

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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



Comprehensive Annual Financial Report

For the year ended June 30, 2014

1606 Brady Street, Davenport, Iowa 52803

In the counties of Scott and Muscatine, State of Iowa

Davenport Community School District

In the Counties of Scott & Muscatine, State of Iowa

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014

Prepared by:

Marsha Tangen

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

Introductory Section

Introductory Section

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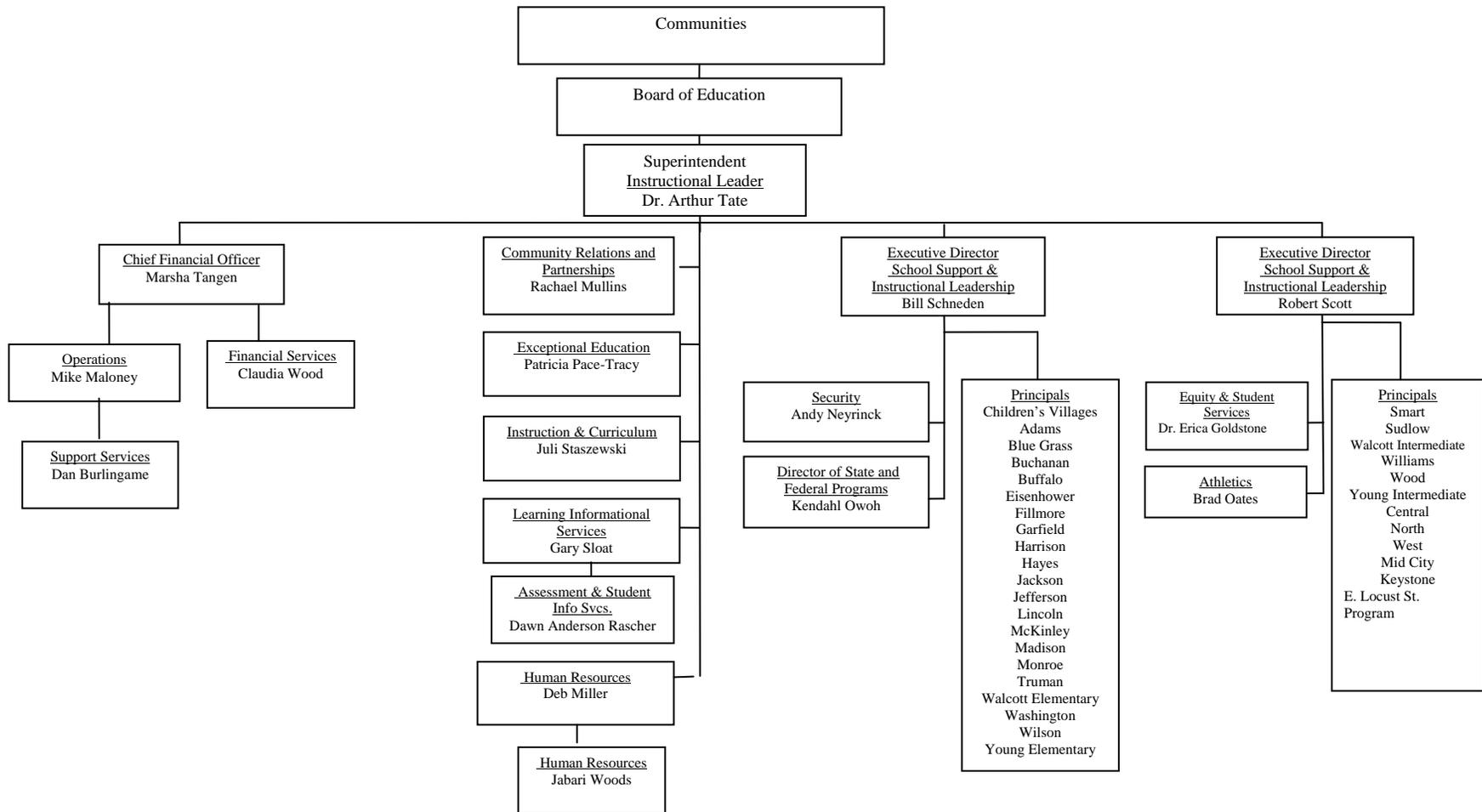
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Davenport Community School District – 2013-2014 Organizational Chart





DAVENPORT COMMUNITY SCHOOL DISTRICT

Priorities

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

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

Mission Statement

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

Vision Statement

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

Board of Education

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

District Officials

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

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www.davenportschools.org

Marsha L Tangen, Chief Financial Officer

Achievement Service Center

1606 Brady Street

Davenport, Iowa, 52804

Voice: 563-336-5062

Fax: 563-336-5080

Email: tangenm@davenportschools.org

November 20, 2014

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, 2014. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

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

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

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

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

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

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

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

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

Eide Bailly, Certified Public Accountants have issued an unmodified ("clean") opinion on the Davenport Community School District's financial statements for the year ended June 30, 2014. 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 i

Profile of the District

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

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

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

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

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

The District is governed by a seven member Board of Education whose members serves 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 preschool program and Early Headstart/Headstart programs at additional sites. Student enrollment (pre-school through high school) for the 2013-14 school year was approximately 16,106 regular and special education students. Enrollment for grades kindergarten through high school was 15,474. The District employs approximately 2,168 persons of whom approximately 1,307 are professional staff and 861 are support staff.

The average age of our elementary buildings is 61. 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 Davenport Community Schools is a state model and a leader of the Iowa Core Curriculum adoption statewide. Our high schools are fully implementing these high academic standards and our intermediate and elementary adoptions are far ahead of the state timeline. In addition to broader curriculum, the Davenport Community Schools is dedicated to increasing achievement in two core areas: reading and math. To help reach this goal, we have realigned literacy personnel to staff both an Intervention Specialist for struggling learners and Reading and Math Coaches for every elementary school, strengthening instruction for all students. Small class sizes are supported through supplemental state and federal funds to allow small instructional grouping throughout the academic day.

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

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

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

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

Budgetary controls are maintained by the District. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise 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 2014. Information from that report is included to provide a look at the current challenges facing the area and opportunities available. The CEDS is produced every five years, with annual progress reports published during interim years.

This past year local governments reported an estimated 1,280 jobs created and 1,218 jobs retained, which bodes well for the overall 5 year goal of creating 1,500 jobs and retaining 3,500 jobs. The Gross Regional Product (GRP) in the Davenport-Moline-Rock Island IA-IL MSA has been increasing steadily since 2009, and job growth for many high wage industries such as health care and social assistance, management, and professional services is predicted to grow in 2015.

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

Fiscal year 2014 shows signs of continued recovery for the Bi-State Region. The following analysis covers key economic measures for the region:

- Employment – Over the past 5 years, the annual average unemployment rate peaked in calendar year 2010 at 8.4%
- Laborshed – The Quad Cities Chamber of Commerce 2012 Laborshed Study shows that the laborshed is over 530,000 people
- Key Industries – The Bi-State Region's key industries represent the region's roots in manufacturing, remaining largely manufacturing based
- Projected Job Growth – From 2014 to 2015 Economic Modeling Specialists Inc. predicts job growth of 1759 jobs from employers located within the region, bring total jobs to 225,628. Health Care and social Assistance; Professional, Scientific and Technical Services; and Management of Companies and Enterprises stand out in terms of percent of new job growth
- Housing – Overall building permits have remained fairly steady over the past five years
- Hotel Sales Tax – Hotel tax revenue in the region has increased annually by an average of 5.8%. Hotel tax revenue has growth by 25.2% since 2009
- Retail Sales – Over the past year retail sales have seen a slight decline of 0.2% (or -1.6% adjusted for inflation)
- Cost of Living Index – Composite Score – 95.7; Grocery – 86.8; Housing – 100.9; Utilities – 85.5; Transportation – 111.5; Health Care – 95.1; Misc. – 92.4

Various opportunities and threats to regional economic development are presented by category. The Rock Island Arsenal employs over 6200 individuals; however potential base closures and realignments would threaten employment on the Arsenal and could affect economic stability in the areas. Infrastructure in the region offer multiple opportunities, including the I-74 Bridge project and passenger rail services to Chicago. House and Workforce Training are highly scored, with increased opportunities in both affordable homes and secondary and post-secondary degrees for workers in the region. Environmental issues are more concerning for the region due to high levels of sulfur dioxide affecting

air quality and encroaching expanded floodways, although planning and programs are ripe with opportunities for new grants and development programs.

Rock Island Arsenal-

- Threat: Future base closure – if 1,100 jobs were lost, an additional 1,438 jobs would be lost indirectly totaling a job loss of 2,538. This will decrease earnings by \$173.1 million annually across the region.
- Opportunity: As a result of BRAC 2005 and other consolidations, there is a significant amount of office space available for immediate occupancy by Army or other Department of Defense missions. National Defense Appropriations Acts removed the cap on private partnerships with which federal arsenals can contract work. This will allow for unlimited partnerships between the Arsenals Joint Manufacturing Technology Center and the private sector.

Infrastructure –

- Threat: Upper Mississippi River Lock System moves over 17 million tons of commodity through the Bi-State Region Annually. The maintenance needs of the aging infrastructure are exceeding the operations and maintenance funding allocated, adversely affecting the reliability of the system.
- Threat: The renewable electricity tax credit expired at the end of 2013 and economic instability and budget constraints at the state and federal levels threaten future tax credits and financial incentives.
- Opportunity: Interstate 74 Mississippi River Bridge is the most traveled bridge in the Bi State Region with 70,800 vehicle crossings daily; the bridge was built for 48,000 crossings. Project costs for the new bridge is approximately \$1.4 billion and work is slated to begin in calendar 2017.
- Opportunity: Wind as a renewable energy source is growing in the Region and may present future opportunities. The Region also has seen success in the development of other renewable energy such as two ethanol plants.

Fiscal Matters –

- Threat: Federal sequestration of funds as well as the federal shutdown had a negative impact within the Region due to the large number of federal employees located on Arsenal Island.
- Opportunity: In 2013 Iowa's governor signed into law a measure to reduce Iowa's commercial and industrial property tax. The move is intended to increase economic development.

Housing –

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

Education and Workforce Training –

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

Environment –

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

Cultural –

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

Planning and Programs –

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

(Economic Condition and Outlook Source: *Comprehensive Economic Development Strategy for the Bi-State Region –Progress Report 2014 prepared by Bi-State Regional Commission*)

Long term financial planning

Unassigned fund balance in the general fund is up from 2012-13. The District's solvency ratio for 2013-14 is 14.53%, up from 12.21% in 2012-13. 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 midyear budget reductions or not provided on time funding over the past ten years. With careful planning and constant budget review, the District has been building reserves since the 2003-04 school year and is now drawing upon those reserves during this period of underfunding by the State. The District was able to identify approximately \$3.25 million in reductions for 2013-14 leaving additional requirements to be covered through cash reserves or fund balance.

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

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

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

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

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

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

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

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

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

Relevant financial policies

Since the funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil can be increased by the legislature in setting the amount of allowable growth each year. Under the law, the legislature has 30 days after receiving the governor's budget recommendation to set the state percent of growth for the year following the budget year. To illustrate, the 2011 legislature sets the FY14 state percent of growth. The allowable growth becomes increasingly important as a District we depend on the amount of allowable growth as it often will dictate budget reductions that will take place. For the past several years the legislature has not adhered to their legal responsibility in setting the growth rate 30 days after receiving the governor's budget recommendation.

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

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

Major initiatives

The district's strength in the arts, sciences and career preparedness has been part of our legacy for many years, and provides a foundation for three new models for education being developed in Davenport.

The Dual Graduation Program at North High School launched in the 13-14 school year. This program—the only one in Scott County and one of only three in the State of Iowa—gives students the opportunity to earn both a traditional high school diploma and an associate's degree in liberal arts during their high school career. The first cohort of students finished their freshman year in 2014, and an additional 88 students enter the program in 2014-15. Through community-wide planning over the last two years, we are now set to launch the next District of Distinction models during 2014-15:

- The Career Institute of Technology and Innovation, or "CITI High" opens at West High School this year. CITI High offers six career academies to serve the individual interests of students: Advanced Manufacturing, Business, Computer Science, Design and Engineering, Education, and Medical and Health Science. Early course offerings give students a foundation in leadership, innovation and technology skills training. Advanced offerings include job shadow opportunities, internships, mentoring and a variety of career certification and dual credit offerings.
- Also new this year, the district will open the Creative Arts Academy of the Quad Cities. The Academy will serve its first class of 6th graders and its first cohort of 11th and 12th grade "dream" students by offering experiences in five arts disciplines: Communications and Media Arts, Dance, Music, Theatre and the Visual Arts. Students will have classrooms at the Davenport Public Library and

in arts venues throughout downtown Davenport, with experiences and instruction at the Figge Art Museum, River Music Experience, Adler Theater and more.

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

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

The Davenport community continues to invest in the quality of education for our young people and support infrastructure upgrades in our schools. Voter approved sales tax and Physical Plant and Equipment Levy proceeds touched every building in the district, bringing safety improvements, increased energy efficiencies, and upgrades to instructional spaces with a total of almost \$24 million invested in building enhancements during the 2013-14 school year.

Some highlights of this investment in facilities include:

- Air conditioning was installed at Garfield Elementary and Central High. This marks the completion of a 6 year \$34.6 million investment to provide a climate-controlled learning environment in every school in the district.
- The district continues to invest in innovative learning environments with a new "TILE" classroom at West High School, modeled after classrooms at the University of Iowa designed to encourage students to Transform, Interact, Learn and Engage. The initiative at West High has earned state-wide recognition from Governor Branstad's STEM initiative and attracted new funding, including a grant where West was one of only four projects in the State of Iowa selected by Governor's STEM Advisory Council. The classroom will offer a highly collaborative, hands-on learning environment for students and teachers in earth and space sciences, geometry, and 21st century skills in fall 2014.
- \$3 million was invested in an addition and renovation to North High School. Vast improvements were made to the library media center, Family and Consumer Science rooms, and the existing music spaces. A new large-group music room and offices were added. Also, new tennis courts add additional court space with an upgraded playing surface.
- State penny sales tax dollars funded an upgrade to the layout of Truman Elementary, enlarging it from a three-tier to four-tier school. Those dollars will also pay for a geothermal heating and cooling system, which will save on energy costs.

Cash Management Policies and Practices

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

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

Risk Management

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

Awards

The Government Finance Officers Association of the United States and Canada, (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Davenport School District for its comprehensive annual financial report for the fiscal year ended June 30, 2013. 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, 2013. 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

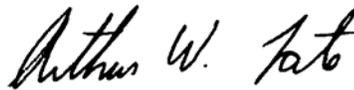
The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation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



Government Finance Officers Association

**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, 2013

Executive Director/CEO

Association of School Business Officials International



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

Davenport Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

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



A handwritten signature in black ink, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



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

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

DAVENPORT
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Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davenport Community School District, Davenport, Iowa (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davenport Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Retiree Health Benefit Plan Schedule of Funding Progress on page 45 and budgetary comparison information on pages 46 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dubuque, Iowa
November 20, 2014

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Davenport Community School District

Management Discussion and Analysis

For the Year Ended June 30, 2014

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, 2014. 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, 2014 fund balance increased to \$25,663,787 from the June 30, 2013 fund balance of \$21,175,668.
- The District's tax levy rate remained relatively constant and did not increase for the 2013-14 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 2014 the District received over \$33 million, or 15.16% of all governmental fund revenues from donations and operating grants.
- Over \$3.2 million in budget reductions were implemented which included offering an early retirement incentive, declaring an "insurance holiday" for one month, implementing an across the board 5% reduction and changes in transportation.
- The District's health insurance rates remained unchanged and have not increased since fiscal 2009-10.
- The district issued over \$9 million in sales tax revenue bonds in order to complete several major construction projects.

