (96,031,342)	\$ -	\$ (96,031,342)
(582,626)	-	(582,626)
(5,032,120)	-	(5,032,120)
(990,230)	-	(990,230)
(11,866,688)	-	(11,866,688)
(4,104,375)	-	(4,104,375)
(14,448,123)	-	(14,448,123)
(4,497,208)	-	(4,497,208)
(4,653)	-	(4,653)
140,037	-	140,037
-	-	-
(137,417,328)	-	(137,417,328)
-	202,433	202,433
-	134,672	134,672
-	337,105	337,105
63,510,538	-	63,510,538
13,613,991	-	13,613,991
2,731,926	-	2,731,926
75,498,841	-	75,498,841
472,846	13,894	486,740
33,943	8,540	42,483
(4,393)	4,393	-
155,857,692	26,827	155,884,519
18,440,364	363,932	18,804,296
187,208,673	2,899,005	190,107,678
\$ 205,649,037	\$ 3,262,937	\$ 208,911,974

Davenport Community School District

**Balance Sheet - Governmental Funds
June 30, 2012**

Assets	General	Physical Plant and Equipment	Capital Projects
Cash and investments	\$ 36,622,445	\$ 11,794,256	\$ 11,794,358
Receivables:			
Property taxes	58,396,234	5,232,513	-
Other	503,212	5,190	23,218
Due from other governmental units	4,102,546	4,133	2,758,180
Inventories	350,092	-	-
Prepaid items	24,202	4,413	-
Total assets	\$ 99,998,731	\$ 17,040,505	\$ 14,575,756
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 4,177,292	\$ 681,253	\$ 2,682,014
Accrued payroll and payroll taxes	18,968,354	-	-
Construction contracts payable	-	27,614	443,872
Deferred revenue	61,140,167	5,163,509	600,000
Total liabilities	84,285,813	5,872,376	3,725,886
Fund balances:			
Nonspendable for:			
Inventories	350,092	-	-
Prepaid items	24,202	4,413	-
Restricted for:			
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	10,849,870
Physical plant and equipment	-	11,163,716	-
Unassigned	15,338,624	-	-
Total fund balances	15,712,918	11,168,129	10,849,870
Total liabilities and fund balances	\$ 99,998,731	\$ 17,040,505	\$ 14,575,756

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	2,732,587	\$	62,943,646
	3,128,679		66,757,426
	54,393		586,013
	-		6,864,859
	-		350,092
	-		28,615
<u>\$</u>	<u>5,915,659</u>	<u>\$</u>	<u>137,530,651</u>

\$	135,986	\$	7,676,545
	4,843		18,973,197
	-		471,486
	3,090,435		69,994,111
<u>\$</u>	<u>3,231,264</u>	<u>\$</u>	<u>97,115,339</u>

	-		350,092
	-		28,615
	2,258,897		2,258,897
	425,498		425,498
	-		10,849,870
	-		11,163,716
	-		15,338,624
<u>\$</u>	<u>2,684,395</u>	<u>\$</u>	<u>40,415,312</u>
<u>\$</u>	<u>5,915,659</u>	<u>\$</u>	<u>137,530,651</u>

Davenport Community School District

**Reconciliation of Total Governmental Fund Balances to Net Assets
of Governmental Activities
June 30, 2012**

Total governmental fund balances		\$ 40,415,312
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	\$ 225,359,222	
Accumulated depreciation	<u>(82,645,231)</u>	142,713,991
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	449,792	
Other receivables	<u>1,603,677</u>	2,053,469
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.		24,901,862
Internal service funds allocated to business-type activities		(679,534)
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	(632,215)	
Early retirement obligations	(2,311,095)	
Other post employment benefits obligation	<u>(812,753)</u>	(3,756,063)
Net assets of governmental activities		<u><u>\$ 205,649,037</u></u>

See Notes to Basic Financial Statements.

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

Davenport Community School District

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012**

	General	Physical Plant and Equipment	Capital Projects
Revenues:			
Property taxes	\$ 55,821,611	\$ 4,948,824	\$ -
Utility taxes	2,412,477	208,292	-
Local option sales tax	-	-	13,613,991
Intergovernmental	107,560,830	160,896	-
Charges for services	3,389,471	-	-
Interest	304,663	73,794	79,983
Contributions and donations	833,320	-	-
Other	800,817	-	-
Total revenues	171,123,189	5,391,806	13,693,974
Expenditures:			
Current:			
Instruction	115,546,828	-	-
Student support services	3,264,883	-	-
Instructional staff support services	6,737,148	249,707	1,154
General administration	1,944,096	-	-
Building administration	11,688,278	-	-
Business and central administration	4,039,724	360	13,057
Plant operation and maintenance	11,683,169	1,630,777	37,462
Student transportation	5,219,309	-	-
Community services	585,125	-	-
Area Education Agency	6,113,725	-	-
Capital outlay	-	1,799,884	14,370,396
Total expenditures	166,822,285	3,680,728	14,422,069
Excess (deficiency) of revenues over expenditures	4,300,904	1,711,078	(728,095)
Other financing sources (uses):			
Transfers in	5,399	-	-
Transfers (out)	(4,393)	-	-
Total other financing sources (uses)	1,006	-	-
Net change in fund balances	4,301,910	1,711,078	(728,095)
Fund balances, beginning of year	11,411,008	9,457,051	11,577,965
Fund balances, end of year	\$ 15,712,918	\$ 11,168,129	\$ 10,849,870

See Notes to Basic Financial Statements.

	Nonmajor Governmental Funds	Total Governmental Funds
\$	2,572,122	\$ 63,342,557
	111,157	2,731,926
	-	13,613,991
	5,829	107,727,555
	-	3,389,471
	14,406	472,846
	-	833,320
	1,128,536	1,929,353
	<u>3,832,050</u>	<u>194,041,019</u>
	1,621,296	117,168,124
	-	3,264,883
	650	6,988,659
	-	1,944,096
	615	11,688,893
	-	4,053,141
	1,546,129	14,897,537
	34,344	5,253,653
	-	585,125
	-	6,113,725
	-	16,170,280
	<u>3,203,034</u>	<u>188,128,116</u>
	<u>629,016</u>	<u>5,912,903</u>
	-	5,399
	(5,399)	(9,792)
	<u>(5,399)</u>	<u>(4,393)</u>
	623,617	5,908,510
	2,060,778	34,506,802
\$	<u>2,684,395</u>	<u>\$ 40,415,312</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, 2012

Net change in fund balances, total governmental funds	\$	5,908,510
<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	\$	(6,137,660)
Total capital outlay expenditures capitalized		15,255,238
		<u>9,117,578</u>
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 revenues. They are, however, recorded as revenues in the statement of activities.		(27,886)
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, \$398,145, were less than the amounts earned of \$1,697,012, by \$1,298,867. Vacation used, \$1,473,321, was less than the amounts earned, \$1,450,968 by \$22,353.		(1,276,514)
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.		5,239,241
Change in Internal Service Fund allocation to business-type activities.		(155,084)
Based on actuarial calculations, the District reports other postemployment benefit liabilities in the statement of activities that are not reported in the fund statements.		(365,481)
Change in net assets of governmental activities	<u>\$</u>	<u>18,440,364</u>

See Notes to Basic Financial Statements.

Davenport Community School District

**Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,125,227	\$ 209,416	\$ 2,334,643	\$ 27,356,859
Other receivables	5	48,535	48,540	3,041
Due from other governmental units	98,496	-	98,496	-
Inventories	91,978	-	91,978	-
Total current assets	2,315,706	257,951	2,573,657	27,359,900
Noncurrent assets, capital assets, net of accumulated depreciation				
	423,492	-	423,492	-
Total assets	\$ 2,739,198	\$ 257,951	\$ 2,997,149	\$ 27,359,900
Liabilities				
Current liabilities:				
Accounts payable	\$ 241,995	\$ 81,321	\$ 323,316	\$ 27,038
Accrued payroll and payroll taxes	27,777	25,937	53,714	-
Health claims and administrative costs payable	-	-	-	2,431,000
Compensated absences	5,142	6,465	11,607	-
Unearned revenue	216	-	216	-
Total current liabilities	275,130	113,723	388,853	2,458,038
Noncurrent liabilities, other post employment benefits obligation				
	24,629	264	24,893	-
Total liabilities	299,759	113,987	413,746	2,458,038
Net Assets				
Invested in capital assets	423,492	-	423,492	-
Unrestricted	2,015,947	143,964	2,159,911	24,901,862
Total net assets	2,439,439	143,964	2,583,403	24,901,862
Total liabilities and net assets	\$ 2,739,198	\$ 257,951	\$ 2,997,149	\$ 27,359,900

Total enterprise fund net assets \$ 2,583,403

Amounts reported for business-type activities in the statement of net assets are different due to:

Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets

Total business-type activities net assets \$ 679,534
\$ 3,262,937

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, 2012**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Operating revenue, charges for services	\$ 2,288,652	\$ 821,163	\$ 3,109,815	\$ 24,819,179
Operating expenses:				
Salaries and benefits	3,737,904	234,065	3,971,969	-
Purchased services	340,076	325,821	665,897	-
Supplies	4,079,108	130,246	4,209,354	-
Depreciation	122,573	-	122,573	-
Health care	-	-	-	19,579,938
Total operating expenses	8,279,661	690,132	8,969,793	19,579,938
Operating income (loss)	(5,991,009)	131,031	(5,859,978)	5,239,241
Nonoperating revenues:				
Interest income	13,894	-	13,894	-
Intergovernmental	6,041,999	-	6,041,999	-
Other nonoperating revenue	-	8,540	8,540	-
Total nonoperating revenues	6,055,893	8,540	6,064,433	-
Income before transfers	64,884	139,571	204,455	5,239,241
Transfers in	-	4,393	4,393	-
Change in net assets	64,884	143,964	208,848	5,239,241
Net assets, beginning of year	2,374,555	-	2,374,555	19,662,621
Net assets, end of year	\$ 2,439,439	\$ 143,964	\$ 2,583,403	\$ 24,901,862
Net changes in net assets in enterprise funds			\$ 208,848	
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			155,084	
Net changes in net assets of business-type activities			\$ 363,932	

See Notes to Basic Financial Statements.

