

DAVENPORT
COMMUNITY
SCHOOLS



Comprehensive Annual Financial Report

For the year ended June 30, 2019

1702 N. Main Street, Davenport, Iowa 52803

In the counties of Scott and Muscatine, State of Iowa



Comprehensive Annual Financial Report of the

Davenport Community School District
Davenport, Iowa

For the Fiscal Year Ended June 30, 2019

Official Issuing Report

Claudia Wood, Chief Financial Officer

Office Issuing Report

Achievement Services Center

Introductory Section



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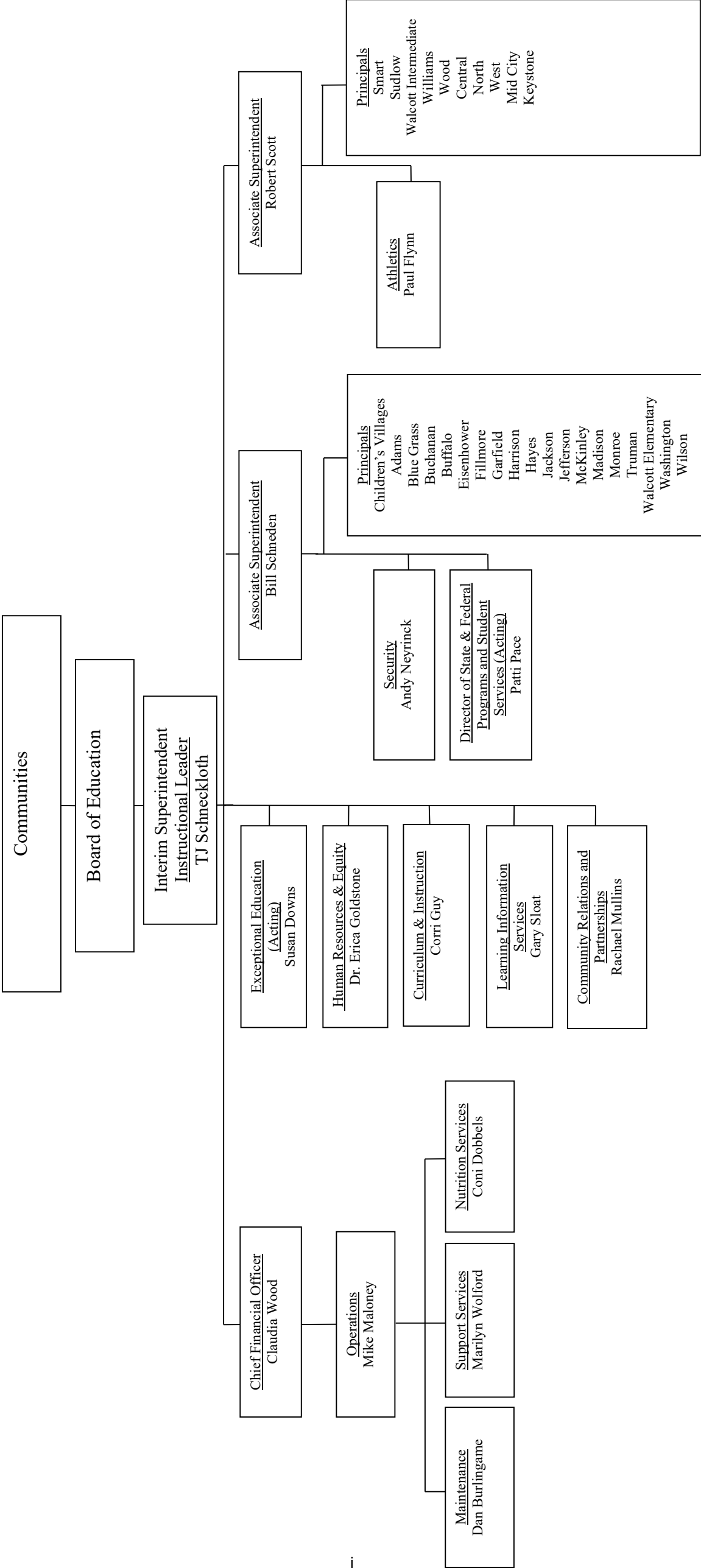
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Davenport Community School District – 2018-2019 Organizational Chart





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?**"*

Davenport Community School District

Board of Education and School District Officials
Year Ended June 30, 2019

Board of Education

Bruce Potts	President	Expires 2021
Daniel Gosa	Vice President	Expires 2023
Allison Beck	Director	Expires 2021
Clyde Mayfield	Director	Expires 2021
Linda Hayes	Director	Expires 2023
Karen Kline-Jerome	Director	Expires 2023
Kent Paustian	Director	Expires 2023

District Officials

Dr. Robert Kobylski	Superintendent
Mary Correthers	Board Secretary/Treasurer
Claudia Wood	Chief Financial Officer



December 16, 2019

To President Potts, 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, 2019. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

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

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

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

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

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

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

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

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

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

Bohnsack & Frommelt LLP Certified Public Accountants have issued an unmodified ("clean") opinion on the Davenport Community School District's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statement. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the District

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

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

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

Today almost 15,000 students attend the Davenport Community Schools, one of the largest school districts in a state that is well-known for its excellent educational programming.

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

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

The District is composed of four high schools, four intermediate schools, one kindergarten through eighth grade school, seventeen 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 for grades kindergarten through twelfth for the 2018-19 school year was approximately 15,054 regular and special education students. The District employs approximately 2,284 persons of whom approximately 1,569 are professional staff and 715 are support staff.

Quality instruction and comprehensive education services require state-of-the-art facilities and technology. Professionally led Long Range Facilities Planning promotes excellence in the learning environment, with a \$125 million investment in facilities and \$25 million in technology over a decade. District-wide interactive technology is at a 1:1 status with an individual computer for each student and teacher district-wide.

The average age of our elementary buildings is 66 years. 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 73 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 Mid City High School which was built in 2014. 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.

In Davenport Community Schools, education is tailored to meet the needs of and inspire each student. Quality educational experiences provide the fundamentals while exploring innovative teaching methods from early childhood education to graduation and beyond.

College and career readiness is integrated at all levels in the Davenport Community Schools, with Davenport high schools offering award-winning programming to prepare graduates for college, career, and citizenry.

The heart of the Davenport Community Schools is the teaching and learning that occurs every day in our classrooms. The success of classroom teachers is fostered by a supportive building climate, a district-wide support system ensuring high quality instruction and responsive student interventions. Principals serve as instructional leaders, and curriculum specialists provide professional development and ensure implementation of curriculum. The Teacher Leadership program creates a culture where teachers work collectively to analyze and improve their instructional practice through peer observation and collaboration. This work is supported by a committed and innovative school board and administration that ensures classroom and school leaders have resources, including continuing the fight to address inequality in state funding and challenge state-imposed spending limits.

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 for the period of May 1, 2018 to April 30, 2019 which relates to the goals set in the 2016 full CEDS update. 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.

Data are presented in three areas: people, economy and place to frame the condition of the region today.

People: This provides a general demographic profile for the Bi-State Region

- **Population and Age:** The region's total population is expected to increase 2.5% over the next 30 years. The age group of 55-59 years old is the largest age group in the region compared to the U.S. which is 45 to 54 years with a national median age of 37.7.
- **Race and Ethnicity:** The region's population is 13.7% racial minority, with African American being the predominant minority population at 7%. In comparison, the US population is 27% racial minority. The region has seen a slight increase in the amount of Hispanic or Latino residents since 2010, from 8.5% to 9.4%.
- **Poverty:** The Bi-State region has less poverty in all age cohorts and gender categories compared to national rates of poverty. The total rate of poverty for the region has increased slightly since 2010, from 12.4% to 12.9%.
- **Language spoken at home:** 91.1% of the population age 5 and over speak English only compared to 78.7% of the US population. The most common language spoken in the region other than English is Spanish which is spoken among 5.4% of the population.
- **Educational Attainment:** Roughly a third (32.8%) of the region's population aged 25 and over has some college or an associate's degree which is slightly higher than the US population 29.1%.
- **Income:** The region's median household income is \$53,725 compared to the US median income of \$58,100.
- **Labor Force:** 84% of all males aged 16 and over are actively in the labor force while 76% of all women aged 16 and over are in the labor force, both of which are slightly above the national average.

Economy: This provides an overview of economic conditions in the region

- **Gross Regional Product (GRP) and Personal Income:**
 - Total GRP for the region has decreased from \$17.81 billion in 2013 to \$17.44 billion in 2017 for a total decline of \$366 million, compared to a national Gross Domestic Product growth rate of 9.6% during this same time period.
 - The per capita income has decreased a total of 1.71% from 2013-17.

- Employment:
 - From 2013-17 the average unemployment rate has steadily decreased since its peak in 2013 at 6.8% to 2017's annual rate of 4.3%, on parity with the national average of 4.4%.
 - The region's labor force has also been decreasing from 2012 to 2016 by 2.5%.
- Labor shed – the area from which an employment centers draws its commuting workers
 - The Quad Cities Chamber of Commerce shows that the labor shed has a potential labor force of 743,112 people, and a total population of 920,544 for those aged 18-64.
- Forecasted Industry Growth:
 - The region is forecasted to experience a decrease of 941 jobs across all industries in the next five years.
 - Health Care and Social Assistance has the highest percent growth of any industry with a total predicted growth rate of 5.6% over five years.
- Retail Sales:
 - When adjusted for inflation, retail sales of the region have grown by 9.8% from Fiscal Year 2014 to 2018.

Place: This provides an overview of cost of living, housing, utilities, transportation and natural resources

- Cost of Living index: The composite score of the region decreased slightly in the past year from 96.3 to 94.6.
- Housing:
 - The Metro Area saw an increase in total housing construction, rising from 647 total permits in 2016 to 750 total permits in 2017.
 - The percent of cost burdened home owners and renters in the Bi-State region is significantly below the national average, particularly for owner occupied housing units.

Analysis of Regional Economy

A SWOT (Strengths, Weaknesses (Challenges), Opportunities, and Threats) analysis was done of the region. Strengths are established qualities that are viewed as positively affecting economic development. Challenges are defined as ongoing items that may have a negative impact on economic development over a long period of time. Opportunities are identified as new or emerging items that will or could have positive impact on economic development. Threats are items that have been identified with both ongoing and future effects that have a large, negative impact on economic development.

Change from Threat to Strength:

- In the 2016 CEDS, the Committee identified Exelon's warning of a shutdown of the Cordova Nuclear Power Plant as a threat to the region. Combined efforts, including local

businesses, worked to pass the 2016 Future Jobs Energy Bill that ensures the Cordova Nuclear Power Plant will remain open for at least 10 years past the legislation.

Change from Challenge to Opportunity:

- Work on a Chicago to Quad City passenger rail line has begun. The State of Illinois has received approval for an extension on a transportation grant; at this time, there is no anticipated completion date for the rail line.

New Challenges:

- The need to expand U.S. Route 61 to four lanes from Muscatine to Burlington has been identified. While sections of 61 south of the Bi-State Region have been expanded to four lanes, continued IDOT funding will be needed to continue work with the ten year timeline.
- Small cell phone tower development with little control from jurisdictions is creating potentially dangerous conditions and damaging existing infrastructure. Although such development can often provide higher speed internet services to customers, the impact on local infrastructure should be monitored.

(Economic Condition and Outlook Source: *Comprehensive Economic Development Strategy for the Bi-State Region –Progress Report 2019 prepared by Bi-State Regional Commission*)

Long term financial planning

Unassigned fund balance in the general fund is up from 2017-18. The District's solvency ratio for 2018-19 is 9.02%, up from 6.14% in 2017-18. With a solvency ratio between 0%-5% a fund balance is considered adequate for short term credit purposes as long as other economic trends such as property tax collections and enrollment are sound. Continued close monitoring of the budget is necessary to prevent operation shortfalls and the deterioration of financial position. In order to meet unforeseen financing requirements it is recommended that the District have a solvency ratio of 5-10%.

The State of Iowa has implemented mid year budget reductions or not provided on time funding over the past ten years. With careful planning and constant budget review, the District has been building reserves since the 2003-04 school year and is now drawing upon those reserves during this period of under funding by the State. The District was able to identify approximately \$5 million in reductions for the 2018-19 school year, 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 steady decrease in enrollment over the next five years. The District's funding is dependent on enrollment. Declining enrollment equates to a decrease in funding. With over 80% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority for review if the projections are accurate and enrollment continues to decline as projected.

The five year budget plan previously presented to the Board of Education continues to be revised and currently outlines budget reductions totaling \$23 million. The broad categories of budget reduction include:

- Increasing class size at all levels
- Repurposing schools; consolidating schools
- Shared leadership teams to manage a sector of schools
- Restructure the employee/employer cost of health insurance premiums
- Convert from block to traditional schedule at the high schools
- Right-size our staff numbers; examine student:teacher ratio
- Review all administrative positions in the district
- Study potential for savings through outsourcing

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 2017 legislature sets the FY2019 state percent of growth. The allowable growth becomes increasingly important because as a District we are dependent on the amount of allowable growth as it often will dictate budget reductions that will take place.

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

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

Major initiatives

The Interim Superintendent made "right-sizing" the district a priority when setting the budget and staffing levels for the 2019-20 school year. The district's new Superintendent began his duties in August 2019 and is evaluating programs to determine which programs achieve their goals and which should be reduced. The Superintendent is working closely with the Department of Education, a mentor, and the School Budget Review Committee to address the district's budget and spending levels.

Davenport Schools Teaching and Learning Plan: The school board and district leadership are calling for a renewed focus on the basics of strong instructional practices and meaningful assessment tools, while providing multi-tiered student supports and high expectations for behavior in our classrooms and schools. A comprehensive Teaching and Learning Plan that supports these ideals will guide our work over the next several years.

Developed in the spring of 2016, the Davenport Community Schools Teaching and Learning Plan serves as a framework for best practices in education and classroom management. The framework includes four elements under which the work of our schools is organized. These four pillars include:

- Instructional Practices
- Multi-Tiered System of Support
- Standards-Based Assessment and Reporting
- The Davenport Way

The category Instructional Practices focuses on teachers' growth and development through research-based best practices and integrated technology resources. The Multi-Tiered System of Support process includes engaging a school's staff in a collective process which will guarantee every student receives time and support to meet their academic and behavior needs. Standards based assessment and reporting allows an educational system to have a clearly articulated K-12 curriculum and to understand the extent to which students are mastering subject matter. The Davenport Way Student Support System supports teachers and student with a specialized support system for struggling learners. This offers a variety of resources, strategies, structure and practices to support student achievement and improve student behavior:

Capital Improvements: The District is continuing to complete projects identified on the Long Range Facilities Plan for the next ten years. The Plan was reviewed, revised and projects were prioritized within the plan based on the district priorities of:

- Safety and security
- Increase conformance to:
 - Educational Specifications
 - Commitment to District of Distinction
 - Making improvements supporting work of teachers, student achievement and graduation
- Right sizing inventory of buildings
- Increasing energy efficiency and environmental sustainability
- Generating general fund savings

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 over \$18 million invested in building enhancements during the 2018-19 school year. The Davenport community voted last year to renew the Physical Equipment and Plant levy for

another ten years and at a rate of \$1.34/\$1,000 assessed value compared to the prior rate of \$.97/\$1,000 assessed value.

Some highlights of this investment in facilities include:

- ❖ District Wide – Roof and parking lot repairs
- ❖ Brady Street Stadium – Renovation of the football field surface and the track
- ❖ West High School – Corridor renovations; LED lighting
- ❖ District Wide – One to One initiative
- ❖ District Wide – Network Upgrades
- ❖ Achievement Service Center – formerly JB Young Intermediate School was renovated for administrative offices and community partners.

Cash Management Policies and Practices

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 recent decreases in interest rates by the Federal Reserve has slightly decreased the District's 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, 2018. 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, 2018. 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

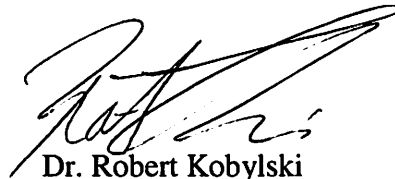
The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation to all District, City and County employees who assisted in the preparation of this report as well as administrative support staff.

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.



Claudia Wood, *SFO*
Chief Financial Officer



Dr. Robert Kobylski
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, 2018

Christopher P. Morrell

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Davenport Community School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



It is the policy of the Davenport Community School District not to discriminate on the basis of race, color, national origin, sex, disability, religion, creed, age (for employment), marital status (for programs), sexual orientation, gender identity and socioeconomic status (for programs) in its educational programs and its employment practices. There is a grievance procedure for processing complaints of discrimination. If you have questions or a grievance related to this policy please contact the district's equity coordinator: Dr. Erica Goldstone, Director of Equity & Diversity, 1702 N. Main, Davenport, Iowa 52803; Phone: 563-445-5000.