Overview of the Financial Statements

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

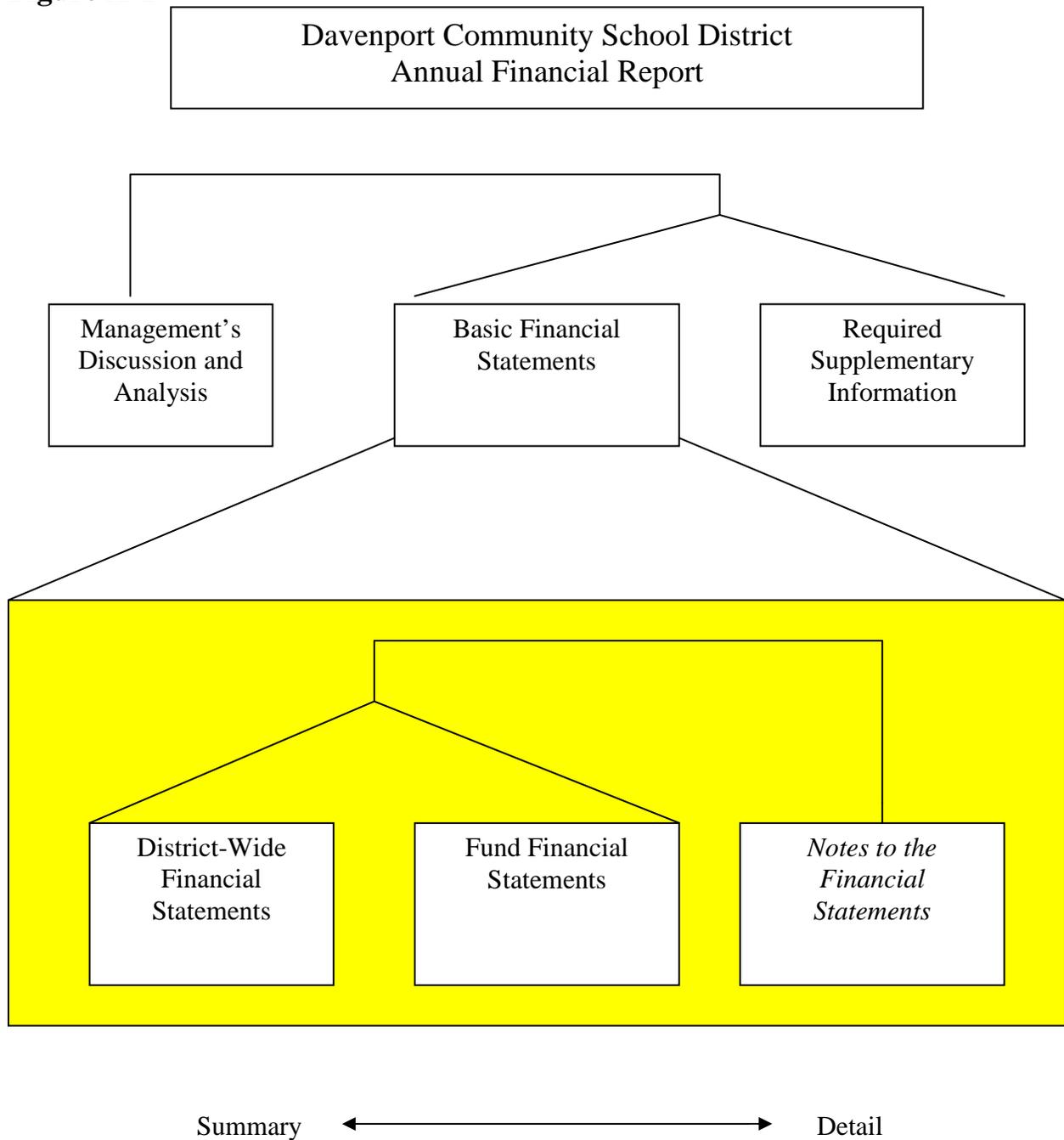


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents 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 position • 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 position • Statement of cash flows • Statements of revenues, expenditures and changes in net position 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 position includes all of the District’s net assets and how they have changed. Net position, 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 position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities should be considered.

In the 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 program are included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds:* Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the 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 position. Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2014 compared to 2013.

Figure A-3

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013-14
Current and other assets	\$ 184,806,266	\$ 195,456,194	\$ 3,151,841	\$ 1,840,908	\$ 187,958,107	\$ 197,297,102	5.0%
Capital assets	145,139,593	157,591,291	358,765	413,546	145,498,358	158,004,837	8.6%
Total Assets	329,945,859	353,047,485	3,510,606	2,254,454	333,456,465	355,301,939	6.6%
Long-term debt outstanding	2,977,842	12,851,143	38,572	50,089	3,016,414	12,901,232	327.7%
Other liabilities	34,598,603	39,266,732	354,824	168,628	34,953,427	39,435,360	12.8%
Total liabilities	37,576,445	52,117,875	393,396	218,717	37,969,841	52,336,592	37.8%
Total Deferred Inflows of Resources	67,157,298	60,901,428	-	-	67,157,298	60,901,428	-9.3%
Net Position							
Net investment in capital assets	145,139,593	147,591,718	358,765	413,546	145,498,358	148,005,264	1.7%
Restricted	30,754,572	38,106,915	-	-	30,754,572	38,106,915	23.9%
Unrestricted	49,317,951	54,329,549	2,758,445	1,622,191	52,076,396	55,951,740	7.4%
TOTAL NET POSITION	\$ 225,212,116	\$ 240,028,182	\$ 3,117,210	\$ 2,035,737	\$ 228,329,326	\$ 242,063,919	6.0%

The District's combined total net position increased by 6% to \$242,063,919. The majority of this improvement in the financial position came from governmental activities, the net position of which grew \$14,816,066. Unrestricted net position for the total District increased to \$55,951,740 up from the 2013 amount of \$52,076,396. The vast majority of Restricted Net Assets is attributable to the two district funds where construction and capital investments are made.

Net investment in capital assets increased by \$2,506,906 as the District continues with an aggressive construction schedule. The long term debt outstanding increased to \$12,901,232 as an early retirement incentive was offered in 2014 and is paid out over the next five years and the District issued bonds with an obligation of \$9,999,573.

The total net position of the District's business-type activities decreased by \$1,081,473. This is reflective of a decrease in total assets of \$1,256,152.

Changes in net position. Figure A-4 shows the changes in net position for the fiscal year 2014.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2013-14
	2013	2014	2013	2014	2013	2014	
Revenues							
Program Revenues							
Charges for services	\$ 3,945,860	\$ 4,199,627	\$ 2,741,840	\$ 2,778,120	\$ 6,687,700	\$ 6,977,747	4.34%
Operating Grants & Contributions	\$ 33,862,643	\$ 33,676,763	\$ 6,329,637	\$ 6,333,063	\$ 40,192,280	\$ 40,009,826	-0.45%
Capital Grants & Contributions	\$ -	\$ 74,720			\$ -	\$ 74,720	
General Revenues							
Property taxes & other taxes	\$ 81,771,449	\$ 81,963,094			\$ 81,771,449	\$ 81,963,094	0.23%
State formula aid	\$ 75,791,773	\$ 78,431,166			\$ 75,791,773	\$ 78,431,166	3.48%
Other	\$ 352,475	\$ 323,731	\$ 2,008	\$ 2,869	\$ 354,483	\$ 326,600	-7.87%
Total Revenues	\$ 195,724,200	\$ 198,669,101	\$ 9,073,485	\$ 9,114,052	\$ 204,797,685	\$ 207,783,153	1.46%
Expenses							
Instruction	\$ 120,970,114	\$ 125,736,240			\$ 120,970,114	\$ 125,736,240	3.94%
Pupil & Instructional Svcs	\$ 12,158,063	\$ 11,244,968			\$ 12,158,063	\$ 11,244,968	-7.51%
Administrative & Business	\$ 17,668,619	\$ 17,294,435			\$ 17,668,619	\$ 17,294,435	-2.12%
Maintenance & Operations	\$ 13,549,183	\$ 17,392,671			\$ 13,549,183	\$ 17,392,671	28.37%
Transportation	\$ 5,061,706	\$ 5,856,022			\$ 5,061,706	\$ 5,856,022	15.69%
Other	\$ 6,753,436	\$ 7,147,322	\$ 9,219,212	\$ 9,376,902	\$ 15,972,648	\$ 16,524,224	3.45%
Total Expenses	\$ 176,161,121	\$ 184,671,658	\$ 9,219,212	\$ 9,376,902	\$ 185,380,333	\$ 194,048,560	4.68%
Revenues exceeding expenses	\$ 19,563,079	\$ 13,997,443	\$ (145,727)	\$ (262,850)	\$ 19,417,352	\$ 13,734,593	-29.27%
Transfers		\$ 818,623		\$ (818,623)	\$ -	\$ -	
Change in net position	\$ 19,563,079	\$ 14,816,066	\$ (145,727)	\$ (1,081,473)	\$ 19,417,352	\$ 13,734,593	-29.27%
Beginning net position	\$ 205,649,037	\$ 225,212,116	\$ 3,262,937	\$ 3,117,210	\$ 208,911,974	\$ 228,329,326	9.29%
Ending net position	\$ 225,212,116	\$ 240,028,182	\$ 3,117,210	\$ 2,035,737	\$ 228,329,326	\$ 242,063,919	6.02%

Overall, total net position increased by 6.02 % over 2012-13. Revenues are 1.46% higher in 2014 while expenses are up 4.68%. Revenues exceeded expenses by \$13,734,593 contributing to the overall improvement in net position.

As shown in Figure A-5, property tax, sales tax and state aid provide 80% of the funding required for governmental activities while charges for services and operating grants make up 99% of the funding for business-type activities.

The District's predominant expenses are related to instruction, as can be seen graphically in Figure A-6. Basic Instructional services together with Pupil & Instructional services comprise 68% of the District's expenses. Expenses are up 5% which is a testament to the increase in construction activity throughout the district.

Business type activities did experience a decrease in net position for 2012-13. Total revenues increased to \$9,114,052 from the 2012-13 amount of \$9,073,485. The decrease was reflective of the transfer of \$818,623.

Figure A-5

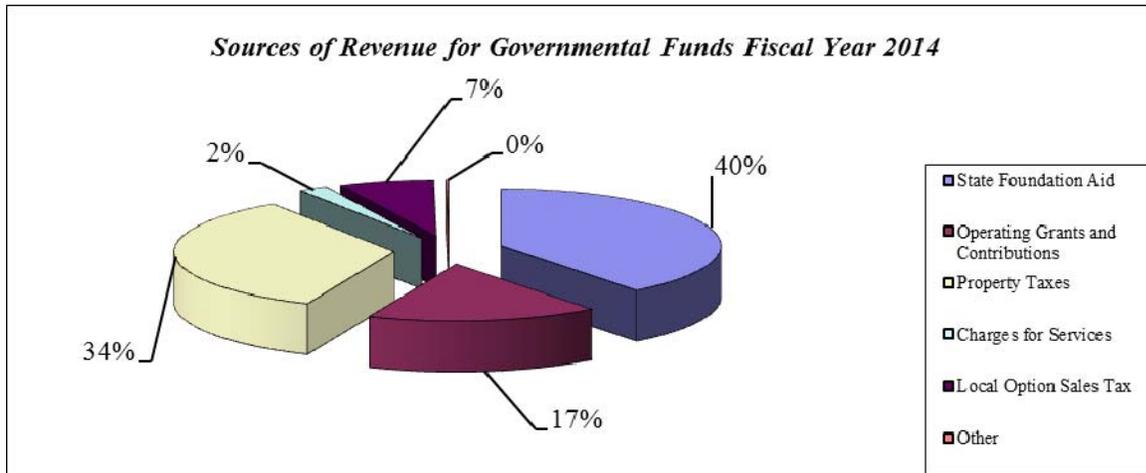
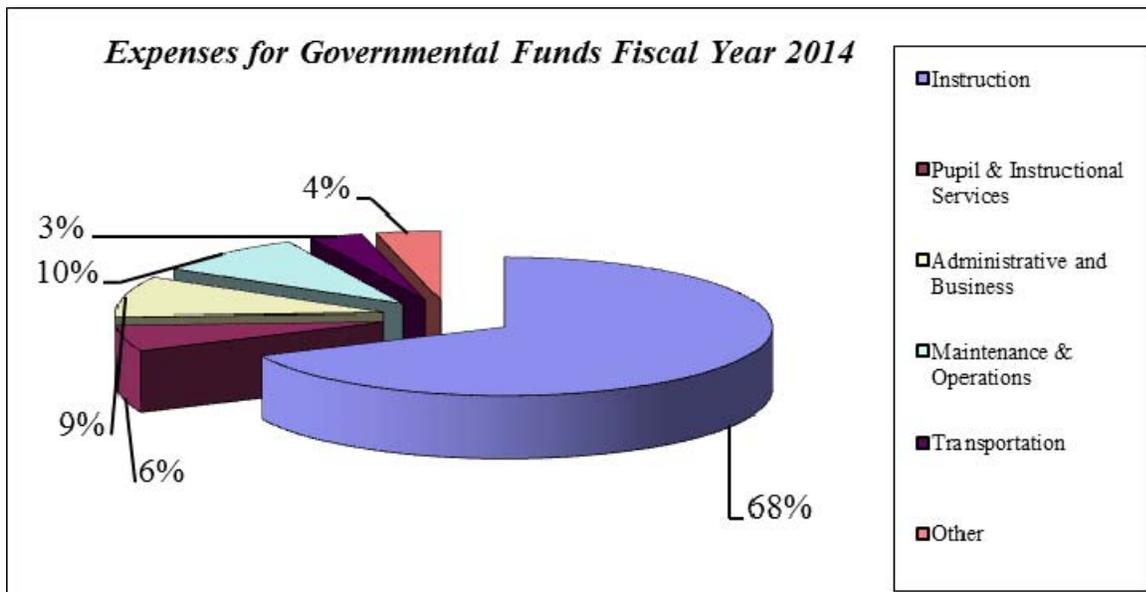


Figure A-6



Governmental Activities

Revenues for governmental activities were \$198,669,101 while total expenses amounted to \$184,671,658 (Figure A-4).

- The federal and state governments subsidized certain programs with grants and contributions of over \$33 million.
- Governmental activities were financed with \$81,963,094 in property taxes and \$78,431,166 of state aid based on the statewide finance formula. Property taxes were up by only \$191,645 over 2012-13.
- Charges for services account for 2.1% 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
	2013	2014	2013-14	2013	2014	2013-14
Instruction	\$ 120,970,114	\$ 125,736,240	3.94%	\$ 96,312,082	\$ 99,608,905	3.42%
Pupil & Instructional Svcs	\$ 12,158,063	\$ 11,244,968	-7.51%	\$ 8,140,360	\$ 8,957,727	10.04%
Administrative & Business	\$ 17,668,619	\$ 17,294,435	-2.12%	\$ 16,508,375	\$ 15,663,663	-5.12%
Maintenance & Operations	\$ 13,549,183	\$ 17,392,671	28.37%	\$ 13,214,504	\$ 17,060,011	29.10%
Transportation	\$ 5,061,706	\$ 5,856,022	15.69%	\$ 4,165,500	\$ 5,310,549	27.49%
Other	\$ 6,753,436	\$ 7,147,322	5.83%	\$ 11,797	\$ 119,693	914.61%
TOTAL	\$ 176,161,121	\$ 184,671,658	4.83%	\$ 138,352,618	\$ 146,720,548	6.05%

- The cost of all governmental activities this year was \$184,671,658, up from \$176,161,121 from 2012-13.
- Most of the District's costs were financed by District and state taxpayers at a total of \$147,803,603 or 79.56% of total costs compared to 78.54% last year.

Business-Type Activities

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

- Business-type activities expenses exceeded revenues by \$262,850 in 2013-14. This is an increase of almost 80%.
- Charges for services represent 30.48% of total revenue in 2013-14 while in 2012-13 charges for services represented 30.22% of total revenue.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$6,333,063. This is reflective of the District's population of "free and reduced" students, which was slightly over 63% in 2014.

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 \$63,790,424, an increase of \$9,345,567 in comparison with the prior year. The General Fund's fund balance improved by \$4.5 million. This was a direct result of over \$3.25 million in budget reductions during the 2013-14 school year.

The Capital Projects fund balance decreased by \$4,058,841. During 2013-14 the district completed installing air conditioning in the last two un-air conditioned buildings in the district; this signaled the end of the first round of major projects in the district. The next phase of projects began with renovations at North High School, purchase and renovation of a building to house Mid City High School and complete renovation and redesign of Truman Elementary. Planning began on a major pool and auditorium addition to Central High School.

In 2013 approximately 38.43% of the governmental fund balance constituted an *unassigned* fund balance, which was available for spending at the District's discretion. In 2014 approximately 39.62% of the fund balance is *unassigned*, or is available for spending at the District's discretion.

In addition, the District has a *Restricted* fund balance of \$38,106,915; \$1,082,939 for debt service, \$19,234,392 for School infrastructure, \$12,122,158 for Physical Plant and equipment, \$5,256,257 for Management Levy and \$411,169 for Student Activities.

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 \$25,663,787 or by \$4,488,119. Key to the increase in fund balance was the implementation of almost \$3.25 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 2013-14 from \$217,847,557 to \$223,163,009 to reflect:

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

Governmental revenues came in \$915,578 under budget while expenditures came in under budget by \$14,457,222.

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, 2014 amounts to \$158,004,837 (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 8.6% compared to last year's increase of 1.65%.

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total School District		Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013-14
Land and improvements	\$ 7,651,469	\$ 7,407,414			\$ 7,651,469	\$ 7,407,414	-3.19%
Construction in progress	\$ 5,416,727	\$ 14,361,224			\$ 5,416,727	\$ 14,361,224	165.13%
Buildings and improvements	\$ 130,290,950	\$ 134,044,317			\$ 130,290,950	\$ 134,044,317	2.88%
Furniture and Equipment	\$ 1,290,168	\$ 1,344,313	\$ 358,765	\$ 413,546	\$ 1,648,933	\$ 1,757,859	6.61%
Intangibles	\$ 490,279	\$ 434,023			\$ 490,279	\$ 434,023	-11.47%
TOTAL	\$ 145,139,593	\$ 157,591,291	\$ 358,765	\$ 413,546	\$ 145,498,358	\$ 158,004,837	8.60%

The biggest difference between 2013-14 and 2012-13 is the Construction in Progress. The Construction in Progress was \$5,416,727 in 2012-13 but rose to \$14,361,226 in 2013-14. The investment in projects under construction during the summer months was significantly higher than the previous year.