Davenport Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Cash flows from operating activities:				
Cash received from user charges	\$ 2,288,647	\$ 772,628	\$ 3,061,275	\$ -
Cash received from assessment made to other funds	-	-	-	24,832,667
Cash payments to employees for services	(3,754,080)	(201,399)	(3,955,479)	-
Cash payments for insurance claims	-	-	-	(18,228,312)
Cash payments to suppliers for goods and services	(3,772,866)	(374,746)	(4,147,612)	(960,118)
Net cash provided by (used in) operating activities	(5,238,299)	196,483	(5,041,816)	5,644,237
Cash flows from noncapital financing activities:				
Transfers in	-	4,393	4,393	-
Other nonoperating, donations	-	8,540	8,540	-
Grants received	5,615,474	-	5,615,474	-
Net cash provided by noncapital financing activities	5,615,474	12,933	5,628,407	-
Cash flows from capital and related financing activities, acquisition of capital assets	(35,842)	-	(35,842)	-
Cash flows from investing activities, interest received	13,894	-	13,894	-
Net increase in cash and cash equivalents	355,227	209,416	564,643	5,644,237
Cash and cash equivalents:				
Beginning	1,770,000	-	1,770,000	21,712,622
Ending	\$ 2,125,227	\$ 209,416	\$ 2,334,643	\$ 27,356,859

(Continued)

Davenport Community School District

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (5,991,009)	\$ 131,031	\$ (5,859,978)	\$ 5,239,241
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	122,573	-	122,573	-
Commodities used	441,286	-	441,286	-
Changes in assets and liabilities:				
Receivables	(5)	(48,535)	(48,540)	13,488
Inventories	22,793	-	22,793	-
Accounts payable and accrued liabilities	155,410	113,723	269,133	391,508
Other post employment benefits obligation	10,653	264	10,917	-
Net cash provided by (used in) operating activities	\$ (5,238,299)	\$ 196,483	\$ (5,041,816)	\$ 5,644,237

Noncash noncapital financing activities, during the year the District received \$441,286 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, 2012

Assets

Cash and cash equivalents

\$ 99,748

Liabilities

Accounts payable

\$ 1,427

Due to activity groups

98,321

Total liabilities

\$ 99,748

See Notes to Basic Financial Statements.

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

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 2011-2012 school year was approximately 16,000 regular and special education students. The District employs approximately 2,180 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.

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) guidance issued on or before November 30, 1989, unless that guidance conflicts with or contradicts Governmental Accounting Standards Board (GASB) pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989.

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 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 personnel services, contractual services, operating supplies, self-insurance claims and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major proprietary fund:

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

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

Additionally, internal service fund type consists of the Self-Insurance Fund, which accounts for the financing of services provided by one department 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 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.

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 \$6,113,725 pass-through grant from the Area Education Agency in fiscal year 2011-2012 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 IPAS Education Money Market Fund which are valued at amortized cost under the Investment Company Act of 1940 and nonnegotiable certificates of deposits, which are stated at cost that approximates fair value.

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

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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, 2012, have been accrued as liabilities as of June 30, 2012.

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, 2012.

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, 2012, and includes certain salary related payments. The compensated absences liability is reported as a liability in the government-wide statements. In governmental funds, however, these accrued benefits are not considered due and, therefore, are not reported as a fund liability. Vacation time accrued is expected to be paid out or utilized within one year.

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 by the Board to the Superintendent or Chief Financial Officer.

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

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 consists of capital assets, net of accumulated depreciation. 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 \$10,849,870 for school infrastructure, \$11,163,716 for physical plant and equipment and \$425,498 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, 2012, the book balance of the District's cash deposits plus petty cash totaled \$85,418,643 and the bank balances totaled \$87,878,582.

As of June 30, 2012, the District also had investments in the IPAS Education Money Market Fund totaling \$63,409, which is also valued at an amortized cost pursuant to under the Investment Company Act of 1940.

Interest rate risk: The District's investment policy, which is in accordance with the Code of Iowa, limits the investments of operating funds (funds expected to be expended in the current budget year 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. The District has an investment in JP Morgan Chase & Co commercial paper with a maturity date of January 2, 2013 and a fair market value of \$2,255,704.

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, 2012, the District's investments were rated as follows:

Investment	Type	Moody's Investors Services	Standard & Poor's
IPAS Education Money Market	Money Market	Unrated	Unrated
JP Morgan Chase & Co Subnt	Commercial Paper	A3	A-

Concentration of credit risk: The District's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than 10 percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to 5 percent of its total deposits and investments. While the District is in compliance with their policy, the District's investment in JP Morgan Chase & Co commercial paper exceeds 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	\$ 85,418,643
Certificates of deposit	5,000,000
Commercial paper	2,252,844
IPAS education money market fund	63,409
	<u>\$ 92,734,896</u>
Governmental funds	\$ 62,943,646
Internal service fund	27,356,859
Total governmental activities	<u>90,300,505</u>
Business-type activities/enterprise funds	2,334,643
Agency fund	99,748
	<u>\$ 92,734,896</u>

Davenport Community School District

Notes to Basic Financial Statements

Note 3. Capital Assets

Governmental Activities	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 4,702,173	\$ -	\$ -	\$ 4,702,173
Construction-in-progress	13,192,144	14,921,204	12,034,197	16,079,151
Total capital assets, not being depreciated	17,894,317	14,921,204	12,034,197	20,781,324
Capital assets, being depreciated/amortized:				
Land improvements	11,188,426	443,889	-	11,632,315
Buildings	97,260,263	-	-	97,260,263
Building improvements	74,977,444	11,572,386	-	86,549,830
Furniture and equipment	7,595,802	351,956	60,941	7,886,817
Intangibles	1,248,673	-	-	1,248,673
Total capital assets, being depreciated/amortized	192,270,608	12,368,231	60,941	204,577,898
Less accumulated depreciation/amortization for:				
Land improvements	8,544,294	219,027	-	8,763,321
Buildings	40,971,713	1,657,324	-	42,629,037
Building improvements	20,065,570	3,866,361	-	23,931,931
Furniture and equipment	6,353,935	325,810	60,941	6,618,804
Intangibles	633,000	69,138	-	702,138
Total accumulated depreciation/amortization	76,568,512	6,137,660	60,941	82,645,231
Total capital assets, being depreciated/amortized, net	115,702,096	6,230,571	-	121,932,667
Governmental activities capital assets, net	\$ 133,596,413	\$ 21,151,775	\$ 12,034,197	\$ 142,713,991
Business-Type Activities	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, being depreciated, equipment	\$ 2,506,370	\$ 35,842	\$ 22,929	\$ 2,519,283
Less accumulated depreciation for equipment	1,996,147	122,573	22,929	2,095,791
Total capital assets, being depreciated, net	510,223	(86,731)	-	423,492
Business-type activities capital assets, net	\$ 510,223	\$ (86,731)	\$ -	\$ 423,492

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	\$	5,951,879
Instructional staff support services		4,157
General administration		14,689
Building administration		68,243
Business and central administration		31,926
Plant operation and maintenance		54,835
Student transportation		7,278
Central support services		4,653
	\$	<u>6,137,660</u>

Business-type activities, school nutrition	\$	<u>122,573</u>
--	----	----------------

Note 4. Interfund Transfers

Interfund transfers as of June 30, 2012, consisted of the following:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 5,399	\$ 4,393
Nonmajor governmental funds	-	5,399
Nonmajor enterprise fund	4,393	-
Total	<u>\$ 9,792</u>	<u>\$ 9,792</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.

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, 2012, is as follows:

	Governmental Activities			Business-Type Activities
	Early Retirement Obligations	Compensated Absences	Total	Compensated Absences
Balance, beginning of year	\$ 1,012,228	\$ 654,568	\$ 1,666,796	\$ 5,111
Additions	1,697,012	1,450,968	3,147,980	24,102
Reductions	398,145	1,473,321	1,871,466	17,606
Balance, end of year	<u>\$ 2,311,095</u>	<u>\$ 632,215</u>	<u>\$ 2,943,310</u>	<u>\$ 11,607</u>
Due within one year	<u>\$ 661,239</u>	<u>\$ 632,215</u>	<u>\$ 1,293,454</u>	<u>\$ 11,607</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.

Early retirement participation is based on the following criteria:

1. Employees who were at least 55 years of age by June 30, 2012.
2. The employee completed at least 25 years of contracted service to the District by June 30, 2012.
3. The employee worked a minimum of six hours per day or had a contract of at least 0.75 full time equivalent.
4. The employee must have submitted an application for participation in the Plan to the Board prior to February 17, 2012.
5. The effective date of the retirement must be at, and not before, the conclusion of the contract or assignment year for 2011-2012 and not later than June 30, 2012.
6. Not be subject to termination pursuant to Iowa Code Section 279.27 or Iowa Code Section 279.15.

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

1. Employees with at least 33 years of service – the lesser of \$25,000 or 50 percent of employees' 2011-2012 salary.
2. Employees with at least 30 years of service – the lesser of \$22,500 or 45 percent of employees' 2011-2012 salary.
3. Employees with at least 25 years of service – the lesser of \$20,000 or 40 percent of employees' 2011-2012 salary.

Davenport Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Early retirement benefits are paid into a 403(b) special pay deferral plan and/or health care savings plan in accordance with Internal Revenue Service guidelines evenly over the next five years beginning January 1, 2013.

During the year ended June 30, 2012, 84 District employees requested early retirement. During the year ended June 30, 2012, the District paid \$398,145 of early retirement benefits.

Legal debt margin: As of June 30, 2012, 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 5.38 percent of their annual covered salary and the District is required to contribute 8.07 percent of annual covered payroll for the year ended June 30, 2012. For the years ended June 30, 2011 and 2010, plan members were required to contribute 4.50 and 4.30 percent of their annual covered salary, respectively, and the District was required to contribute 6.95 and 6.65 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, 2012, 2011 and 2010 were \$7,874,747, \$6,607,604 and \$6,149,722, 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, 2012 was \$769,583.

Note 7. Risk Management

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

The District has established an administrative service insurance plan for its employees' accident, medical and dental insurance coverage. The plan is primarily funded through employer contributions. Self-insurance is in effect up to an individual stop loss amount of \$195,000 and an annual aggregate stop loss for the excess of 125 percent of estimated claims.

Davenport Community School District

Notes to Basic Financial Statements

Note 7. Risk Management (Continued)

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

The District's estimated liability for health, dental and vision claims and related administrative costs incurred prior to year-end but not paid is accrued. The estimated liability is based on a combination of known claims filed after year-end and an estimate of incurred but not reported claims based on prior years' payment history. The estimated liability does not include any allocated or unallocated claims adjustment expense. Changes in the accrual balance for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Unpaid claims and administrative costs payable balance, beginning of year	\$ 2,035,000	\$ 2,635,000
Incurred claims (including IBNR)	18,624,312	17,359,884
Claim payments	(18,228,312)	(17,959,884)
Unpaid claims and administrative costs payable balance, end of year	<u>\$ 2,431,000</u>	<u>\$ 2,035,000</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, 2012, the portion of these contracts which has not been paid or accrued as a liability totals \$3,217,461.