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 the Davenport Community School District, as of and for the year ended June 30, 2019, 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 the Davenport Community School District, as of June 30, 2019, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the District's total OPEB liability and related ratios, budgetary comparison information, and schedule of the District's proportionate share of the net pension liability and schedule of District contributions on pages 4-16 and 54-62 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 other supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information, including the introductory and statistical sections and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents 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 supplementary information and schedule of expenditures of federal awards is 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Bohnsack & Frommelt LLP

Moline, Illinois
December 16, 2019



Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Davenport Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with additional information that we have furnished in our transmittal letter and the District's financial statements, which follow:

2018-19 FINANCIAL HIGHLIGHTS

- The General Fund June 30, 2019 fund balance increased \$1,022,973 from the June 30, 2018 fund balance of \$15,924,445 to \$16,947,418.
- The District net position decreased \$9,219,308 from \$174,020,786 to \$164,801,478. The decrease is primarily due to claims in excess of contributions for health and dental care costs of \$6,587,804 and an increase in pension liability and related deferred inflows and outflows of \$3,386,797.
- The District continues to be successful in receiving donations and local, state and federal grants. In 2019, the District received approximately \$42 million in operating grants.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

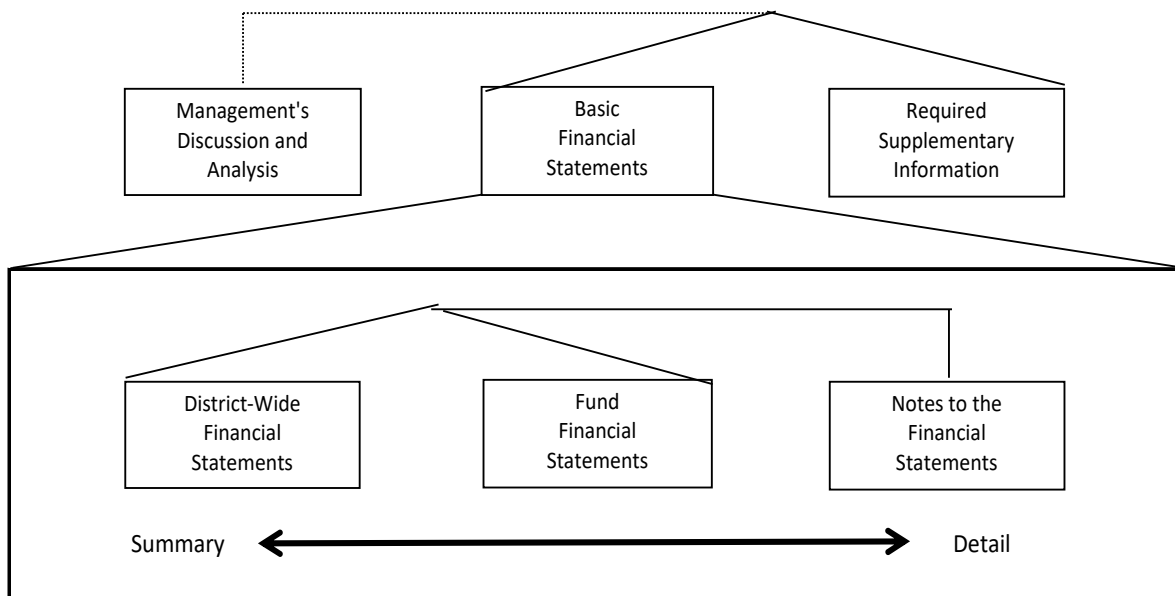
- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Davenport Community School District as a whole and present an overall view of the District's finances.
- The fund financial statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Davenport Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Davenport Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year and information regarding the District's retiree health plan and pension plan.
- Other supplementary information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefitting the District.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Davenport Community School District Annual Financial Report



Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Figure A-2 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.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
Government-Wide Statements		Fund 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: school nutrition and internal service fund	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, reunion moneys and funds for District employee purchases of pop, etc.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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 the 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 during the year or soon thereafter	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

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

The government-wide financial 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 assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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.

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows and liabilities and deferred inflows – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall health, additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-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 school nutrition program is included here.

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **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 fund statements provide a detailed short-term view that helps 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 government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between the two statements. The District's major governmental funds for 2018-19 were the General Fund and the Capital Projects Fund. The nonmajor governmental funds include two Special Revenue Funds (the Management Fund and Student Activities Fund) and the Debt Service Fund. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

- 2) **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 government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund which is a major fund and the nonmajor Out of School Time Fund. The District uses an internal service fund, the other kind of proprietary fund, to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund, which is used to account for the District's self-funded health and dental insurance plans.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

- 3) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. This fund type includes Agency Funds.

Agency Funds: These are funds for which the District faculty accounts for certain revenue collected for District employee purchases of pop, funeral flowers, etc. and related expenditures and for revenues and expenditures of other various club accounts.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds of the District include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position as of June 30, 2019 compared to June 30, 2018.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Change
	2019	2018	2019	2018	2019	2018	2019-18
Current and other assets	\$ 177,950,356	\$ 176,267,866	\$ 2,919,817	\$ 3,130,873	\$ 180,870,173	\$ 179,398,739	0.82%
Capital assets	192,682,781	197,666,028	318,172	364,713	193,000,953	198,030,741	-2.54%
Total assets	370,633,137	373,933,894	3,237,989	3,495,586	373,871,126	377,429,480	-0.94%
Deferred outflows of resources	32,447,119	32,346,092	951,234	941,065	33,398,353	33,287,157	0.33%
Long-term liabilities	124,917,957	125,106,795	3,096,587	3,049,337	128,014,544	128,156,132	-0.11%
Other liabilities	40,877,055	39,821,560	379,395	611,557	41,256,450	40,433,117	2.04%
Total liabilities	165,795,012	164,928,355	3,475,982	3,660,894	169,270,994	168,589,249	0.40%
Deferred inflows of resources	73,056,187	68,044,356	140,820	62,246	73,197,007	68,106,602	7.47%
Net position:							
Net investment in capital assets	182,224,117	185,028,308	318,172	364,713	182,542,289	185,393,021	-1.54%
Restricted	28,370,996	24,509,982	-	-	28,370,996	24,509,982	15.75%
Unrestricted	(46,366,056)	(36,231,015)	254,249	348,798	(46,111,807)	(35,882,217)	28.51%
Total net position	\$ 164,229,057	\$ 173,307,275	\$ 572,421	\$ 713,511	\$ 164,801,478	\$ 174,020,786	-5.30%

The District's net position has decreased from the prior year. The District's combined net position as of June 30, 2019 decreased by \$9,219,308 (5.30%) over the June 30, 2018 combined net position. Net position in the governmental activities decreased by \$9,078,218 (5.24%). The net position of the District's business-type activities decreased by \$141,090 (19.77%).

The most significant factors for the decrease in net position of the District were the District's increase in expenditures for pension and other postemployment benefit liabilities and claims in excess of contributions for the District's self-funded health care and dental costs.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$3,861,014 (15.75%) primarily due to sales services and use tax revenues collected and not yet expended for future capital projects.

Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) decreased by \$10,229,590 primarily due to the pension and health and dental costs described above.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Figure A-4 shows the changes in net position for the year ended June 30, 2019 compared to the year ended June 30, 2018.

Figure A-4 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Change 2019-18
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 4,621,212	\$ 6,139,703	\$ 2,341,508	\$ 2,548,109	\$ 6,962,720	\$ 8,687,812	-19.9%
Operating grants and contributions	41,995,912	38,660,673	7,027,958	6,872,485	49,023,870	45,533,158	7.7%
Capital grants and contributions	103,288	-	-	-	103,288	-	N/A
General revenues:							
Property taxes	65,142,361	64,862,199	-	-	65,142,361	64,862,199	0.4%
Utility tax	3,440,851	3,409,461	-	-	3,440,851	3,409,461	0.9%
Revenue in lieu of tax	2,372,893	2,366,600	-	-	2,372,893	2,366,600	0.3%
State foundation aid	86,440,944	85,738,422	-	-	86,440,944	85,738,422	0.8%
Statewide sales and services tax	15,608,555	14,432,786	-	-	15,608,555	14,432,786	8.1%
Interest and investment earnings	1,801,732	1,003,549	35,921	10,007	1,837,653	1,013,556	81.3%
Total revenues	221,527,748	216,613,393	9,405,387	9,430,601	230,933,135	226,043,994	2.2%
Expenses:							
Instruction	148,386,881	144,719,877	-	-	148,386,881	144,719,877	2.5%
Support services	74,474,185	69,438,267	-	-	74,474,185	69,438,267	7.3%
Noninstructional	567,944	648,153	9,194,449	9,208,184	9,762,393	9,856,337	-1.0%
Other	7,528,984	7,529,483	-	-	7,528,984	7,529,483	0.0%
Total expenses	230,957,994	222,335,780	9,194,449	9,208,184	240,152,443	231,543,964	3.7%
Change in net position before transfers	(9,430,246)	(5,722,387)	210,938	222,417	(9,219,308)	(5,499,970)	67.6%
Transfers	352,028	340,229	(352,028)	(340,229)	-	-	N/A
Increase (decrease) in net position	(9,078,218)	(5,382,158)	(141,090)	(117,812)	(9,219,308)	(5,499,970)	67.6%
Net position, beginning	173,307,275	178,689,433	713,511	831,323	174,020,786	179,520,756	
Net position, ending	<u>\$ 164,229,057</u>	<u>\$ 173,307,275</u>	<u>\$ 572,421</u>	<u>\$ 713,511</u>	<u>\$ 164,801,478</u>	<u>\$ 174,020,786</u>	

In 2018-19, local taxes (property taxes and utility taxes), state foundation aid, statewide sales services and use tax and revenue in lieu of taxes accounted for 78.1% of the revenue from governmental activities while charges for services and grants and contributions accounted for 99.9% of the revenue from business-type activities. The District's expenses primarily relate to instruction and support services, which account for 92.8% of the total expenses.

Total revenue for the District increased by \$4,889,141 (2.2%) in the fiscal year ended June 30, 2019. The most significant revenue category changes were operating grants and contributions and statewide sales and services tax which were offset by a decrease in charges for services.

Total District expenses increased by \$8,608,479 (3.7%), primarily because of increases in expenses for salaries and health care costs.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Figures A-5 and A-6, which follow, show charts reflecting sources of revenue and distribution of expenses for the 2018-19 fiscal year governmental activities.

**Figure A-5 - Sources of Revenues for 2018-2019
Fiscal Year**

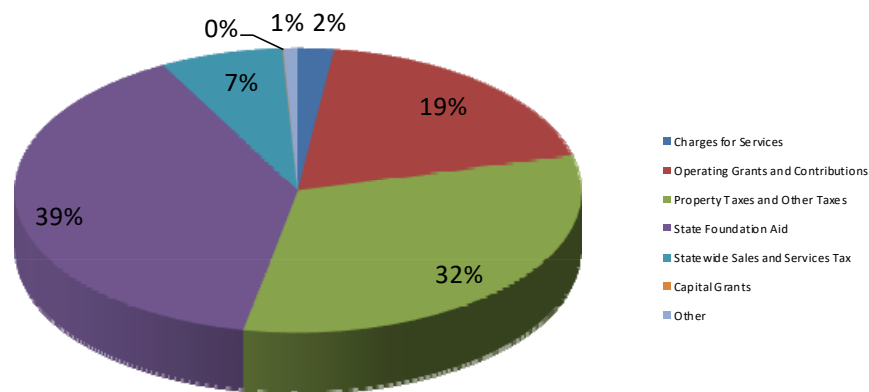
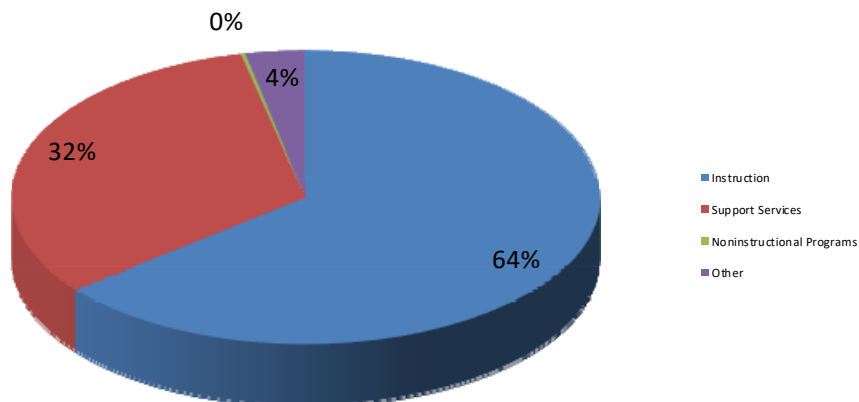


Figure A-6 - Expenses for 2018-2019 Fiscal Year



Governmental Activities

Revenue for the District's governmental activities in 2018-19 increased by \$4,914,355 (2.3%) from the previous year, while total expenses increased by \$8,622,214 (3.8%). Governmental activities net position as of June 30, 2019 decreased by \$9,078,218 (5.2%) over the June 30, 2018 balance.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Figure A-7 presents the total and net cost of the District's four major governmental activities: instruction, support services, noninstructional programs and other expenses, for the year ended June 30, 2019 compared to the year ended June 30, 2018.

Figure A-7 Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
			Percentage			Percentage
	June 30, 2019	June 30, 2018	Change	June 30, 2019	June 30, 2018	Change
Instruction	\$ 148,386,881	\$ 144,719,877	2.53%	\$ 110,190,471	\$ 108,842,680	1.2%
Support services	74,474,185	69,438,267	7.25%	73,333,653	68,068,660	7.7%
Noninstructional	567,944	648,153	-12.38%	495,139	364,545	35.8%
Other	7,528,984	7,529,483	-0.01%	218,319	259,519	-15.9%
Total	\$ 230,957,994	\$ 222,335,780	3.88%	\$ 184,237,582	\$ 177,535,404	3.8%

For the year ended June 30, 2019:

- The cost financed by the users of the District's programs was \$4,621,212.
- Federal and state governments and some local grants subsidized certain programs with grants and contributions totaling \$42,099,200.
- The net cost of governmental activities was financed with \$65,142,361 in property taxes, \$3,440,851 in utility tax, \$2,372,893 in revenue in lieu of tax, \$86,440,944 of unrestricted state grants, \$15,608,555 in statewide sales and services tax revenue, and \$1,801,732 in investment earnings.

For the year ended June 30, 2018:

- The cost financed by the users of the District's programs was \$6,139,703.
- Federal and state governments and some local grants subsidized certain programs with grants and contributions totaling \$38,660,673.
- The net cost of governmental activities was financed with \$64,862,199 in property taxes, \$3,409,461 in utility tax, \$2,366,600 in revenue in lieu of tax, \$85,738,422 of unrestricted state grants, \$14,432,786 in statewide sales and services tax revenue, and \$1,003,549 in investment earnings.

Business-Type Activities

The District's business-type activities include the School Nutrition Fund and the Out of School Time Fund. Revenues of the District's business-type activities in 2018-19 were \$9,405,387; a decrease of \$25,214 (0.3%) from 2017-18. The decrease is primarily due to decreasing the number of catering events. Other revenues of these activities were comprised of federal and state reimbursements and interest.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Expenses were \$9,194,449, a decrease of \$13,735 (0.1%) from 2017-18, primarily due to the cost of food service operations in the current year.

Individual Fund Analysis

As previously noted, the Davenport Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$40,154,662 which reflects an increase of \$4,332,953 from last year's ending fund balances of \$35,821,709. The primary reasons for the increase in combined fund balances at the end of the 2018-19 fiscal year are:

- Increases in local sources revenue and sales, services and use tax.
- The accumulation of proceeds from the Statewide School Infrastructure Sales, Services and Use Tax to be used for future capital projects.
- The District sold a building in 2018-19 and received proceeds from the sale of \$902,500.

Governmental Fund Highlights

- The fund balance in the District's General Fund increased by \$1,022,973 (6.4%) from \$15,924,445 as of June 30, 2018 to \$16,947,418 as of June 30, 2019. The General Fund experienced an increase in charges for services revenue and an increase in interest revenue.
- The fund balance in the Capital Projects Fund increased by \$4,158,622 (42.55%). The statewide sales, service and use tax generated \$1,204,769 more in revenue in 2018-19 than in the previous fiscal year. Local tax generated from the physical plant and equipment levy was \$5,660,687 compared to the prior year \$5,459,383 which represents a \$201,304 (3.7%) increase from 2017-18. Total expenditures were \$16,597,048 in 2018-19 compared to \$16,217,203 in 2017-18. Major projects included the completion of the JB Young Center and secure entrance projects throughout the District. The District sold the former Administrative Center and received proceeds of \$902,500.

Proprietary Fund Highlights

The District's proprietary funds were the major fund, the School Nutrition Fund, and the nonmajor Out of School Time fund as well as the District's Internal Service Fund. Significant changes of these funds are as follows:

- The net position of the School Nutrition Fund decreased by \$148,971 (24.3%) during 2018-19 primarily due to a decrease in revenue of \$337,997 due to more schools being Community Eligibility Provision program participants.
- The net position of the Internal Service Fund decreased by \$6,587,804 (19.24%) during 2018-19. This was due to claims experience for health and dental insurance more than expected. Charges for services revenue also decreased from \$24,259,309 to \$22,371,356.

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Budgetary Highlights

A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

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. Although the budget document presents functional area expenditures for expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year the District amended its operating budget one time to reflect additional expenditures projected. The District modified its original budget in 2018-19 from \$224,072,900 to \$234,009,486.

It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year in total. However, the District over expended the instruction and support services functions. Total revenues were underbudget \$416,309 due to less state sources. Total expenditures were underbudget \$7,115,038 due to less expenditures for capital outlay than anticipated.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2018-19 fiscal year, the District had invested \$193,000,952 (net of accumulated depreciation of \$147,748,397) in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices. (See Figure A-8). This amount represents a net decrease of \$5,029,789 or 2.5% from last year. The most significant additions were for completion of the JB Young Center and secure entrance projects throughout the District. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$11,702,210.

Figure A-8 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2019-18
Land	\$ 4,702,173	\$ 4,702,173	\$ -	\$ -	\$ 4,702,173	\$ 4,702,173	0.0%
Land improvements	2,149,336	2,431,433	-	-	2,149,336	2,431,433	-11.6%
Buildings	68,942,268	72,771,840	-	-	68,942,268	72,771,840	-5.3%
Building improvements	110,266,824	106,915,627	-	-	110,266,824	106,915,627	3.1%
Furniture and equipment	1,805,646	1,823,935	318,172	364,713	2,123,818	2,188,648	-3.0%
Intangibles	260,741	292,997	-	-	260,741	292,997	-11.0%
Construction in progress	4,555,793	8,728,023	-	-	4,555,793	8,728,023	-47.8%
Total	\$ 192,682,781	\$ 197,666,028	\$ 318,172	\$ 364,713	\$ 193,000,953	\$ 198,030,741	-2.5%

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

Long-Term Liabilities

As of June 30, 2019, the District had \$10,458,664 in revenue bonds including the premium outstanding, \$3,951,906 early retirement liabilities, \$757,200 in total compensated absence liabilities, \$10,647,853 in net OPEB liability, and \$102,198,921 in net pension liability for total outstanding long-term obligations of \$128,014,544 as reflected in Figure A-9 below. The District paid \$2,105,000 in revenue bond principal during fiscal year 2019. No new bonded debt was issued. More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

Payments of early retirement benefits are from the District's Management Fund. Payments of compensated absences are primarily from the District's General Fund.