Construction in progress activities during 2013-14 included:

- Remodeling of building for Mid City High School
- Renovation and remodeling of Truman Elementary School

Long-Term Debt

At year-end, the District had \$0 in general obligation bonds. The District has not had general obligation bonded debt since 1990-91. The District did sell \$9.9 million in sales tax revenue bonds in 2014 to help finance several projects on the District' Long Range Facilities Plan. 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 2015 at 4%. Prior to fiscal 2014 the district has not seen this level of growth since fiscal 2009-10. The legislature however failed to establish the growth rate for fiscal 2016 as required by law.
- Four bargaining unit contracts are open to negotiations during 2014-15 and the end result will have an impact on the budget.
- The district will need budget reductions of between \$3.5 million and \$4 million over the next two to three years in order to meet the board's targeted unspent balance and stay within compliance of the spending authority cap.
- The preliminary certified enrollment count for October 1, 2014 was down almost 200 students from 2013 which triggers funding for the 2016 school year.
- The impact of the Affordable Healthcare Act is concerning to the district as costs continue to be identified.

Contacting the District's Financial Management

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

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and investments	\$ 124,287,126	\$ 1,842,742	\$ 126,129,868
Receivables:			
Property tax	61,962,209	-	61,962,209
Other	697,754	5,675	703,429
Due from other governmental units	7,915,364	62,668	7,978,032
Internal balances	184,380	(184,380)	-
Inventories	383,987	114,203	498,190
Prepaid expenses	25,374	-	25,374
Total current assets	<u>195,456,194</u>	<u>1,840,908</u>	<u>197,297,102</u>
Noncurrent Assets:			
Capital assets, not being depreciated	19,063,397	-	19,063,397
Capital assets, being depreciated	235,779,795	2,781,464	238,561,259
Less accumulated depreciation	(97,251,901)	(2,367,918)	(99,619,819)
Total noncurrent assets	<u>157,591,291</u>	<u>413,546</u>	<u>158,004,837</u>
 Total assets	 <u>\$ 353,047,485</u>	 <u>\$ 2,254,454</u>	 <u>\$ 355,301,939</u>
Liabilities			
Current liabilities:			
Accounts Payable	\$ 7,022,196	\$ 106,523	\$ 7,128,719
Accrued payroll and payroll taxes	21,832,621	46,828	21,879,449
Health claims and administrative costs payable	2,607,000	-	2,607,000
Revenue bonds payable	1,000,000	-	1,000,000
Compensated absences	696,620	15,277	711,897
Construction contracts payable	4,676,354	-	4,676,354
Deposits	1,927,375	-	1,927,375
Early retirement obligations	504,566	-	504,566
Total current liabilities	<u>40,266,732</u>	<u>168,628</u>	<u>40,435,360</u>
Noncurrent liabilities:			
Other postemployment benefits obligation	1,615,770	50,089	1,665,859
Revenue bonds payable	8,999,573	-	8,999,573
Early retirement obligations	1,235,800	-	1,235,800
Total noncurrent liabilities	<u>11,851,143</u>	<u>50,089</u>	<u>11,901,232</u>
 Total Liabilities	 <u>52,117,875</u>	 <u>218,717</u>	 <u>52,336,592</u>
Deferred Inflows of Resources			
Unavailable revenue- property taxes	60,901,428	-	60,901,428

See Notes to Financial Statements

Davenport Community School District
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 147,591,718	\$ 413,546	\$ 148,005,264
Restricted for:			
Debt service	1,082,939	-	1,082,939
School infrastructure	19,234,392	-	19,234,392
Physical plant and equipment	12,122,158	-	12,122,158
Managment levy	5,256,257	-	5,256,257
Student activities	411,169	-	411,169
Unrestricted	54,329,549	1,622,191	55,951,740
Total net position	<u>\$ 240,028,182</u>	<u>\$ 2,035,737</u>	<u>\$ 242,063,919</u>

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Instruction	\$ 125,736,240	\$ 4,197,231	\$ 21,930,104	\$ -
Student support services	6,346,051	-	1,207,426	-
Instructional staff support services	4,898,917	-	1,079,815	-
General administration	4,195,386	-	1,482,998	-
Building administration	9,651,935	-	142,648	-
Business and central administration	3,447,114	-	5,126	-
Plant operation and maintenance	17,392,671	-	257,940	74,720
Student transportation	5,856,022	2,396	543,077	-
Community services	577,899	-	566,310	-
Area education agency	6,461,319	-	6,461,319	-
Long-term debt interest	108,104	-	-	-
Total Governmental Activities	<u>184,671,658</u>	<u>4,199,627</u>	<u>33,676,763</u>	<u>74,720</u>
Business-Type Activities				
School nutrition	8,431,050	1,987,983	6,333,063	-
Out of school time	945,852	790,137	-	-
Total business-type activities	<u>9,376,902</u>	<u>2,778,120</u>	<u>6,333,063</u>	<u>-</u>
Total school district	<u>\$ 194,048,560</u>	<u>\$ 6,977,747</u>	<u>\$ 40,009,826</u>	<u>\$ 74,720</u>
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				
Change in Net Position				
Net Position Beginning of Year				
Net Position End of Year				

See Notes to Financial Statements

Davenport Community School District
Statement of Activities
Year Ended June 30, 2014

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (99,608,905)	\$ -	\$ (99,608,905)
(5,138,625)	-	(5,138,625)
(3,819,102)	-	(3,819,102)
(2,712,388)	-	(2,712,388)
(9,509,287)	-	(9,509,287)
(3,441,988)	-	(3,441,988)
(17,060,011)	-	(17,060,011)
(5,310,549)	-	(5,310,549)
(11,589)	-	(11,589)
-	-	-
(108,104)	-	(108,104)
<u>(146,720,548)</u>	<u>-</u>	<u>(146,720,548)</u>
-	(110,004)	(110,004)
-	<u>(155,715)</u>	<u>(155,715)</u>
-	<u>(265,719)</u>	<u>(265,719)</u>
<u>\$ (146,720,548)</u>	<u>\$ (265,719)</u>	<u>\$ (146,986,267)</u>
\$ 65,467,771	\$ -	\$ 65,467,771
13,877,511	-	13,877,511
2,617,812	-	2,617,812
78,431,166	-	78,431,166
197,423	1,893	199,316
126,308	976	127,284
818,623	(818,623)	-
<u>161,536,614</u>	<u>(815,754)</u>	<u>160,720,860</u>
14,816,066	(1,081,473)	13,734,593
<u>225,212,116</u>	<u>3,117,210</u>	<u>228,329,326</u>
<u>\$ 240,028,182</u>	<u>\$ 2,035,737</u>	<u>\$ 242,063,919</u>

	General	Capital Projects	
		PPEL Fund	Capital Projects
Assets			
Cash and investments	\$ 48,483,489	\$ 13,051,774	\$ 15,457,735
Receivables:			
Property tax	52,328,916	5,295,551	-
Other	596,842	3,871	4,003
Due from other governmental units	5,121,826	-	2,793,538
Due from other funds	184,380	-	-
Inventories	383,987	-	-
Prepays	5,652	-	-
Total assets	\$ 107,105,092	\$ 18,351,196	\$ 18,255,276
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 5,223,536	\$ 6,606	\$ 1,652,164
Accrued Payroll and payroll taxes	21,808,340	-	10,108
Construction contracts payable	-	994,583	3,242,005
Deposits	1,927,375	-	-
Total liabilities	28,959,251	1,001,189	4,904,277
Deferred Inflows of Resources			
Unavailable revenue- property taxes	51,597,945	5,227,849	-
Unavailable revenue- local option sales tax	-	-	600,000
Unavailable revenue-federal	642,827	-	-
Unavailable revenue-other	241,282	-	-
Total deferred inflows of resources	52,482,054	5,227,849	600,000
Fund Balances:			
Nonspendable			
Inventories	383,987	-	-
Prepaid Items	5,652	-	-
Restricted			
Debt Service	-	-	-
Management Levy Purposes	-	-	-
Student Activities	-	-	-
School Infrastructure	-	-	12,750,999
Physical Plant and Equipment	-	12,122,158	-
Unassigned	25,274,148	-	-
Total fund balances	25,663,787	12,122,158	12,750,999
Total liabilities, deferred inflows of resources and fund balances	\$ 107,105,092	\$ 18,351,196	\$ 18,255,276

See Notes to Financial Statements

Davenport Community School District
 Balance Sheet – Governmental Funds
 June 30, 2014

Other Governmental Funds	Total
\$ 13,653,445	\$ 90,646,443
4,337,742	61,962,209
3,533	608,249
-	7,915,364
-	184,380
-	383,987
19,722	25,374
\$ 18,014,442	\$ 161,726,006
\$ 25,878	\$ 6,908,184
7,437	21,825,885
439,766	4,676,354
-	1,927,375
473,081	35,337,798
4,287,881	61,113,675
-	600,000
-	642,827
-	241,282
4,287,881	62,597,784
-	383,987
19,722	25,374
1,082,939	1,082,939
5,256,257	5,256,257
411,169	411,169
6,483,393	19,234,392
-	12,122,158
-	25,274,148
13,253,480	63,790,424
\$ 18,014,442	\$ 161,726,006

Davenport Community School District
 Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balances		\$ 63,790,424
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds.</p>		
Capital Assets	254,843,192	
Accumulated Depreciation	<u>(97,251,901)</u>	157,591,291
<p>Property taxes and other receivables not collected within 60 days of year-end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds:</p>		
Property Taxes	212,247	
Other receivables	<u>1,484,109</u>	1,696,356
<p>Internal Service Funds are used by the District's management to charge the costs of the self-insurance program to the individual funds. The assets and liabilities of the internal service fund are included with the governmental activities.</p>		
		31,002,440
<p>Long-Term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-Term liabilities at year-end consist of:</p>		
Bonds Payable	(9,999,573)	
Compensated absences	(696,620)	
Early retirement obligations	(1,740,366)	
Other post employment benefits obligation	<u>(1,615,770)</u>	<u>(14,052,329)</u>
Net Position of governmental activities		<u><u>\$ 240,028,182</u></u>

DAVENPORT
COMMUNITY
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A District of Distinction

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

	General	Capital Projects	
		PPEL Fund	Capital Projects
Revenues:			
Property Taxes	\$ 56,408,198	\$ 5,231,037	\$ -
Utility Taxes	2,259,479	204,230	-
Local option sales tax	-	-	13,877,511
Intergovernmental	109,965,508	71,483	-
Charges for services	2,920,189	-	-
Interest	163,869	12,025	14,348
Contributions and donations	688,092	-	-
Other	1,563,303	13,137	-
Total revenues	<u>173,968,638</u>	<u>5,531,912</u>	<u>13,891,859</u>
Expenditures:			
Current:			
Instruction	116,441,085	-	-
Student support services	6,346,051	-	-
Instructional staff support services	4,397,321	189,652	311,945
General administration	3,281,872	-	-
Building administration	9,651,935	-	-
Business and central administration	4,271,530	221,020	221,533
Plant operation and maintenance	12,282,577	4,515,858	17,771
Student transportation	5,816,751	-	-
Community services	530,559	-	47,340
Other support services	-	78,188	-
Area Education Agency	6,461,319	-	-
Capital outlay	-	862,170	17,352,111
Debt Service	-	-	-
Total expenditures	<u>169,481,000</u>	<u>5,866,888</u>	<u>17,950,700</u>
Excess (deficit) of revenues over (under) expenditures	<u>4,487,638</u>	<u>(334,976)</u>	<u>(4,058,841)</u>
Other Financing Sources (Uses):			
Issuance of bonds	-	-	-
Premium on bonds	-	-	-
Transfers in	481	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>481</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,488,119	(334,976)	(4,058,841)
Fund Balances Beginning of Year	<u>21,175,668</u>	<u>12,457,134</u>	<u>16,809,840</u>
Fund Balances End of Year	<u>\$ 25,663,787</u>	<u>\$ 12,122,158</u>	<u>\$ 12,750,999</u>

See Notes to Financial Statements

Davenport Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,834,316	\$ 65,473,551
154,103	2,617,812
-	13,877,511
7,432	110,044,423
-	2,920,189
7,182	197,424
-	688,092
<u>1,279,437</u>	<u>2,855,877</u>
<u>5,282,470</u>	<u>198,674,879</u>
2,142,192	118,583,277
-	6,346,051
-	4,898,918
913,514	4,195,386
-	9,651,935
603,165	5,317,248
498,278	17,314,484
39,271	5,856,022
-	577,899
-	78,188
-	6,461,319
1,725,773	19,940,054
<u>108,104</u>	<u>108,104</u>
<u>6,030,297</u>	<u>199,328,885</u>
<u>(747,827)</u>	<u>(654,006)</u>
9,535,000	9,535,000
464,573	464,573
1,082,574	1,083,055
<u>(1,083,055)</u>	<u>(1,083,055)</u>
<u>9,999,092</u>	<u>9,999,573</u>
9,251,265	9,345,567
<u>4,002,215</u>	<u>54,444,857</u>
<u>\$ 13,253,480</u>	<u>\$ 63,790,424</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, 2014

Net change in fund balances - total governmental funds \$ 9,345,567

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

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

Depreciation expense	(7,799,529)	
Capital outlay expenditures (Capitalized)	<u>20,251,227</u>	12,451,698

Because some property taxes and other receivables will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities. (5,780)

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, \$762,353, were more than the amounts earned of \$0, by \$762,353. Vacation used, \$1,360,833 was less than the amounts earned \$1,409,496 by \$48,662 713,690

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Proceeds on long-term debt	(9,535,000)	
Premium on long-term debt	<u>(464,573)</u>	(9,999,573)

An internal service fund is used by the District's management to charge the costs of the self-insurance program to the individual funds. The change in net position in the internal service fund is reported with governmental activities. 1,870,135

Change in Internal Service Fund allocation to business-type activities 818,623

Based on actuarial calculations, the District reports other postemployment benefit liabilities in the statement of activities that are not reported in the fund statements (378,294)

Change in Net Position of governmental activities	<u>\$ 14,816,066</u>	
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Davenport Community School District
Statement of Net Position
Proprietary Funds
June 30, 2014

	<u>Busines-Type Activities- Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>School Nutrition Fund</u>	<u>Nonmajor Out of School Time Fund</u>	<u>Total</u>	
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,842,742	\$ -	\$ 1,842,742	\$ 33,640,683
Other receivables	1,350	4,325	5,675	89,505
Due from other governmental units	62,668	-	62,668	-
Inventories	114,203	-	114,203	-
Total current assets	<u>2,020,963</u>	<u>4,325</u>	<u>2,025,288</u>	<u>33,730,188</u>
Noncurrent assets, capital assets, net of accumulated depreciation	413,546	-	413,546	-
Total assets	<u>\$ 2,434,509</u>	<u>\$ 4,325</u>	<u>\$ 2,438,834</u>	<u>\$ 33,730,188</u>
Liabilities				
Current liabilities:				
Accounts Payable	\$ 63,089	\$ 43,434	\$ 106,523	\$ 114,012
Accrued Payroll and payroll taxes	32,086	14,742	46,828	6,736
Health claims and costs	-	-	-	2,607,000
Compensated absences	4,575	10,702	15,277	-
Due to other funds	-	184,380	184,380	-
Total current liabilities	<u>99,750</u>	<u>253,258</u>	<u>353,008</u>	<u>2,727,748</u>
Noncurrent liabilities, other Post employment benefits obligation	48,278	1,811	50,089	-
Total liabilities	<u>148,028</u>	<u>255,069</u>	<u>403,097</u>	<u>2,727,748</u>
Net Position				
Net investment in capital assets	413,546	-	413,546	-
Unrestricted	1,872,935	(250,744)	1,622,191	31,002,440
Total net position (deficit)	<u>\$ 2,286,481</u>	<u>\$ (250,744)</u>	<u>\$ 2,035,737</u>	<u>\$ 31,002,440</u>

Davenport Community School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2014

	<u>Business-Type Activities- Enterprise Funds</u>			Governmental Activities Internal Service Fund
	<u>School Nutrition Fund</u>	<u>Nonmajor Out of School Time Fund</u>	<u>Total</u>	
Operating revenue:				
Charges for services	<u>\$ 1,987,983</u>	<u>\$ 790,137</u>	<u>\$ 2,778,120</u>	<u>\$ 22,814,598</u>
Operating Expenses:				
Salaries and benefits	3,872,654	388,087	4,260,741	144,192
Purchased services	493,105	492,980	986,085	-
Supplies	3,956,099	64,785	4,020,884	-
Depreciation	109,192	-	109,192	-
Health Care	-	-	-	20,800,271
Total Operating Expenses	<u>8,431,050</u>	<u>945,852</u>	<u>9,376,902</u>	<u>20,944,463</u>
Operating Income (loss)	<u>(6,443,067)</u>	<u>(155,715)</u>	<u>(6,598,782)</u>	<u>1,870,135</u>
Nonoperating Revenues				
Interest income	1,888	5	1,893	-
Intergovernmental	6,333,063	-	6,333,063	-
Other nonoperating revenue	406	570	976	-
Total nonoperating revenues	<u>6,335,357</u>	<u>575</u>	<u>6,335,932</u>	<u>-</u>
Change in net position	(107,710)	(155,140)	(262,850)	1,870,135
Net Position: Beginning of Year	<u>2,394,191</u>	<u>(95,604)</u>	<u>2,298,587</u>	<u>29,132,305</u>
Net Position: End of Year	<u>\$ 2,286,481</u>	<u>\$ (250,744)</u>	<u>\$ 2,035,737</u>	<u>\$ 31,002,440</u>
Net changes in net position in enterprise funds			\$ (262,850)	
Amounts reported for business-type activities in the statement of net position 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			<u>(818,623)</u>	
Net changes in net position of business-type activities			<u>\$ (1,081,473)</u>	