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 \$3,217,461 as of June 30, 2012.

Note 9. Operating Leases

The District leases building and equipment under noncancelable operating leases. Total expenses for the year ended June 30, 2012, for such leases were \$387,779, 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:

2013	\$ 327,283
2014	261,803
2015	233,776
2016	24,631
	<u>\$ 847,493</u>

Davenport Community School District

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits

Plan description: The District sponsors a single-employer health care plan that provides medical and prescription drug benefits to all active and retired employees and their eligible dependents. Retiree coverage begins at IPERS retirement age of at least 55 and continues until the retiree is Medicare eligible at age 65. Eligibility requirements under IPERS is summarized as follows: a) Normal Retirement – earliest of the first day of the month of employees' 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)	583	1,420
Plan III	549	1,340

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

Annual required contribution	\$ 543,341
Interest on net OPEB obligation	23,062
Adjustment to annual required contribution	(29,131)
Annual OPEB cost (expense)	537,272
Contributions and payments made	160,874
Increase in net OPEB obligation	376,398
Net OPEB obligation, beginning	461,248
Net OPEB obligation, ending	\$ 837,646

Davenport Community School District

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2012 and the two preceding years follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ (398,678)	189.0%	\$ 387,501
June 30, 2011	389,308	81.1	461,248
June 30, 2012	537,272	29.9	837,646

Funded status and funding progress: As of July 1, 2011, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$5,172,931 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$5,172,931. The covered payroll (annual payroll of active employees covered by the plan) was \$73,963,139 and the ratio of the UAAL to the covered payroll was 7.0 percent.

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

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

In the July 1, 2011 actuarial valuation, frozen entry age actuarial cost method was used. The actuarial assumptions included a 5 percent discount rate, an annual health care cost trend rate of 6 percent and salary scale of 3.5 percent. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2011, was 30 years.

Davenport Community School District

Notes to Basic Financial Statements

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

As of June 30, 2012, 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. 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. Pending 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. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.
- GASB Statement No. 66, *Technical Corrections - 2012*, issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases* and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Davenport Community School District

Notes to Basic Financial Statements

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

- GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This Statement enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. This Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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
Retiree Health Benefit Plan**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
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
2012	7/01/11	-	5,172,931	5,172,931	-	73,963,139	7.0

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2011. Additional information follows:

- a. The actuarial method used to determine the ARC is the frozen entry age actuarial cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: (1) 5 percent discount rate, (2) a health care cost trend rate of 6 percent and (3) a salary scale of 3.5 percent.
- d. The amortization method is level percentage of pay on a closed basis.

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

Davenport Community School District

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds and Enterprise Funds
 Year Ended June 30, 2012

	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
Revenues:			
Property taxes	\$ 63,342,557	\$ -	\$ 63,342,557
Utility taxes	2,731,926	-	2,731,926
Local option sales tax	13,613,991	-	13,613,991
Intergovernmental	107,727,555	6,041,999	113,769,554
Charges for services	3,389,471	3,109,815	6,499,286
Interest	472,846	13,894	486,740
Other	2,762,673	8,540	2,771,213
Total revenues	194,041,019	9,174,248	203,215,267
Expenditures:			
Current:			
Instruction	117,168,124	-	117,168,124
Support services	48,675,987	-	48,675,987
Noninstructional programs	-	8,969,793	8,969,793
Other expenditures	22,284,005	-	22,284,005
Total expenditures	188,128,116	8,969,793	197,097,909
Excess (deficiency) of revenues over expenditures	5,912,903	204,455	6,117,358
Other financing sources (uses):			
Transfers in	5,399	4,393	9,792
Transfers out	(9,792)	-	(9,792)
Total other financing sources (uses)	(4,393)	4,393	-
Net change in fund balances	5,908,510	208,848	6,117,358
Fund balances, beginning of year	34,506,802	2,374,555	36,881,357
Fund balances, end of year	\$ 40,415,312	\$ 2,583,403	\$ 42,998,715

See Note to Required Supplementary Information.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
\$ 63,889,553	\$ 63,741,407	\$ (398,850)
2,753,689	2,747,295	(15,369)
13,248,215	11,881,406	1,732,585
110,524,254	111,143,820	2,625,734
5,523,869	5,657,704	841,582
387,000	598,000	(111,260)
4,031,850	3,532,967	(761,754)
200,358,430	199,302,599	3,912,668
122,065,983	122,065,983	(4,897,859)
47,471,711	47,471,711	1,204,276
8,078,837	8,462,933	506,860
27,323,144	27,323,144	(5,039,139)
204,939,675	205,323,771	(8,225,862)
(4,581,245)	(6,021,172)	12,138,530
-	-	9,792
-	-	(9,792)
-	-	-
\$ (4,581,245)	\$ (6,021,172)	\$ 12,138,530

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

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 2012.

During the year ended June 30, 2012, expenditures in the support services and noninstructional programs functions exceeded the amount budgeted.

The District follows these procedures in establishing budgetary data:

1. The Administration submits to the Board of Education a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments. The proposed budget is readily available at least 30 days prior to final action by the Board.
3. Prior to April 15, the budget is legally adopted through passage of a resolution which is filed with the County Auditor to obtain tax revenues.
4. The Board of Education may amend the budget after it is approved using the same procedures required to approve the original budget. The budget was amended in April 2011, to increase the authorization of expenditures by \$384,096.
5. All annual appropriations lapse at fiscal year-end.

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.

Davenport Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Special Revenue		Total Nonmajor Governmental Funds
	Management	Student Activity	
Assets			
Cash and investments	\$ 2,265,760	\$ 466,827	\$ 2,732,587
Receivables:			
Property taxes	3,128,679	-	3,128,679
Other	53,482	911	54,393
Total assets	\$ 5,447,921	\$ 467,738	\$ 5,915,659
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 99,047	\$ 36,939	\$ 135,986
Accrued payroll and payroll taxes	-	4,843	4,843
Deferred revenue	3,089,977	458	3,090,435
Total liabilities	3,189,024	42,240	3,231,264
Fund balances:			
Restricted for:			
Management levy purposes	2,258,897	-	2,258,897
Student activities	-	425,498	425,498
Total fund balances	2,258,897	425,498	2,684,395
Total liabilities and fund balances	\$ 5,447,921	\$ 467,738	\$ 5,915,659

Davenport Community School District

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue		Total Nonmajor Governmental Funds
	Management	Student Activity	
Revenues:			
Property taxes	\$ 2,572,122	\$ -	\$ 2,572,122
Utility taxes	111,157	-	111,157
Intergovernmental	5,829	-	5,829
Interest	10,461	3,945	14,406
Other	-	1,128,536	1,128,536
Total revenues	2,699,569	1,132,481	3,832,050
Expenditures:			
Current:			
Instruction	470,682	1,150,614	1,621,296
Instructional staff support services	-	650	650
Building administration	219	396	615
Plant operation and maintenance	1,545,261	868	1,546,129
Student transportation	-	34,344	34,344
Total expenditures	2,016,162	1,186,872	3,203,034
Excess (deficiency) of revenues over expenditures	683,407	(54,391)	629,016
Other financing (uses), transfers (out)	-	(5,399)	(5,399)
Net change in fund balances	683,407	(59,790)	623,617
Fund balances, beginning of year	1,575,490	485,288	2,060,778
Fund balances, end of year	\$ 2,258,897	\$ 425,498	\$ 2,684,395

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

Davenport Community School District

Combining Schedule of Changes in Balances

Student Activity Fund

Year Ended June 30, 2012

	Balance June 30, 2011	Revenues	Expenditures
District-Wide Athletics	\$ 13,913	\$ -	\$ 571
Central High School Athletics	71,378	121,753	124,558
North High School Athletics	36,009	76,044	86,232
West High School Athletics	28,922	111,599	115,140
Central High School	127,868	179,374	148,839
North High School	(35,926)	137,663	146,430
West High School	13,969	290,490	319,988
Kimberly Center	833	2,542	1,737
Smart Intermediate School	14,304	5,917	7,843
Sudlow Intermediate School	30,822	87,917	96,897
Walcott Elementary and Intermediate School	45,989	34,236	37,751
Williams Intermediate School	28,629	33,206	28,909
Wood Intermediate School	21,823	26,478	32,371
Young Intermediate School	562	4,841	4,272
Adams Elementary	3,212	1,668	1,160
Blue Grass Elementary	735	50	-
Buchanan Elementary	18,843	495	8,231
Buffalo Elementary	6,066	1,205	2,221
Eisenhower Elementary	7,632	71	617
Fillmore Elementary	1,145	-	-
Garfield Elementary	14,336	4,991	13,364
Harrison Elementary	1,474	996	1,073
Hayes Elementary	2,274	4,309	1,825
Jackson Elementary	104	139	-
Jefferson Elementary	54	-	-
Lincoln Elementary	1,240	176	1,417
Madison Elementary	8,366	26	785
McKinley Elementary	5,914	-	532
Monroe Elementary	2,392	(2,151)	-
Truman Elementary	237	774	764
Washington Elementary	3,287	1,688	1,459
Wilson Elementary	3,483	2,039	1,886
Unallocated interest income	5,399	3,945	-
Total special revenue student activity fund	\$ 485,288	\$ 1,132,481	\$ 1,186,872

Transfers	Balance June 30, 2012
\$ -	\$ 13,342
-	68,573
-	25,821
-	25,381
-	158,403
-	(44,693)
-	(15,529)
-	1,638
-	12,378
-	21,842
-	42,474
-	32,926
-	15,930
-	1,131
-	3,720
-	785
-	11,107
-	5,050
-	7,086
-	1,145
-	5,963
-	1,397
-	4,758
-	243
-	54
-	(1)
-	7,607
-	5,382
-	241
-	247
-	3,516
-	3,636
(5,399)	3,945
<u>\$ (5,399)</u>	<u>\$ 425,498</u>

Davenport Community School District

Statement of Changes in Fiduciary
Assets and Liabilities - Agency Fund
Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Assets				
Cash and investments	\$ 116,845	\$ 138,137	\$ 155,234	\$ 99,748
Liabilities				
Accounts payable	\$ 4,474	\$ 1,427	\$ 4,474	\$ 1,427
Due to activity groups	112,371	133,226	147,276	98,321
Total liabilities	\$ 116,845	\$ 134,653	\$ 151,750	\$ 99,748