Figure A-9 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2019-18
Revenue bonds	\$ 10,140,000	\$ 12,245,000	\$ -	\$ -	\$ 10,140,000	\$ 12,245,000	-17.2%
Premium on bonds	318,664	392,720	-	-	318,664	392,720	-18.9%
Early retirement	3,951,906	3,507,941	-	-	3,951,906	3,507,941	12.7%
Compensated absences	735,761	690,764	21,439	23,746	757,200	714,510	6.0%
Net pension liability	99,432,561	102,404,364	2,766,360	2,850,396	102,198,921	105,254,760	-2.9%
Net OPEB	10,339,065	5,866,006	308,788	175,195	10,647,853	6,041,201	76.3%
Total	\$ 124,917,957	\$ 125,106,795	\$ 3,096,587	\$ 3,049,337	\$ 128,014,544	\$ 128,156,132	-0.1%

Davenport Community School District

Management's Discussion and Analysis Year Ended June 30, 2019

ECONOMIC 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 supplemental state aid percentage (formerly known as the allowable growth rate) at 2.6% for the 2019-20 fiscal year. The Iowa Legislature has not yet set the supplemental state aid percentage rate for the 2020-21 fiscal year. While the rate increased from the prior year, the district continues to face declining enrollment. State aid is based on the number of students enrolled in the district. As the District's General Fund budget is comprised of approximately 80 percent salary and benefits, wage and salary adjustments arrived at through the District's formal negotiations process will have a significant impact on future budget decisions.
- The District ended fiscal years 2016, 2017, 2018 and 2019 with a negative unspent balance; the district spent more than allowed by the funding formula. The result is that the district is required to appear before the state's School Budget Review Committee and present a corrective action plan identifying budget reductions that will be implemented over the next two years to achieve a positive spending authority balance by the end of fiscal year 2021, and show sustainability of a positive spending authority balance through fiscal year 2024.
- The District's certified enrollment count on October 1, 2019 shows a decline in enrollment of 117 students. That equates to a decrease in state funding of approximately \$800,000.

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 Claudia Wood, Chief Financial Officer, Davenport Community School District, 1702 N. Main Street, Davenport, Iowa 52803



Davenport Community School District

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 101,838,061	\$ 2,654,848	\$ 104,492,909
Receivables:			
Property tax:			
Current year	491,411	-	491,411
Succeeding year	67,710,710	-	67,710,710
Other	1,089,916	-	1,089,916
Due from other governments	6,583,328	211,855	6,795,183
Inventories	225,637	53,114	278,751
Prepaid expenses	11,293	-	11,293
Capital assets:			
Nondepreciable	9,257,966	-	9,257,966
Depreciable, net	183,424,815	318,172	183,742,987
Total assets	370,633,137	3,237,989	373,871,126
Deferred Outflows of Resources			
OPEB related deferred outflows	3,623,100	108,208	3,731,308
Pension related deferred outflows	28,824,019	843,026	29,667,045
Total deferred outflows of resources	32,447,119	951,234	33,398,353
Liabilities			
Accounts payable	8,400,242	89,489	8,489,731
Salaries and benefits payable	27,760,752	204,745	27,965,497
Construction contracts payable	318,061	-	318,061
Claims incurred but not reported	4,398,000	-	4,398,000
Unearned revenue	-	85,161	85,161
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	2,234,056	-	2,234,056
Early retirement	1,173,357	-	1,173,357
Compensated absences	250,000	21,439	271,439
Portion due after one year:			
Revenue bonds	8,224,608	-	8,224,608
Early retirement	2,778,549	-	2,778,549
Compensated absences	485,761	-	485,761
Net OPEB liability	10,339,065	308,788	10,647,853
Net pension liability	99,432,561	2,766,360	102,198,921
Total liabilities	165,795,012	3,475,982	169,270,994
Deferred Inflows of Resources:			
Deferred revenue from succeeding year property tax	67,710,710	-	67,710,710
OPEB related deferred inflows	306,733	9,161	315,894
Pension related deferred inflows	5,038,744	131,659	5,170,403
Total deferred inflows of resources	73,056,187	140,820	73,197,007
Net Position			
Net investment in capital assets	182,224,117	318,172	182,542,289
Restricted for:			
Categorical funding	4,389,040	-	4,389,040
Management levy	6,607,239	-	6,607,239
Physical plant and equipment levy	3,731,984	-	3,731,984
School infrastructure	10,973,237	-	10,973,237
Debt service	1,985,960	-	1,985,960
Student activities	683,536	-	683,536
Unrestricted	(46,366,056)	254,249	(46,111,807)
Total net position	\$ 164,229,057	\$ 572,421	\$ 164,801,478

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses
Governmental Activities	
Instruction	\$ 148,386,881
Support services:	
Student	16,983,505
Instructional staff	5,903,389
General administration	6,794,569
School administration	10,880,137
Business and central administration	8,102,302
Plant operation and maintenance	18,372,074
Student transportation	7,438,209
Other:	
Non-instructional	567,944
Area education agency	7,310,665
Long-term debt interest	218,319
Total governmental activities	<u>230,957,994</u>
Business-Type Activities	
Non-instructional:	
School nutrition	8,467,056
Out of school time	727,393
Total business-type activities	<u>9,194,449</u>
Total school district	<u>\$ 240,152,443</u>
General Revenues:	
Property tax levied for general purposes	
Utility tax	
Revenue in lieu of taxes	
Sales, services and use tax	
Unrestricted state aid and grants	
Interest and investment earnings	
Total general revenues	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position, beginning of year	
Net position, end of year	

See Notes to Basic Financial Statements

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 3,999,670	\$ 34,093,452	\$ 103,288	\$ (110,190,471)	\$ -	\$ (110,190,471)
75	7,899	-	(16,975,531)	-	(16,975,531)
55,879	37,775	-	(5,809,735)	-	(5,809,735)
11,392	9,740	-	(6,773,437)	-	(6,773,437)
151,849	10,908	-	(10,717,380)	-	(10,717,380)
166,766	-	-	(7,935,536)	-	(7,935,536)
233,556	405,000	-	(17,733,518)	-	(17,733,518)
2,025	47,668	-	(7,388,516)	-	(7,388,516)
-	72,805	-	(495,139)	-	(495,139)
-	7,310,665	-	-	-	-
-	-	-	(218,319)	-	(218,319)
4,621,212	41,995,912	103,288	(184,237,582)	-	(184,237,582)
1,610,804	7,027,763	-	-	171,511	171,511
730,704	195	-	-	3,506	3,506
2,341,508	7,027,958	-	-	175,017	175,017
\$ 6,962,720	\$ 49,023,870	\$ 103,288	(184,237,582)	175,017	(184,062,565)
65,142,361	-	-	-	-	65,142,361
3,440,851	-	-	-	-	3,440,851
2,372,893	-	-	-	-	2,372,893
15,608,555	-	-	-	-	15,608,555
86,440,944	-	-	-	-	86,440,944
1,801,732	35,921	-	-	-	1,837,653
174,807,336	35,921	-	-	-	174,843,257
352,028	(352,028)	-	-	-	-
175,159,364	(316,107)	-	-	-	174,843,257
(9,078,218)	(141,090)	-	-	-	(9,219,308)
173,307,275	713,511	-	-	-	174,020,786
\$ 164,229,057	\$ 572,421	\$ -	-	-	\$ 164,801,478

Davenport Community School District

Balance Sheet Governmental Funds June 30, 2019

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and investments	\$ 45,663,409	\$ 14,737,488	\$ 9,319,030	\$ 69,719,927
Receivables:				
Property tax:				
Current year	434,029	41,530	15,852	491,411
Succeeding year	57,728,411	7,587,259	2,395,040	67,710,710
Other	1,029,104	60,000	812	1,089,916
Due from other governments	4,622,435	1,960,893	-	6,583,328
Inventories	225,637	-	-	225,637
Prepaid items	11,293	-	-	11,293
Total assets	\$ 109,714,318	\$ 24,387,170	\$ 11,730,734	\$ 145,832,222
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 6,540,359	\$ 1,746,692	\$ 50,370	\$ 8,337,421
Accrued payroll and payroll taxes	27,712,060	29,937	8,589	27,750,586
Construction contracts payable	-	318,061	-	318,061
Total liabilities	34,252,419	2,094,690	58,959	36,406,068
Deferred Inflows of Resources				
Succeeding year property taxes	57,728,411	7,587,259	2,395,040	67,710,710
Sales, service and use tax	-	721,000	-	721,000
Other grants and donations	756,812	53,712	-	810,524
Federal grants	29,258	-	-	29,258
Total deferred inflows of resources	58,514,481	8,361,971	2,395,040	69,271,492
Fund Balances				
Nonspendable				
Inventories	225,637	-	-	225,637
Prepaid items	11,293	-	-	11,293
Restricted				
Categorical funding	4,389,040	-	-	4,389,040
Debt service	-	-	1,985,960	1,985,960
Management levy purposes	-	-	6,607,239	6,607,239
Student activities	-	-	683,536	683,536
School infrastructure	-	10,252,237	-	10,252,237
Physical plant and equipment	-	3,678,272	-	3,678,272
Unassigned	12,321,448	-	-	12,321,448
Total fund balances	16,947,418	13,930,509	9,276,735	40,154,662
Total liabilities, deferred inflows of resources, and fund balances	\$ 109,714,318	\$ 24,387,170	\$ 11,730,734	\$ 145,832,222

See Notes to Basic Financial Statements.

Davenport Community School District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2019

Total Governmental Fund Balances	\$	40,154,662
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds:

Capital assets	337,791,669	
Accumulated depreciation	<u>(145,108,888)</u>	192,682,781

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:

Sales, services and use tax	721,000	
Other grants and donations	810,524	
Federal grants	<u>29,258</u>	1,560,782

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.

27,647,147

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds:

OPEB related deferred outflows of resources	3,623,100	
OPEB related deferred inflows of resources	(306,733)	
Pension related deferred outflows of resources	28,824,019	
Pension related deferred inflows of resources	<u>(5,038,744)</u>	27,101,642

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:

Bonds payable	(10,140,000)	
Premium on bonds payable	(318,664)	
Compensated absences	(735,761)	
Accumulated termination pay	(3,951,906)	
Net pension liability	(99,432,561)	
Other post employment benefits obligation	<u>(10,339,065)</u>	(124,917,957)

Net Position of Governmental Activities	\$	<u>164,229,057</u>
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See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Property taxes	\$ 57,394,084	\$ 5,660,687	\$ 2,087,590	\$ 65,142,361
Utility taxes	3,040,875	288,803	111,173	3,440,851
Charges for services	1,775,124	-	-	1,775,124
Interest	1,536,996	133,302	131,434	1,801,732
Other	3,489,205	329,624	1,015,036	4,833,865
State sources:				
Sales, services and use tax	-	15,637,555	-	15,637,555
Other state sources	115,878,071	199,474	76,640	116,154,185
Federal sources	11,992,751	-	-	11,992,751
Total revenues	195,107,106	22,249,445	3,421,873	220,778,424
Expenditures:				
Current:				
Instruction	125,841,370	990,247	2,026,537	128,858,154
Support services:				
Student	15,976,240	-	-	15,976,240
Instructional staff	5,587,666	-	5,500	5,593,166
General administration	4,941,508	92,593	1,566,113	6,600,214
School administration	10,227,384	-	408	10,227,792
Business and central administration	4,712,905	1,047,653	-	5,760,558
Plant operation and maintenance	12,615,008	958,966	620,914	14,194,888
Student transportation	6,828,803	545,997	49,943	7,424,743
Non-instructional programs	394,612	122,268	-	516,880
Area Education Agency	7,310,665	-	-	7,310,665
Capital outlay	-	12,839,324	-	12,839,324
Debt service:				
Principal	-	-	2,105,000	2,105,000
Interest	-	-	292,375	292,375
Total expenditures	194,436,161	16,597,048	6,666,790	217,699,999
Excess (deficiency) of revenues over (under) expenditures	670,945	5,652,397	(3,244,917)	3,078,425
Other financing sources (uses):				
Proceeds from sale of capital asset	-	902,500	-	902,500
Transfers in	352,028	-	2,396,275	2,748,303
Transfers out	-	(2,396,275)	-	(2,396,275)
Total other financing sources (uses)	352,028	(1,493,775)	2,396,275	1,254,528
Net change in fund balances	1,022,973	4,158,622	(848,642)	4,332,953
Fund balances, beginning of year	15,924,445	9,771,887	10,125,377	35,821,709
Fund balances, end of year	\$ 16,947,418	\$ 13,930,509	\$ 9,276,735	\$ 40,154,662

See Notes to Basic Financial Statements.

Davenport Community School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	4,332,953
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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 asset additions exceeds depreciation in the period:

Capital outlay	9,502,319	
Depreciation expense	<u>(11,624,565)</u>	(2,122,246)
Proceeds from sale of capital asset		(902,500)
Loss on sale of capital asset		(1,958,501)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in unavailable revenues.

749,324

The decrease in net position of the Internal Service Fund represents an under funding by the governmental funds and is incorporated into the change in net position of governmental activities.

(6,587,804)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. The issuance of debt increases liabilities in the Statement of Net Position, while the repayment of long-term debt reduces long-term liabilities. The following is the detail of the net effect of these differences in the treatment of long-term debt related items:

Repayment of long-term debt	2,105,000	
Amortization of bond premium	<u>74,056</u>	2,179,056

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(44,997)	
Accumulated termination pay	(443,965)	
Pension liability and related deferred inflows and outflows	(3,386,797)	
OPEB and related deferred inflows and outflows	<u>(892,741)</u>	(4,768,500)
Change in Net Position of Governmental Activities		<u><u>\$ (9,078,218)</u></u>

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Net Position

Proprietary Funds

June 30, 2019

	Business-type Activities-Enterprise Funds			Governmental
	School	Nonmajor		Activities
	Nutrition Fund	Out of School	Total	Internal
		Time Fund		Service Fund
Assets				
Current Assets				
Cash and cash equivalents	\$ 2,355,533	\$ 299,315	\$ 2,654,848	\$ 32,118,134
Due from other governmental units	211,855	-	211,855	-
Other receivables	-	-	-	-
Inventories	53,114	-	53,114	-
Total current assets	2,620,502	299,315	2,919,817	32,118,134
Non-current assets, capital assets, net of accumulated depreciation	318,172	-	318,172	-
Total assets	2,938,674	299,315	3,237,989	32,118,134
Deferred Outflows of Resources:				
OPEB related deferred outflows	104,477	3,731	108,208	-
Pension related deferred outflows	815,968	27,058	843,026	-
Total deferred outflows of resources	920,445	30,789	951,234	-
Liabilities				
Current Liabilities				
Accounts payable	24,894	64,595	89,489	62,821
Accrued payroll and payroll taxes	162,767	41,978	204,745	10,166
Health claims and costs	-	-	-	4,398,000
Unearned revenue	85,161	-	85,161	-
Compensated absences	10,115	11,324	21,439	-
Total current liabilities	282,937	117,897	400,834	4,470,987
Noncurrent Liabilities				
Net pension liability	2,676,629	89,731	2,766,360	-
Other post employment benefits obligation	298,140	10,648	308,788	-
Total noncurrent liabilities	2,974,769	100,379	3,075,148	-
Total liabilities	3,257,706	218,276	3,475,982	4,470,987
Deferred Inflows of Resources:				
OPEB related deferred inflows	8,845	316	9,161	-
Pension related deferred inflows	128,635	3,024	131,659	-
Total deferred inflows of resources	137,480	3,340	140,820	-
Net Position				
Net investment in capital assets	318,172	-	318,172	-
Unrestricted	145,761	108,488	254,249	27,647,147
Total net position	\$ 463,933	\$ 108,488	\$ 572,421	\$ 27,647,147

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2019

	Business-type Activities-Enterprise Funds			Governmental Activities Internal Service Fund
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	
Operating Revenue				
Charges for services	\$ 1,610,804	\$ 730,704	\$ 2,341,508	\$ 22,371,356
Operating Expenses				
Salaries and benefits	4,487,981	299,259	4,787,240	545,520
Purchased services	315,469	391,505	706,974	1,823,190
Supplies	3,560,652	26,386	3,587,038	5,750
Other operating costs	2,044	10,243	12,287	-
Depreciation	77,645	-	77,645	-
Health care	-	-	-	26,584,700
Total operating expenses	8,443,791	727,393	9,171,184	28,959,160
Operating income (loss)	(6,832,987)	3,311	(6,829,676)	(6,587,804)
Nonoperating Revenues (Expenses)				
Interest income	31,546	4,375	35,921	-
Intergovernmental	7,026,555	-	7,026,555	-
Other nonoperating revenue	1,208	195	1,403	-
Loss on sale of capital asset	(23,265)	-	(23,265)	-
Total nonoperating revenues (expenses)	7,036,044	4,570	7,040,614	-
Income (loss) before transfers	203,057	7,881	210,938	(6,587,804)
Transfers (out)	(352,028)	-	(352,028)	-
Change in net position	(148,971)	7,881	(141,090)	(6,587,804)
Net Position, beginning of year	612,904	100,607	713,511	34,234,951
Net Position, end of year	<u>\$ 463,933</u>	<u>\$ 108,488</u>	<u>\$ 572,421</u>	<u>\$ 27,647,147</u>