Davenport Community School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	<u>Business-Type Activities- Enterprise Funds</u>			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Cash flows from operating activities				
Cash received from user charges	\$ 2,055,441	\$ 792,740	\$ 2,848,181	\$ -
Cash received from assessment made to other funds	-	-	-	22,789,063
Cash payments to employees for services	(3,860,356)	(401,598)	(4,261,954)	-
Cash payments for insurance claims	-	-	-	(20,670,470)
Cash Payments to suppliers for goods and services	<u>(4,059,309)</u>	<u>(655,853)</u>	<u>(4,715,162)</u>	<u>-</u>
Net cash used in operating activities	<u>(5,864,224)</u>	<u>(264,711)</u>	<u>(6,128,935)</u>	<u>2,118,593</u>
Cash flows from noncapital financing activities				
Advances/Payments to other funds	(5,582)	184,380	178,798	-
Other nonoperating, donations	406	570	976	-
Grants received	<u>5,838,659</u>	<u>-</u>	<u>5,838,659</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>5,833,483</u>	<u>184,950</u>	<u>6,018,433</u>	<u>-</u>
Cash flows from capital and related financing activities, acquisition of capital assets	<u>(163,973)</u>	<u>-</u>	<u>(163,973)</u>	<u>-</u>
Cash flows from investing activities, interest received	<u>1,888</u>	<u>5</u>	<u>1,893</u>	<u>-</u>
Net decrease in cash and cash equivalents	(192,826)	(79,756)	(272,582)	2,118,593
Cash and cash equivalents				
Beginning	2,035,568	79,756	2,115,324	31,522,090
Ending	<u>\$ 1,842,742</u>	<u>\$ -</u>	<u>\$ 1,842,742</u>	<u>\$ 33,640,683</u>

(continued)

Davenport Community School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	<u>Business-Type Activities- Enterprise Funds</u>			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Reconciliation of operating loss to net cash used in operating activities:				
Operating Loss	\$ (6,443,067)	\$ (155,715)	\$ (6,598,782)	\$ 1,870,135
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	109,192	-	109,192	-
Commodities used	494,404	-	494,404	-
Changes in assets and liabilities				
Receivables	67,458	2,603	70,061	(25,535)
Inventories	(34,713)	-	(34,713)	-
Accounts payable and accrued liabilities	(68,346)	(112,268)	(180,614)	273,993
Other post employment benefits obligation	10,848	669	11,517	-
Net cash used in operating activities	<u>\$ (5,864,224)</u>	<u>\$ (264,711)</u>	<u>\$ (6,128,935)</u>	<u>\$ 2,118,593</u>

Noncash noncapital financing activities, during the year the District received
\$494,404 of food commodities from the U.S Department of Agriculture

Davenport Community School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2014

Assets

Cash and cash equivalents	\$ 111,776
Due from other governments	<u>655</u>
Total assets	<u><u>\$ 112,431</u></u>

Liabilities

Accounts payable	\$ 5,659
Due to activity groups	<u>106,772</u>
Total liabilities	<u><u>\$ 112,431</u></u>

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

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

Nature of Operations

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

The District is composed of four high schools, six intermediate schools, 19 elementary schools and various off-campus alternative education programs. Student enrollment (pre-school through high school) for the 2013-2014 school year was approximately 16,106 regular and special education students. The District employs approximately 2,168 individuals.

Reporting Entity

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District has the following fund types:

Governmental Funds – are used to account for the District's general governmental activities.

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

The District reports the following major proprietary fund:

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

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

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

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

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

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

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the special revenue funds 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 fair right of the Proprietary Fund financial statements.

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

Significant Accounting Policies

Pass-Through Revenues – GASB Statement No. 24 establishes standards of accounting and financial reporting for pass-through grants, food stamps and on-behalf payments for fringe benefits and salaries. GASB Statement No. 24 requires that all cash pass-through grants received by a governmental entity be recognized as revenue and expenditures or expenses in a governmental, proprietary or trust fund. The District recorded the \$6,461,319 pass-through grant from the Area Education Agency in fiscal year 2013-2014 as revenue and a related expense/expenditure in the Governmental Activities and General Fund.

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

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½ percent per month penalty for delinquent payment; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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

	General	Capital Projects	School Nutrition
Due from Other Governments:			
Federal	\$ 2,733,498	\$ 2,793,538	\$ 62,668
Local option sales tax	-	-	-
Other districts	339,545	-	-
Other	2,048,783	-	-
	\$ 5,121,826	\$ 2,793,538	\$ 62,668

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 2014, have been accrued as liabilities as of June 30, 2014.

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, 2014.

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, 2014, 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.

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

Deferred Inflows of Resources: In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from four sources; property taxes, sales tax, intergovernmental and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the property tax revenues remain under the full accrual basis of accounting and will become an inflow in the year for which the taxes are levied and budgeted for.

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

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 balances 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. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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

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

Net position restricted through enabling legislation include \$19,234,392 for school infrastructure, \$12,122,158 for physical plant and equipment and \$5,256,257 for management levy.

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

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, 2014, the book balance of the District's cash deposits plus petty cash totaled \$103,217,787, including certificates of deposit of \$5,022,571 and the bank balances totaled \$104,132,832.

As of June 30, 2014, the District also had investments in the IPAS Education Money Market Fund totaling \$15,065,372, which is also valued at an amortized cost pursuant to under the Investment Company Act of 1940.

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

Credit Risk: The District's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. As of June 30, 2014, the District's investments had specific maturities and were rated as follows:

Investment	Maturity	Fair Value	Moody's Investors Services	Standard & Poor's
Wachovia Corp - Commercial Paper	8/1/2014	\$ 2,732,999	A3	A
Wells Fargo Bank - Commercial Paper	2/9/2015	5,225,488	A1	A+
Total		<u>\$ 7,958,487</u>		

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, more than 5 percent of the District's investments are in Wachovia Corporation commercial paper and Wells Fargo Bank National Association commercial paper. These investments represent 34 percent and 66 percent of the District's total investments, respectively.

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	\$ 98,195,214
Certificates of Deposit	5,022,571
Commercial Paper	7,958,487
IPAS Education Money Market Fund	15,065,372
	<u>\$ 126,241,644</u>
Governmental Funds	\$ 90,646,443
Internal Service Fund	33,640,683
Total governmental activities	124,287,126
Business-Type Activities/Enterprise Funds	1,842,742
Agency Fund	111,776
	<u>\$ 126,241,644</u>

Davenport Community School District
Notes to Financial Statements
June 30, 2014

Note 3 - Capital Assets

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,702,173	\$ -	\$ -	\$ 4,702,173
Construction in progress	5,416,727	17,316,050	(8,371,553)	14,361,224
Total capital assets not being depreciated	<u>10,118,900</u>	<u>17,316,050</u>	<u>(8,371,553)</u>	<u>19,063,397</u>
Capital assets being depreciated:				
Land Improvements	11,947,938	-	-	11,947,938
Buildings	97,260,263	2,737,154	-	99,997,417
Building Improvements	105,959,329	8,134,400	-	114,093,729
Furniture and equipment	8,243,167	435,176	(186,305)	8,492,038
Intangibles	1,248,673	-	-	1,248,673
Total capital assets being depreciated	<u>224,659,370</u>	<u>11,306,730</u>	<u>(186,305)</u>	<u>235,779,795</u>
Less accumulated depreciation for:				
Land Improvements	8,998,642	244,055	-	9,242,697
Buildings	44,277,540	1,669,883	-	45,947,423
Building improvements	28,651,102	5,448,304	-	34,099,406
Furniture and equipment	6,952,999	381,031	(186,305)	7,147,725
Intangibles	758,394	56,256	-	814,650
Total accumulated depreciation	<u>89,638,677</u>	<u>7,799,529</u>	<u>(186,305)</u>	<u>97,251,901</u>
Total capital assets being depreciated, net	<u>135,020,693</u>	<u>3,507,201</u>	<u>-</u>	<u>138,527,894</u>
Governmental Activities Capital Assets, Net	<u>\$ 145,139,593</u>	<u>\$ 20,823,251</u>	<u>\$ (8,371,553)</u>	<u>\$ 157,591,291</u>
Business-Type Activities:				
Capital assets, being depreciated, equipment	\$ 2,579,200	\$ 163,973	\$ 38,291	\$ 2,781,464
Less accumulated depreciation for equipment	2,220,435	109,192	38,291	2,367,918
Business-Type Activities Capital Assets, Net	<u>\$ 358,765</u>	<u>\$ 54,781</u>	<u>\$ -</u>	<u>\$ 413,546</u>

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

Governmental Activities:

Instruction	\$ 7,649,922
General Administration	9,711
Building administration	59,275
Business and central administration	55,173
Plant operation and maintenance	15,746
Student transportation	7,278
Central support services	2,424
	\$ 7,799,529
Business-type activities	\$ 109,192

Note 4 - Interfund Transfers

Interfund transfers as of June 30, 2014 consisted of the following:

Transfer To	Transfer From	Amount
Major Funds, General Fund	Nonmajor governmental funds	\$ 481
Nonmajor Funds, Governmental	Nonmajor governmental funds	1,082,574
Governmental Activities	Business-Type Activities	818,623

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 Financial Statements
June 30, 2014

Note 5 - Long-Term Liabilities

Changes in Long-Term Liabilities: A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Governmental Activities					
Revenue Bonds	\$ -	\$ 9,535,000	\$ -	\$ 9,535,000	\$ 1,000,000
Premium on Bonds	-	464,573	-	464,573	-
Total General Obligation Debt	-	9,999,573	-	9,999,573	1,000,000
Other Liabilities:					
Accumulated Termination Pay	2,502,719	-	762,353	1,740,366	504,566
Compensated Absences	647,958	1,409,496	1,360,834	696,620	696,620
OPEB Liability	1,237,476	378,294	-	1,615,770	-
Total Other Liabilities	4,388,153	1,787,790	2,123,187	4,052,756	1,201,186
Total Long-term Liabilities	<u>\$ 4,388,153</u>	<u>\$ 11,787,363</u>	<u>\$ 2,123,187</u>	<u>\$ 14,052,329</u>	<u>\$ 2,201,186</u>
	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Business-type Activities:					
Compensated Absences	\$ 13,891	\$ 31,808	\$ 30,422	\$ 15,277	\$ 15,277
OPEB Liability	38,572	11,517	-	50,089	-
Total Long-term liabilities	<u>\$ 52,463</u>	<u>\$ 43,325</u>	<u>\$ 30,422</u>	<u>\$ 65,366</u>	<u>\$ 15,277</u>

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

Future Requirements to Maturity: Principal and interest requirements to maturity for the School District's bonds and notes outstanding as of June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	Governmental Activities School Infrastructure Sales, Services, and Use Tax Revenue Bonds	
	Principal	Interest
2015	\$ 1,000,000	\$ 247,611
2016	1,000,000	217,075
2017	1,000,000	197,075
2018	1,020,000	177,075
2019	1,040,000	156,675
2020-2024	4,475,000	305,550
Total	<u>\$ 9,535,000</u>	<u>\$ 1,301,061</u>

Revenue Bonds/Notes

Governmental Activities: One issue of unmatured revenue bond, totaling \$9,535,000, is outstanding at June 30, 2014. The revenue bond bears interest at rates ranging from 2.00% to 3.00% per annum and matures in varying annual amounts, ranging from \$1,000,000 to \$1,170,000, with the final maturity due in the year ending June 30, 2023.

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

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 a five year period.

During the year ended June 30, 2014, no early retirement benefit was offered. During the year ended June 30, 2014, the District paid \$840,150 of early retirement benefits on behalf of those who elected early retirement benefits in prior years.

Legal Debt Margin: As of June 30, 2014, 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 5.95 percent of their annual salary and the District is required to contribute 8.93 percent of annual covered payroll for the year ended June 30, 2014. For the years ended June 30, 2013 and 2012, plan members were required to contribute 5.78 and 5.38 percent of their annual covered salary, respectively, and the District was required to contribute 8.67 and 8.07 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, 2014, 2013 and 2012 were \$8,775,558, \$8,353,920, and \$7,874,747, 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 plan is administered by The Standard. The District contributes 9 percent of compensation for eligible employees to the plan. There are no contribution requirements of the plan members.

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, 2014 was \$724,893.

Note 7 - Risk Management

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

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

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

The District's estimated liability for health, dental and vision claims and related administrative costs incurred prior to year-end but not paid is accrued. The estimated liability is based on a combination of known claims filed after year-end and an estimate of incurred but not reported claims based on prior years' payment history. The estimated liability does not include any allocated or unallocated claims adjustment expense. Changes in the accrual balance for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Unpaid Claims and Administrative Costs Payable		
Balance, Beginning of Year	\$ 2,359,000	\$ 2,431,000
Incurred Claims (Including IBNR)	20,799,336	17,291,230
Claim Payments	(20,551,336)	(17,363,230)
Unpaid Claims and Administrative Costs Payable		
Balance, End of Year	\$ 2,607,000	\$ 2,359,000

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

Note 8 - Commitments and Contingencies

The District has entered into various construction and repair contracts for projects throughout the District. As of June 30, 2014, the portion of these contracts which has not been paid or accrued as a liability totals \$9,178,567.

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 \$9,178,567 as of June 30, 2014.

Note 9 - Operating Leases

The District leases building and equipment under noncancelable operating leases. Total expenses for the year ended June 30, 2014, for such leases were \$277,142, which includes cash paid and the change in the prepaid rent balance. The future minimum lease payments for these leases are as follows:

Years Ending	
2015	\$ 249,115
2016	27,981
	\$ 277,096

Note 10 - Other Postemployment Benefits

Plan Description: The District sponsors a single-employer health care plan that provides medical and prescription drug benefits to all active and retired employees and their eligible dependents. Retiree coverage begins at IPERS retirement age of at least 55 and continues until the retiree is Medicare eligible at age 65. Eligibility requirements under IPERS is summarized as follows: a) Normal Retirement – earliest of the first day of the month or employees’ 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	1,422
Plan III	549	1,340

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

Changes in OPEB Obligation:

Annual Required Contribution	\$ 580,089
Interest on Net OPEB Obligation	63,802
Adjustments to Annual Required Contribution	(98,446)
Annual OPEB cost	545,445
Contributions Made	(155,634)
Increase in net OPEB obligation	389,811
Net OPEB Obligation, Beginning of Year	1,276,048
Net OPEB Obligation, End of Year	\$ 1,665,859

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2014 and the two preceding years follows:

Year Ended June 30, 2014	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 545,445	28.5%	\$ 1,665,859
2013	580,349	24.5%	1,276,048
2012	537,272	29.9%	837,646

Funded Status and Funding Progress: The results of the July 1, 2013 valuation were rolled forward to June 30, 2014. As of July 1, 2013, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$4,787,587 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$4,787,587. The covered payroll (annual payroll of active employees covered by the plan) was \$76,514,309 and the ratio of the UAAL to the covered payroll was 6.3 percent.

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

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

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

Note 11 - Deficit Fund Equity

The following fund had a deficit net position amount as of June 30, 2014:

Enterprise Fund	
Nonmajor Out of School Time	\$ 250,744

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

Note 12 - Pending Governmental Accounting Standards Board (GASB) Statements

As of June 30, 2014, the GASB had issued several Statements not yet implemented by the District. The Statements which might impact the District are as follows:

Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, Government Combinations and Disposals of Government Operations, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, issued November 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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

Required Supplementary Information
June 30, 2014 and 2013

Davenport Community School District

Davenport Community School District
Required Supplementary Information
Retiree Health Benefit Plan

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	7/1/2011	\$ -	\$ 5,172,931	\$ 5,172,931	-	\$ 73,963,139	7.0%
2013	7/1/2011	-	5,158,914	5,158,914	-	74,260,787	6.9
2014	7/1/2013	-	4,787,587	4,787,587	-	76,514,309	6.3

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2013
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 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.