Davenport Community School District

Combining Schedule of Changes in Amounts Due to Activity Groups

Agency Fund

Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Adams dad's club/state farm	\$ -	\$ 3,894	\$ 3,840	\$ 54
Administration pop account	4,106	4,516	5,561	3,061
Administration thanksgiving	211	2	213	-
CV Hayes staff account	161	-	67	94
CVW staff account	572	910	686	796
Central staff pop account	6,029	10,637	15,361	1,305
Central concessions	14,479	10,288	14,326	10,441
Central/North prom	-	2,500	2,365	135
Buchanan pop account	3,139	2,858	2,280	3,717
Buchanan boosters account	-	19,982	16,419	3,563
Buffalo business partners	1,500	-	1,470	30
Fillmore pop account	1,165	1,449	1,466	1,148
Garfield pop account	1,663	369	423	1,609
Harrison pop account	3,563	1,138	856	3,845
Harrison Olweus Donation	625	600	1,172	53
Havlife foundation account	18,520	-	6,955	11,565
Hayes staff fund	1,977	1,421	2,010	1,388
Hoover pop account	136	245	122	259
Lincoln pop account	638	1,201	1,839	-
Madison teacher's pop account	3,138	2,500	2,649	2,989
McKinley staff fund	-	225	191	34
Monroe pop account	7,257	6,746	7,005	6,998
North metro fest	1,500	4,782	237	6,045
North pop account	8,257	11,794	12,677	7,374
River music experience havlife	1,730	-	747	983
Smart pop account	7,828	594	2,418	6,004
Special ed rec league	3,403	-	3,403	-
Sudlow staff account	3,115	3,949	2,879	4,185
Young staff pop account	23	2,033	1,808	248
Walcott staff account	1,000	-	-	1,000
Washington pop account	1,219	731	1,210	740
West pop account	3,693	10,645	13,034	1,304
West athletics account	-	11,640	6,050	5,590
West boosters account	-	1,608	576	1,032
Williams sunshine pop account	838	1,849	779	1,908
Williams pop cans	83	-	-	83
Wilson pop account	7,652	6,101	9,580	4,173
Wood pop account	1,168	1,525	204	2,489
Youth fest account	1,840	-	-	1,840
KC scholarship account	-	287	250	37
KC staff account	143	4,207	4,148	202
Total	\$ 112,371	\$ 133,226	\$ 147,276	\$ 98,321

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

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.	61 - 70
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	71 - 76
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.	77 - 81
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.	82 - 90
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.	91 - 99

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

Davenport Community School District

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

	Fiscal Year			
	2012	2011	2010	2009
Governmental activities:				
Invested in capital assets, net of related debt	\$ 142,713,991	\$ 133,596,413	\$ 122,855,936	\$ 114,430,225
Restricted	22,439,084	22,083,566	23,789,830	24,956,179
Unrestricted	40,495,962	31,528,694	21,634,801	15,470,549
Total governmental activities net assets	\$ 205,649,037	\$ 187,208,673	\$ 168,280,567	\$ 154,856,953
Business-type activities:				
Invested in capital assets, net of related debt	\$ 423,492	\$ 510,223	\$ 610,226	\$ 624,336
Restricted	-	-	-	-
Unrestricted	2,839,445	2,388,782	1,480,466	477,059
Total business-type activities net assets	\$ 3,262,937	\$ 2,899,005	\$ 2,090,692	\$ 1,101,395
Primary government:				
Invested in capital assets, net of related debt	\$ 143,137,483	\$ 134,106,636	\$ 123,466,162	\$ 115,054,561
Restricted	22,439,084	22,083,566	23,789,830	24,956,179
Unrestricted	43,335,407	33,917,476	23,115,267	15,947,608
Total primary government net assets	\$ 208,911,974	\$ 190,107,678	\$ 170,371,259	\$ 155,958,348

Source: District financial records

		Fiscal Year									
		2008	2007	2006	2005	2004	2003				
\$	104,909,566	\$	94,038,379	\$	85,255,475	\$	75,569,655	\$	60,388,078	\$	47,119,649
	22,276,424		21,162,958		17,795,508		16,739,808		19,813,106		20,172,162
	12,630,676		8,126,005		2,862,552		91,109		(860,462)		(2,288,644)
\$	139,816,666	\$	123,327,342	\$	105,913,535	\$	92,400,572	\$	79,340,722	\$	65,003,167
\$	732,858	\$	919,518	\$	995,006	\$	756,996	\$	803,504	\$	901,725
	-		-		-		-		-		15,733
	(315,743)		(340,514)		(208,308)		525,990		574,393		534,777
\$	417,115	\$	579,004	\$	786,698	\$	1,282,986	\$	1,377,897	\$	1,452,235
\$	105,642,424	\$	94,957,897	\$	86,250,481	\$	76,326,651	\$	61,191,582	\$	48,021,374
	22,276,424		21,162,958		17,795,508		16,739,808		19,813,106		20,187,895
	12,314,933		7,785,491		2,654,244		617,099		(286,069)		(1,753,867)
\$	140,233,781	\$	123,906,346	\$	106,700,233	\$	93,683,558	\$	80,718,619	\$	66,455,402

Davenport Community School District

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

	Fiscal Year			
	2012	2011	2010	2009
Expenses:				
Governmental activities:				
Instruction	\$ 122,607,089	\$ 123,435,023	\$ 115,220,844	\$ 116,034,206
Student support services	1,997,085	3,266,982	3,596,004	4,022,805
Instructional staff support services	7,038,613	6,142,636	6,100,992	5,082,850
General administration	1,958,785	1,813,010	1,871,580	1,877,261
Building administration	11,866,688	9,950,584	9,870,846	9,439,032
Business administration	4,135,698	3,822,055	3,692,544	4,454,131
Plant operation and maintenance	15,002,810	14,052,852	14,209,020	15,221,426
Student transportation	5,260,931	5,027,504	4,588,851	4,623,723
Area Education Agency	6,113,725	6,637,326	6,505,439	5,852,203
Other expenses	589,778	505,551	440,988	278,949
Interest on long-term debt	-	-	800	343,315
Total governmental activities expenses	176,571,202	174,653,523	166,097,908	167,229,901
Business-type activities:				
School nutrition	8,128,218	7,538,582	7,235,067	7,145,508
Out of School Program	686,491	-	-	-
Day care	-	-	-	24,895
Total business-type activities expenses	8,814,709	7,538,582	7,235,067	7,170,403
Total primary government expenses	\$ 185,385,911	\$ 182,192,105	\$ 173,332,975	\$ 174,400,304
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 3,379,959	\$ 6,816,358	\$ 7,004,271	\$ 5,612,778
Student transportation	9,512	-	-	-
Operating grants and contributions	35,614,403	40,018,481	38,122,590	33,228,717
Capital grants and contributions	150,000	149,825	150,000	203,189
Total governmental revenues	39,153,874	46,984,664	45,276,861	39,044,684
Business-type activities:				
Charges for services:				
School nutrition	2,288,652	2,367,038	2,474,381	2,727,373
Out of School Program	821,163	-	-	-
Day Care	-	-	-	17,155
Operating grants and contributions	6,041,999	5,967,490	5,638,183	5,108,946
Total business-type revenues	6,041,999	8,334,528	8,112,564	7,853,474
Total primary government revenues	45,195,873	55,319,192	53,389,425	46,898,158
Net (expense) revenue:				
Governmental activities	\$ (137,417,328)	\$ (127,668,859)	\$ (120,821,047)	\$ (128,185,217)
Business-type activities	337,105	795,946	877,497	683,071
Total primary government net expense	\$ (137,080,223)	\$ (126,872,913)	\$ (119,943,550)	\$ (127,502,146)

Source: District financial records

		Fiscal Year									
		2008	2007	2006	2005	2004	2003				
\$	113,522,124	\$	106,527,884	\$	103,265,247	\$	103,464,881	\$	96,345,329	\$	93,629,997
	4,003,009		5,506,239		4,332,402		3,528,044		3,626,534		2,909,873
	5,139,836		4,227,603		3,756,106		3,071,271		2,940,963		3,085,657
	1,949,544		3,181,869		2,696,173		2,490,873		2,535,403		2,884,288
	8,754,199		8,179,463		8,874,500		8,380,875		8,125,994		8,561,479
	4,550,916		3,325,183		3,075,192		2,886,051		1,060,832		902,711
	14,157,556		12,249,743		11,931,445		10,912,469		10,316,051		10,428,662
	4,047,272		3,762,589		3,256,495		2,931,059		3,754,103		3,568,003
	5,662,264		5,422,638		5,069,948		4,899,580		4,911,280		5,180,587
	220,927		-		108,871		93,996		1,887,330		1,879,094
	667,645		971,828		1,253,072		1,520,560		1,771,719		1,973,294
	162,675,292		153,355,039		147,619,451		144,179,659		137,275,538		135,003,645
	7,392,708		6,942,428		6,774,334		6,734,989		6,329,378		5,967,580
	-		-		-		-		-		-
	345,411		349,860		276,428		310,842		353,194		360,225
	7,738,119		7,292,288		7,050,762		7,045,831		6,682,572		6,327,805
\$	170,413,411	\$	160,647,327	\$	154,670,213	\$	151,225,490	\$	143,958,110	\$	141,331,450
\$	5,629,822	\$	4,781,066	\$	3,718,848	\$	3,109,533	\$	3,959,144	\$	2,670,054
	-		-		-		-		-		-
	29,110,981		24,009,203		22,019,691		22,204,449		20,235,392		19,359,323
	13,088		162,112		232,035		506,426		310,070		377,356
	34,753,891		28,952,381		25,970,574		25,820,408		24,504,606		22,406,733
	2,597,998		2,436,442		2,501,019		2,478,444		2,322,193		2,352,352
	-		-		-		-		-		-
	216,982		338,519		226,833		295,403		306,694		361,204
	4,761,250		4,309,633		3,816,447		4,158,185		3,974,182		3,691,509
	7,576,230		7,084,594		6,544,299		6,932,032		6,603,069		6,405,065
	42,330,121		36,036,975		32,514,873		32,752,440		31,107,675		28,811,798
\$	(127,921,401)	\$	(124,402,658)	\$	(121,648,877)	\$	(118,359,251)	\$	(112,770,932)	\$	(112,596,912)
	(161,889)		(207,694)		(506,463)		(113,799)		(79,503)		77,260
\$	(128,083,290)	\$	(124,610,352)	\$	(122,155,340)	\$	(118,473,050)	\$	(112,850,435)	\$	(112,519,652)