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2019

	<u>Business-type Activities-Enterprise Funds</u>			Governmental
	School	Nonmajor		Activities
	Nutrition Fund	Out of School	Total	Internal
		Time Fund		Service Fund
Cash flows from operating activities				
Cash received from user charges	\$ 1,623,686	\$ 730,704	\$ 2,354,390	\$ 22,574,490
Cash payments to employees for services	(4,607,255)	(289,996)	(4,897,251)	(557,930)
Cash payments for insurance claims	-	-	-	(26,228,700)
Cash payments to suppliers for goods or services	(3,273,207)	(430,384)	(3,703,591)	(1,799,895)
Net cash provided by (used in) operating activities	(6,256,776)	10,324	(6,246,452)	(6,012,035)
Cash flows from noncapital financing activities:				
Grants and contributions received	6,436,296	195	6,436,491	-
Transfers (out)	(352,028)	-	(352,028)	-
Net cash provided by noncapital financing activities	6,084,268	195	6,084,463	-
Cash flows from capital and related financing activities,				
Acquisition of capital assets	(54,369)	-	(54,369)	-
Cash flows from investing activities,				
Interest received	31,546	4,375	35,921	-
Net increase (decrease) in cash and cash equivalents	(195,331)	14,894	(180,437)	(6,012,035)
Cash and cash equivalents beginning of year	2,550,864	284,421	2,835,285	38,130,169
Cash and cash equivalents end of year	<u>\$ 2,355,533</u>	<u>\$ 299,315</u>	<u>\$ 2,654,848</u>	<u>\$ 32,118,134</u>

(Continued)

Davenport Community School District

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2019

	<u>Business-type Activities-Enterprise Funds</u>			Governmental
	Nonmajor			Activities
	School	Out of School		Internal
	Nutrition Fund	Time Fund	Total	Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Operating income (loss)	\$ (6,832,987)	\$ 3,311	\$ (6,829,676)	\$ (6,587,804)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	77,645	-	77,645	-
Commodities used	608,974	-	608,974	-
Changes in asset and liabilities				
Receivables	-	-	-	203,134
Inventories	13,112	-	13,112	-
Unearned revenue	12,882	-	12,882	-
Accounts payable	(17,128)	(2,250)	(19,378)	29,045
Compensated absences	(1,619)	(688)	(2,307)	-
Health claims and costs	-	-	-	356,000
Accrued liabilities	(240,725)	15,059	(225,666)	(12,410)
Net pension liability and deferred outflows of resources and deferred inflows of resources	97,327	(6,028)	91,299	-
Net OPEB liability and deferred outflows of resources and deferred inflows of resources	25,743	920	26,663	-
Net cash provided by (used in) operating activities	\$ (6,256,776)	\$ 10,324	\$ (6,246,452)	\$ (6,012,035)
Schedule of noncash items:				
Noncapital financing activities, federal commodities	\$ 608,974	\$ -	\$ 608,974	\$ -

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

June 30, 2019

	<u>Agency</u>
Assets	
Cash and cash equivalents	\$ 151,008
Total assets	<u>\$ 151,008</u>
Liabilities	
Accounts payable	\$ 11,239
Due to activity groups	139,769
Total liabilities	<u>\$ 151,008</u>

See Notes to Basic Financial Statements.

Davenport Community School District

Notes to Required Supplementary Information

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, four intermediate schools, one K-8 school, 17 elementary schools and various off-campus alternative education programs. Student enrollment (pre-school through high school) for the 2018-2019 school year was approximately 15,490 regular and special education students. The District employs approximately 2,300 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 b) the ability of the District to impose its will on that organization or b) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District; and c) 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.

Davenport Community School District

Notes to Required Supplementary Information

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

Property taxes, sales taxes and service charges are susceptible to accrual. Other taxes collected and being held by the state or other levying authority at year-end on behalf of the District are recognized as revenue. 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 Funds as major fund. This 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.

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.

The **Debt Service Fund** is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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 principle 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.

Davenport Community School District

Notes to Required Supplementary Information

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

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, Debt Service Fund, and Capital Projects Fund adjusted from the modified accrual to the full accrual basis of accounting. Governmental activities also include the activities from the Internal Service Fund. Business-type activities in the government-wide statements are comprised of the enterprise funds. Fiduciary funds are not reported in the government-wide statements because these funds cannot be used to support District activities.

As a general rule, interfund activity has been eliminated from the government-wide statements. However, interfund services provided and used are not eliminated. Elimination of these changes 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.

Davenport Community School District

Notes to Required Supplementary Information

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

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 proprietary funds using the full accrual basis of accounting. Fund financial statements also include a statement for the fiduciary funds. The fund financial statements for both the governmental and the proprietary funds report the major funds individually and the nonmajor funds combined. The Internal Service Fund is shown at the far right of the proprietary fund financial statements.

The modified accrual basis of accounting as employed by the governmental funds and 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 \$7,310,665 pass-through grant from the Area Education Agency in fiscal year 2018-2019 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. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. Investments are stated at fair value except for the investments in money market funds, which are valued at amortized cost under the Investment Company Act of 1940, and nonnegotiable certificates of deposits, which are stated at cost. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The Iowa Schools Joint Investment Trust and the Education Liquidity Fund are “money market funds” that seek to maintain a stable net asset value of \$1.00 per share. The funds qualify 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 the 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.

Davenport Community School District

Notes to Required Supplementary Information

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½ percent per month penalty for delinquent payment; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2018.

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 governments balance:

	General	Capital Projects	School Nutrition
Due From Other Governments:			
Federal and state programs	\$ 4,622,435	\$ -	\$ 211,855
Sales, services and use tax	-	1,960,893	-
	<u>\$ 4,622,435</u>	<u>\$ 1,960,893</u>	<u>\$ 211,855</u>

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. Prepaid items 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 acquisition value at the date of donation.

Davenport Community School District

Notes to Required Supplementary Information

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

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.

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:

Asset Class	Amount
Land	\$ 1
Buildings	25,000
Improvements other than buildings	25,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	300
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	20 - 40 years
Improvements other than buildings	15 - 40 years
Furniture and equipment	5 - 15 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.

Deferred Outflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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 2019, have been accrued as liabilities as of June 30, 2019.

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, 2019.

Davenport Community School District

Notes to Required Supplementary Information

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

Compensated Absences: Noninstructional District employees accumulate vacation hours for subsequent use or for payment upon termination. The compensated absences liability has been computed based on rates of pay in effect as June 30, 2019, 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: Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of grant awards received but not yet expended and meal revenues and fees collected for the programs and services in the next school year.

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.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources: Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and other unrecognized items not yet credited to pension expense and other post-employment benefit expense.

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 is 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 net position is available, the District first applies restricted resources.

Davenport Community School District

Notes to Required Supplementary Information

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

Net position restricted through enabling legislation include \$4,389,040 for categorical funding, \$6,607,239 for management levy, \$3,731,984 for physical plant and equipment, \$10,973,237 for school infrastructure, and \$1,985,960 for debt service. Net position restricted by donations and fundraising are student activities of \$683,536.

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. Intent can be expressed by the Board of Education or by an official or body to which the Board delegates the authority. 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.

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. The District expenditures exceeded the amended budget in the instruction and support services functions.

Davenport Community School District

Notes to Required Supplementary Information

Note 2. Cash and Pooled 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, 2019, the book balance of the District's cash deposits plus petty cash totaled \$50,072,988 including certificates of deposit of \$5,230,831 and the bank balances totaled \$52,144,621.

As of June 30, 2019, the District also had investments in the Education Liquidity Money Market Fund totaling \$44,013,082 and the Iowa Schools Joint Investment Trust Fund totaling \$10,557,847, which are also valued at an amortized cost pursuant to under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals. The investment in the Education Liquidity Money Market Fund is not rated. The investment in the Iowa Schools Joint Investment Trust Fund was rated AAAM by Standard and Poors rating service.

The District has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest Rate Risk: The District's investment policy, which is 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 instructions 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 higher classifications. The District did not hold any commercial paper or other corporate debt at June 30, 2019.

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. The District did not hold any commercial paper or other corporate debt at June 30, 2019.

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.

Davenport Community School District

Notes to Required Supplementary Information

Note 2. Cash and Pooled Investments (Continued)

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

Cash Deposits, Certificates of Deposit and Petty Cash	\$ 50,072,988
The Education Liquidity Fund (TELF)	44,013,082
Iowa Schools Joint Investment Trust (ISJIT)	10,557,847
	<u>\$ 104,643,917</u>
Governmental Funds	\$ 69,719,927
Internal Service Fund	32,118,134
Total governmental activities	<u>101,838,061</u>
Business-type Activities/Enterprise Funds	2,654,848
Agency Fund	151,008
	<u>\$ 104,643,917</u>

Note 3. Interfund Transfers

Interfund transfers as of June 30, 2019 consisted of the following:

Transfer To	Transfer From	Amount
Nonmajor governmental fund,		
Debt Service	Capital Projects Fund	\$ 2,396,275
General Fund	School Nutrition Fund	352,028
Total		<u>\$ 2,748,303</u>

Transfers from the Capital Projects Fund represents transfers to the Debt Service Fund for debt service expenditures and reserves. Transfers from the Nutrition Fund to the General Fund are for indirect costs of the program.

Davenport Community School District

Notes to Required Supplementary Information

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2019 is as follows:

	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	8,728,023	5,408,379	9,580,609	4,555,793
Total capital assets not being depreciated	13,430,196	5,408,379	9,580,609	9,257,966
Capital assets being depreciated:				
Land Improvements	12,708,767	-	-	12,708,767
Buildings	126,153,269	380,975	4,472,643	122,061,601
Building improvements	170,463,738	12,871,270	807,807	182,527,201
Furniture and equipment	9,942,408	422,304	377,251	9,987,461
Intangibles	1,248,673	-	-	1,248,673
Total capital assets being depreciated	320,516,855	13,674,549	5,657,701	328,533,703
Less accumulated depreciation for:				
Land Improvements	10,277,334	282,097	-	10,559,431
Buildings	53,381,429	2,196,342	2,458,438	53,119,333
Buildings improvements	63,548,111	8,712,266	-	72,260,377
Furniture and equipment	8,118,473	401,604	338,262	8,181,815
Intangibles	955,676	32,256	-	987,932
Total accumulated depreciation	136,281,023	11,624,565	2,796,700	145,108,888
Total capital assets being depreciated, net	184,235,832	2,049,984	2,861,001	183,424,815
Governmental activities, capital assets, net	\$ 197,666,028	\$ 7,458,363	\$ 12,441,610	\$ 192,682,781
Business-type activities:				
Furniture and equipment	\$ 2,948,704	\$ 54,369	\$ 45,392	\$ 2,957,681
Less accumulated depreciation	2,583,991	77,645	22,127	2,639,509
Business-type activities capital assets, net	\$ 364,713	\$ (23,276)	\$ 23,265	\$ 318,172

Davenport Community School District

Notes to Required Supplementary Information

Note 4. Capital Assets (Continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction	\$ 11,445,703
Support services:	
Student support services	6,485
General administration	37,659
Business administration	14,008
Plant operation and maintenance	110,466
Central support services	10,244
Total governmental activities depreciation expense	\$ 11,624,565

Business-type activities, food service operations	\$ 77,645
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Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 12,245,000	\$ -	\$ 2,105,000	\$ 10,140,000	\$ 2,160,000
Premium on bonds	392,720	-	74,056	318,664	74,056
Total revenue bonds	12,637,720	-	2,179,056	10,458,664	2,234,056
Other Liabilities:					
Early retirement	3,507,941	1,338,396	894,431	3,951,906	1,173,357
Compensated absences	690,764	278,473	233,476	735,761	250,000
Net pension liability	102,404,364	-	2,971,803	99,432,561	-
OPEB liability	5,866,006	4,473,059	-	10,339,065	-
Total	\$ 125,106,795	\$ 6,089,928	\$ 6,278,766	\$ 124,917,957	\$ 3,657,413
Business-type activities:					
Compensated absences	\$ 23,746	\$ 23,437	\$ 25,744	\$ 21,439	\$ 21,439
Net pension liability	2,850,396	-	84,036	2,766,360	-
OPEB liability	175,195	133,593	-	308,788	-
Total	\$ 3,049,337	\$ 157,030	\$ 109,780	\$ 3,096,587	\$ 21,439

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

Davenport Community School District

Notes to Required Supplementary Information

Note 5. Long-Term Liabilities (Continued)

Annual debt service requirements on all outstanding indebtedness as of June 30, 2019, are as follows:

Year ending June 30:	Governmental Activities School Infrastructure Sales, Services, and Use Tax Revenue Bonds		
	Principal	Interest	Total
2020	\$ 2,160,000	\$ 238,775	\$ 2,396,275
2021	2,210,000	184,875	2,398,775
2022	2,265,000	129,675	2,394,875
2023	2,325,000	73,025	2,394,675
2024	1,180,000	23,600	2,398,025
Totals	\$ 10,140,000	\$ 649,950	\$ 10,789,950

Revenue Bonds -Governmental Activities: Two issues of unmatured revenue bonds, totaling \$10,140,000, are outstanding at June 30, 2019. The total original amount issued was \$19,330,000. The revenue bonds bear interest at rates ranging from 2.00% to 3.00% per annum and mature in varying annual amounts, ranging from \$995,000 to \$1,180,000, with the final maturity due in the year ending June 30, 2024. The bonds were issued for the purpose of financing capital projects. The revenue bonds are secured solely by the District's sales, service and use tax revenue. During the fiscal year ended June 30, 2019, the District had sales, service, and use tax revenue of \$15,637,555 and the amount of principal and interest paid was \$2,397,375. The total remaining principal and interest to be paid on the bonds as of June 30, 2019 was \$10,789,950. The bonds are not general obligations of the District. Annual principal and interest on the bonds are expected to require 15% of the pledged revenue over the life of the bonds.

The resolution providing for the issuance of the revenue bonds included a reserve requirement. The District is required to maintain a reserve fund for debt service in an amount equal to 10% of the amount required to be deposited in the sinking fund for that month until the balance reaches the "reserve fund requirement". The reserve fund requirement is defined as the lesser of a) the maximum annual amount of the principal and interest coming due on the bonds and parity bonds in any year, or b) 10% of the stated principal amount of the bonds and parity bonds, or c) 125% of the average annual principal and interest coming due on the bonds. The District has \$1,985,960 of cash and investments in the Debt Service Fund to comply with this requirement.

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.

Davenport Community School District

Notes to Required Supplementary Information

Note 5. Long-Term Liabilities (Continued)

Provisions for the early retirement incentives offered during the year ended June 30, 2019, are as follows:

An employee is deemed to be eligible for the plan if:

- 1) They are age fifty-five or older by June 30th of the year in which they plan to exercise his/her participation in the offer.
- 2) Have completed at least 10 years of contracted service with the Davenport Schools by June 30th of the year in which they plan to exercise his/her participation in the offer.
- 3) They work at least a minimum of 4 hours per day or have a contract of least .50 FTE.
- 4) Submits an application for participation in the plan to the Board of Directors by February 11, 2019.
- 5) The effective date of retirement must be at, and not before, the conclusion of the contract or assignment of the year in which they plan to exercise his/her participation in the offer and no later than June 30th of that year.
- 6) They have not received an official notice of layoff or termination, including termination pursuant to Iowa Code Section 279.27 or Iowa Code Section 279.15; or
- 7) They are not on an extended unpaid leave of absence.

Unused health leave may be used for credit towards contracted years of service. The conversion shall be ninety (90) days of health leave shall equal one (1) year of service, one-hundred, eighty (180) days of health leave shall equal two (2) years of service, two-hundred, seventy days (270) of health leave shall equal (3) years of service with no maximum conversion limit.

Early retirement benefits are paid evenly over five years. During the year ended June 30, 2019, 65 District employees requested early retirement. During the year ended June 30, 2019, the District paid \$894,431 of early retirement benefits.

Legal Debt Margin: As of June 30, 2019, the District did not hold any outstanding general obligation debt and therefore did not exceed the statutory debt limit.

Davenport Community School District

Notes to Required Supplementary Information

Note 6. Other Postemployment Benefits (OPEB)

Plan description: The District's defined benefit OPEB plan, Davenport Community School District Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single employer defined benefit OPEB plan administered by the District. Under Chapter 509A.13 of the Code of Iowa, "Group Insurance for Public Employees," If a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee's own expense until the employee attains sixty-five years of age. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical and prescription drug benefits for retirees and their dependents. Retiree health care coverage is available to pre-age 65 eligible retirees. All employees are required to contribute the full premium in order to continue coverage at retirement. The full monthly premium rates as of July 1, 2019 for each plan are as shown below:

Rate Tier	Medical	Dental	Vision
Single	\$ 583	\$ 29	\$ 10
Family	1,422	74	32

Employees covered by benefit terms: At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	122
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	2,395
	<u>2,517</u>

Total OPEB Liability

The District's total OPEB liability of \$10,647,853 was measured as of June 30, 2019 and was determined by an actuarial valuation dated October 16, 2019.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00% per annum
Salary increases	2.50% per annum
Discount rate	3.87% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	8.00%
	The trend rate is reduced by 0.50% each year until reaching the ultimate trend rate of 5.00%

The discount rate was based on the Bond Buyer 20-Bond GO index. Mortality rates were based on the RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period 2010– 2018.