	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
Receipts:			
Property taxes	\$ 68,091,363	\$ -	\$ 68,091,363
Local option sales tax	13,877,511	-	13,877,511
Intergovernmental	110,044,423	6,333,063	116,377,486
Charges for services	2,920,189	2,778,120	5,698,309
Interest	197,424	1,893	199,317
Other	3,543,969	976	3,544,945
Total receipts	<u>198,674,879</u>	<u>9,114,052</u>	<u>207,788,931</u>
Expenditures:			
Current			
Instruction	118,583,277	37,325	118,620,602
Support Services	54,236,131	909,747	55,145,878
Noninstructional programs	-	8,429,830	8,429,830
Other Expenditures	26,509,477	-	26,509,477
Total disbursements	<u>199,328,885</u>	<u>9,376,902</u>	<u>208,705,787</u>
Excess (Deficiency) of revenues over expenditures	<u>(654,006)</u>	<u>(262,850)</u>	<u>(916,856)</u>
Other Financing Sources, Net			
Issuance of bonds	9,535,000	-	9,535,000
Premium on bonds	464,573	-	464,573
Transfers in	1,083,055	-	1,083,055
Transfers out	(1,083,055)	-	(1,083,055)
Total other financing sources (uses)	<u>9,999,573</u>	<u>-</u>	<u>9,999,573</u>
Net change in fund balances	9,345,567	(262,850)	9,082,717
Fund balances, beginning of year	54,444,857	2,298,587	56,743,444
Fund balances, end of year	<u>\$ 63,790,424</u>	<u>\$ 2,035,737</u>	<u>\$ 65,826,161</u>

Davenport Community School District
 Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds and Enterprise Funds
 Years Ended June 30, 2014

Budget Amounts		Final to Actual Variance
Original	Final	
\$ 69,859,358	\$ 68,299,456	\$ (208,093)
12,056,535	12,056,535	1,820,976
113,079,419	119,622,235	(3,244,749)
4,610,000	4,400,000	1,298,309
131,350	129,400	69,917
4,360,000	4,196,883	(651,938)
<u>204,096,662</u>	<u>208,704,509</u>	<u>(915,578)</u>
120,293,558	120,955,217	2,334,615
53,347,287	59,576,456	4,430,578
9,297,006	9,170,017	740,187
<u>34,909,706</u>	<u>33,461,319</u>	<u>6,951,842</u>
<u>217,847,557</u>	<u>223,163,009</u>	<u>14,457,222</u>
<u>(13,750,895)</u>	<u>(14,458,500)</u>	<u>13,541,644</u>
-	-	9,535,000
-	-	464,573
-	-	1,083,055
-	-	(1,083,055)
-	-	<u>9,999,573</u>
<u>\$ (13,750,895)</u>	<u>\$ (14,458,500)</u>	<u>\$ 23,541,217</u>

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District was in compliance with such formula for fiscal 2014.

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 2014, to decrease the authorization of expenditures by \$5,315,452.
5. All annual appropriations lapse at fiscal year-end.

Other Supplementary Information
June 30, 2014 and 2013

Davenport Community School District

DAVENPORT COMMUNITY SCHOOLS

Nonmajor Governmental Funds

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

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

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

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

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

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

	Special Revenue		Capital Projects
	Management	Student Activity	G.O. Bonds
Assets			
Cash and investments	\$ 5,214,607	\$ 435,547	\$ 6,920,622
Receivables:			
Property tax:	4,337,742	-	-
Other	299	427	2,537
Prepaid Items	-	19,722	-
Total assets	<u>\$ 9,552,648</u>	<u>\$ 455,696</u>	<u>\$ 6,923,159</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Accounts payable	\$ 8,510	\$ 17,368	\$ -
Accrued payroll and payroll taxes	-	7,437	-
Construction Accounts Payable	-	-	439,766
Total liabilities	<u>8,510</u>	<u>24,805</u>	<u>439,766</u>
Deferred inflows of resources			
Unavailable revenue- property taxes	<u>4,287,881</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	4,287,881	-	-
Fund balances:			
Nonspendable for prepaid items	-	19,722	-
Restricted For:			
Debt Service	-	-	-
Management Levy Purposes	5,256,257	-	-
Student Activities	-	411,169	-
School Infrastructure	-	-	6,483,393
Total fund balances	<u>5,256,257</u>	<u>430,891</u>	<u>6,483,393</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,552,648</u>	<u>\$ 455,696</u>	<u>\$ 6,923,159</u>

Davenport Community School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Debt Service	Total Nonmajor Governmental Funds
\$ 1,082,669	\$ 13,653,445
-	4,337,742
270	3,533
-	19,722
\$ 1,082,939	\$ 18,014,442
\$ -	\$ 25,878
-	7,437
-	439,766
-	473,081
-	4,287,881
-	4,287,881
-	19,722
1,082,939	1,082,939
-	5,256,257
-	411,169
-	6,483,393
1,082,939	13,253,480
\$ 1,082,939	\$ 18,014,442

	Special Revenue		Capital Projects
	Management Fund	Student Activity	G.O Bonds
Revenues			
Property Taxes	\$ 3,834,316	\$ -	\$ -
Utility Taxes	154,103	-	-
Intergovernmental	7,432	-	-
Interest	2,887	494	3,436
Other	-	1,279,437	-
Total Revenues	<u>3,998,738</u>	<u>1,279,931</u>	<u>3,436</u>
Expenditures			
Current:			
Instruction	874,631	1,267,561	-
General Administration	913,514	-	-
Business Administration	-	-	603,165
Plant operation and maintenance	498,278	-	-
Student Transportation	-	39,271	-
Capital Outlay	-	-	1,725,773
Debt Service	-	-	108,104
Total expenditures	<u>2,286,423</u>	<u>1,306,832</u>	<u>2,437,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,712,315</u>	<u>(26,901)</u>	<u>(2,433,606)</u>
Other financing sources (uses):			
Issuance of bonds	-	-	9,535,000
Premium on bonds	-	-	464,573
Transfers in	-	-	-
Transfers out	-	(481)	(1,082,574)
Total other financing sources (uses)	<u>-</u>	<u>(481)</u>	<u>8,916,999</u>
Net change in fund balances	1,712,315	(27,382)	6,483,393
Fund balances, beginning of year	3,543,942	458,273	-
Fund balances, end of year	<u>\$ 5,256,257</u>	<u>\$ 430,891</u>	<u>\$ 6,483,393</u>

Davenport Community School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014

<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 3,834,316
-	154,103
-	7,432
365	7,182
<u>-</u>	<u>1,279,437</u>
<u>365</u>	<u>5,282,470</u>
-	2,142,192
-	913,514
-	603,165
-	498,278
-	39,271
-	1,725,773
-	108,104
<u>-</u>	<u>6,030,297</u>
<u>365</u>	<u>(747,827)</u>
-	9,535,000
-	464,573
1,082,574	1,082,574
<u>-</u>	<u>(1,083,055)</u>
<u>1,082,574</u>	<u>9,999,092</u>
1,082,939	9,251,265
-	4,002,215
<u>\$ 1,082,939</u>	<u>\$ 13,253,480</u>

Davenport Community School District
Combining Schedule of Changes in Balances
Student Activity Fund
Year Ended June 30, 2014

	June 30, 2013 <u>Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers</u>	June 30, 2014 <u>Balance</u>
District-Wide Athletics	\$ 13,342	\$ -	\$ 13,342	\$ -	\$ -
Central High School Athletics	32,012	86,629	114,037	-	4,604
North High School Athletics	5,389	75,047	80,409	-	27
West High School Athletics	16,531	101,905	108,343	-	10,093
Central High School Athletics	141,612	217,010	222,236	-	136,386
North High School	(42,146)	214,090	179,224	-	(7,280)
West High School	80,865	352,979	369,611	-	64,233
Kimberly Center	594	826	1,031	-	389
Smart Intermediate School	18,475	10,279	15,445	-	13,309
Sudlow Intermediate School	36,056	109,666	98,632	-	47,090
Williams Intermediate School	28,209	18,229	17,391	-	29,047
Wood Intermediate School	17,449	31,084	25,884	-	22,649
Young Intermediate School	828	8,532	7,206	-	2,154
Adams Elementary	2,533	2,121	2,497	-	2,157
Blue Grass Elementary	785	-	70	-	715
Buchanan Elementary	9,805	1,427	840	-	10,392
Buffalo Elementary	5,425	1,856	1,553	-	5,728
Eisenhower Elementary	8,729	275	2,145	-	6,859
Fillmore Elementary	1,145	-	-	-	1,145
Garfield Elementary	4,883	2,234	3,035	-	4,082
Harrison Elementary	298	1,136	578	-	856
Hayes Elementary	2,741	-	-	-	2,741
Jackson Elementary	450	209	-	-	659
Jefferson Elementary	54	-	-	-	54
Madison Elementary	6,583	-	-	-	6,583
McKinley Elementary	5,476	602	681	-	5,397
Monroe Elementary	189	686	414	-	461
Truman Elementary	496	-	-	-	496
Walcott Elementary and Intermediate School	46,213	39,481	38,496	-	47,198
Washington Elementary	8,487	3,120	3,236	-	8,371
Wilson Elementary	4,284	14	496	-	3,802
Unallocated interest income	481	494	-	(481)	494
Total special revenue activity fund	<u>\$ 458,273</u>	<u>\$ 1,279,931</u>	<u>\$ 1,306,832</u>	<u>\$ (481)</u>	<u>\$ 430,891</u>

Davenport Community School District
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year Ended June 30, 2014

	June 30, 2013 Balance	Additons	Deductions	June 30, 2014 Balance
Assets				
Cash and investments	\$ 87,474	\$ 227,217	\$ 202,915	\$ 111,776
Due from other governments	307	2,080	1,732	655
Deposits	1,695	-	1,695	-
Total assets	<u>\$ 89,476</u>	<u>\$ 229,297</u>	<u>\$ 206,342</u>	<u>\$ 112,431</u>
Liabilities				
Accounts Payable	\$ 5,020	\$ 195,701	\$ 195,062	\$ 5,659
Due to activity groups	84,456	22,316	-	106,772
Total liabilities	<u>\$ 89,476</u>	<u>\$ 218,017</u>	<u>\$ 195,062</u>	<u>\$ 112,431</u>

Davenport Community School District
Combining Schedule of Changes in Amounts Due to Activity Groups
Agency Fund
Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Due to Activity Groups				
Adams Staff Account	\$ 237	\$ 343	\$ 390	\$ 190
Administration Pop Account	3,528	3,612	3,792	3,348
Blue Grass Staff Account	-	1,471	1,394	77
Buchanan Pop Account	4,910	575	3,104	2,381
Buchanan Boosters Account	6,006	11,810	15,422	2,394
Buffalo Business Partners	2,030	1,270	1,565	1,735
CV Hayes Staff Account	54	-	-	54
CV Hoover Staff Account	577	259	64	772
CV Hoover Parent Account	-	3,642	2,262	1,380
CV West Staff Account	854	819	982	691
Central Staff Account	14,634	34,718	33,315	16,037
Central Band Orchestra Parent Account	-	333	168	165
Central Concessions	92	(92)	-	-
Central/North Prom	(2)	3,000	718	2,280
Central Vocal Music Parent Account	-	200	48	152
Districtwide Drop Out Event	1,455	1,750	2,388	817
Districtwide Goal 2025	183	-	183	-
Districtwide IMC Sunshine	368	585	624	329
Districtwide United Way	-	245	245	-
Fillmore Staff Account	928	1,135	1,791	272
Garfield Staff Account	1,135	1,593	1,123	1,605
Harrison Staff Account	4,515	4,648	1,706	7,457
Harrison Olweus Donation	53	(53)	-	-
Havlife Foundation Account	19,500	9,255	16,077	12,678
Hayes Staff Fund	837	372	556	653
Madison Staff Account	3,142	434	-	3,576
McKinley Staff Fund	34	-	-	34
Monroe Staff Account	7,339	6,278	7,148	6,469
North Staff Account	13,167	61,485	32,392	42,260
River Music Experience/Havlife	983	-	-	983
Smart Staff Account	1,667	1,588	3,003	252
Sudlow Staff Account	4,549	3,159	1,543	6,165
Young Staff Account	203	1,637	1,283	557
Walcott Staff Account	1,000	-	-	1,000
Washington Staff Account	(444)	984	815	(275)
West Staff Account	(29,086)	33,778	33,910	(29,218)
West Shrine Account	460	-	-	460
West Athletics Account	1,650	(1,649)	-	1
West Boosters Account	1,290	-	-	1,290
West After Prom Account	3,000	-	2,976	24
Williams Staff Account	2,719	227	-	2,946
Williams PTA	-	16,843	16,843	-
Wilson Staff Account	4,580	6,892	3,816	7,656
Wood Staff Account	1,987	244	407	1,824
Youth Fest Account	1,840	-	202	1,638
KC Scholarship Account	37	(37)	-	-
KC Staff Account	2,445	8,099	6,881	3,663
Total Due to Activity Groups	<u>\$ 84,456</u>	<u>\$ 221,452</u>	<u>\$ 199,136</u>	<u>\$ 106,772</u>

Statistical Section

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

Contents	Page
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.	55 – 68
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant local revenue sources, the property tax.	69 – 74
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.	75 – 79
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.	80 – 90
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report related to the services the District provides and the activities it performs.	91 – 99

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

	Fiscal Year			
	2014	2013	2012	2011
Governmental Activities				
Net investment in capital assets	\$ 147,591,718	\$ 145,139,593	\$ 142,713,992	\$ 133,596,413
Restricted	38,106,915	30,754,572	22,439,084	22,083,566
Unrestricted	54,329,549	49,317,951	40,495,698	31,528,694
Total governmental activities net position	<u>\$ 240,028,182</u>	<u>\$ 225,212,116</u>	<u>\$ 205,648,774</u>	<u>\$ 187,208,673</u>
Business-Type Activities:				
Net investment in capital assets	\$ 413,546	\$ 358,765	\$ 423,492	\$ 510,223
Unrestricted	1,622,191	2,758,445	2,839,445	2,388,782
Total business-type activities net position	<u>\$ 2,035,737</u>	<u>\$ 3,117,210</u>	<u>\$ 3,262,937</u>	<u>\$ 2,899,005</u>
Primary Government:				
Net investment in capital assets	\$ 148,005,264	\$ 145,498,358	\$ 143,137,484	\$ 134,106,636
Restricted	38,106,915	30,754,572	22,439,084	22,083,566
Unrestricted	55,951,740	52,076,396	43,335,143	33,917,476
Total primary government net position	<u>\$ 242,063,919</u>	<u>\$ 228,329,326</u>	<u>\$ 208,911,711</u>	<u>\$ 190,107,678</u>

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 122,855,936	\$ 114,430,225	\$ 104,909,566	\$ 94,038,379	\$ 85,255,475	\$ 75,569,655
23,789,830	24,956,179	22,276,424	21,162,958	17,795,508	16,739,808
<u>21,634,801</u>	<u>15,470,549</u>	<u>12,630,676</u>	<u>8,126,005</u>	<u>2,862,552</u>	<u>91,109</u>
<u>\$ 168,280,567</u>	<u>\$ 154,856,953</u>	<u>\$ 139,816,666</u>	<u>\$ 123,327,342</u>	<u>\$ 105,913,535</u>	<u>\$ 92,400,572</u>
\$ 610,226	\$ 624,336	\$ 732,858	\$ 919,518	\$ 995,006	\$ 756,996
<u>1,480,466</u>	<u>477,059</u>	<u>(315,743)</u>	<u>(340,514)</u>	<u>(208,308)</u>	<u>525,990</u>
<u>\$ 2,090,692</u>	<u>\$ 1,101,395</u>	<u>\$ 417,115</u>	<u>\$ 579,004</u>	<u>\$ 786,698</u>	<u>\$ 1,282,986</u>
\$ 123,466,162	\$ 115,054,561	\$ 105,642,424	\$ 94,957,897	\$ 86,250,481	\$ 76,326,651
23,789,830	24,956,179	22,276,424	21,162,958	17,795,508	16,739,808
<u>23,115,267</u>	<u>15,947,608</u>	<u>12,314,933</u>	<u>7,785,491</u>	<u>2,654,244</u>	<u>617,099</u>
<u>\$ 170,371,259</u>	<u>\$ 155,958,348</u>	<u>\$ 140,233,781</u>	<u>\$ 123,906,346</u>	<u>\$ 106,700,233</u>	<u>\$ 93,683,558</u>

	Fiscal Year			
	2014	2013	2012	2011
Expenses				
Governmental activities:				
Instruction	\$ 125,736,240	\$ 120,970,114	\$ 122,607,165	\$ 123,435,023
Student support services	6,346,051	5,607,181	1,997,273	3,266,982
Instructional staff support services	4,898,917	6,550,882	7,038,613	6,142,636
General administration	4,195,386	3,774,487	1,958,785	1,813,010
Building administration	9,651,935	9,200,600	11,866,688	9,950,584
Business and central administration	3,447,114	4,693,532	4,135,698	3,822,055
Plant operation and maintenance	17,392,671	13,549,183	15,002,820	14,052,852
Student transportation	5,856,022	5,061,706	5,260,931	5,027,504
Community services	577,899	534,745	589,778	505,551
Area education agency	6,461,319	6,218,691	6,113,725	6,637,326
Long-term debt interest	108,104	-	-	-
Total governmental activities expenses	<u>184,671,658</u>	<u>176,161,121</u>	<u>176,571,476</u>	<u>174,653,523</u>
Business-Type activities				
Food service	8,431,050	8,240,850	8,128,218	7,538,582
Out of School Program	945,852	978,362	686,491	-
Day Care	-	-	-	-
Total business-type activities expenses	<u>9,376,902</u>	<u>9,219,212</u>	<u>8,814,709</u>	<u>7,538,582</u>
Total primary government expenses	<u>\$ 194,048,560</u>	<u>\$ 185,380,333</u>	<u>\$ 185,386,185</u>	<u>\$ 182,192,105</u>
Program revenues:				
Governmental activities:				
Charges for services, instruction	\$ 4,197,231	\$ 3,938,685	\$ 3,389,471	\$ 6,816,358
Charges for services, student transportation	2,396	7,175	-	-
Operating grants and contributions	33,676,763	33,862,643	35,614,403	40,018,481
Capital grants and contributions	74,720	-	150,000	149,825
Total governmental revenues	<u>37,951,110</u>	<u>37,808,503</u>	<u>39,153,874</u>	<u>46,984,664</u>
Business-Type activities				
Charges for services:				
Food services	1,987,983	1,994,136	2,288,652	2,367,038
Out of School Program	790,137	747,704	821,163	-
Day Care	-	-	-	-
Operating grants and contributions	6,333,063	6,329,637	6,041,999	5,967,490
Total business-type revenues	<u>9,111,183</u>	<u>9,071,477</u>	<u>9,151,814</u>	<u>8,334,528</u>
Total primary government revenues	<u>47,062,293</u>	<u>46,879,980</u>	<u>48,305,688</u>	<u>55,319,192</u>
Net (expense) revenue:				
Governmental activities	(146,720,548)	(138,352,618)	(137,417,602)	(127,668,859)
Business-Type activities	(265,719)	(147,735)	337,105	795,946
Total primary government net expense	<u>\$(146,986,267)</u>	<u>\$(138,500,353)</u>	<u>\$(137,080,497)</u>	<u>\$(126,872,913)</u>