Davenport Community School District

General Revenues and Total Change in Net Assets

Last Ten Fiscal Years*

(accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2012	2011	2010	2009
Net (expense) revenue:				
Governmental activities	\$ (137,417,328)	\$ (127,668,859)	\$ (120,821,047)	\$ (128,185,217)
Business-type activities	337,105	795,946	877,497	683,071
Total primary government net expense	(137,080,223)	(126,872,913)	(119,943,550)	(127,502,146)
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes	63,510,538	61,114,524	60,062,506	58,499,226
Utility tax	2,731,926	2,594,463	2,713,155	2,680,964
Local option sales tax	13,613,991	12,832,292	11,711,344	14,495,378
Unrestricted state aid and grants	75,498,841	69,280,863	58,634,847	66,533,410
Interest and investment earnings	472,846	628,504	533,535	979,404
Miscellaneous	33,943	146,319	35,681	37,122
Transfers	(4,393)	-	(104,619)	-
Total governmental activities	155,857,692	146,596,965	133,586,450	143,225,504
Business-type activities:				
Interest and investment earnings	13,894	12,067	6,781	1,209
Other	8,540	300	400	-
Transfers	4,393	-	104,619	-
Total business type activities	26,827	12,367	111,800	1,209
Total primary government	155,884,519	146,609,332	133,698,250	143,226,713
Change in net assets:				
Governmental activities	18,440,364	18,928,106	12,765,403	15,040,287
Business-type activities	363,932	808,313	989,297	684,280
Total primary government	\$ 18,804,296	\$ 19,736,419	\$ 13,754,700	\$ 15,724,567

Source: District financial records

		Fiscal Year									
		2008	2007	2006	2005	2004	2003				
\$	(127,921,401)	\$	(124,402,658)	\$	(121,648,877)	\$	(118,359,251)	\$	(112,770,932)	\$	(112,596,912)
	(161,889)		(207,694)		(506,463)		(113,799)		(79,503)		77,260
	(128,083,290)		(124,610,352)		(122,155,340)		(118,473,050)		(112,850,435)		(112,519,652)
	56,080,120		57,104,269		54,862,698		53,095,883		51,609,343		49,562,253
	2,615,919		-		-		-		-		-
	15,411,214		14,879,136		13,902,861		13,647,672		13,512,282		13,303,691
	68,452,968		67,397,428		63,441,500		62,293,142		60,904,421		59,924,250
	1,624,652		1,963,695		1,109,542		360,682		254,285		480,210
	225,852		471,937		1,845,239		1,233,770		917,683		2,439,168
	-		-		-		-		-		-
	144,410,725		141,816,465		135,161,840		130,631,149		127,198,014		125,709,572
	-		1		10,175		6,840		5,165		12,301
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		1		10,175		6,840		5,165		12,301
	144,410,725		141,816,466		135,172,015		130,637,989		127,203,179		125,721,873
	16,489,324		17,413,807		13,512,963		12,271,898		14,427,082		13,112,660
	(161,889)		(207,693)		(496,288)		(106,959)		(74,338)		89,561
\$	16,327,435	\$	17,206,114	\$	13,016,675	\$	12,164,939	\$	14,352,744	\$	13,202,221

Davenport Community School District

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

	Fiscal Year			
	2012	2011	2010	2009
General Fund:				
Nonspendable	\$ 374,294	\$ 400,233	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	15,338,624	11,010,775	-	-
Reserved	-	-	752,109	598,299
Unreserved	-	-	9,259,384	12,746,539
Total General Fund	\$ 15,712,918	\$ 11,411,008	\$ 10,011,493	\$ 13,344,838
All other governmental funds:				
Nonspendable	\$ 4,413	\$ -	\$ -	\$ -
Restricted	24,697,981	23,095,794	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	-	-	2,678,604	15,487,328
Unreserved, reported in:				
Capital projects funds	-	-	12,758,303	1,729,864
Special revenue funds	-	-	8,352,923	7,738,987
Total all other governmental funds	\$ 24,702,394	\$ 23,095,794	\$ 23,789,830	\$ 24,956,179

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

Source: District financial records

							Fiscal Year					
2008		2007		2006		2005		2004		2003		
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	755,430		1,045,409		1,158,326		1,441,457		516,982		500,863	
	9,485,605		6,977,264		3,044,321		794,920		200,274		(865,120)	
\$	10,241,035	\$	8,022,673	\$	4,202,647	\$	2,236,377	\$	717,256	\$	(364,257)	
<hr/>												
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	14,541,398		18,667,369		15,968,444		15,339,931		16,891,494		16,319,745	
	1,888,725		(3,119,646)		(2,879,516)		(3,494,174)		(92,799)		687,251	
	5,846,301		5,615,235		4,706,580		4,078,240		3,014,411		3,165,166	
\$	22,276,424	\$	21,162,958	\$	17,795,508	\$	15,923,997	\$	19,813,106	\$	20,172,162	

Davenport Community School District

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2012	2011	2010	2009
Revenues:				
Property taxes	\$ 63,342,557	\$ 61,097,510	\$ 59,978,454	\$ 58,463,767
Utility tax	2,731,926	2,594,463	2,713,155	2,680,964
Local options sales tax, pledged as security for revenue bonds	13,613,991	12,832,292	11,711,344	14,495,378
Intergovernmental	107,727,555	107,523,909	95,281,065	98,185,617
Charges for services	3,389,471	4,330,427	3,957,803	4,256,788
Interest	472,846	628,504	533,535	979,404
Contributions and donations	833,320	681,584	415,120	681,578
Other	1,929,353	2,321,967	2,616,574	2,632,264
Total revenues	194,041,019	192,010,656	177,207,050	182,375,760
Expenditures:				
Instruction	117,168,124	121,991,035	114,024,980	111,037,438
Student support services	3,264,883	4,906,654	5,456,799	4,329,266
Instructional staff support services	6,988,659	6,142,636	6,077,840	5,082,850
General administration	1,944,096	1,798,321	1,856,891	1,862,572
Building administration	11,688,893	9,945,284	9,785,027	9,432,227
Business administration	4,053,141	3,740,036	3,582,860	4,447,595
Plant operations and maintenance	14,897,537	13,987,436	14,111,490	15,057,211
Student transportation	5,253,653	5,020,226	4,581,573	4,616,445
Other support services	585,125	505,551	419,790	272,685
Area Education Agency	6,113,725	6,637,326	6,505,439	5,852,203
Capital outlay	16,170,280	16,473,095	6,761,531	7,441,230
Capital outlay, not capitalized	-	157,577	1,306,247	
Debt service:				
Principal	-	-	6,960,000	6,655,000
Interest	-	-	171,658	505,480
Total expenditures	188,128,116	191,305,177	181,602,125	176,592,202
Excess of revenues over (under) expenditures	5,912,903	705,479	(4,395,075)	5,783,558
Other financing sources (uses):				
Proceeds from sale of bonds				
Transfers in	5,399	506,648	7,135,367	7,166,975
Transfers (out)	(9,792)	(506,648)	(7,239,986)	(7,166,975)
Total other financing sources	(4,393)	-	(104,619)	-
Special item, proceeds from sale of school property	-	-	-	-
Net change in fund balances	\$ 5,908,510	\$ 705,479	\$ (4,499,694)	\$ 5,783,558
Debt service as a percentage of noncapital expenditures	0.000%	0.000%	4.080%	4.251%

Source: District financial records

		Fiscal Year									
		2008	2007	2006	2005	2004	2003				
\$	55,945,162	\$	57,156,980	\$	55,266,406	\$	53,186,303	\$	51,311,490	\$	49,624,114
	2,615,919		-		-		-		-		-
	15,411,214		14,879,136		13,902,861		13,647,672		13,512,282		13,303,691
	94,308,745		88,515,128		85,212,452		82,655,338		80,354,110		79,283,573
	3,876,643		2,290,106		3,593,277		3,373,607		2,455,095		2,670,054
	1,624,652		1,963,695		1,109,542		360,682		254,285		480,210
	191,841		281,982		182,115		32,565		186,426		377,356
	1,802,332		4,263,978		3,173,343		2,737,790		2,260,809		2,336,690
	175,776,508		169,351,005		162,439,996		155,993,957		150,334,497		148,075,688
	107,820,164		101,570,521		100,396,929		99,487,411		93,949,560		90,371,397
	3,819,850		5,711,135		4,332,402		3,528,044		3,626,534		2,909,873
	5,134,015		4,226,468		3,744,654		3,047,147		2,926,648		3,082,908
	1,934,856		3,167,180		2,681,482		2,477,019		2,521,966		2,870,851
	8,754,199		8,179,463		8,868,370		8,376,064		8,121,070		8,565,161
	4,543,863		3,322,681		3,073,582		2,884,968		1,060,832		901,118
	13,949,803		12,217,681		10,123,119		10,524,740		9,393,391		10,042,945
	4,039,994		3,755,311		3,249,217		2,923,775		3,746,825		3,560,725
	217,087		-		108,871		93,996		1,886,247		1,901,984
	5,662,264		5,422,638		5,069,948		4,899,580		4,911,280		5,180,587
	9,383,063		7,370,945		9,731,725		13,684,961		10,425,907		24,027,813
	-		12,056		-		-		-		-
	6,370,000		6,095,000		5,835,000		5,590,000		5,230,000		3,075,000
	819,736		1,112,450		1,386,916		1,646,240		1,885,142		1,870,475
	172,448,894		162,163,529		158,602,215		159,163,945		149,685,402		158,360,837
	3,327,614		7,187,476		3,837,781		(3,169,988)		649,095		(10,285,149)
	-		-		-		-		-		-
	7,212,630		7,228,437		7,228,879		7,242,344		898,226		7,346,842
	(7,212,630)		(7,228,437)		(7,228,879)		(7,242,344)		(898,226)		(7,346,842)
	-		-		-		-		-		-
	4,214		1		-		-		162,889		300,679
\$	3,331,828	\$	7,187,477	\$	3,837,781	\$	(3,169,988)	\$	811,984	\$	(9,984,470)
	4.409%		4.656%		5.098%		5.234%		5.384%		3.822%