Davenport Community School District

Notes to Required Supplementary Information

Note 6. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2018	\$ 6,041,201	\$ -	\$ 6,041,201
Changes for the year:			
Service cost	686,441	-	686,441
Interest	405,085	-	405,085
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(80,650)	-	(80,650)
Changes in assumptions or other inputs	4,044,863	-	4,044,863
Benefit payments	(449,087)	-	(449,087)
Net changes	4,606,652	-	4,606,652
Balance at June 30, 2019	\$ 10,647,853	\$ -	\$ 10,647,853

There were no changes as a result of changes in benefit terms. There were differences between expected and actual experience in demographic gains/losses. There were no changes in assumptions from 2018 to 2019.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability	\$ 11,637,963	\$ 10,647,853	\$ 9,748,322

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	Healthcare Cost Trend Rates		
	1% Decrease 7.00%	8.00%	1% Increase 9.00%
Total OPEB liability	\$ 9,472,721	\$ 10,647,853	\$ 12,051,493

Davenport Community School District

Notes to Required Supplementary Information

Note 6. Other Postemployment Benefits (OPEB) (Continued)

For the year ended June 30, 2019, the District recognized OPEB expense of \$663,284. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 315,894
Changes of assumptions or other inputs	3,731,308	-
Net difference between projected and actual investments	-	-
Total	\$ 3,731,308	\$ 315,894

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ 292,134
2021	292,134
2022	292,134
2023	292,134
2024	292,134
Thereafter	1,954,744
	\$ 3,415,414

Note 7. Pension and Retirement Benefits

Plan Description: IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits: A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary if it is greater than the highest five-year average salary.

Davenport Community School District

Notes to Required Supplementary Information

Note 7. Pension and Retirement Benefits (Continued)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits: A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions: Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, regular members contributed 6.29 percent of covered payroll and the District contributed 9.44 percent of covered payroll for a total rate of 15.73 percent.

The District's contributions to IPERS for the year ended June 30, 2019 were \$11,622,441.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the District reported a liability of \$102,198,921 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2018, the District's proportion was 1.6149647 percent, which was an increase of 0.034863 percent from its proportion measured as of June 30, 2017.

Davenport Community School District

Notes to Required Supplementary Information

Note 7. Pension and Retirement Benefits (Continued)

For the year ended June 30, 2019, the District recognized pension expense of \$15,100,538. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 560,341	\$ 2,309,860
Changes of assumptions	14,579,310	-
Net difference between projected and actual earnings on pension plan investments	-	2,808,098
Changes in proportion and differences between District contributions and proportionate share of contributions	2,904,953	52,445
District contributions subsequent to the measurement date	11,622,441	-
Total	\$ 29,667,045	\$ 5,170,403

\$11,622,441 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	\$ 8,391,696
2021	4,477,492
2022	(287,171)
2023	285,387
2024	6,797
Thereafter	-
Total	\$ 12,874,201

There were no non-employer contributing entities at IPERS.

Davenport Community School District

Notes to Required Supplementary Information

Note 7. Pension and Retirement Benefits (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and .65 percent real wage inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0%	6.48%
Global smart beta equity	3.0%	6.23%
Core plus fixed income	27.0%	1.97%
Public credit	3.5%	3.93%
Public real assets	7.0%	2.91%
Cash	1.0%	-0.25%
Private equity	11.0%	10.81%
Private real assets	7.5%	4.14%
Private credit	3.0%	3.11%
Total	100%	

Davenport Community School District

Notes to Required Supplementary Information

Note 7. Pension and Retirement Benefits (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 173,452,106	\$ 102,198,921	\$ 42,428,090

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan: At June 30, 2019, the District reported payables to IPERS of \$1,046,070 for legally required District contributions and \$697,010 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 8. 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 reductions in 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 \$225,000 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.

Davenport Community School District

Notes to Required Supplementary Information

Note 8. Risk Management (Continued)

Changes in the accrual balance for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Balance, beginning of year	\$ 4,042,000	\$ 3,630,000
Incurred claims and claim adjustments	26,600,039	25,350,754
Payment of claims	26,244,039	24,938,754
Balance, end of year	<u>\$ 4,398,000</u>	<u>\$ 4,042,000</u>

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

Note 9. Restricted Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2019 is comprised of the following programs:

Program:	Amount
Four year old preschool	\$ 555,021
Home school assistance	895,265
Professional development	870,943
Teacher leadership	1,513,892
Textbook aid	228
Success for early readers	142,561
Teacher development academics	33,268
Gifted and talented	377,862
Total	<u><u>\$ 4,389,040</u></u>

Note 10. Commitments and Contingencies

The District has entered into various construction and remodel contracts for projects throughout the District. As of June 30, 2019, these contracts totaled \$11,266,066. Work done and payments of \$7,662,662 have been made leaving the portion of these contracts which has not been completed or paid or accrued as a liability as \$3,603,404.

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 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.

Davenport Community School District

Notes to Required Supplementary Information

Note 11. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2019 under tax abatement agreements of other entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Davenport, Iowa	Urban renewal and economic development projects	\$ 772,329
City of Blue Grass, Iowa	Urban renewal and economic development projects	127,965

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2019, this reimbursement amounted to \$331,898.

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

The District adopted the following statements during the year ended June 30, 2019:

GASB Statement No. 83, *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The implementation of the above statements did not have a material impact to the District's financial statements.

Davenport Community School District

Notes to Required Supplementary Information

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

As of June 30, 2019, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the District beginning with its fiscal year ending June 30, 2021. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*, issued August 2018, will be effective for the District beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

Davenport Community School District

Notes to Required Supplementary Information

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

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the District beginning with its fiscal year ending June 30, 2022. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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



Required Supplementary Information



Davenport Community School District
Required Supplementary Information
Schedule of Changes in the District's Total OPEB
Liability and Related Ratios
Last Two Fiscal Years *

	2019	2018
Total OPEB liability		
Changes for the year:		
Service cost	\$ 686,441	\$ 450,222
Interest	405,085	228,231
Changes of benefit terms	-	-
Differences between expected and actual experience	(80,650)	(271,834)
Changes in assumptions or other inputs	4,044,863	-
Benefit payments	(449,087)	(99,191)
Net changes in total OPEB liability	4,606,652	307,428
Total OPEB liability - beginning	6,041,201	5,733,773
Total OPEB liability - ending	\$ 10,647,853	\$ 6,041,201
Covered employee payroll	\$ 111,104,909	\$ 92,742,280
Total OPEB liability as a percentage of covered employee payroll	9.58%	6.51%

Notes to Schedule:Changes of benefit terms:

There were no changes as a result of changes in benefit terms.

Differences between expected and actual experience:

Differences between expected and actual experience was due to demographic gains/losses.

Changes of assumption:

Changes in assumptions were as follows:

Salary increases	2.50%	0.00%
Discount rate	3.87%	3.72%
Health care cost trend rate	8.00%	6.00%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75

* The schedule is intended to present information for ten years.
Information prior to 2018 is not available.

See Notes to Required Supplementary Information.

Davenport Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Enterprise Funds
Required Supplementary Information
Year Ended June 30, 2019**

	Governmental Funds - Actual	Enterprise Funds - Actual
Revenues:		
Local sources	\$ 76,993,933	\$ 2,378,832
State sources	131,791,740	64,837
Federal sources	11,992,751	6,961,718
Total revenues	220,778,424	9,405,387
Expenditures/expenses:		
Instruction	128,858,154	67,459
Support services	65,777,601	981,476
Noninstructional programs	516,880	8,145,514
Other expenditures	22,547,364	-
Total expenditures/expenses	217,699,999	9,194,449
Excess (deficiency) of revenues over (under) expenditures/expenses	3,078,425	210,938
Other financing sources (uses):		
Proceeds from sale of capital asset	902,500	-
Interfund transfers in	2,748,303	-
Interfund transfers out	(2,396,275)	(352,028)
Total other financing sources (uses)	1,254,528	(352,028)
Net change in fund balances	4,332,953	(141,090)
Balance, beginning of year	35,821,709	713,511
Balance, end of year	\$ 40,154,662	\$ 572,421

See Notes to Required Supplementary Information.

Total Actual		Budgeted Amounts		Final to Actual
		Original	Final	Variance
\$	79,372,765	\$ 78,596,689	\$ 78,596,689	\$ 776,076
	131,856,577	133,212,432	133,212,432	(1,355,855)
	18,954,469	18,790,999	18,790,999	163,470
	230,183,811	230,600,120	230,600,120	(416,309)
	128,925,613	122,563,221	128,707,000	(218,613)
	66,759,077	66,702,296	66,702,296	(56,781)
	8,662,394	9,512,516	9,512,516	850,122
	22,547,364	25,294,867	29,087,674	6,540,310
	226,894,448	224,072,900	234,009,486	7,115,038
	3,289,363	6,527,220	(3,409,366)	6,698,729
	902,500	-	-	902,500
	2,748,303	2,632,292	2,632,292	116,011
	(2,748,303)	(2,632,292)	(2,632,292)	(116,011)
	902,500	-	-	902,500
	4,191,863	6,527,220	(3,409,366)	7,601,229
	36,535,220			
\$	40,727,083			

Davenport Community School District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System

Last Five Fiscal Years

	2019*	2018*
District's proportion of the net pension liability	1.614965%	1.580102%
District's proportionate share of the net pension liability	\$ 102,198,921	\$ 105,254,760
District's covered payroll	\$ 121,449,832	\$ 118,073,180
District's proportionate share of the net pension liability as a percentage of its covered payroll	84.15%	89.14%
Plan fiduciary net pension as a percentage of the total pension liability	83.62%	82.21%

*The amounts presented for each fiscal year were determined as of the prior fiscal-year end.

Note: The schedule is intended to present information for ten years. Information prior to 2015 is not available.

See Notes to Required Supplementary Information.

2017*	2016*	2015*
1.577490%	1.562615%	1.502500%
\$ 99,276,394	\$ 77,200,725	\$ 59,586,686
\$ 113,174,927	\$ 107,021,725	\$ 98,315,409
87.72%	72.14%	60.61%
81.82%	85.19%	87.61%

Davenport Community School District

Required Supplementary Information
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

	2019	2018	2017	2016
Statutorily required contribution	\$ 11,622,441	\$ 10,845,472	\$ 10,543,936	\$ 10,106,521
Contributions in relation to the statutorily required contribution	\$ (11,622,441)	\$ (10,845,472)	\$ (10,543,936)	\$ (10,106,521)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 123,119,093	\$ 121,449,832	\$ 118,073,180	\$ 113,174,927
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%

See Notes to Required Supplementary Information.

2015	2014	2013	2012	2011	2010
\$ 9,557,040	\$ 8,779,566	\$ 8,353,920	\$ 7,874,747	\$ 6,607,604	\$ 6,149,722
\$ (9,557,040)	\$ (8,779,566)	\$ (8,353,920)	\$ (7,874,747)	\$ (6,607,604)	\$ (6,149,722)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 107,021,725	\$ 98,315,409	\$ 96,354,325	\$ 97,580,508	\$ 95,073,439	\$ 92,477,023
8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

Davenport Community School District

Notes to Required Supplementary Information

Note 1. Budgets and Budgetary Information

This 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 or 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 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. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$9,936,586.

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.
5. All annual appropriations lapse at fiscal year-end.

Note 2. Iowa Public Employees' Retirement System Pension Liability

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Davenport Community School District

Notes to Required Supplementary Information

Note 2. Iowa Public Employees' Retirement System Pension Liability (Continued)

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates
- Lowered disability rates
- Adjusted the probability of a vested regular member electing to receive a deferred benefit
- Adjusted the merit component of the salary increase assumption

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%
- Decreased the wage growth assumption from 4.00% to 3.25%
- Decreased the payroll growth assumption from 4.00% to 3.25%

The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.



Other Supplementary Information





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.

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

Davenport Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue			
	Management	Student	Debt	
	Levy	Activity	Service	Total
Assets				
Cash and Investments	\$ 6,610,363	\$ 722,707	\$ 1,985,960	\$ 9,319,030
Receivables:				
Property tax:				
Current year	15,852	-	-	15,852
Succeeding year	2,395,040	-	-	2,395,040
Other	-	812	-	812
Total assets	\$ 9,021,255	\$ 723,519	\$ 1,985,960	\$ 11,730,734
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 18,976	\$ 31,394	\$ -	\$ 50,370
Accrued payroll and payroll taxes	-	8,589	-	8,589
Total liabilities	18,976	39,983	-	58,959
Deferred inflows of resources,				
Unavailable revenue:				
Succeeding year property taxes	2,395,040	-	-	2,395,040
Total deferred inflows of resources	2,395,040	-	-	2,395,040
Fund balances:				
Restricted for				
Debt service	-	-	1,985,960	1,985,960
Management levy purposes	6,607,239	-	-	6,607,239
Student activities	-	683,536	-	683,536
Total fund balances	6,607,239	683,536	1,985,960	9,276,735
Total liabilities, deferred inflows of resources and fund balances	\$ 9,021,255	\$ 723,519	\$ 1,985,960	\$ 11,730,734

Davenport Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2019

	Special Revenue			
	Management	Student	Debt	
	Fund	Activity	Service	Total
Revenues:				
Local sources:				
Property taxes	\$ 2,087,590	\$ -	\$ -	\$ 2,087,590
Utility taxes	111,173	-	-	111,173
Interest	91,705	9,666	30,063	131,434
Other	-	1,015,036	-	1,015,036
State sources, other	76,640	-	-	76,640
Total revenues	2,367,108	1,024,702	30,063	3,421,873
Expenditures:				
Current:				
Instruction	1,099,062	927,475	-	2,026,537
Support service:				
Instructional staff	-	5,500	-	5,500
General administration	1,566,113	-	-	1,566,113
School administration	-	408	-	408
Plant operation and maintenance	618,414	2,500	-	620,914
Student transportation	-	49,943	-	49,943
Debt service:				
Principal	-	-	2,105,000	2,105,000
Interest	-	-	292,375	292,375
Total expenditures	3,283,589	985,826	2,397,375	6,666,790
Excess (deficiency) of revenues over (under) expenditures	(916,481)	38,876	(2,367,312)	(3,244,917)
Other financing sources, transfers in	-	-	2,396,275	2,396,275
Net change in fund balances	(916,481)	38,876	28,963	(848,642)
Fund balances, beginning of year	7,523,720	644,660	1,956,997	10,125,377
Fund balances, end of year	\$ 6,607,239	\$ 683,536	\$ 1,985,960	\$ 9,276,735



Davenport Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts Year Ended June 30, 2019

Group	Beginning June 30, 2018	Revenues	Expenditures	Ending June 30, 2019
Adams Elementary	\$ 4,645	\$ 5,046	\$ 2,570	\$ 7,121
Buffalo Elementary	5,464	408	3,856	2,016
Blue Grass Elementary	2,841	1,902	1,545	3,198
Buchanan Elementary	218	960	1,043	135
Central High School Athletics	1,921	93,542	80,137	15,326
Central High School	196,401	139,516	139,015	196,902
District Wide Athletics	6,200	14,211	11,283	9,128
Eisenhower Elementary	9,730	5,193	3,016	11,907
Fillmore Elementary	7,120	2,260	1,669	7,711
Garfield Elementary	4,268	-	2,200	2,068
Harrison Elementary	764	643	-	1,407
Hayes Elementary	2,827	1,549	25	4,351
Jackson Elementary	926	-	-	926
Jefferson Elementary	8,975	3,671	9,343	3,303
Madison Elementary	621	290	563	348
Mid City High School	3,792	5,725	1,480	8,037
McKinley Elementary	3,359	2,101	2,199	3,261
Monroe Elementary	34	65	195	(96)
North High School Athletics	8,560	80,429	84,322	4,667
North High School	57,626	242,284	238,681	61,229
Smart Intermediate School	12,041	15,179	13,632	13,588
Senior High	795	500	-	1,295
Sudlow Intermediate School	71,470	82,099	70,401	83,168
Truman Elementary	496	-	-	496
Walcott School	37,601	35,896	46,939	26,558
West High School Athletics	15,777	88,737	92,402	12,112
West High School	108,262	149,643	140,362	117,543
Wilson Elementary	3,382	78	-	3,460
Williams Intermediate School	33,513	10,724	12,552	31,685
Wood Intermediate School	21,670	31,894	25,957	27,607
Washington Elementary	7,554	491	439	7,606
Unallocated interest income	5,807	9,666	-	15,473
Total Special Revenue Fund, Student Activity By Account	\$ 644,660	\$ 1,024,702	\$ 985,826	\$ 683,536

Davenport Community School District

Schedule of Combining Balance Sheet
Capital Projects Fund - By Account
June 30, 2019

	Capital Projects Fund Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 10,587,871	\$ 4,149,617	\$ 14,737,488
Receivables:			
Property tax:			
Current year	-	41,530	41,530
Succeeding year	-	7,587,259	7,587,259
Other	-	60,000	60,000
Due from other governments	1,960,893	-	1,960,893
Total assets	\$ 12,548,764	\$ 11,838,406	\$ 24,387,170
Liabilities, Deferred Inflows of Resources, and and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,245,342	\$ 501,350	\$ 1,746,692
Accrued payroll and payroll taxes	29,937	-	29,937
Construction contracts payable	300,248	17,813	318,061
Total liabilities	1,575,527	519,163	2,094,690
Deferred Inflows of Resources:			
Unavailable revenue:			
Succeeding year property tax	-	7,587,259	7,587,259
Other grants and donations	-	53,712	53,712
Statewide sales and services tax	721,000	-	721,000
Total deferred inflows of resources	721,000	7,640,971	8,361,971
Fund Balances:			
Restricted for:			
Physical plant and equipment	-	3,678,272	3,678,272
School infrastructure	10,252,237	-	10,252,237
Total fund balances	10,252,237	3,678,272	13,930,509
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,548,764	\$ 11,838,406	\$ 24,387,170

Davenport Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund - By Account
Year Ended June 30, 2019

	Capital Projects Fund Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Property taxes	\$ -	\$ 5,660,687	\$ 5,660,687
Utility taxes	-	288,803	288,803
Interest	80,127	53,175	133,302
Other	197,067	132,557	329,624
State sources:			
Statewide sales, services, and use tax	15,637,555	-	15,637,555
Other state sources	-	199,474	199,474
Total revenues	15,914,749	6,334,696	22,249,445
Expenditures:			
Current:			
Instruction	455,617	534,630	990,247
Support services:			
General administration	92,593	-	92,593
Business and central administration	332,214	715,439	1,047,653
Plant operation and maintenance	131,472	827,494	958,966
Student transportation	-	545,997	545,997
Non-instructional programs	122,268	-	122,268
Capital outlay	8,217,554	4,621,770	12,839,324
Total expenditures	9,351,718	7,245,330	16,597,048
Excess (deficiency) of revenues over (under) expenditures	6,563,031	(910,634)	5,652,397
Other financing sources (uses):			
Proceeds from sale of capital asset	-	902,500	902,500
Transfers out	(2,396,275)	-	(2,396,275)
Total other financing sources (uses)	(2,396,275)	902,500	(1,493,775)
Net change in fund balance	4,166,756	(8,134)	4,158,622
Fund balance, beginning of year	6,085,481	3,686,406	9,771,887
Fund balance, end of year	\$ 10,252,237	\$ 3,678,272	\$ 13,930,509