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 115,220,844	\$ 116,034,206	\$ 113,522,124	\$ 106,527,884	\$ 103,265,247	\$ 103,464,881
3,596,004	4,022,805	4,003,009	5,506,239	4,332,402	3,528,044
6,100,992	5,082,850	5,139,836	4,227,603	3,756,106	3,071,271
1,871,580	1,877,261	1,949,544	3,181,869	2,696,173	2,490,873
9,870,846	9,439,032	8,754,199	8,179,463	8,874,500	8,380,875
3,692,544	4,454,131	4,550,916	3,325,183	3,075,192	2,886,051
14,209,020	15,221,426	14,157,556	12,249,743	11,931,445	10,912,469
4,588,851	4,623,723	4,047,272	3,762,589	3,256,495	2,931,059
440,988	278,949	220,927	-	108,871	93,996
6,505,439	5,852,203	5,662,264	5,422,638	5,069,948	4,899,580
800	343,315	667,645	971,828	1,253,072	1,520,560
<u>166,097,908</u>	<u>167,229,901</u>	<u>162,675,292</u>	<u>153,355,039</u>	<u>147,619,451</u>	<u>144,179,659</u>
7,235,067	7,145,508	7,392,708	6,942,428	6,774,334	6,734,989
-	-	-	-	-	-
-	24,895	345,411	349,860	276,428	310,842
<u>7,235,067</u>	<u>7,170,403</u>	<u>7,738,119</u>	<u>7,292,288</u>	<u>7,050,762</u>	<u>7,045,831</u>
<u>\$ 173,332,975</u>	<u>\$ 174,400,304</u>	<u>\$ 170,413,411</u>	<u>\$ 160,647,327</u>	<u>\$ 154,670,213</u>	<u>\$ 151,225,490</u>
\$ 7,004,271	\$ 5,612,778	\$ 5,629,822	\$ 4,781,066	\$ 3,718,848	\$ 3,109,533
-	-	-	-	-	-
38,122,590	33,228,717	29,110,981	24,009,203	22,019,691	22,204,449
150,000	203,189	13,088	162,112	232,035	506,426
<u>45,276,861</u>	<u>39,044,684</u>	<u>34,753,891</u>	<u>28,952,381</u>	<u>25,970,574</u>	<u>25,820,408</u>
2,474,381	2,727,373	2,597,998	2,436,442	2,501,019	2,478,444
-	-	-	-	-	-
-	17,155	216,982	338,519	226,833	295,403
<u>5,638,183</u>	<u>5,108,946</u>	<u>4,761,250</u>	<u>4,309,633</u>	<u>3,816,447</u>	<u>4,158,185</u>
<u>8,112,564</u>	<u>7,853,474</u>	<u>7,576,230</u>	<u>7,084,594</u>	<u>6,544,299</u>	<u>6,932,032</u>
<u>53,389,425</u>	<u>46,898,158</u>	<u>42,330,121</u>	<u>36,036,975</u>	<u>32,514,873</u>	<u>32,752,440</u>
(120,821,047)	(128,185,217)	(127,921,401)	(124,402,658)	(121,648,877)	(118,359,251)
<u>877,497</u>	<u>683,071</u>	<u>(161,889)</u>	<u>(207,694)</u>	<u>(506,463)</u>	<u>(113,799)</u>
<u>\$(119,943,550)</u>	<u>\$(127,502,146)</u>	<u>\$(128,083,290)</u>	<u>\$(124,610,352)</u>	<u>\$(122,155,340)</u>	<u>\$(118,473,050)</u>

	Fiscal Year			
	2014	2013	2012	2011
Net (expense) revenue:				
Governmental Activities	\$(146,720,548)	\$(138,352,618)	\$(137,417,592)	\$(127,668,859)
Business-Type Activities	(265,719)	(147,735)	337,105	795,946
Total Primary government net expense	(146,986,267)	(138,500,353)	(137,080,487)	(126,872,913)
General revenues and other changes in net position				
Governmental activities:				
Property taxes	65,467,771	64,942,943	63,510,538	61,114,524
Utility tax	2,617,812	2,717,545	2,731,927	2,594,463
Local option sales tax	13,877,511	14,110,961	13,613,991	12,832,292
Unrestricted state aid and grants	78,431,166	75,791,773	75,498,841	69,280,863
Interest and investment earnings	197,423	165,646	472,846	628,504
Miscellaneous	126,308	186,829	33,945	146,319
Transfers	818,623	-	(4,393)	-
Total governmental activities	161,536,614	157,915,697	155,857,695	146,596,965
Business-Type activities:				
Interest and investment earnings	1,893	1,758	13,894	12,067
Other	976	250	8,540	300
Transfers	(818,623)	-	4,393	-
Total business type activities	(815,754)	2,008	26,827	12,367
Total Primary government	160,720,860	157,917,705	155,884,522	146,609,332
Change in net position				
Governmental activities	14,816,066	19,563,079	18,440,103	18,928,106
Business-Type activities	(1,081,473)	(145,727)	363,932	808,313
	<u>\$ 13,734,593</u>	<u>\$ 19,417,352</u>	<u>\$ 18,804,035</u>	<u>\$ 19,736,419</u>

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$(120,821,047)	\$(128,185,217)	\$(127,921,401)	\$(124,402,658)	\$(121,648,877)	\$(118,359,251)
877,497	683,071	(161,889)	(207,694)	(506,463)	(113,799)
(119,943,550)	(127,502,146)	(128,083,290)	(124,610,352)	(122,155,340)	(118,473,050)
60,062,506	58,499,226	56,080,120	57,104,269	54,862,698	53,095,883
2,713,155	2,680,964	2,615,919	-	-	-
11,711,344	14,495,378	15,411,214	14,879,136	13,902,861	13,647,672
58,634,847	66,533,410	68,452,968	67,397,428	63,441,500	62,293,142
533,535	979,404	1,624,652	1,963,695	1,109,542	360,682
35,681	37,122	225,852	471,937	1,845,239	1,233,770
(104,619)	-	-	-	-	-
<u>133,586,449</u>	<u>143,225,504</u>	<u>144,410,725</u>	<u>141,816,465</u>	<u>135,161,840</u>	<u>130,631,149</u>
6,781	1,209	-	1	10,175	6,840
400	-	-	-	-	-
104,619	-	-	-	-	-
<u>111,800</u>	<u>1,209</u>	<u>-</u>	<u>1</u>	<u>10,175</u>	<u>6,840</u>
<u>133,698,249</u>	<u>143,226,713</u>	<u>144,410,725</u>	<u>141,816,466</u>	<u>135,172,015</u>	<u>130,637,989</u>
12,765,403	15,040,287	16,489,324	17,413,807	13,512,963	12,271,898
989,297	684,280	(161,889)	(207,693)	(496,288)	(106,959)
<u>\$ 13,754,700</u>	<u>\$ 15,724,567</u>	<u>\$ 16,327,435</u>	<u>\$ 17,206,114</u>	<u>\$ 13,016,675</u>	<u>\$ 12,164,939</u>

	Fiscal Year			
	2014	2013	2012	2011
General Fund:				
Nonspendable	\$ 389,639	\$ 254,798	\$ 374,294	\$ 400,233
Unassigned	25,274,148	20,920,870	15,338,624	11,010,775
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 25,663,787</u>	<u>\$ 21,175,668</u>	<u>\$ 15,712,918</u>	<u>\$ 11,411,008</u>
All other governmental funds:				
Nonspendable	\$ 19,722	\$ -	\$ -	\$ -
Restricted	38,106,914	29,266,974	24,702,394	23,095,794
Reserved	-	-	-	-
Unreserved, reported in:				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 38,126,636</u>	<u>\$ 29,266,974</u>	<u>\$ 24,702,394</u>	<u>\$ 23,095,794</u>

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

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
752,109	598,299	755,430	1,045,409	1,158,326	1,441,457
9,259,384	12,746,539	9,485,605	6,977,264	3,044,321	794,920
<u>\$ 10,011,493</u>	<u>\$ 13,344,838</u>	<u>\$ 10,241,035</u>	<u>\$ 8,022,673</u>	<u>\$ 4,202,647</u>	<u>\$ 2,236,377</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,678,604	15,487,328	14,541,398	18,667,369	15,968,444	15,339,931
12,758,303	1,729,864	1,888,725	(3,119,646)	(2,879,516)	(3,494,174)
8,352,923	7,738,987	5,846,301	5,615,235	4,706,580	4,078,240
<u>\$ 23,789,830</u>	<u>\$ 24,956,179</u>	<u>\$ 22,276,424</u>	<u>\$ 21,162,958</u>	<u>\$ 17,795,508</u>	<u>\$ 15,923,997</u>

	Fiscal Year			
	2014	2013	2012	2011
Revenues:				
Property taxes	\$ 65,473,551	\$ 65,068,981	\$ 63,342,557	\$ 61,097,510
Utility tax	2,617,812	2,717,545	2,731,926	2,594,463
Local options sales tax, pledged as security for revenue bonds	13,877,511	14,009,961	13,613,991	12,832,292
Intergovernmental	110,044,423	107,161,891	107,727,555	107,523,909
Charges for services	2,920,189	2,996,858	3,389,471	4,330,427
Interest	197,424	165,646	472,846	628,504
Contributions and donations	688,092	652,378	833,320	681,584
Other	2,855,877	2,353,270	1,929,353	2,321,967
Total revenues	198,674,879	195,126,530	194,041,019	192,010,656
Expenditures:				
Instruction	118,583,277	115,417,601	117,168,124	121,991,035
Student support services	6,346,051	6,589,764	3,264,883	4,906,654
Instructional staff support services	4,898,918	6,541,656	6,988,659	6,142,636
General administration	4,195,386	3,759,798	1,944,096	1,798,321
Building administration	9,651,935	9,196,821	11,688,893	9,945,284
Business administration	5,317,248	4,591,156	4,053,141	3,740,036
Plant operations and maintenance	17,314,484	13,463,488	14,897,537	13,987,436
Student transportation	5,856,022	5,054,428	5,253,653	5,020,226
Other support services	656,087	530,984	585,125	505,551
Area Education Agency	6,461,319	6,218,691	6,113,725	6,637,326
Capital outlay	19,940,054	9,732,598	16,170,280	16,473,095
Capital outlay, not capitalized	-	-	-	157,577
Debt service:				
Principal	-	-	-	-
Interest	108,104	-	-	-
Total expenditures	199,328,885	181,096,985	188,128,116	191,305,177
Excess of revenues over (under) expenditures	(654,006)	14,029,545	5,912,903	705,479
Other Financing Sources (Uses):				
Transfers in	1,083,055	3,945	5,399	506,648
Transfers (out)	(1,083,055)	(3,945)	(9,792)	(506,648)
Issuance of Bonds	9,535,000	-	-	-
Premium on Bonds	464,573	-	-	-
Total other financing sources	9,999,573	-	(4,393)	-
Special Item				
Proceeds from sale of school property	-	-	-	-
Net change in fund balances	\$ 9,345,567	\$ 14,029,545	\$ 5,908,510	\$ 705,479
Debt Service as a Percentage of				
Noncapital Expenditures	0.06%	0.00%	0.00%	0.00%

Source: District financial records

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 59,978,454	\$ 58,463,767	\$ 55,945,162	\$ 57,156,980	\$ 55,266,406	\$ 53,186,303
2,713,155	2,680,964	2,615,919	-	-	-
11,711,344	14,495,378	15,411,214	14,879,136	13,902,861	13,647,672
95,281,065	98,185,617	94,308,745	88,515,128	85,212,452	82,655,338
3,957,803	4,256,788	3,876,643	2,290,106	3,593,277	3,373,607
533,535	979,404	1,624,652	1,963,695	1,109,542	360,682
415,120	681,578	191,841	281,982	182,115	32,565
2,616,574	2,632,264	1,802,332	4,263,978	3,173,343	2,737,790
<u>177,207,050</u>	<u>182,375,760</u>	<u>175,776,508</u>	<u>169,351,005</u>	<u>162,439,996</u>	<u>155,993,957</u>
114,024,980	111,037,438	107,820,164	101,570,521	100,396,929	99,487,411
5,456,799	4,329,266	3,819,850	5,711,135	4,332,402	3,528,044
6,077,840	5,082,850	5,134,015	4,226,468	3,744,654	3,047,147
1,856,891	1,862,572	1,934,856	3,167,180	2,681,482	2,477,019
9,785,027	9,432,227	8,754,199	8,179,463	8,868,370	8,376,064
3,582,860	4,447,595	4,543,863	3,322,681	3,073,582	2,884,968
14,111,490	15,057,211	13,949,803	12,217,681	10,123,119	10,524,740
4,581,573	4,616,445	4,039,994	3,755,311	3,249,217	2,923,775
419,790	272,685	217,087	-	108,871	93,996
6,505,439	5,852,203	5,662,264	5,422,638	5,069,948	4,899,580
6,761,531	7,441,230	9,383,063	7,370,945	9,731,725	13,684,961
1,306,247	-	-	12,056	-	-
6,960,000	6,655,000	6,370,000	6,095,000	5,835,000	5,590,000
171,658	505,480	819,736	1,112,450	1,386,916	1,646,240
<u>181,602,125</u>	<u>176,592,202</u>	<u>172,448,894</u>	<u>162,163,529</u>	<u>158,602,215</u>	<u>159,163,945</u>
<u>(4,395,075)</u>	<u>5,783,558</u>	<u>3,327,614</u>	<u>7,187,476</u>	<u>3,837,781</u>	<u>(3,169,988)</u>
7,135,367	7,166,975	7,212,630	7,228,437	7,228,879	7,242,344
(7,239,986)	(7,166,975)	(7,212,630)	(7,228,437)	(7,228,879)	(7,242,344)
-	-	-	-	-	-
-	-	-	-	-	-
<u>(104,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	4,214	1	-	-
<u>\$ (4,499,694)</u>	<u>\$ 5,783,558</u>	<u>\$ 3,331,828</u>	<u>\$ 7,187,477</u>	<u>\$ 3,837,781</u>	<u>\$ (3,169,988)</u>
4.08%	4.25%	4.41%	4.66%	5.10%	5.23%

Levy Year	Collection Year	Real Property		Railroads and Utilities without Gas and Electric	
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
2012	2013-14	\$3,953,498,589	\$6,053,046,249	\$ 84,097,659	\$ 84,097,659
2011	2012-13	3,863,743,319	6,031,459,163	77,614,095	77,614,095
2010	2011-12	3,655,848,531	5,864,886,919	74,854,621	74,854,621
2009	2010-11	3,505,901,299	5,734,964,644	74,454,695	74,454,695
2008	2009-10	3,449,040,935	5,673,979,209	70,826,025	70,826,025
2007	2008-09	3,349,890,912	5,608,825,247	69,879,316	69,889,389
2006	2007-08	3,201,172,684	5,250,133,365	67,374,978	67,374,978
2005	2006-07	3,123,502,576	5,072,939,763	68,248,717	68,264,032
2004	2005-06	2,998,904,601	4,741,587,400	75,780,138	75,780,138
2003	2004-05	2,890,237,957	4,494,038,163	74,491,439	74,499,079

Source: Iowa Department of Management

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

Gas and Electric		Total		
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Total Direct Rate
\$ 158,516,628	\$ 247,938,033	\$4,196,112,876	\$6,385,081,941	16.66333
159,247,006	239,398,708	4,100,604,420	6,348,471,966	17.04996
161,125,636	233,595,662	3,891,828,788	6,173,337,202	17.05061
152,167,149	226,918,464	3,732,523,143	6,036,337,803	17.11276
161,620,628	220,731,443	3,681,487,588	5,965,536,677	17.09334
159,783,923	195,094,477	3,579,554,151	5,873,809,113	17.09414
156,936,258	205,802,131	3,425,483,920	5,523,310,474	17.10576
158,143,525	187,341,658	3,349,894,818	5,328,545,453	17.10760
157,462,369	173,339,762	3,232,147,108	4,990,707,300	17.09027
167,964,938	165,032,392	3,132,694,334	4,733,569,634	17.08691

		<u>District Direct Rates</u>	
<u>Fiscal Year Ended</u>	<u>General Purposes</u>	<u>Capital Purposes</u>	<u>Total</u>
2014	15.36333	1.30000	16.66333
2013	15.74996	1.30000	17.04996
2012	15.75061	1.30000	17.05061
2011	15.81276	1.30000	17.11276
2010	15.79334	1.30000	17.09334
2009	15.79414	1.30000	17.09414
2008	15.80576	1.30000	17.10576
2007	15.80760	1.30000	17.10760
2006	15.79027	1.30000	17.09027
2005	15.78691	1.30000	17.08691

Source: Scott County Auditor's Office

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

Scott County	Overlapping Rates		
	City of Davenport	Area IX Community College	Other
6.23534	16.78000	0.92043	0.44342
6.30156	16.78000	0.91511	0.38355
6.03776	15.53000	1.01724	0.32062
6.37607	15.53000	0.92444	0.30838
5.47607	15.58000	0.87714	0.32634
5.33791	15.57584	0.60635	0.34572
5.54040	15.57515	0.60785	0.38043
5.11060	15.56702	0.61277	0.30072
5.56513	15.24000	0.59269	0.33018
4.75497	15.24000	0.59216	0.34587

Taxpayer	2013			Percentage of Total Taxable Value
	Taxable Value	Taxes	Rank	
MidAmerican Energy	\$154,438,519	\$ 6,225,411	1	4.00%
SDG Macerich Properties	55,488,075	2,222,236	2	1.44%
Iowa American Water Company	44,694,026	1,781,842	3	1.16%
LaFarge Corporation	21,371,986	685,452	4	0.55%
Qwest Corporation	17,901,114	664,932	5	0.46%
Hotel Blackhawk LLC	17,073,210	777,804	6	0.44%
THF Davenport North Development	16,881,188	752,764	7	0.44%
Iowa 80 Truckstop Inc.	16,470,040	546,992	8	0.43%
Wal-Mart Real Estate	13,581,485	543,940	9	0.35%
Genesis Health System	13,514,249	537,948	10	0.35%
Quanex Corporation				
Davenport Water Co.				
Oscar Mayer Foods Corp				
Bradley Operating LTD Partnership				
Davenport Center LTD Partnership				
Total	<u>\$371,413,892</u>			<u>9.62%</u>

Source: Scott County Auditor's Office

Note: Information on Taxable Valuation is not available for audited fiscal year until next year.