Davenport Community School District

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Levy Year	Collection Year	Real Property		Railroads and Utilities without Gas and Electric	
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
2010	2011-12	\$ 3,655,848,531	\$ 5,864,886,919	\$ 74,854,621	\$ 74,854,621
2009	2010-11	3,505,901,299	5,734,964,644	74,454,695	74,454,695
2008	2009-10	3,449,040,935	5,673,979,209	70,826,025	70,826,025
2007	2008-09	3,349,890,912	5,608,825,247	69,879,316	69,889,389
2006	2007-08	3,201,172,684	5,250,133,365	67,374,978	67,374,978
2005	2006-07	3,123,502,576	5,072,939,763	68,248,717	68,264,032
2004	2005-06	2,998,904,601	4,741,587,400	75,780,138	75,780,138
2003	2004-05	2,890,237,957	4,494,038,163	74,491,439	74,499,079
2002	2003-04	2,764,623,569	4,126,639,773	76,202,520	76,949,803
2001	2002-03	2,709,671,703	4,092,051,042	73,671,050	73,689,045

Source: Iowa Department of Management

Gas and Electric		TOTAL		
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Total Direct Rate
\$ 161,125,636	\$ 233,595,662	\$ 3,891,828,788	\$ 6,173,337,202	17.05061
152,167,149	226,918,464	3,732,523,143	6,036,337,803	17.11276
161,620,628	220,731,443	3,681,487,588	5,965,536,677	17.09334
159,783,923	195,094,477	3,579,554,151	5,873,809,113	17.09414
156,936,258	205,802,131	3,425,483,920	5,523,310,474	17.10576
158,143,525	187,341,658	3,349,894,818	5,328,545,453	17.10760
157,462,369	173,339,762	3,232,147,108	4,990,707,300	17.09027
167,964,938	165,032,392	3,132,694,334	4,733,569,634	17.08691
151,428,805	151,428,805	2,992,254,894	4,355,018,381	17.07873
146,559,653	146,559,653	2,929,902,406	4,312,299,740	16.96204

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			
2012	\$ 15.75061	\$ 1.30000	\$ -	\$ 17.05061	\$ 6.03776	
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	

Source: Scott County Auditor's Office

Overlapping Rates		
City of Davenport	Area IX Community College	Other
\$ 15.53000	\$ 1.01724	\$ 0.32062
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

Davenport Community School District

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

Taxpayer	2012				2003		
	Taxable Value	Taxes	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
MidAmerican Energy	\$ 153,716,563	\$6,478,252	1	4.20%	\$ 157,647,903	1	5.70%
SDG Macerich Properties	58,460,300	2,422,024	2	1.60%	63,750,309	2	2.31%
Iowa American Water Company	45,130,230	1,878,694	3	1.23%			1.53%
Qwest	21,046,339	809,330	4	0.58%	22,472,514	4	0.81%
LaFarge Corporation	20,674,570	689,596	5	0.57%	21,318,729	5	0.77%
THF Davenport North Development	18,465,500	846,084	6	0.51%			
Hotel Blackhawk LLC	17,974,000	843,522	7	0.49%			
Iowa 80 Truckstop Inc.	16,845,950	583,436	8	0.46%			
Wal-Mart Real Estate	14,296,300	592,452	9	0.39%			
Telecommunications 1031 Venture	14,062,000	582,595	10	0.38%			
Genesis Health System					12,724,858	9	0.46%
Quanex Corporation					19,169,991	6	0.69%
Davenport Water Co.					41,082,972	3	1.49%
Oscar Mayer Foods Corp					12,208,160	10	0.44%
Bradley Operating LTD Partnership					14,707,557	7	0.53%
Davenport Center LTD Partnership					12,987,291	8	0.47%
Total	<u>\$ 380,671,752</u>			<u>10.41%</u>	<u>\$ 378,070,284</u>		<u>15.20%</u>

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
2011-12	2010	\$ 68,088,678	\$ 65,677,645	96.46	\$ 81,400	0.12
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

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 Activities	Percentage of Personal Income	Per Capita
	Revenue Sales Bonds		
2012	\$ -	0%	\$ -
2011	-	-	-
2010	-	-	-
2009	6,960,000	0.11	42.78
2008	13,615,000	0.23	83.69
2007	19,985,000	0.35	122.89
2006	26,080,000	0.49	162.87
2005	31,915,000	0.64	200.22
2004	37,505,000	0.77	235.77
2003	42,735,000	0.91	269.23

Source: District financial records

Davenport Community School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2012

(dollars in thousands)

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 14,080,000	100.00%	\$ 14,080,000
Eastern Iowa Community College	67,765,000	59.48%	40,306,622
City of Blue Grass	2,437,585	100.00%	2,437,585
City of Buffalo	189,798	100.00%	189,798
City of Davenport	222,095,000	100.00%	222,095,000
City of Walscott	1,980,000	100.00%	1,980,000
City of Durant	1,935,000	3.73%	72,176
Subtotal, overlapping debt			281,161,181
District direct debt			-
Total direct and overlapping debt			\$ 281,161,181

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 2012

Assessed value	<u>\$ 3,891,828,788</u>
Debt limit (5% of assessed value)	\$ 194,591,439
Debt applicable to limit	-
Legal debt margin	<u>\$ 194,591,439</u>

	2012	2011	2010	2009
Debt limit	\$ 194,594,439	\$ 194,271,258	\$ 186,223,489	\$ 184,074,379
Total net debt applicable to limit	-	-	-	6,960,000
Legal debt margin	<u>\$ 194,594,439</u>	<u>\$ 194,271,258</u>	<u>\$ 186,223,489</u>	<u>\$ 177,114,379</u>

Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	3.78%
---	-------	-------	-------	-------

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

2008	2007	2006	2005	2004	2003
\$ 178,977,708	\$ 171,274,196	\$ 167,494,741	\$ 156,634,717	\$ 149,612,745	\$ 146,495,120
13,615,000	19,985,000	26,080,000	31,915,000	37,505,000	42,735,000
<u>\$ 165,362,708</u>	<u>\$ 151,289,196</u>	<u>\$ 141,414,741</u>	<u>\$ 124,719,717</u>	<u>\$ 112,107,745</u>	<u>\$ 103,760,120</u>
7.61%	11.67%	15.57%	20.38%	25.07%	29.17%

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		
2012	\$ 13,613,991	\$ -	\$ -	-	
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	

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
2012	165,759	7,272,593	43,874	37.7	15,881	6.60
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

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
SCHOOLS

A District of Distinction

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

Davenport Community School District

Demographic and Miscellaneous Statistics

The ABCs about Davenport Community Schools ...

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

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

Budget: \$236,005,722 in 2011-12

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

Computers:

- ✓ Average of 1 computer to each 1.8 students
- ✓ 450 of our classrooms have SMART boards
- ✓ Professional Learning Information Services staff ensure effective use of advanced technologies from student information systems to classroom computers and interactive whiteboards

Collaboration with Community Leaders and Agency Partners

- ✓ Leading a network of over 20 preschool partners to provide access to high-quality early learning opportunities for all of Davenport's 4 year-olds
- ✓ Davenport Schools Foundation scholarships and Great Minds enrichment activities for all students
- ✓ After-school and summer program expertise in partnership with ISU Extension, Davenport Parks and Recreation, YMCA and others
- ✓ Free CitiBus service on all City of Davenport transit routes 7 days a week
- ✓ Agency-led community-to-classroom program partnerships with ISU Extension, Jr. Achievement, Figge Art Museum, Iowa Jobs for America's Graduates, and more
- ✓ Learning Supports partners from the youth development and faith communities provide academic and social supports for students and families
- ✓ Postsecondary collaborations prepare students and families for life after graduation

Curriculum Basics:

Elementary (Kindergarten through Fifth Grade)

- Fine arts, health and safety, language arts, mathematics, physical education, reading, science and social studies
- Special Features:
 - 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:
 - Individual school-based middle school programming
 - Writing across the curriculum
 - Multiple-year sequence in French and Spanish
 - School to Work programming
 - Individual student lessons in instrumental music
 - Special education programming
 - Talented and gifted programming
 - State of the art library media centers

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

Employee and District Top Awards:

- ✓ North High School science teacher Laura McCreery is the recipient of the 2011-2012 National Association of Biology Teachers Outstanding Biology Teacher Award for the state of Iowa.
- ✓ Joan Moorhead of Williams Intermediate School and Teri Wiese of North High School received an Excellence in Science Teaching Award from the Iowa Academy of Science.
- ✓ Quad City Arts Teacher of the Year: Michele Mess, North High School

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Facilities:

Early Childhood Learning Centers-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:

- ✓ Recognized as environmental leader receiving Governor's Iowa Environmental Excellence Award, Iowa Recycling Award, and the U.S. Environmental Protection Agency ENERGY STAR Partner of the Year
- ✓ Facilities upgrades of nearly \$130 million over the past 12 years, earning the Association of School Business Officials International Facilities Masters Award
- ✓ To keep the district on the leading edge of innovations, 8 schools so far have been configured with geothermal systems which are environmentally friendly, and the savings from the geothermal units will pay for themselves. The Board's forward-looking strategic plan calls for 7 more geothermal units at schools in the next two years.

Food Service:

- ✓ Innovative and award-winning breakfast and lunch programs provided in all schools.
- ✓ Free and Reduced students-
 - 52% Free
 - 8% Reduced
- ✓ Highly trained nutrition experts serve every building in the school district. Each day nearly 20,000 meals are served to students in over 30 locations.
- ✓ Summer meal sites across the community serve an additional 35,000 meals annually.

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

Some of our outstanding alumni...