Davenport Community School District

Statement of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and investments	\$ 162,022	\$ 210,302	\$ 221,316	\$ 151,008
	<u>\$ 162,022</u>	<u>\$ 210,302</u>	<u>\$ 221,316</u>	<u>\$ 151,008</u>
Liabilities				
Accounts payable	\$ 4,045	\$ 11,239	\$ 4,045	\$ 11,239
Due to activity groups	157,977	199,063	217,271	139,769
Total liabilities	<u>\$ 162,022</u>	<u>\$ 210,302</u>	<u>\$ 221,316</u>	<u>\$ 151,008</u>

Davenport Community School District

Schedule of Changes in Amounts Due to Activity Groups-Agency Fund Year Ended June 30, 2019

Activity Group	Beginning June 30, 2018	Revenues	Expenditures	Ending June 30, 2019
Adams Staff Account	\$ 3,093	\$ -	\$ 140	\$ 2,953
Administration Pop Account	1,838	746	970	1,614
Administration Scholar Account	130	-	-	130
Blue Grass Staff Account	803	4,386	4,175	1,014
Buchanan Pop Account	365	702	824	243
Buchanan Boosters Account	3,214	1,261	3,159	1,316
Buffalo Business Partners	(31)	660	810	(181)
CV Hayes Staff Account	54	-	-	54
CV Hoover Staff Account	217	141	75	283
CV Hoover Parent Account	612	-	558	54
CV West Staff Account	202	237	232	207
CV West PTO Account	647	-	-	647
CV West Staff Social Account	260	526	608	178
Central Staff Account	21,719	40,900	45,975	16,644
Central Band Orchestra Parent Account	65	-	-	65
Central/North Prom	1,077	3,000	4,041	36
Central Vocal Music Parent Account	82	-	41	41
Davenport Learning Staff Account	2,097	446	505	2,038
Districtwide Drop Out Event	948	-	-	948
Districtwide Symphony	(263)	1,050	1,837	(1,050)
Eisenhower Staff Account	(16)	1,370	1,196	158
Fillmore Staff Account	655	2,716	2,381	990
Garfield Staff Account	4,529	1,877	4,471	1,935
Harrison Staff Account	11,704	1,374	1,705	11,373
Havlife Foundation Account	9,570	15,060	19,460	5,170
Hayes Staff Fund	550	1,047	1,129	468
Jackson Staff Fund	416	1,024	986	454
Jefferson Staff Fund	587	1,575	1,905	257
Madison Staff Account	960	983	827	1,116
Metro Fest	-	2,552	552	2,000
Mid City Staff Account	(51)	933	979	(97)
McKinley Staff Fund	34	-	-	34
Monroe Staff Account	5,609	11,485	8,203	8,891
North Staff Account	7,794	34,937	38,276	4,455
River Music Experience/Havlife	606	-	-	606
Smart Staff Account	749	1,113	1,512	350
Sudlow Staff Account	1,207	1,206	1,977	436
Truman Staff Account	624	-	345	279
Walcott Staff Account	514	1,207	557	1,164
Washington Staff Account	197	727	400	524
West Staff Account	43,969	45,318	40,893	48,394
West Shrine Account	331	-	-	331
West Athletics Account	7,697	12,857	13,529	7,025
West Boosters Account	290	-	-	290
West After Prom Account	2,932	-	-	2,932
Williams Staff Account	7,979	3,569	6,566	4,982
Wilson Staff Account	7,895	1,737	4,930	4,702
Wood Staff Account	1,879	341	542	1,678
Youth Fest Account	1,638	-	-	1,638
Total Due to Activity Groups	\$ 157,977	\$ 199,063	\$ 217,271	\$ 139,769



Statistical Section



Davenport Community School District

Statistical Section

Contents

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

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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.	71
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	81
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.	86
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.	91
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	102

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

Davenport Community School District

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

	Fiscal Year			
	2019	2018	2017	2016
Governmental activities:				
Net investment in capital assets	\$ 182,224,117	\$ 185,028,308	\$ 181,820,851	\$ 173,180,292
Restricted	28,370,996	24,509,982	18,655,832	23,926,922
Unrestricted	(46,366,056)	(36,231,015)	(22,116,859)	(12,359,839)
Total governmental activities net position	\$ 164,229,057	\$ 173,307,275	\$ 178,359,824	\$ 184,747,375
Business-type activities				
Net investment in capital assets	\$ 318,172	\$ 364,713	\$ 453,108	\$ 501,466
Unrestricted	254,249	348,798	455,031	310,282
Total business-type activities net position	\$ 572,421	\$ 713,511	\$ 908,139	\$ 811,748
Primary government:				
Net investment in capital assets	\$ 182,542,289	\$ 185,393,021	\$ 182,273,959	\$ 173,681,758
Restricted	28,370,996	24,509,982	18,655,832	23,926,922
Unrestricted	(46,111,807)	(35,882,217)	(21,661,828)	(12,049,557)
Total primary government net position	\$ 164,801,478	\$ 174,020,786	\$ 179,267,963	\$ 185,559,123

NOTE: The District implemented GASB Statement No. 68 in fiscal year 2015.

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 168,031,137	\$ 147,591,718	\$ 145,139,593	\$ 142,713,992	\$ 133,596,413	\$ 122,855,936	
25,490,625	38,106,915	30,754,572	22,439,084	22,083,566	23,789,830	
(13,563,485)	54,329,549	49,317,951	40,495,698	31,528,694	21,634,801	
\$ 179,958,277	\$ 240,028,182	\$ 225,212,116	\$ 205,648,774	\$ 187,208,673	\$ 168,280,567	
\$ 321,414	\$ 413,546	\$ 358,765	\$ 423,492	\$ 510,223	\$ 610,226	
24,659	1,622,191	2,758,445	2,839,445	2,388,782	1,480,466	
\$ 346,073	\$ 2,035,737	\$ 3,117,210	\$ 3,262,937	\$ 2,899,005	\$ 2,090,692	
\$ 168,352,551	\$ 148,005,264	\$ 145,498,358	\$ 143,137,484	\$ 134,106,636	\$ 123,466,162	
25,490,625	38,106,915	30,754,572	22,439,084	22,083,566	23,789,830	
(13,538,826)	55,951,740	52,076,396	43,335,143	33,917,476	23,115,267	
\$ 180,304,350	\$ 242,063,919	\$ 228,329,326	\$ 208,911,711	\$ 190,107,678	\$ 170,371,259	

Davenport Community School District

Expenses, Program Revenues and Net (Expense) Revenue

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2019	2018	2017	2016
Expenses:				
Governmental activities:				
Instruction	\$ 148,386,881	\$ 144,719,877	\$ 139,416,652	\$ 133,042,846
Student Support Services	16,983,505	16,813,962	16,441,860	14,959,706
Instructional Staff Support Services	5,903,389	6,699,410	6,354,866	5,481,304
General Administration	6,794,569	6,419,405	6,288,431	5,639,397
School Administration	10,880,137	11,360,338	10,816,465	11,431,660
Business Administration	8,102,302	5,901,920	6,830,713	6,451,175
Plant Operation and Maintenance	18,372,074	14,944,147	16,490,014	12,958,917
Student Transportation	7,438,209	7,299,085	7,195,748	6,385,037
Community Services	567,944	648,153	692,881	666,296
Area Education Agency	7,310,665	7,269,964	7,046,999	6,885,657
Interest on Long-term Debt	218,319	259,519	300,019	349,258
Total governmental activities expenses	230,957,994	222,335,780	217,874,648	204,251,253
Business-type activities:				
School Nutrition	8,467,056	8,608,677	9,032,980	8,907,468
Out of School Time	727,393	599,507	399,084	434,523
Total business-type activities expenses	9,194,449	9,208,184	9,432,064	9,341,991
Total Primary Government Expenses	240,152,443	231,543,964	227,306,712	213,593,244
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	3,999,670	5,018,786	5,076,599	4,029,551
Support services	621,542	924,404	993,023	892
Other	-	196,513	7,500	-
Operating grants and contributions	41,995,912	38,660,673	36,505,696	36,047,765
Capital grants and contributions	103,288	-	-	-
Total governmental revenues	46,720,412	44,800,376	42,582,818	40,078,208
Business-type activities:				
Charges for services:				
Food Services	1,610,804	1,948,801	1,574,028	1,670,598
Out of School Program	730,704	599,308	546,132	562,938
Operating grants and contributions	7,027,958	6,872,485	7,395,550	7,572,916
Total business-type revenues	9,369,466	9,420,594	9,515,710	9,806,452
Total primary government revenues	56,089,878	54,220,970	52,098,528	49,884,660
Net (expense) revenues:				
Governmental activities	(184,237,582)	(177,535,404)	(175,291,830)	(164,173,045)
Business-type activities	175,017	212,410	83,646	464,461
Total primary government net expense	\$ (184,062,565)	\$ (177,322,994)	\$ (175,208,184)	\$ (163,708,584)

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 132,454,398	\$ 125,736,240	\$ 120,970,114	\$ 122,607,165	\$ 123,435,023	\$ 115,220,844	
7,013,751	6,346,051	5,607,181	1,997,273	3,266,982	3,596,004	
5,517,395	4,898,917	6,550,882	7,038,613	6,142,636	6,100,992	
4,800,446	4,195,386	3,774,487	1,958,785	1,813,010	1,871,580	
9,719,379	9,651,935	9,200,600	11,866,688	9,950,584	9,870,846	
6,179,430	3,447,114	4,693,532	4,135,698	3,822,055	3,692,544	
12,718,459	17,392,671	13,549,183	15,002,820	14,052,852	14,209,020	
6,427,016	5,856,022	5,061,706	5,260,931	5,027,504	4,588,851	
603,339	577,899	534,745	589,778	505,551	440,988	
6,817,320	6,461,319	6,218,691	6,113,725	6,637,326	6,505,439	
159,982	108,104	-	-	-	800	
192,410,915	184,671,658	176,161,121	176,571,476	174,653,523	166,097,908	
8,041,263	8,431,050	8,240,850	8,128,218	7,538,582	7,235,067	
489,227	945,852	978,362	686,491	-	-	
8,530,490	9,376,902	9,219,212	8,814,709	7,538,582	7,235,067	
200,941,405	194,048,560	185,380,333	185,386,185	182,192,105	173,332,975	
n/a	n/a	n/a	n/a	n/a	n/a	
n/a	n/a	n/a	n/a	n/a	n/a	
3,368,675	4,199,627	3,945,860	3,389,471	6,816,358	7,004,271	
40,542,048	33,676,763	33,862,643	35,614,403	40,018,481	38,122,590	
-	74,720	-	150,000	149,825	150,000	
43,910,723	37,951,110	37,808,503	39,153,874	46,984,664	45,276,861	
1,629,652	1,987,983	1,994,136	2,288,652	2,367,038	2,474,381	
635,619	790,137	747,704	821,163	-	-	
6,584,340	6,333,063	6,329,637	6,041,999	5,967,490	5,638,183	
8,849,611	9,111,183	9,071,477	9,151,814	8,334,528	8,112,564	
52,760,334	47,062,293	46,879,980	48,305,688	55,319,192	53,389,425	
(148,500,192)	(146,720,548)	(138,352,618)	(137,417,602)	(127,668,859)	(120,821,047)	
319,121	(265,719)	(147,735)	337,105	795,946	877,497	
\$ (148,181,071)	\$ (146,986,267)	\$ (138,500,353)	\$ (137,080,497)	\$ (126,872,913)	\$ (119,943,550)	

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

	Fiscal Year			
	2019	2018	2017	2016
General revenues and other changes in net position:				
Governmental activities:				
Property Taxes	\$ 65,142,361	\$ 64,862,199	\$ 60,111,185	\$ 60,834,657
Utility Tax	3,440,851	3,409,461	3,385,530	3,545,882
Revenue in lieu of tax	2,372,893	2,366,600	3,012,624	-
Sales, Services, and Use Tax	15,608,555	14,432,786	15,129,201	15,114,132
Unrestricted State Aid and Grants	86,440,944	85,738,422	84,429,673	86,685,533
Interest and Investment earnings	1,801,732	1,003,549	549,199	86,005
Miscellaneous	-	-	2,286,867	2,695,934
Transfers	352,028	340,229	-	-
Total governmental activities	175,159,364	172,153,246	168,904,279	168,962,143
Business-type activities:				
Interest and Investment Earnings	35,921	10,007	12,745	1,066
Other	-	-	-	148
Transfers	(352,028)	(340,229)	-	-
Total business-type activities	(316,107)	(330,222)	12,745	1,214
Total primary government	174,843,257	171,823,024	168,917,024	168,963,357
Change in net position:				
Governmental activities	(9,078,218)	(10,722,416)	(8,631,125)	(6,329,687)
Business-type activities	(141,090)	(155,205)	225,155	84,860
Total primary government	\$ (9,219,308)	\$ (10,877,621)	\$ (8,405,970)	\$ (6,244,827)

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 61,247,158	\$ 65,467,771	\$ 64,942,943	\$ 63,510,538	\$ 61,114,524	\$ 60,062,506
3,648,294	2,617,812	2,717,545	2,731,927	2,594,463	2,713,155
-	-	-	-	-	-
15,170,683	13,877,511	14,110,961	13,613,991	12,832,292	11,711,344
80,262,330	78,431,166	75,791,773	75,498,841	69,280,863	58,634,847
275,646	197,423	165,646	472,846	628,504	533,535
1,392,782	126,308	186,829	33,945	146,319	35,681
-	818,623	-	(4,393)	-	(104,619)
161,996,893	161,536,614	157,915,697	155,857,695	146,596,965	133,586,449
892	1,893	1,758	13,894	12,067	6,781
672	976	250	8,540	300	400
-	(818,623)	-	4,393	-	104,619
1,564	(815,754)	2,008	26,827	12,367	111,800
161,998,457	160,720,860	157,917,705	155,884,522	146,609,332	133,698,249
(2,176,152)	13,036,422	11,195,149	17,505,077	9,179,363	5,917,590
466,025	(496,633)	(263,711)	(120,908)	349,472	907,746
\$ (1,710,127)	\$ 12,539,789	\$ 10,931,438	\$ 17,384,169	\$ 9,528,835	\$ 6,825,336

Davenport Community School District

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

	Fiscal Year			
	2019	2018	2017	2016
General Fund:				
Nonspendable	\$ 236,930	\$ 201,882	\$ 252,083	\$ 241,009
Unassigned	12,321,448	11,859,845	13,388,037	21,599,151
Reserved	-	-	-	-
Restricted	4,389,040	3,862,718	2,884,123	-
Unreserved	-	-	-	-
Total General Fund	16,947,418	15,924,445	16,524,243	21,840,160
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted	23,207,244	19,897,264	17,905,832	23,176,922
Reserved	-	-	-	-
Unreserved, reported in:				
Capital Project Funds	-	-	-	-
Special Revenue Funds	-	-	-	-
Total all other governmental funds	23,207,244	19,897,264	17,905,832	23,176,922
Total governmental funds	\$ 40,154,662	\$ 35,821,709	\$ 34,430,075	\$ 45,017,082

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

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 398,240	\$ 389,639	\$ 254,798	\$ 374,294	\$ 400,233	\$ -
24,299,600	25,274,148	20,920,870	15,338,624	11,010,775	-
-	-	-	-	-	752,109
-	-	-	-	-	-
-	-	-	-	-	9,259,384
24,697,840	25,663,787	21,175,668	15,712,918	11,411,008	10,011,493
-	19,722	-	-	-	-
37,176,145	38,106,914	29,266,974	24,702,394	23,095,794	-
-	-	-	-	-	2,678,604
-	-	-	-	-	12,758,303
-	-	-	-	-	8,352,923
37,176,145	38,126,636	29,266,974	24,702,394	23,095,794	23,789,830
\$ 61,873,985	\$ 63,790,423	\$ 50,442,642	\$ 40,415,312	\$ 34,506,802	\$ 33,801,323

Davenport Community School District

Change in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2019	2018	2017	2016
Revenues				
Property taxes	\$ 65,142,361	\$ 64,862,199	\$ 60,257,683	\$ 60,923,170
Utility tax	3,440,851	3,409,461	3,385,530	3,545,882
Sales, Service and Use Tax, Pledged as				
Security for Revenue Bonds	15,637,555	14,432,786	15,129,201	15,114,132
Intergovernmental	128,146,936	127,356,077	125,811,260	121,863,419
Charges for Services	1,775,124	1,441,259	2,083,336	2,830,493
Interest	1,801,732	1,003,549	549,199	86,004
Contributions and Donations	-	-	-	1,242,293
Other	4,833,865	4,900,778	4,715,715	3,268,660
Total revenues	220,778,424	217,406,109	211,931,924	208,874,053
Expenditures				
Instruction	128,858,154	126,994,153	128,268,765	124,646,639
Student Support Service	15,976,240	15,988,753	16,333,361	15,309,574
Instructional Staff Support Service	5,593,166	6,438,266	6,306,679	5,595,340
General Administration	6,600,214	6,258,687	6,242,962	5,691,800
School Administration	10,227,792	10,813,049	10,737,252	11,724,527
Business Administration	5,760,558	5,577,551	6,631,954	6,495,376
Plant Operations and Maintenance	14,194,888	12,917,440	13,799,245	13,197,622
Student Transportation	7,424,743	7,289,019	7,188,016	6,379,253
Non-instructional	516,880	614,211	611,105	678,112
Area Education Agency	7,310,665	7,269,964	7,046,999	6,885,657
Capital Outlay	12,839,324	13,795,036	19,837,641	26,708,742
Debt Service:				
Principal	2,105,000	2,065,000	2,025,000	1,995,000
Interest	292,375	333,575	374,075	423,314
Total expenditures	217,699,999	216,354,704	225,403,054	225,730,956
Excess of revenues over (under) expenditures	3,078,425	1,051,405	(13,471,130)	(16,856,903)
Other financing sources (uses):				
Transfers in	2,748,303	2,737,804	2,398,075	12,166,411
Transfers out	(2,396,275)	(2,397,575)	(2,398,075)	(12,166,411)
Proceeds from sale of capital asset	902,500			
Issuance of Bonds	-	-	-	-
Premium on Bonds	-	-	-	-
Total other financing sources	1,254,528	340,229	-	-
Net change in fund balances	\$ 4,332,953	\$ 1,391,634	\$ (13,471,130)	\$ (16,856,903)
Debt service as a percentage of noncapital expenditures	1.15%	1.13%	1.16%	1.20%