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

2004		
Taxable Value	Rank	Percentage of Total Taxable Value
\$ 71,516,500	1	2.52%
18,777,713	5	0.66%
20,744,475	4	0.73%
12,765,090	8	0.45%
13,247,094	7	0.47%
20,862,200	3	0.73%
45,903,306	2	1.62%
12,543,615	9	0.44%
14,724,800	6	0.52%
12,000,000	10	0.42%
<u>\$243,084,793</u>		<u>8.56%</u>

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

Collection Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Percentage of Levy
		Amount	Percentage of Total Tax Collections		
2013-14	\$ 69,859,358	\$ 68,253,944	99.74%	\$ 184,856	0.26%
2012-13	68,088,678	67,911,950	99.74%	165,429	0.24%
2011-12	64,012,011	66,147,985	99.50%	191,731	0.30%
2010-11	63,070,307	63,451,778	99.12%	108,783	0.17%
2009-10	59,561,478	62,598,461	99.25%	195,661	0.31%
2008-09	58,718,818	59,080,460	99.19%	86,361	0.15%
2007-08	57,772,619	56,528,792	96.27%	142,393	0.24%
2006-07	55,684,269	55,301,375	95.72%	169,861	0.29%
2005-06	53,979,612	55,393,625	99.48%	81,646	0.15%
2004-05	48,626,737	53,271,950	98.69%	173,385	0.32%

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 Revenue Sales Bonds	Percentage of Personal Income	Per Capita
2014	9,535,000	0.12%	55.96
2013	-	-	-
2012	-	-	-
2011	-	-	-
2010	-	-	-
2009	6,960,000	0.11%	42.78
2008	13,615,000	0.23%	83.69
2007	19,985,000	0.35%	122.89
2006	26,080,000	0.49%	162.87
2005	31,915,000	0.64%	200.22

Source: District financial records

Davenport Community School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
(Dollars in Thousands)
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Scott County	\$ 30,015,000	100.00%	\$ 30,015,000
Eastern Iowa Community College	58,615,000	59.70%	34,993,155
City of Blue Grass	2,314,509	100.00%	2,314,509
City of Buffalo	111,800	100.00%	111,800
City of Davenport	200,080,000	100.00%	200,080,000
City of Walcott	1,005,000	100.00%	1,005,000
City of Durant	1,165,000	3.38%	39,377
Subtotal, overlapping debt			<u>268,558,841</u>
District direct debt			<u>9,535,000</u>
Total direct and overlapping debt			<u><u>\$ 278,093,841</u></u>

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

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	<u>\$4,077,795,423</u>
Debt limit (5% of assessed value)	\$ 203,889,771
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 203,889,771</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 203,889,771	\$ 199,231,865	\$ 194,594,439	\$ 194,271,258	\$ 186,223,489
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 203,889,771</u>	<u>\$ 199,231,865</u>	<u>\$ 194,594,439</u>	<u>\$ 194,271,258</u>	<u>\$ 186,223,489</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 184,074,379	\$ 178,977,708	\$ 171,274,196	\$ 167,494,741	\$ 156,634,717
<u>6,960,000</u>	<u>13,615,000</u>	<u>19,985,000</u>	<u>26,080,000</u>	<u>31,915,000</u>
<u>\$ 177,114,379</u>	<u>\$ 165,362,708</u>	<u>\$ 151,289,196</u>	<u>\$ 141,414,741</u>	<u>\$ 124,719,717</u>
3.78%	7.61%	11.67%	15.57%	20.38%

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

Fiscal Year	Local Option Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2014	\$ 13,877,511	\$ -	\$ -	-
2013	14,110,961	-	-	-
2012	13,693,974	-	-	-
2011	12,832,292	-	-	-
2010	11,711,344	6,960,000	171,658	1.64
2009	14,495,378	6,655,000	503,880	2.03
2008	15,411,214	6,370,000	818,136	2.14
2007	14,879,136	6,095,000	1,112,450	2.06
2006	14,157,960	5,835,000	1,385,916	1.96
2005	14,099,821	5,590,000	1,644,840	1.95

Source: District financial records

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

Calendar Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2013	170,385	8,137,008	48,208	37.0	15,440	5.70
2012	168,799	7,748,606	46,372	37.0	15,661	6.70
2011	165,759	7,272,593	43,874	37.7	15,501	6.60
2010	165,224	6,931,699	41,594	37.7	15,429	6.90
2009	166,650	6,569,772	39,953	35.4	15,422	7.50
2008	164,690	6,261,177	37,402	38.0	15,461	6.70
2007	162,687	5,975,000	36,950	37.9	15,735	3.80
2006	162,621	5,694,662	35,018	37.4	15,925	3.40
2005	160,125	5,292,804	33,054	36.6	16,056	5.00
2004	159,399	4,959,726	31,115	36.2	16,139	4.70

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

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

N/A: Not Available

The ABCs about Davenport Community Schools...

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

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

Our Beliefs

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

Budget: \$256,932,079 in 2013-14

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

Collaboration with Community Leaders and Agency Partners:

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

Curriculum Basics:

Elementary (Kindergarten through Fifth Grade)

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

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:

- ✓ Greg Smith, a Project Lead the Way Instructor at West High School, was chosen as the 2014 STEM Teacher of the Year by the Quad City Engineering & Science Council. Jason Franzenburg, the other PLTW teacher at West, was awarded the Air Force Association Teacher of the Year at the Chapter level.
- ✓ Clint Balsar of Central High received his national certification as a Certified Journalism Educator.
- ✓ West High teachers John Kealey and Jay Swords won the Iowa Broadcasting Association Award for their history-based radio program "Relevant or Irrelevant," recorded and aired by KALA, St. Ambrose Public Radio.
- ✓ Bruce Potts, principal at Sudlow Intermediate, was named 2013-2014 Outstanding Administrator by the Iowa Bandmasters Association.
- ✓ Health Curriculum Specialist Melissa Trimble was given the 2014 Iowa Academy of Nutrition and Dietetics Gem Award for her work with the Build a Better Snack Program.
- ✓ Loretta Gamble, Wood Intermediate Social Worker, was honored as the Iowa School Social Worker of the Year by the Iowa School Social Workers Association
- ✓ Davenport Community Schools was one of six districts in the state of Iowa to receive a Best Community for Music Education Award from the NAMM (National Association of Music Merchants) Foundation this year.

Facilities:

Early Childhood Learning Centers-2

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

Intermediate (sixth through eighth grade) - 4

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

Senior High (ninth through 12th grade) - 4

Athletic Stadium - 1

Operations Center - 1

Administration Services Center - 1

Facility Maintenance:

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

Food Service:

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

Free and Reduced students-

- ✓ 56% Free
- ✓ 7% Reduced
- ✓ Highly trained nutrition experts serve every building in the school district. Each day nearly 20,000 meals are served to students in over 30 locations.
- ✓ Meal service extends into the summer months with our "Community Café" program serving an estimated 40,000 meals across 20 community parks, schools and community centers.

Guidelines for Elementary Class Sizes:

Kindergarten through first grade – 20 students

Second grade – 21 students

Third grade – 22 students

Fourth through fifth grade – 26 students

Iowa Core Curriculum:

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

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

Some of our Outstanding Alumni...

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

Parents as our Partners

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

Professional Employees' Credentials:

Bachelors' Degrees – 100%

Masters' Degrees – 53.14%

Specialist or Doctorate Degrees – 1.67%

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.

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!):

- ✓ North High's Matthew Luebbe was selected as a finalist for the prestigious National Merit Scholarship. As one of 15,000 student nationwide chosen for this honor (less than 1% of US high school graduating seniors), Matthew is being considered for one of 2,500 single-payment \$2,500 National Merit Scholarships and many other awards.
- ✓ Central High's Pablo Haake has been selected as a Bezos Scholar. Pablo will meet with 11 of the nation's other top public high school juniors during a week of exploration, dialogue and debate, while working with leaders and innovators from around the world. Pablo was also one of two students in Iowa selected to receive the prestigious U.S. Senate Youth Program Scholarship. He and 101 other students participated in the program's 52nd annual Washington Week, where Pablo met President Obama and visited Capitol Hill, the Pentagon, the State Department, and the Supreme Court.

- ✓ The Sudlow Intermediate Destination Imagination Team represented the state of Iowa at the Global Finals, where they competed against teams from more than 40 states and 12 countries.
- ✓ West High's Emma Demarr received the prestigious Brand Boeshaar Scholarship through the Figge Art Museum. This award goes to Iowa/Illinois area students who wish to earn a degree in Fine Art, Graphic Design, or Art Education at a college or university. Emma was accepted into several distinguished art schools, including the Art Institute of Chicago and the Pratt Institute's School of Art & Design in New York.
- ✓ Adams Elementary School students won the Davenport Public Library 2013 Summer Reading Club Award. All schools, public and private, are invited to participate and this is Adams' 21st award.
- ✓ Kimberly Center student Payton Engels was one of only four students in Iowa who advanced to the IJAG National student Leadership Conference in Washington D.C. During the conference, Payton visited the Capitol Building and met with Iowa congressmen and senators.
- ✓ The Central High Scholastic Bowl team took First Place in the state of Iowa in the Spring Questions Unlimited 3-2-1 Contest.
- ✓ West High's "Falcon Fever" engineering team was crowned the 2014 State of Iowa Champions in the Real World Design Challenge. This is West High's third state RWDC title, and the team will now represent Iowa at Nationals in Washington D.C.
- ✓ Our Marines Corps JROTC won 1st place in Armed Duet at the University of Nebraska Drill Meet, and 1st place in Unarmed Exhibition at a Chicago drill competition.
- ✓ Central High's James Moraetes was selected for the National High School Honor Choir in New York City. Students from all over the United States were selected for this choir that performed at the world-famous Carnegie Hall.
- ✓ North High's bowling team won the Iowa State Class 2A bowling championship for the third time in four years. Bret Keimig, Blake Freeman, Mitchell Kelley, and Zach Williams were named to the Quad City Times All-Metro bowling team.
- ✓ West High's student newspaper "The Beak 'n' Eye" received the George H. Gallup Award, the highest honor given by the Quill and Scroll Honor Society for high school journalists. Only 26 school newspapers from 12 states received the prestigious award this year, and the Beak 'n' Eye has won this top honor every year since 1973.
- ✓ North High senior Kenny Thach won the inaugural Michael Pietz Leadership Award at the Iowa State Thespian Festival. This award was created by the Iowa Thespian Student Board to recognize one student for dedication to her/his theater program and work behind the scenes.
- ✓ Central High's Graham Atkinson competed in the National History Bee Competition in Washington D.C, placing as the top Iowa finisher over the two other Iowa competitors.
- ✓ Our schools held a combined total of 19 mobile blood drives this year, for a total of 1,236 donations. In addition, there are 26 Gallon Grads-senior students who have hit the 1-gallon mark as a blood donor-at our high schools this year.
- ✓ The West High Coed Cheerleading Team capped off an amazing season by being crowned 2013 Large Co-ed State Champions and 2013 Large Co-ed Regional Champions. Leading up to those honors, the team won the top award at "The Grand Finale" at Pleasant Valley High School and was crowned Grand Champion for the second year in a row at the Spartan Challenge competition in Dubuque.
- ✓ ProStart students Anthony Calabrese, Gianni Nunn, and Allison Walters earned first place at the Family, Community, Career Leaders of America Culinary Star Event competition in Des Moines, earning them the right to represent the state of Iowa at the National Competition in San Antonio, Texas.

Student Diversity:

Asian– 1.91%
 Black – not Hispanic – 18.57%
 Hispanic – 13.43%
 Native American - .32%
 Pacific Islander – .09%
 White – 57.56%
 Multi-Racial – 8.11%

Student Enrollment: 16,106

Student Teacher Ratio:

Elementary – 14 to 1
 Secondary – 13 to 1

Teacher Data:

	Beginning Salary	Maximum Salary	Number of Teachers	Average Salary
Bachelors	\$ 29,670	\$ 48,955	346	\$ 33,329
Bachelors + 15 hours	31,153	50,439	193	40,598
Masters	34,120	60,823	361	46,797
Masters + 15 hours	35,604	62,307	119	50,664
Masters + 30 hours	37,087	63,790	154	52,674
Specialists Degree	38,571	65,274	20	54,283

Average teachers salary: \$50,265

Technology

- ✓ High density wireless in all four high schools-capacity to serve 25 units in every classroom
- ✓ 400 Mg bandwidth to internet and 100 Mg bandwidth to each school
- ✓ Over 50 network servers servicing entire district
- ✓ Over 300 interactive Smart boards in classrooms
- ✓ Rollout of Gafe – Google Apps for Education
- ✓ Almost 20,000 accounts created for students and staff members
- ✓ Over 8500 groups broken by building and classes
- ✓ Distributed over 300 chrome books during 2012-13

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

Elementary School - 1.5 miles

Intermediate School- 2 miles

High School - 3 miles

Twenty-five Great Things about Our Schools

"Enhance each student's abilities... "

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

"Provide a quality education"

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

"Enriched by our diverse community... "

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

DAVENPORT
COMMUNITY
SCHOOLS

A District of Distinction

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

Employer	2014		
	Employees	Rank	Percentage of Total Employment
Rock Island Arsenal	8,500	1	3.82%
John Deere & Company	6,300	2	2.83%
Genesis Medical Center	4,900	3	2.20%
Trinity Medical Center	2,900	4	1.30%
Tyson Fresh Meats	2,400	5	1.08%
ALCOA, Inc.	2,250	6	1.01%
Davenport Schools	2,036	7	0.91%
Kraft Foods (Oscar Mayer)	1,650	8	0.74%
Xpac (Export Packaging, Inc.)	1,195	9	0.54%
Isle of Capri	1,050	10	0.47%
HyVee			
US Postal Service			
Mid American Energy			
Rhythm City Casino			
Total	<u>33,181</u>		<u>14.90%</u>

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

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

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

2005		
Employees	Rank	Percentage of Total Employment
6,400	2	2.85%
6,739	1	3.00%
5,000	3	2.23%
2,807	4	1.25%
2,350	6	1.05%
2,482	5	1.11%
1,500	9	0.67%
1,748	7	0.78%
1,600	8	0.71%
992	10	0.44%
31,618		14.09%

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Administration:					
District Secretary/Treasurer	1	1	1	1	1
Superintendent	1	1	1	1	1
Assistant Superintendents	2	2	2	2	2
Principals	29	29	29	29	29
Assistant Principals	16	13	13	19	19
All Other Administrators	12	13	13	16	16
Total Administration	<u>61</u>	<u>59</u>	<u>59</u>	<u>68</u>	<u>68</u>
Instructional:					
Teachers	966	903	928	934	923
Teachers - Special Programs	181	175	197	195	206
Teachers Aides	369	337	381	384	410
Total Instructional	<u>1,516</u>	<u>1,415</u>	<u>1,506</u>	<u>1,513</u>	<u>1,539</u>
Student Services:					
Counselors	39	38	41	41	40
Library Specialist	23	23	24	24	24
Other Education Professional	76	49	40	23	41
Nurses	23	17	27	29	26
Other Technical	15	25	20	20	18
Total Student Services	<u>175</u>	<u>152</u>	<u>151</u>	<u>137</u>	<u>149</u>
Support Services:					
Business Manager/Accountant	2	2	2	2	2
Other Professional	15	18	30	33	33
Office/Clerical	110	104	112	112	111
Crafts/Trades	24	26	24	24	24
Service Workers	265	261	294	320	311
Total Support Services	<u>416</u>	<u>410</u>	<u>462</u>	<u>491</u>	<u>481</u>
Total	<u>2,168</u>	<u>2,036</u>	<u>2,179</u>	<u>2,209</u>	<u>2,237</u>