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

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Parents as our Partners

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

Professional Employees' Credentials:

Bachelors' Degrees – 100%

Masters' Degrees – 54.4%

Specialist or Doctorate Degrees – 1.7%

Program & School Top Awards

- ✓ Iowa FINE - First in the Nation in Education - Awards
- ✓ U.S. Department of Education Blue Ribbon Award
- ✓ Iowa Diversity Award
- ✓ American Association of School Administrators Leadership for Learning Award
- ✓ American School Board Journal Magna Award
- ✓ American Red Cross National School and Community Award for Youth in Health and Safety
- ✓ Certificates of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and Association of School Business Officials
- ✓ National Association of Partners in Education Outstanding Partner Awards
- ✓ National School Public Relations Association Communications Awards
- ✓ U.S. Environmental Protection Agency Green Lights School System Partner of the Year

Safe and Supportive Schools

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

Skills for Life Initiative

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

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

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 student Andrew Wiese has been named a 2012 National Merit Scholar
- ✓ 3 students from Davenport Community Schools represented the state of Iowa at the 2012 National History Day Competition. Only 16 students from the entire state of Iowa qualified to attend this competition.
- ✓ The Central High School Talented & Gifted History Team took 1st place at the Eastern Iowa History Bowl and Bee
- ✓ North High School student Alisha Jones is the 2012 State champion in the girls 400 meter dash
- ✓ North High School students Pauline Wyatt, Krystal Pollard, Tamika Tucker, & Alisha Jones are 2012 State champions in the 800 meter sprint medley relay
- ✓ Jasmine Butler, Shaienne Thomas, Tadaisha Thornton, & Allannah McCorkle, Central High School – State champions in the 4×200 meter relay
- ✓ North High School student Jerry Westerfield is the 2012 State Champion long jumper (Jerry's jump of 24'01" tied the 4A meet record)
- ✓ West High School Cheerleaders took 1st in State
- ✓ Davenport North boys bowling team won the MAC tournament and returned to state tournament as defending 2A state champions
- ✓ William's Intermediate Robotics Team took first place at the First LEGO League Regional Competition
- ✓ The Davenport Central Blackhawk newspaper placed 1st in the Iowa State Press Association Sweepstakes photography competition and 3rd in state graphics competition
- ✓ Two West High School students were selected as 2012 Iowa Legislative Pages

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

- ✓ A Central High School senior was one of only 15 Iowa students selected to serve on the Learning Council, a new state advisory group that meets with Iowa Department of Education Director Jason Glass and others to give input on key issues that impact Iowa students and schools.
- ✓ A West High School student was one of three students in the state of Iowa to be invited to iJAG's National Student Leadership Conference in Washington D.C.
- ✓ The West High School Speech & Debate Team qualified for the national tournament to be held in Indianapolis
- ✓ A North High School Marine Corps JROTC cadet placed 6th in national target shooting competition at Marine Corps Service National Championship

Student Diversity:

Alaskan/American Indian - .4%
 Asian- 2.0%
 Black – not Hispanic – 18.7%
 Hispanic – 12.1%
 Hawaiian or Other Pacific Islander – .1%
 White – 59.0%
 Multi-Racial – 7.7%

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

Student Teacher Ratio:

Elementary – 20.5 to 1
 Secondary – 14.5 to 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

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

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

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	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rock Island Arsenal	8,200	1	4.45%	5,800	2	3.20%
Deere & Company	6,000	2	3.26%	7,400	1	4.08%
Genesis Medical Center	3,850	3	2.09%	5,113	3	2.82%
Davenport Schools	2,179	4	1.18%	2,030	6	1.12%
ALCOA, Inc.	1,900	5	1.03%	2,200	5	1.21%
Kraft Foods (Oscar Mayer)	1,500	6	0.81%	1,500	8	0.83%
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%	1,200	9	-
Moline Public School District #41	900	10	0.49%			-
Exelon	900	10	0.49%			-
Trinity Medical Center			-	2,725	4	1.50%
Heart of America Restaurants and Inns			-	1,700	7	0.94%
Mid American Energy			-	1,173	10	0.65%
Total	29,434		17.76%	30,841		19.43%

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

A District of Distinction

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

Davenport Community School District

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

	2012	2011	2010	2009
Administration:				
District Secretary/Treasurer	1	1	1	1
Superintendent	1	1	1	1
Assistant Superintendents	2	2	2	2
Principals	29	29	29	28
Assistant Principals	13	19	19	18
All Other Administrators	13	16	16	16
Total Administration	59	68	68	66
Instructional:				
Teachers	928	934	923	940
Teachers - Special Programs	197	195	206	203
Teachers Aides	381	384	410	353
Total Instructional	1,506	1,513	1,539	1,496
Student Services:				
Counselors	41	41	40	42
Library Specialist	24	24	24	23
Other Education Professional	40	23	41	37
Nurses	27	29	26	26
Other Technical	20	20	18	40
Total Student Services	151	137	149	168
Support Services:				
Business Manager/Accountant	2	2	2	2
Other Professional	30	33	33	38
Office/Clerical	112	112	111	114
Crafts/Trades	24	24	24	26
Service Workers	294	320	311	254
Total Support Services	462	491	481	434
Total	2,179	2,209	2,237	2,164

Source: District records

2008	2007	2006	2005	2004	2003	Percentage Change 2003 - 2012
1	1	1	1	1	1	0.0%
1	1	1	1	1	1	0.0%
2	2	2	2	1	1	100.0%
30	30	27	27	28	28	3.6%
18	16	14	16	16	16	(18.8)%
17	16	14	14	16	16	(18.8)%
69	66	59	61	63	63	(6.3)%
915	905	896	882	860	841	10.3%
198	210	308	260	257	240	(17.9)%
332	323	369	394	376	370	3.0%
1,445	1,438	1,573	1,536	1,493	1,451	3.8%
38	44	31	38	38	33	24.8%
22	24	27	27	25	26	(9.6)%
36	46	12	10	9	-	100.0%
22	21	26	23	22	18	48.3%
26	25	16	14	12	11	81.8%
144	160	112	112	106	88	72.0%
2	2	2	2	2	2	0.0%
13	-	3	7	7	8	275.6%
114	113	111	111	112	112	0.0%
28	29	29	29	29	29	(17.2)%
282	272	272	281	282	276	6.7%
439	416	417	430	432	427	8.3%
2,097	2,080	2,161	2,139	2,094	2,029	7.4%

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
2012	15,881	\$ 166,822,285	\$ 10,505	0.04	1,149	13.82	61.71
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

Source: District financial records

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

Davenport Community School District

School Building Information

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2012	2011	2010	2009
Elementary:				
Adams (1950)				
Square feet	86,786	86,786	86,786	86,786
Capacity	690	690	690	690
Enrollment	552	577	521	552
Blue Grass (1957)	-	-	-	-
Square feet	66,884	66,884	66,884	66,884
Capacity	552	552	552	552
Enrollment	367	363	391	387
Buchanan (1971)	-	-	-	-
Square feet	60,481	60,481	60,481	60,481
Capacity	506	506	506	506
Enrollment	349	327	357	353
Buffalo (2002)	-	-	-	-
Square feet	53,980	53,980	53,980	53,980
Capacity	391	391	391	391
Enrollment	240	258	271	284
Eisenhower (1969)	-	-	-	-
Square feet	61,442	61,442	61,442	61,442
Capacity	506	506	506	506
Enrollment	454	446	442	444
Fillmore (1955)	-	-	-	-
Square feet	56,017	56,017	56,017	56,017
Capacity	552	552	552	552
Enrollment	379	351	371	341
Garfield (1923)	-	-	-	-
Square feet	90,458	90,458	90,458	90,458
Capacity	483	483	483	483
Enrollment	495	492	439	438
Harrison (1953)	-	-	-	-
Square feet	72,912	72,912	72,912	72,912
Capacity	598	598	598	598
Enrollment	581	578	580	573
Hayes (1923)	-	-	-	-
Square feet	77,618	77,618	77,618	77,618
Capacity	506	506	506	506
Enrollment	354	320	305	308
Jackson (1971)	-	-	-	-
Square feet	55,503	55,503	55,503	55,503
Capacity	529	529	529	529
Enrollment	349	370	379	395
Jefferson (1939)	-	-	-	-
Square feet	64,514	64,514	64,514	64,514
Capacity	552	552	552	552
Enrollment	387	403	470	441

(Continued)

Fiscal Year					
2008	2007	2006	2005	2004	2003
86,786	86,786	86,786	86,786	86,786	86,786
690	690	690	690	690	690
540	575	564	567	554	565
-					
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
368	344	338	326	336	317
-					
60,481	60,481	60,481	60,481	60,481	60,481
506	506	506	506	506	506
315	312	322	334	345	377
-					
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
266	288	299	305	316	282
-					
61,442	61,442	61,442	61,442	61,442	61,442
506	506	506	506	506	506
426	419	424	462	417	399
-					
56,017	56,017	56,017	56,017	56,017	56,017
552	552	552	552	552	552
391	388	380	401	440	425
-					
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
415	428	406	476	459	546
-					
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
557	533	504	517	527	488
-					
77,618	77,618	77,618	77,618	77,618	77,618
506	506	506	506	506	506
284	274	256	321	349	336
-					
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
377	388	358	370	396	374
-					
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
465	472	464	415	404	487

Davenport Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2012	2011	2010	2009
Elementary (Continued)				
Lincoln (1939)	-	-	-	-
Square feet	59,536	59,536	59,536	59,536
Capacity	483	483	483	483
Enrollment	181	270	259	231
Madison (1939)	-	-	-	-
Square feet	64,614	64,614	64,614	64,614
Capacity	506	506	506	506
Enrollment	415	417	408	395
McKinley (1939)	-	-	-	-
Square feet	61,063	61,063	61,063	61,063
Capacity	460	460	460	460
Enrollment	373	361	349	372
Monroe (1938)	-	-	-	-
Square feet	72,435	72,435	72,435	72,435
Capacity	598	598	598	598
Enrollment	455	449	419	417
Truman (1977)	-	-	-	-
Square feet	61,064	61,064	61,064	61,064
Capacity	391	391	391	391
Enrollment	430	404	405	398
Washington (1939)	-	-	-	-
Square feet	46,180	46,180	46,180	46,180
Capacity	322	322	322	322
Enrollment	320	283	284	264
Wilson (1955)	-	-	-	-
Square feet	78,401	78,401	78,401	78,401
Capacity	672	672	672	672
Enrollment	557	561	541	518
Intermediate	-	-	-	-
Smart (1917)	-	-	-	-
Square feet	134,901	134,901	134,901	134,901
Capacity	978	978	978	978
Enrollment	532	521	522	520
Sudlow (1917)	-	-	-	-
Square feet	134,524	134,524	134,524	134,524
Capacity	978	978	978	978
Enrollment	748	707	677	669
Walcott (K-8) (1956)	-	-	-	-
Square feet	107,250	92,160	92,160	92,160
Capacity	722	722	722	722
Enrollment	598	621	616	601
Williams (1954)	-	-	-	-
Square feet	145,224	133,794	133,794	133,794
Capacity	977	977	977	977
Enrollment	770	739	725	724

(Continued)

Fiscal Year					
2008	2007	2006	2005	2004	2003
-					
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
255	302	281	240	287	345
-					
64,614	64,614	64,614	64,614	64,614	64,614
506	506	506	506	506	506
393	363	334	304	326	318
-					
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
377	354	363	354	404	360
-					
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
414	354	467	459	445	434
-					
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
402	395	423	389	373	354
-					
46,180	46,180	46,180	46,180	46,180	46,180
322	322	322	322	322	322
298	270	290	270	245	247
-					
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
521	483	513	503	509	594
-					
-					
134,901	134,901	134,901	134,901	134,901	134,901
978	978	978	978	978	978
508	542	597	625	658	683
-					
134,524	134,524	134,524	134,524	134,524	134,524
978	978	978	978	978	978
645	643	665	706	693	654
-					
92,160	92,160	92,160	92,160	92,160	92,160
722	722	722	722	722	722
598	596	614	615	610	660
-					
133,794	133,794	133,794	133,794	133,794	133,794
977	977	977	977	977	977
730	745	779	799	772	792