Fiscal Year						
2015	2014	2013	2012	2011	2010	
\$ 61,224,395	\$ 65,473,551	\$ 65,068,981	\$ 63,342,557	\$ 61,097,510	\$ 59,978,454	
3,648,294	2,617,812	2,717,545	2,731,926	2,594,463	2,713,155	
15,170,683	13,877,511	14,009,961	13,613,991	12,832,292	11,711,344	
117,138,327	110,044,423	107,161,891	107,727,555	107,523,909	95,281,065	
2,117,326	2,920,189	2,996,858	3,389,471	4,330,427	3,957,803	
275,645	197,424	165,646	472,846	628,504	533,535	
1,119,312	688,092	652,378	833,320	681,584	415,120	
5,029,288	2,855,877	2,353,270	1,929,353	2,321,967	2,616,574	
205,723,270	198,674,879	195,126,530	194,041,019	192,010,656	177,207,050	
126,118,386	118,583,277	115,417,601	117,168,124	121,991,035	114,024,980	
7,376,623	6,346,051	6,589,764	3,264,883	4,906,654	5,456,799	
5,715,720	4,898,918	6,541,656	6,988,659	6,142,636	6,077,840	
4,880,510	4,195,386	3,759,798	1,944,096	1,798,321	1,856,891	
10,187,425	9,651,935	9,196,821	11,688,893	9,945,284	9,785,027	
6,312,477	5,317,248	4,591,156	4,053,141	3,740,036	3,582,860	
13,085,788	17,314,484	13,463,488	14,897,537	13,987,436	14,111,490	
6,422,346	5,856,022	5,054,428	5,253,653	5,020,226	4,581,573	
622,734	656,087	530,984	585,125	505,551	419,790	
6,817,320	6,461,319	6,218,691	6,113,725	6,637,326	6,505,439	
28,885,713	19,940,054	9,732,598	16,170,280	16,630,672	8,067,778	
1,000,000	-	-	-	-	6,960,000	
211,601	108,104	-	-	-	171,658	
217,636,643	199,328,885	181,096,985	188,128,116	191,305,177	181,602,125	
(11,913,373)	(654,006)	14,029,545	5,912,903	705,479	(4,395,075)	
2,392,824	1,083,055	3,945	5,399	506,648	7,135,367	
(2,392,824)	(1,083,055)	(3,945)	(9,792)	(506,648)	(7,239,986)	
9,795,000	9,535,000	-	-	-	-	
201,934	464,573	-	-	-	-	
9,996,934	9,999,573	-	(4,393)	-	(104,619)	
\$ (1,916,439)	\$ 9,345,567	\$ 14,029,545	\$ 5,908,510	\$ 705,479	\$ (4,499,694)	
0.64%	0.06%	0.00%	0.00%	0.00%	4.11%	

Davenport Community School District

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

Levy	Collection Year	Real Property		Railroad and Utilities Without Gas and Electric	
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
2017	2018-19	\$ 4,191,217,852	\$ 6,773,210,422	\$ 25,934,927	\$ 25,934,927
2016	2017-18	4,263,479,833	6,449,837,092	25,503,460	25,503,460
2015	2016-17	4,062,405,593	6,215,265,447	25,548,537	26,163,329
2014	2015-16	3,864,324,824	6,061,615,431	26,073,610	26,591,185
2013	2014-15	3,976,159,852	6,157,832,146	29,829,360	29,829,360
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

Source: Iowa Department of Management

Gas and Electric		Total		
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Direct Rate
\$ 197,311,193	\$ 382,987,196	\$ 4,414,463,972	\$ 7,182,132,545	15.45640
208,581,830	386,262,649	4,497,565,123	6,861,603,201	15.90267
200,098,678	369,443,150	4,288,052,808	6,610,871,926	15.37043
204,650,071	352,160,829	4,095,048,505	6,440,367,445	15.67601
203,238,988	299,656,208	4,209,228,200	6,487,317,714	15.83747
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

Davenport Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	District Direct Rates			Overlapping Rates			
	General Purposes	Capital Purposes	Total	Scott County	City of Davenport	Area IX Community College	Other
2019	14.15640	1.30000	15.45640	5.82167	16.78000	1.03000	0.39642
2018	14.60267	1.30000	15.90267	5.82167	16.78000	1.03000	0.39896
2017	14.07043	1.30000	15.37043	5.82228	16.78000	1.00909	0.38948
2016	14.37601	1.30000	15.67601	6.00377	16.78000	0.96863	0.41830
2015	14.53747	1.30000	15.83747	6.13204	16.78000	0.92782	0.44200
2014	15.36333	1.30000	16.66333	6.23534	16.78000	0.92043	0.44342
2013	15.74996	1.30000	17.04996	6.30156	16.78000	0.91511	0.38355
2012	15.75061	1.30000	17.05061	6.03776	15.53000	1.01724	0.32062
2011	15.81276	1.30000	17.11276	6.37607	15.53000	0.92444	0.30838
2010	15.79334	1.30000	17.09334	5.47607	15.58000	0.87714	0.32634

Source: Scott County Auditor's Office

Davenport Community School District

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

Taxpayer	2019			2009		
	Taxable	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
MidAmerican Energy	\$ 141,356,759	1	3.48%			
Rhythm City Casino LLC	61,757,127	2	1.52%			
SDG Macerich North Park Mall LLC	52,869,258	3	1.30%	\$ 68,877,000	2	2.20%
Iowa American Water Company	46,837,680	4	1.15%	52,378,698	3	1.70%
THF Davenport North Development	29,778,702	5	0.73%			
Continental Cement Co (LaFarge Corporation)	21,850,997	6	0.54%	20,182,580	10	0.70%
Putnam Landlord LLC	21,423,355	7	0.53%			
Menard Inc.	20,132,605	8	0.50%			
Iowa 80 Truckstop Inc.	16,030,386	9	0.39%			
City Square LLC	15,522,930	10	0.38%			
Isle of Capri Bettendorf LC				85,283,690	1	2.78%
Aluminum Company of America				40,852,700	4	1.30%
Qwest				28,950,697	5	0.90%
Northern Border Pipeline Company				26,556,030	6	0.90%
Gulf Investments LLC				24,522,800	7	0.80%
Quanex Corporation				22,322,600	8	0.70%
Deere & Company				22,322,600	9	0.70%
Total	\$ 427,559,799		10.52%	\$ 392,249,395		12.68%

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*		
2018-19	\$ 65,577,893	\$ 70,955,342	108.20%	\$ 273,721	108.62%
2017-18	67,979,264	70,659,303	103.94%	368,147	104.48%
2016-17	64,390,064	66,675,347	103.55%	303,982	104.02%
2015-16	64,595,340	67,060,056	103.82%	364,209	104.38%
2014-15	65,070,176	65,017,184	99.92%	278,724	100.35%
2013-14	68,299,475	68,253,944	99.93%	184,856	100.20%
2012-13	68,088,684	67,911,950	99.74%	165,430	99.98%
2011-12	66,488,700	66,147,985	99.49%	191,731	99.78%
2010-11	64,011,988	63,451,778	99.12%	108,783	99.29%
2009-10	63,070,307	62,598,461	99.25%	195,661	99.56%

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

* The County does not provide the delinquent tax collection levy year in order to determine the year the collection pertains to for computing the percentage of levy. Therefore, the District collects approximately 100% of the levy.

Davenport Community School District

**Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Governmental Activities	Percentage of Personal Income	Per Capita
	Revenue Sales Bonds		
2019	\$ 10,458,664	N/A	60.63
2018	12,637,720	N/A	N/A
2017	14,776,776	N/A	N/A
2016	16,875,832	N/A	98.04
2015	18,944,888	0.23%	110.54
2014	9,999,573	0.12%	55.96
2013	-	0.00%	-
2012	-	0.00%	-
2011	-	0.00%	-
2010	-	0.00%	-

Source: District financial records

N/A: Not Available



Davenport Community School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 30,951,186	100.00%	\$ 30,951,186
Eastern Iowa Community College	41,075,000	59.79%	24,558,743
City of Blue Grass	1,172,750	94.63%	1,109,773
City of Buffalo	364,000	100.00%	364,000
City of Davenport	203,950,000	100.00%	203,950,000
City of Walcott	-	100.00%	-
City of Durant	3,000,000	3.61%	108,300
Subtotal, overlapping debt			261,042,002
District direct debt			10,458,664
Total direct and overlapping debt			\$ 271,500,666

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

The outstanding debt amounts are obtained directly from the debt issuing entity.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Davenport Community School District

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2018				
Assessed value				<u><u>\$ 4,591,048,507</u></u>
Debt limit (5% of assessed value)				\$ 229,552,425
Debt applicable to limit				-
Legal debt margin				<u><u>\$ 229,552,425</u></u>
	2019	2018	2017	2016
Debt limit	\$ 229,552,425	\$ 224,878,256	\$ 214,402,640	\$ 204,752,425
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u><u>\$ 229,552,425</u></u>	<u><u>\$ 224,878,256</u></u>	<u><u>\$ 214,402,640</u></u>	<u><u>\$ 204,752,425</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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

2015	2014	2013	2012	2011	2010
\$ 204,251,973	\$ 203,889,771	\$ 199,231,865	\$ 194,594,439	\$ 194,271,258	\$ 186,223,489
-	-	-	-	-	-
\$ 204,251,973	\$ 203,889,771	\$ 199,231,865	\$ 194,594,439	\$ 194,271,258	\$ 186,223,489
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Davenport Community School District

Pledged Revenue Coverage Last Ten Fiscal Years (Unaudited)

Fiscal Year	Sales, Services, and Use Tax Revenue Bonds				
	Revenue	Debt Service		Coverage	
		Principal	Interest		
2019	\$ 15,637,555	\$ 2,105,000	\$ 292,375	6.52	
2018	14,432,786	2,065,000	333,575	6.02	
2017	15,129,201	2,025,000	374,075	6.31	
2016	15,114,132	1,995,000	423,314	6.25	
2015	15,170,683	1,000,000	247,611	12.16	
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	

Source: District financial records.

NOTE: Sales, Services and Use Tax revenue is pledged for the revenue bonds.

Davenport Community High School

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
2019	172,509	N/A	\$ 54,323	38.1	14,932	3.00
2018	N/A	N/A	N/A	N/A	15,234	3.70
2017	N/A	N/A	N/A	N/A	15,234	3.70
2016	172,474	N/A	N/A	38.0	15,490	4.60
2015	172,126	N/A	N/A	35.8	15,299	5.70
2014	169,630	8,164,378	43,690	37.0	15,348	6.00
2013	170,385	8,023,456	47,090	37.0	15,600	5.70
2012	168,827	8,083,282	47,879	37.0	15,546	6.70
2011	167,053	7,896,324	47,268	37.7	15,795	6.60
2010	165,752	7,327,666	44,209	37.7	16,120	6.90
2009	166,650	6,962,274	41,778	35.4	15,089	7.50

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

Davenport Community School District

Principal Employers Current Year and Ten Years Ago (Unaudited)

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Davenport Community School District	2,345	1	2.85%	1,950	2	5.80%
John Deere & Company	2,000	2	2.43%			
John Deere Davenport Works	1,600	3	1.94%	825	8	2.40%
Genesis Medical Center East	1,574	4	1.91%	3,850	1	2.40%
Tri City Engineering & Integration	1,200	5	1.46%			
Rhythm City Casino Resort	1,000	6	1.22%	750	10	1.90%
Tri City Communications	900	7	1.09%			
Kraft Foods (Oscar Mayer) Heinz	800	8	0.97%	1,500	4	0.70%
City of Davenport City Hall Civil	800	9	0.97%	980	5	0.70%
Cobham Mission Equipment	800	10	0.97%			
Isle Casino Hotel Bettendorf				925	6	0.70%
APAC Customer Services In.				900	7	0.70%
Arconic (formerly Alcoa)				1,900	3	
Mid American				780	9	0.70%
	13,019		15.82%	14,360		16.00%

Note: Information for Scott County, IA. Information unavailable for district only.

Source: Bi-State Regional Commission, Iowa Workforce Development (Annual 2017), Infogroup Reference USA Gov, and Individual Employers (Fall 2018)

Davenport Community School District

Demographic and Miscellaneous Statistics

The ABCs about Davenport Community Schools ...

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

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: \$261,661,462 in 2018-19

Collaboration with Community Leaders and Agency Partners:

- ✓ Leading a network of over 20 preschool partners to provide access to high-quality early learning opportunities for all of Davenport's 4 year-olds
- ✓ Davenport Schools Foundation scholarships and Great Minds enrichment activities for all students
- ✓ Afterschool 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

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

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Comprehensive School Improvement Plan: or CSIP, is a detailed plan of actions for accomplishing the district goals. Creating and sustaining a high performance education environment takes both dedication and thoughtful planning. The CSIP is a planning document, featuring both broad-based perspectives on the priorities of our district as well as specific learning goals for our students. These goals provide an important measure of accountability.

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

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

Computers and Technology:

- ✓ We are a 1:1 school district with over 25,000 devices serving our students and staff
- ✓ All elementary classrooms have interactive whiteboards, with many intermediate and high schools utilizing the technology
- ✓ Google Apps for Education workspaces facilitate "anytime, anywhere" learning for students

Curriculum Highlights:

Elementary (K-Grade 5)

- ✓ Preschool opportunities
- ✓ Concept Based Brain Compatible (CBBC)/"Brain Friendly" Classrooms
- ✓ Skills for Life initiative
- ✓ Emphasis on reading proficiency in primary grades
- ✓ Balanced Literacy approach
- ✓ Special, visiting artists programs
- ✓ Vocal music performance opportunities
- ✓ Instrumental music program beginning in 4th grade

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

- ✓ 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 (Grades 6-8)

- ✓ Individual school-based middle school programming
- ✓ Writing across the curriculum
- ✓ Multiple-year sequence in French and Spanish
- ✓ School-to-Work programming
- ✓ Individual student lessons in instrumental music
- ✓ Special education programming
- ✓ Talented and gifted programming
- ✓ State-of-the-art library media centers

High Schools (Grades 9-12)

- ✓ 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.
- ✓ Currently offering 15 advanced placement and 58 dual credit college courses 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

District of Distinction Programs:

- ✓ The Accelerated Associate Degree Program at North High School, where accepted students can earn an Associate Degree during their 4-year high school career; the District offers 58 dual credit college courses at our high schools; in the 2017-18 school year, 53 students received their Associate Degree while still seniors in high school
- ✓ The Student-Built Homes Program, where participating high school students experience hands-on learning as they build a home from start to finish
- ✓ The ProStart program, a high school culinary arts program taught by an Iowa ProStart Teacher of the Year

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

- ✓ Army and Marine Corps Junior Reserve Officer Training Corps (JROTC) Programs—two of only six in the state of Iowa, and the only programs in the Quad Cities
- ✓ Over 250 courses are offered in our high school course guide, including specialized offerings such as international foods, civil engineering, sports medicine, interior design, and invertebrate zoology.
- ✓ The Creative Arts Academy of the Quad Cities offers a rigorous arts-integrated curriculum and intensive, project-based activities that prepare students for exciting career paths in the arts and develop the skills of communication, collaboration, critical thinking, and creativity.
- ✓ The urban farm at Mid City High School: Participating students use a variety of skills to operate an urban farm, from planning the layout of each year's crops, to the "labor of love" of planting and caring for the farm, to turning the harvest into food.
- ✓ The INSPIRE Academy at West High School features career academies that provide real-world learning experiences to prepare students for success in college and career, including a rigorous capstone experience that challenges teams to solve a real-world problem through technology. Students choose from the following five career pathways:
- ✓ Engineering: This pathway is home to the Combustible Lemons – West High's robotics team that was crowned the 2017 FIRST Tech Challenge Champion.
- ✓ Advanced Manufacturing/Engineering Tech: students learn woodworking, welding, construction, engineering, robotics, and Computer Integrated Manufacturing
- ✓ Health Sciences: Students have the opportunity to earn CNA certification (Certified Nursing Assistant), and this pathway soon expands to include Biomedical Technology and Pharmaceutical Sciences
- ✓ Business/Finance: Students have the opportunity to work at the student-run Falcon DuTrac branch
- ✓ Computer Science: Students learn Cyber Security, Java programming, C# and C++ programming, Visual Basic, and Web Design and Development
- ✓ The award-winning Stepping Stones afterschool program serves our elementary schools with high-quality afterschool enrichment programs, as well as top-notch summer programming.
- ✓ Award-winning Children's Villages and progressive early childhood partnerships that provide voluntary preschool programs for all area 4 year olds

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Facilities:

- ✓ 4 High Schools
- ✓ 4 Intermediate Schools
- ✓ 1 K-8 School
- ✓ 17 Elementary Schools
- ✓ The Creative Arts Academy of the Quad Cities
- ✓ Keystone Academy
- ✓ A network of Early Childhood Learning Centers
- ✓ 1 Athletic Stadium
- ✓ 1 Operations Center
- ✓ 1 Achievement Services Center

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
- ✓ An ENERGY STAR partner since 1998 the district has assessed the energy performance of 100 percent of its schools. Undertaken improvements and elevated the average rating across the portfolio by ten percent.