Source: District records

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

2009	2008	2007	2006	2005	Percentage Change 2005 - 2014
1	1	1	1	1	0.0%
1	1	1	1	1	0.0%
2	2	2	2	2	0.0%
28	30	30	27	27	7.4%
18	18	16	14	16	0.0%
16	17	16	14	14	(14.3)%
<u>66</u>	<u>69</u>	<u>66</u>	<u>59</u>	<u>61</u>	<u>0.0%</u>
940	915	905	896	882	9.6%
203	198	210	308	260	(30.4)%
353	332	323	369	394	(6.3)%
<u>1,496</u>	<u>1,445</u>	<u>1,438</u>	<u>1,573</u>	<u>1,536</u>	<u>(1.3)%</u>
42	38	44	31	38	1.8%
23	22	24	27	27	(16.7)%
37	36	46	12	10	664.4%
26	22	21	26	23	(2.2)%
40	26	25	16	14	7.1%
<u>168</u>	<u>144</u>	<u>160</u>	<u>112</u>	<u>112</u>	<u>56.4%</u>
2	2	2	2	2	0.0%
38	13	-	3	7	114.3%
114	114	113	111	111	(0.7)%
26	28	29	29	29	(17.2)%
254	282	272	272	281	(5.8)%
<u>434</u>	<u>439</u>	<u>416</u>	<u>417</u>	<u>430</u>	<u>(3.3)%</u>
<u>2,164</u>	<u>2,097</u>	<u>2,080</u>	<u>2,161</u>	<u>2,139</u>	<u>1.4%</u>

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>
2014	15,488	169,481,000	10,943	0.03
2013	15,440	165,821,796	10,740	0.00
2012	15,661	166,822,285	10,652	0.02
2011	15,501	170,897,456	10,727	0.06
2010	15,429	160,588,239	10,408	0.03
2009	15,422	155,503,602	10,083	0.07
2008	15,461	149,512,560	9,381	0.55
2007	15,735	141,749,209	6,050	(0.28)
2006	15,925	137,157,061	8,409	4.90
2005	16,056	131,835,442	8,016	(13.49)

Source: District financial records

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

<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
1,147	13.50	63.00
1,078	14.32	62.00
1,125	13.92	61.71
1,129	13.82	61.42
1,129	13.67	60.00
1,143	13.49	57.00
1,113	14.41	56.00
1,115	14.86	47.12
1,204	14.13	54.31
1,142	14.25	55.56

School	Fiscal Year			
	2014	2013	2012	2011
Elementary:				
Adams (1950)				
Square feet	82,282	82,282	82,282	82,282
Capacity	690	690	690	690
Enrollment	570	553	552	577
Blue Grass (1957)				
Square feet	66,884	66,884	66,884	66,884
Capacity	552	552	552	552
Enrollment	329	353	367	363
Buchanan (1971)				
Square feet	56,103	56,103	56,103	56,103
Capacity	506	506	506	506
Enrollment	391	359	349	327
Buffalo (2002)				
Square feet	53,980	53,980	53,980	53,980
Capacity	391	391	391	391
Enrollment	251	227	240	258
Eisenhower (1969)				
Square feet	57,811	57,811	57,811	57,811
Capacity	506	506	506	506
Enrollment	462	458	454	446
Fillmore (1955)				
Square feet	51,980	51,980	51,980	51,980
Capacity	552	552	552	552
Enrollment	416	400	379	351
Garfield (1923)				
Square feet	90,458	90,458	90,458	90,458
Capacity	483	483	483	483
Enrollment	462	496	495	492
Harrison (1953)				
Square feet	72,912	72,912	72,912	72,912
Capacity	598	598	598	598
Enrollment	567	592	581	578
Hayes (1923)				
Square feet	77,618	77,618	77,618	77,618
Capacity	506	506	506	506
Enrollment	416	380	354	320
Jackson (1971)				
Square feet	55,503	55,503	55,503	55,503
Capacity	529	529	529	529
Enrollment	378	359	349	370
Jefferson (1939)				
Square feet	64,514	64,514	64,514	64,514
Capacity	552	552	552	552
Enrollment	427	408	387	403

(Continued)

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
82,282	82,282	82,282	82,282	82,282	82,282
690	690	690	690	690	690
521	552	540	575	564	567
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
391	387	368	344	338	326
56,103	56,103	56,103	56,103	56,103	56,103
506	506	506	506	506	506
357	353	315	312	322	334
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
271	284	266	288	299	305
57,811	57,811	57,811	57,811	57,811	57,811
506	506	506	506	506	506
442	444	426	419	424	462
51,980	51,980	51,980	51,980	51,980	51,980
552	552	552	552	552	552
371	341	391	388	380	401
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
439	438	415	428	406	476
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
580	573	557	533	504	517
77,618	77,618	77,618	77,618	77,618	77,618
506	506	506	506	506	506
305	308	284	274	256	321
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
379	395	377	388	358	370
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
470	441	465	472	464	415

School	Fiscal Year			
	2014	2013	2012	2011
Elementary (Continued)				
Lincoln (1939)				
Square feet	59,536	59,536	59,536	59,536
Capacity	483	483	483	483
Enrollment	-	-	181	270
Madison (1939)				
Square feet	64,614	64,614	64,614	64,614
Capacity	506	506	506	506
Enrollment	396	428	415	417
McKinley (1939)				
Square feet	61,063	61,063	61,063	61,063
Capacity	460	460	460	460
Enrollment	403	392	373	361
Monroe (1938)				
Square feet	72,435	72,435	72,435	72,435
Capacity	598	598	598	598
Enrollment	495	488	455	449
Truman (1977)				
Square feet	61,064	61,064	61,064	61,064
Capacity	391	391	391	391
Enrollment	435	380	430	404
Washington (1939)				
Square feet	48,388	48,388	48,388	48,388
Capacity	322	322	322	322
Enrollment	315	357	320	283
Wilson (1955)				
Square feet	78,401	78,401	78,401	78,401
Capacity	672	672	672	672
Enrollment	544	542	557	561
Intermediate				
Smart (1917)				
Square feet	134,901	134,901	134,901	134,901
Capacity	978	978	978	978
Enrollment	544	518	532	521
Sudlow (1917)				
Square feet	134,524	134,524	134,524	134,524
Capacity	978	978	978	978
Enrollment	677	676	748	707
Walcott (K-8) (1956)				
Square feet	107,250	107,250	107,250	92,160
Capacity	722	722	722	722
Enrollment	621	600	598	621
(Continued)				

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
259	231	255	302	281	240
64,614	64,614	64,614	64,614	64,614	64,614
506	506	506	506	506	506
408	395	393	363	334	304
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
349	372	377	354	363	354
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
419	417	414	354	467	459
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
405	398	402	395	423	389
48,388	48,388	48,388	48,388	48,388	48,388
322	322	322	322	322	322
284	264	298	270	290	270
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
541	518	521	483	513	503
134,901	134,901	134,901	134,901	134,901	134,901
978	978	978	978	978	978
522	520	508	542	597	625
134,524	134,524	134,524	134,524	134,524	134,524
978	978	978	978	978	978
677	669	645	643	665	706
92,160	92,160	92,160	92,160	92,160	92,160
722	722	722	722	722	722
616	601	598	596	614	615

School	Fiscal Year			
	2014	2013	2012	2011
Intermediates (continued)				
Williams (1954)				
Square feet	145,224	145,224	145,224	133,794
Capacity	977	977	977	977
Enrollment	748	756	770	739
Capacity	286	286	286	286
Enrollment	248	262	262	261
Wood (1984)				
Square feet	105,815	105,815	105,815	105,815
Capacity	977	977	977	977
Enrollment	737	712	700	701
Young (1917)				
Square feet	108,018	108,018	108,018	108,018
Capacity	829	829	829	829
Enrollment	441	305	271	320
High				
Central (1904)				
Square feet	331,935	331,935	331,935	331,935
Capacity	1,933	1,933	1,933	1,933
Enrollment	1,362	1,419	1,415	1,412
North (1972)				
Square feet	390,763	390,763	390,763	390,763
Capacity	1,551	1,551	1,551	1,551
Enrollment	1,001	902	986	966
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	1,911	1,873	1,921	1,871
Other				
Child. Village at Hoover (1956)				
Square feet	20,002	20,002	20,002	20,002
Capacity	138	138	138	138
Enrollment	200	128	128	128
Child. Village West (2004)				
Square feet	35,400	35,400	35,400	35,400
Capacity	286	286	286	286
Enrollment	248	262	262	261
Kimberly Center (1961)				
Square feet	79,884	79,884	79,884	79,884
Capacity	*	*	*	*
Enrollment	235	214	179	288

Source: District records

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

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

Fiscal Year					
2010	2009	2008	2007	2006	2005
133,794	133,794	133,794	133,794	133,794	133,794
977	977	977	977	977	977
725	724	730	745	779	799
286	286	286	286	286	-
254	232	199	178	164	-
105,815	105,815	105,815	105,815	105,815	105,815
977	977	977	977	977	977
694	659	700	732	784	812
108,018	108,018	108,018	108,018	108,018	108,018
829	829	829	829	829	829
311	317	297	371	371	382
331,935	331,935	331,935	301,385	301,385	301,385
1,933	1,933	1,933	1,933	1,933	1,933
1,406	1,490	1,510	1,560	1,554	1,560
390,763	390,763	390,763	390,763	390,763	359,621
1,551	1,551	1,551	1,551	1,551	1,551
1,002	978	1,039	1,070	1,127	1,107
453,811	453,811	453,811	453,811	453,811	453,811
2,592	2,592	2,592	2,592	2,592	2,592
1,893	2,034	2,028	2,088	2,158	2,138
20,002	20,002	20,002	20,002	20,002	20,002
138	138	138	138	138	138
129	133	131	97	93	128
35,400	35,400	35,400	35,400	35,400	-
286	286	286	286	286	-
254	232	199	178	164	-
79,884	79,884	79,884	79,884	79,884	79,884
*	*	*	*	*	*
288	285	405	349	335	452

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, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the Iowa Department of Education			
School Nutrition Cluster Programs			
School Breakfast Program	10.553	N/A	\$ 1,038,455
National School Lunch Program	10.555	N/A	4,278,775
National School Lunch Program, Food Donation (Noncash)	10.555	N/A	494,404
			<u>5,811,634</u>
Summer Food Service Program for Children	10.559	N/A	125,534
Total Nutrition Cluster			<u>5,937,168</u>
Iowa Nutrition Network - BASICS	10.561	N/A	53,590
Fresh Fruit and Vegetable	10.582	N/A	256,838
Total U.S. Department of Agriculture			<u>6,247,596</u>
U.S. Department of Education			
Passed through the Iowa Department of Education			
Title 1 - Grants to Local Educational Agencies	84.010	N/A	4,394,995
Title 1 - Grants to Local Educational Agencies	84.010	N/A	704,273
Title 1 - Grants to Local Educational Agencies	84.010	N/A	47,249
			<u>5,146,517</u>
Special Education - Grants to State	84.027	N/A	883,162
Special Education - Grants to State	84.027	N/A	108,826
			<u>991,988</u>
Vocational Education - Grants to States	84.048	N/A	259,636
SS/HS Grant Second Step	84.184	N/A	109,511
Education for Homeless Children & Youth	84.196	N/A	38,745
Fund for the Improvement of Education	84.215	N/A	26,140
Twenty First Century Community Learning Centers	84.287	N/A	40,014
Twenty First Century Community Learning Centers	84.287	N/A	157,527
Twenty First Century Community Learning Centers	84.287	N/A	139,696
Twenty First Century Community Learning Centers	84.287	N/A	58,931
Twenty First Century Community Learning Centers	84.287	N/A	135,303
Twenty First Century Community Learning Centers	84.287	N/A	11,051
Twenty First Century Community Learning Centers	84.287	N/A	13,629
			<u>556,151</u>

Davenport Community School District
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (continued)			
Passed through the Iowa Department of Education (continued)			
Advanced Placement Program	84.330	N/A	\$ <u>5,985</u>
Gaining Early Awareness and Readiness for Undergraduate Program	84.334	N/A	<u>103,036</u>
Direct Program			
High School Graduation Initiative	84.360	N/A	<u>442,492</u>
Passed through the Iowa Department of Education			
Title III - English Language Acquisition Grants	84.365	N/A	52,413
Title II - Improving Teacher Quality State Grants	84.367	N/A	879,773
Title VI - Grants for State Assessments and Related Activities	84.369	N/A	<u>84,810</u>
Total U.S. Department of Education			<u>8,697,197</u>
U.S. Department of Health and Human Services			
Passed through State of Iowa Department of Human Services			
Wrap-around Child Care Grant	93.575	N/A	<u>135,599</u>
Total			<u>\$ 15,080,392</u>

Note A – Basis of Presentation

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

Note B – Significant Accounting Policies

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

Note C – Food Donation

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

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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Davenport Community School District (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness (2014-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 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the School District's operations for the year ended June 30, 2014, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the School District and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

District's Responses to Findings

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

Purpose of this Report

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



Dubuque, Iowa
November 20, 2014



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

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

Report on Compliance for Each Major Federal Program

We have audited Davenport Community School District’s (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2014. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

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

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

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



Dubuque, Iowa
November 20, 2014

Part I: Summary of the Auditor's Results:

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Title 1 - Grants to Local Educational Agencies	84.010
Special Education - Grants to State	84.027

Dollar threshold used to distinguish between type A and type B programs:	\$ 452,412
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Auditee qualified as low-risk auditee?	Yes
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Part II: Findings Related to the Financial Statements:

2014-A Material Audit Adjustment

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

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

Cause – The material audit adjustment was to increase cash for a check that needed to be voided. The check was written to correct a previous disbursement, in anticipation of the return of the prior check. However, the previous check was never returned and the second check was never cashed and needed to be voided.

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

Recommendation –We recommend that additional review procedures be implemented.

Response – The District will implement additional review procedures related to returned checks.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2014-IA-A Certified Budget - Disbursements during the year ended June 30, 2014, did not exceed the amount budgeted.

2014-IA-B Questionable Expenditures - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2014-IA-C Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

2014-IA-D Business Transactions – No business transaction between the District and District officials or employees were noted.

2014-IA-E Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2014-IA-F Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

2014-IA-G Certified Enrollment - The District's supporting documentation did not agree to the Project Easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education. This is based on documentation maintained by the District to support the basic enrollment certified to the IDE for October 2012. The variances included a total reduction of certified students by a net of 67.2 students.

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

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

2014-IA-H Supplementary Weighting –No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

2014-IA-I Deposits and Investments – During fiscal year 2014, we noted one instance where the District purchased commercial paper with a maturity date greater than 270 days from the date of purchase. This transaction appears to be in violation of Chapter 12B of the Code of Iowa.

Recommendation – The investment purchase procedures of the District should be reviewed to ensure transactions are in compliance with Chapter 12B of the Code of Iowa.

Response – The district will review the investment purchase procedures to ensure that all investment transactions are in compliance with Chapter 12B of the Code of Iowa.

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

2014-IA-J Certified Annual Report – The Certified Annual Report (CAR) was filed with the Iowa Department of Education timely. As part of the audit, the District recorded adjustments which changed amounts reported on the CAR which was previously submitted. These changes will be reflected in the fiscal year 2015 beginning year equity balances.

2014-IA-K Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted. However, the District originally allocated \$8,583 in expenses related to classroom technology to the educator quality professional development program. During the audit, these costs were identified as costs that may not be allowable costs for this program in accordance with Chapter 284 of the Code of Iowa.

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

Response – The District has reallocated the \$8,583 in expenses to a non-categorical account. The District is aware that classroom technology is not an allowable expense under the educator quality professional development program and will work to ensure that only allowable expenses are recorded.

2014-IA-L State-Wide Sales and Use Tax – No instances of noncompliance with the use of state-wide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the state-wide sales, services and use tax revenue. For the year ended June 30, 2014, the District’s financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning Balance	\$ 16,809,840
State-Wide Sales, Services and Use Tax	13,877,511
Interest	14,348
Expenditures:	
School Infrastructure:	
Buildings	(108,488)
Equipment	(17,842,212)
Ending Balance	\$ 12,750,999

The state-wide sales, services and use tax revenue received during the year ended June 30, 2014 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Physical Plant and Equipment Levy	\$ 3.30723	\$ 13,877,511

2014-IA-M Revenue Bonds –No instances of non-compliance with the Sales Services and Use Tax Revenue Bonds were noted.

2014-IA-N Student Activity Funds – All student activity funds are used to support the extracurricular and co-curricular activities offered as part of the District’s educational program.

Davenport Community School District
Summary Schedule of Prior Audit Findings
Year Ended June June 30, 2014

There were no prior year federal findings.