Davenport Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2012	2011	2010	2009
Intermediates (continued)				
Wood (1984)	-	-	-	-
Square feet	105,815	105,815	105,815	105,815
Capacity	977	977	977	977
Enrollment	700	701	694	659
Young (1917)	-	-	-	-
Square feet	108,018	108,018	108,018	108,018
Capacity	829	829	829	829
Enrollment	271	320	311	317
High	-	-	-	-
Central (1904)	-	-	-	-
Square feet	301,385	301,385	301,385	301,385
Capacity	1,933	1,933	1,933	1,933
Enrollment	1,415	1,412	1,406	1,490
North (1972)	-	-	-	-
Square feet	390,763	390,763	390,763	390,763
Capacity	1,551	1,551	1,551	1,551
Enrollment	986	966	1,002	978
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	1,921	1,871	1,893	2,034
Other	-	-	-	-
Child. Village at Hoover (1956)	-	-	-	-
Square feet	20,002	20,002	20,002	20,002
Capacity	138	138	138	138
Enrollment	128	128	129	133
Child. Village West (2004)	-	-	-	-
Square feet	35,400	35,400	35,400	35,400
Capacity	286	286	286	286
Enrollment	262	261	254	232
Kimberly Center (1961)	-	-	-	-
Square feet	79,884	79,884	79,884	79,884
Capacity	*	*	*	*
Enrollment	179	288	288	285

Source: District records

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

Fiscal Year					
2008	2007	2006	2005	2004	2003
-					
105,815	105,815	105,815	105,815	105,815	105,815
977	977	977	977	977	977
700	732	784	812	775	747
-					
108,018	108,018	108,018	108,018	108,018	108,018
829	829	829	829	829	829
297	371	371	382	351	402
-					
-					
301,385	301,385	301,385	301,385	301,385	301,385
1,933	1,933	1,933	1,933	1,933	1,933
1,510	1,560	1,554	1,560	1,475	1,456
-					
390,763	390,763	390,763	359,621	359,621	359,621
1,551	1,551	1,551	1,551	1,551	1,551
1,039	1,070	1,127	1,107	1,142	1,108
-					
453,811	453,811	453,811	453,811	453,811	453,811
2,592	2,592	2,592	2,592	2,592	2,592
2,028	2,088	2,158	2,138	2,231	2,263
-					
-					
20,002	20,002	20,002	20,002	20,002	20,002
138	138	138	138	138	138
131	97	93	128	81	66
35,400	35,400	35,400	-	-	-
286	286	286	-	-	-
199	178	164	-	-	-
79,884	79,884	79,884	79,884	79,884	79,884
*	*	*	*	*	*
405	349	335	452	455	428

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

Compliance Section

Davenport Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

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	\$ 1,092,755
National School Lunch Program	10.555	N/A	4,092,477
Summer Food Service Program for Children	10.559	N/A	122,692
National School Lunch Program, Food Donation (Noncash)	10.555	N/A	441,286
Total nutrition cluster			5,749,210
Fresh Fruit and Vegetable	10.582	N/A	219,071
Total U.S. Department of Agriculture			5,968,281
U.S. Department of Defense:			
Passed through Scott County, Iowa:			
Flood Control Projects	12.112	N/A	14,425
U.S. Department of Education:			
Direct program, High School Graduation Initiative	84.360	N/A	396,756
Passed through State of Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	N/A	5,812,087
Special Education - Grants to States	84.027	N/A	531,211
Vocational Education - Grants to States	84.048	N/A	263,370
SS/HS Grant Second Step	84.184	N/A	34,508
Title IV - Safe and Drug-Free Schools and Communities - National Programs	84.186	N/A	53,159
Education for Homeless Children & Youth	84.196	N/A	26,297
Fund for the Improvement of Education	84.215	N/A	50,962
Twenty First Century Community Learning Centers	84.287	N/A	466,838
Enhancing Education Through Technology Grant (E2T2)	84.318	N/A	43,629
State Program Improvement Grants - SPDG	84.323	N/A	1,355
Advanced Placement Program	84.330	N/A	4,389
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	N/A	144,325
Title III - English Language Acquisition Grants	84.365	N/A	57,174
Title II - Improving Teacher Quality State Grants	84.367	N/A	1,046,465
Title VI - Grants for State Assessments and Related Activities	84.369	N/A	102,038
ARRA - Title I Basic LEA Grants Stabilization	84.389	N/A	275,344
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	N/A	843,437
ARRA - State Fiscal Stabilization Fund - Teacher Professional Development	84.394	N/A	1,347
Education Jobs Fund	84.410	N/A	47,847
			9,805,782

(Continued)

Davenport Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

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	<u>966,822</u>
U.S. Department of Education: Passed through the Green Hills Area Education Agency: Special Education - Grants to States	84.027	N/A	<u>6,674</u>
U.S. Department of Education: Passed through School Administrators of Iowa: Parental Assistance Grants (iSPIN)	84.310	N/A	<u>3,432</u>
U.S. Department of Education: Passed through Eastern Iowa Community College: Title IIB - Math and Science Partnerships	84.366	N/A	<u>80,096</u>
Total U.S. Department of Education			<u>11,259,562</u>
Corporation for National and Community Service Health: Passed through State of Iowa Department of Human Services Wrap-Around Child Care Grant	93.575	N/A	<u>184,461</u>
Total expenditures of federal awards			<u><u>\$ 17,426,729</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, 2012

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, 2012. 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
SCHOOLS

A District of Distinction

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

Davenport Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012**

Finding	Status	Corrective Action Plan or Other Explanation
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.	Corrected	
Additionally, the District over accrued employee benefits payable at year-end. The District's accounting system accrued insurance payments as liabilities that related to fiscal year 2012.	Corrected	
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.	Corrected	
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.	Not corrected	See corrective action plan at 12-IV-G
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.	Corrected	

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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



**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 (District) as of and for the year ended June 30, 2012, which collectively comprise Davenport Community School District's basic financial statements and have issued our report thereon dated November 19, 2012. 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 the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 previously. 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 12-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 the 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, 2012 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 the District in a separate letter dated November 19, 2012.

The 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 the District's responses and, accordingly, we express no opinion on them.

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



Davenport, Iowa
November 19, 2012



**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 (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the 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, 2012.

Internal Control Over Compliance

Management of the 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 the 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 the District's internal control over compliance.

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

We noted certain matters that we reported to management of the District in a separate letter dated November 19, 2012.

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

McGladrey LLP

Davenport, Iowa
November 19, 2012

Davenport Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

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
84.367	Improving Teacher Quality State Grants (Title II)
Title I Cluster:	
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

Dollar threshold used to distinguish between type A and type B programs: \$522,802

Auditee qualified as low-risk auditee? Yes No

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

**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

12-II-A

Finding: The District over accrued employee benefits payable at year-end due to including subtotals in the calculation of the total accrual.

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

Condition: The District over accrued for benefits payable as of June 30, 2012.

Context: Approximately \$2.65 million of employee benefits payable and the related benefits expense was identified and corrected during the audit process.

Effect: Employee benefits payable and the related expenditures/expenses could be misstated.

Cause: The District's recording of employee benefits payable was incorrect due to calculation error.

Recommendation: We recommend the District review their process for accruing for employee benefits.

Response and Corrective Action Plan: The District will continue to review the accrual of employee benefits.

B. Instances of Noncompliance

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None noted.

B. Instances of Noncompliance

None reported.

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

IV. Other Findings Related to Required Statutory Reporting

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

Finding: During the year ended June 30, 2012, expenditures in the support services and noninstructional programs functions exceeded the amount budgeted.

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

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

12-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.

12-IV-C Travel Expenses

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

12-IV-D Business Transactions

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

12-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.

12-IV-F Board Minutes

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

12-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 2011. The variances included a total reduction of certified students by a net of 40.4 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.

(Continued)

Davenport Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

12-IV-H Supplementary Weighting

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

12-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.

12-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.

12-IV-K Categorical Funding

No instances were noted of categorical funding being used to supplant rather than supplement other funds.

12-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, 2012, the District's financial activity and other required information for the state-wide sales, services and use tax revenue are as follows:

Beginning balance	\$ 11,577,965
State-wide sales, services and use tax	13,613,991
Interest	79,983
Expenditures:	
School infrastructure:	
Buildings	(14,341,807)
Equipment	(80,262)
Ending balance	<u><u>\$ 10,849,870</u></u>

The state-wide sales, services and use tax revenue received during the year ended June 30, 2012 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Physical plant and equipment levy	\$ 3.49810	\$ 13,613,991

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

12-IV-M Deficit Balances

Finding: Three student activity accounts had deficit balances as of June 30, 2012.

Recommendation: The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response: The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

12-IV-N Revenue Bonds

The District did not have any revenue bonds outstanding as of June 30, 2012.

12-IV-O Student Activity Funds

All student activity funds are used to support the extracurricular and co-curricular activities offered as part of the District's educational program.

12-IV-P Early Childhood Iowa Area Board

The District is not the fiscal agent for the Early Childhood Iowa Area Board.

Davenport Community School District

Corrective Action Plan Year Ended June 30, 2012

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Significant Deficiency in Internal Control				
12-II-A	The District over accrued employee benefits payable at year-end.	See response and corrective action plan at 12-II-A.	June 2013	Marsha Tangen, Chief Financial Officer
Other Findings Related to Statutory Reporting				
12-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 12-IV-G.	June 2013	Marsha Tangen, Chief Financial Officer



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

In connection with our audit of the basic financial statements of Davenport Community School District as of and for the year ended June 30, 2012, 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:

Purchasing Cards: We noted one of the twelve purchasing card holder's monthly statements tested did not include all of the receipts related to the purchases attached to the statement. We recommend that the person approving the card holder's purchasing card statement reviews all information attached to ensure that adequate supporting documentation is maintained.

Schedule of Expenditures of Federal Awards (SEFA): The District reported expenditures on the SEFA for the Title II program that was greater than the grant award amount. These additional expenditure had not been requested for reimbursement from the granting agency and the SEFA was adjusted during the audit process. We recommend the District reviews the expenditures reported to ensure they do not exceed the grant award amount.

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 LLP

Davenport, Iowa
November 19, 2012