Family Services

- ✓ Graduation Support & At-Risk Services – We offer an array of support services that help students be successful in school and graduate on time
- ✓ Home School Services and Support – A resource that assists homeschooling parents in the education of their children
- ✓ Military Family Support – Information on the ways we serve the military-connected child in pre-Kindergarten through high school
- ✓ Olweus Bullying Prevention Program – Information on the Olweus Bully Prevention Program
- ✓ Parent Portal – A secure web site that parents & guardians can use to track their child's progress in school, including items such as attendance, grades, and fees
- ✓ Student Support and Federal Programs – Information on Title 1 funds that assist schools with improving student achievement, staff development, and parent and community involvement
- ✓ TouchBase – Pay student fees online
- ✓ Translations – Important documents translated into Spanish and Vietnamese
- ✓ Virtual Backpack – Our paperless resource for the student-focused programs and opportunities currently available in our community

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

- ✓ The work of the Davenport School Board is guided by two student-centered priorities: enhancing a positive school climate and reducing the impact of poverty on student achievement.
- ✓ The Board leads a community Poverty Committee that identifies and addresses barriers to learning.

Food Service:

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

- ✓ 63.60% Free or 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 – 22 students

Second grade – 23 students

Third grade – 24 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

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

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
- ✓ 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 – 55.76%

Specialist or Doctorate Degrees – 2.03%

Program & School Top Awards

- ✓ Davenport Community Schools is the only Quad City school district offering Junior ROTC programming, and two of only six programs in the state of Iowa. Our Marines and Army programs routinely take top honors throughout the region.
- ✓ Davenport Community Schools is home to the INSPIRE Academy at West High School, where students can take advantage of many opportunities, including running their own DuTrac Credit Union branch or earning a CNA. Since the 2016 inception of the Health Sciences program, 32 students have earned their CNA certification.
- ✓ Mid City High features a unique class with its Urban Farm program, where students learn science, math, and life skills by planning and laying out their own farm, planting crops and harvesting what they've grown. Students also donate fresh produce to a local food pantry.
- ✓ Nationally recognized preschool programming – the district added three additional school-based four-year-old classrooms; these programs will serve an additional 76 students with high-quality early learning to prepare them for kindergarten.

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

- ✓ 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

- ✓ Every building has a full-time licensed school counselor and implements the American School Counselor Association model. In 2014 a DCS counselor was named Iowa Elementary School Counselor of the Year. Our district is also a signatory with 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

Student Diversity:

- ✓ 55.00% White
- ✓ 19.20% Black or African-American
- ✓ 14.10% Hispanic
- ✓ 9.70% Multi-racial
- ✓ 1.70% Asian
- ✓ 0.30% Native American
- ✓ 0.1% Pacific Islander

Student Enrollment K-12: 14,932

Davenport Community School District

Demographic and Miscellaneous Statistics (Continued)

Teacher Data:

	Beginning Salary	Maximum Salary	Number of Teachers	Average Salary
Bachelors	\$36,860	\$57,901	406	\$44,380
Bachelors + 15 hours	\$38,479	\$59,519	227	\$46,999
Masters	\$41,716	\$70,849	468	\$56,282
Masters + 15 hours	\$43,334	\$72,467	135	\$60,900
Masters + 30 hours	\$44,953	\$74,086	166	\$63,519
Specialists Degree	\$46,571	\$75,704	29	\$64,137

- ✓ Over 1300 teachers (55.76% have a Master's Degree or higher)
- ✓ 25 National Board Certified Teachers on staff
- ✓ A highly structured mentoring program pairs new teachers with an experienced teacher as mentor for two years. At the end of this intensive coaching and portfolio review process, new teachers receive their standard teaching license.
- ✓ All teachers receive ongoing coaching and professional development by a staff of Curriculum & Instruction Specialists and other experts from around the nation
- ✓ Weekly "collaborative time" allows teachers to engage in professional issues and plan for student needs

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

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

Davenport Community School District

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

	2019	2018	2017	2016
Administration:				
District Secretary/Treasurer	1	1	1	1
Superintendent	1	1	1	1
Assistant Superintendents	2	2	2	2
Principals	28	29	28	29
Assistant Principals	16	19	20	21
All Other Administrators	9	5	5	9
Total Administration	57	57	57	63
Instructional:				
Teachers	804	920	924	964
Teachers - Special Programs	418	374	252	221
Teachers Aides	403	406	412	397
Total Instructional	1,625	1,700	1,588	1,582
Student Services:				
Counselors	42	44	42	44
Library Specialist	22	28	26	28
Other Education Professional	166	168	148	148
Nurses	21	23	24	22
Other Technical	12	12	12	17
Total Student Services	263	275	252	259
Support Services:				
Business Manager/Accountant	2	2	2	2
Other Professional	18	18	18	21
Office/Clerical	84	86	104	114
Crafts/Trades	22	24	25	25
Service Workers	112	122	268	251
Total Support Services	238	252	417	413
Total	2,183	2,284	2,314	2,317

Source: District records

2015	2014	2013	2012	2011	2010
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
29	29	29	29	29	29
20	16	13	13	19	19
9	12	13	13	16	16
62	61	59	59	68	68
943	966	903	928	934	923
204	181	175	197	195	206
407	369	337	381	384	410
1,554	1,516	1,415	1,506	1,513	1,539
42	39	38	41	41	40
23	23	23	24	24	24
143	76	49	40	23	41
23	23	17	27	29	26
16	15	25	20	20	18
247	175	152	151	137	149
2	2	2	2	2	2
19	15	18	30	33	33
112	110	104	112	112	111
26	24	26	24	24	24
246	265	261	294	320	311
405	416	410	462	491	481
2,268	2,168	2,036	2,179	2,209	2,237



Davenport Community School District

Operating Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2019	14,932	\$ 194,436,161	\$ 13,021	2.8	1,286	11.61	63.60
2018	15,234	192,891,129	12,662	1.6	1,366	11.15	63.73
2017	15,490	194,079,490	12,529	2.2	1,334	11.61	65.99
2016	15,299	187,592,658	12,262	4.2	1,185	12.91	65.99
2015	15,299	179,967,772	11,763	6.5	1,225	12.49	67.70
2014	15,348	169,481,000	11,043	3.9	1,147	13.38	63.00
2013	15,600	165,821,796	10,630	(0.9)	1,078	14.47	62.00
2012	15,546	166,822,285	10,731	(0.8)	1,125	13.82	61.71
2011	15,795	170,897,456	10,820	8.6	1,129	13.99	61.42
2010	16,120	160,588,239	9,962	3.1	1,129	14.28	60.00

Source: District financial records.

Davenport Community School District

School Building Information

Last Ten Fiscal Years

(Unaudited)

School	2019	2018	2017	2016
Elementary:				
Adams (1950)				
Square feet	82,282	82,282	82,282	82,282
Capacity	702	702	586	690
Enrollment	553	553	504	564
Blue Grass (1957)				
Square feet	66,884	66,884	66,884	66,884
Capacity	578	578	438	552
Enrollment	289	289	290	287
Buchanan (1971)				
Square feet	56,103	56,103	56,103	56,103
Capacity	554	554	531	506
Enrollment	315	315	303	373
Buffalo (2002)				
Square feet	53,980	53,980	53,980	53,980
Capacity	432	432	439	391
Enrollment	242	242	217	230
Eisenhower (1969)				
Square feet	57,811	57,811	57,811	57,811
Capacity	578	578	506	506
Enrollment	451	451	436	436
Fillmore (1955)				
Square feet	65,231	65,231	65,231	65,231
Capacity	522	522	522	552
Enrollment	387	387	440	397
Garfield (1923)				
Square feet	65,211	65,211	65,211	90,458
Capacity	602	602	673	483
Enrollment	390	390	345	394
Harrison (1953)				
Square feet	72,912	72,912	72,912	72,912
Capacity	602	602	479	598
Enrollment	530	530	387	527
Hayes (1923)				
Square feet	77,618	77,618	77,618	77,618
Capacity	578	578	463	506
Enrollment	347	347	325	401
Jackson (1971)				
Square feet	53,632	53,632	55,503	55,503
Capacity	578	578	464	529
Enrollment	339	339	303	332
Jefferson (1939)				
Square feet	64,514	64,514	64,514	64,514
Capacity	702	702	488	552
Enrollment	450	450	403	453
Lincoln (1939)				
Square feet	59,536	59,536	59,536	59,536
Capacity	483	483	483	483
Enrollment	-	-	-	-
Madison (1939)				
Square feet	64,614	64,614	64,614	64,614

2015	2014	2013	2012	2011	2010
82,282	82,282	82,282	82,282	82,282	82,282
690	690	690	690	690	690
577	570	553	552	552	521
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
296	329	353	367	363	391
56,103	56,103	56,103	56,103	56,103	56,103
506	506	506	506	506	506
383	391	359	349	327	357
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
254	251	227	240	258	271
57,811	57,811	57,811	57,811	57,811	57,811
506	506	506	506	506	506
457	462	458	454	446	442
51,980	51,980	51,980	51,980	51,980	51,980
552	552	552	552	552	552
417	416	400	379	351	371
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
409	462	496	495	492	439
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
539	567	592	581	578	580
77,618	77,618	77,618	77,618	77,618	77,618
506	506	506	506	506	506
412	416	380	354	320	305
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
336	378	359	349	370	379
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
482	427	408	387	403	470
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
-	-	-	181	270	259
64,614	64,614	64,614	64,614	64,614	64,614

Davenport Community School District

School Building Information

Last Ten Fiscal Years

(Unaudited)

School	2019	2018	2017	2016
Capacity	578	578	493	506
Enrollment	412	412	419	381
McKinley (1939)				
Square feet	61,063	61,063	61,063	61,063
Capacity	554	554	457	460
Enrollment	369	369	419	376
(Continued)				
Monroe (1938)				
Square feet	72,435	72,435	72,435	72,435
Capacity	598	598	534	598
Enrollment	405	405	376	474
Truman (1977)				
Square feet	61,064	61,064	61,064	61,064
Capacity	391	391	391	391
Enrollment	331	331	369	369
Washington (1939)				
Square feet	48,388	48,388	48,388	48,388
Capacity	384	384	322	322
Enrollment	265	265	265	265
Wilson (1955)				
Square feet	78,401	78,401	78,401	78,401
Capacity	680	680	626	672
Enrollment	476	476	339	513

(Continued)

2015	2014	2013	2012	2011	2010
506	506	506	506	506	506
390	396	428	415	417	408
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
395	403	392	373	361	349
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
480	495	488	455	449	419
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
386	435	380	430	404	405
48,388	48,388	48,388	48,388	48,388	48,388
322	322	322	322	322	322
285	315	357	320	283	284
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
524	544	542	557	561	541

Davenport Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	2019	2018	2017	2016	2015
Intermediates:					
Smart (1917)					
Square feet	134,901	134,901	134,901	134,901	134,901
Capacity	809	809	914	978	978
Enrollment	629	629	554	518	493
Sudlow (1917)					
Square feet	136,524	136,524	134,524	134,524	134,524
Capacity	916	916	1,050	978	978
Enrollment	837	837	825	734	707
Walcott (K-8) (1956)					
Square feet	107,250	107,250	107,250	107,250	107,250
Capacity	722	722	713	722	722
Enrollment	577	577	541	392	586
Williams (1954)					
Square feet	145,224	145,224	145,224	145,224	145,224
Capacity	959	959	1,033	977	977
Enrollment	750	750	709	688	718
Wood (1984)					
Square feet	117,743	117,743	117,743	117,743	105,815
Capacity	893	893	914	977	977
Enrollment	707	707	554	734	699
Young (1917)					
Square feet	108,018	108,018	108,018	108,018	108,018
Capacity	1,050	1,050	1,050	829	829
Enrollment	n/a	n/a	825	327	406
High:					
Central (1904)					
Square feet	394,344	394,344	394,344	331,935	331,935
Capacity	1,689	1,689	1,841	1,933	1,933
Enrollment	1,395	1,395	1,245	1,282	1,364
Mid City (2015)					
Square feet	53,940	53,940	53,940	50,291	37,355
Capacity	293	293	318	355	355
Enrollment	251	251	250	265	196
North (1972)					
Square feet	390,763	390,763	390,763	390,763	390,763
Capacity	1,494	1,494	1,494	1,551	1,551
Enrollment	1,180	1,180	1,193	1,152	1,075
West (includes train, rm, & Vest) (1960)					
Square feet	453,811	453,811	453,811	453,811	453,811
Capacity	2,029	2,029	2,129	2,592	2,592
Enrollment	1,706	1,706	1,647	1,916	1,818
Other:					
Child Village at Hoover (1956)					
Square feet	20,002	20,002	20,002	20,002	20,002
Capacity	138	138	138	138	138
Enrollment	123	123	121	187	161
Child Village at West (2004)					
Square feet	35,400	35,400	35,400	35,400	35,400
Capacity	286	286	286	286	286
Enrollment	230	230	241	384	312
Davenport Learning Center (Kimberly Center)					
Square feet	79,884	79,884	79,884	79,884	79,884
Capacity	*	*	*	*	*
Enrollment	*	*	*	*	*

Source: District Records

* Davenport Learning Center houses several alternative programs and the district bakery. Capacity is not available. Students attending programs at Davenport Learning Center are counted in enrollment at their home school.

2014	2013	2012	2011	2010
134,901	134,901	134,901	134,901	134,901
978	978	978	978	978
544	518	532	521	522
134,524	134,524	134,524	134,524	134,524
978	978	978	978	978
677	676	748	707	677
107,250	107,250	107,250	107,250	107,250
722	722	722	722	722
621	600	598	621	616
145,224	145,224	145,224	133,794	133,794
977	977	977	977	977
748	756	770	739	725
105,815	105,815	105,815	105,815	105,815
977	977	977	977	977
737	712	700	701	694
108,018	108,018	108,018	108,018	108,018
829	829	829	829	829
441	305	271	320	311
331,935	331,935	331,935	331,935	331,935
1,933	1,933	1,933	1,933	1,933
1,362	1,419	1,415	1,412	1,406
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
390,763	390,763	390,763	390,763	390,763
1,551	1,551	1,551	1,551	1,551
1,001	902	986	966	1,002
453,811	453,811	453,811	453,811	453,811
2,592	2,592	2,592	2,592	2,592
1,911	1,873	1,921	1,871	1,893
20,002	20,002	20,002	20,002	20,002
138	138	138	138	138
200	128	128	128	129
35,400	35,400	35,400	35,400	35,400
286	286	286	286	286
248	262	262	261	254
79,884	79,884	79,884	79,884	79,884
*	*	*	*	*
235	214	179	288	288



Compliance Section



Davenport Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture:				
Pass-Through Iowa Department of Education:				
Child Nutrition Cluster Programs:				
School Breakfast Program	10.553	FY19 4552	\$ -	\$ 1,181,443
National School Lunch Program	10.555	FY19 4553	-	4,900,820
Commodities -DOD (Noncash)	10.555	FY19 4951	-	146,966
Commodities (Noncash)	10.555	FY19 4951	-	462,008
			-	5,509,794
Summer Food Service Program for Children	10.559	FY19 4951	-	36,686
Child Nutrition Cluster Program Total			-	6,727,923
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY19 4671	-	74,635
Team Nutrition Training	10.574	FY19 4558	-	137
Child Nutrition Discretionary Grants Limited Availability	10.579	FY19 4011	-	18,570
Fresh Fruit and Vegetable Program	10.582	FY19 4557	-	141,107
Total U.S. Department of Agriculture			-	6,962,372
U.S. Department of Defense,				
Pass-Through Scott County, Iowa, Flood Control Projects	12.112	FY19 4812	-	28,012
U.S. Department of Education:				
Pass-Through Iowa Department of Education:				
Title I Grants to Local Educational Agencies	84.010	FY19 4501	-	4,999,415
Title I Grants to Local Educational Agencies	84.010	FY19 4506	-	21,626
Title I Grants to Local Educational Agencies	84.010	FY19 4508	-	753,115
			-	5,774,156
Special Education Cluster, Special Education-Grants to States IDEA, Part B	84.027	FY19 4525	-	263,609 (1)
Career and Technical Education-Basic Grants to States	84.048	FY19 4531	-	258,110
School Safety National Activities	84.184	FY19 4647	-	102,179

(Continued)

Davenport Community School District

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Pass-Through Iowa Department of Education (continued):				
Twenty-First Century Community Learning Centers	84.287	FY19 4646	-	100,853
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	FY19 4674	-	198,516
Supporting Effective Instruction State Grants	84.367	FY19 4643	-	688,279
Student Support & Academic Enrichment Grants-ESSA Title IV	84.424	FY19 4669	-	363,410
Pass-Through Mississippi Bend Area Education Agency:				
Special Education Cluster, Special Education - Grants to States IDEA, Part B	84.027	FY19 4521	-	834,187 (1)
English Language Acquisition State Grants	84.365	FY19 4644	-	29,446
Total U.S. Department of Education			-	8,612,745
U.S. Department of Health and Human Services:				
Pass-Through Iowa Department of Education:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	FY19 4673	-	423,029 (2)
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY19 4577	-	618
Pass-Through Iowa Department of Health and Human Services:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	FY19 4351	-	30,260 (2)
Child Care and Development Fund Cluster, Child Care and Development Block Grant	93.575	FY19 4616	-	72,805
Total U.S. Department of Health and Human Services			-	526,712
Total Expenditures of Federal Awards			\$ -	\$ 16,129,841

(1) Total CFDA 84.027 \$1,097,796

(2) Total CFDA 93.243 \$453,289

See notes to schedule of expenditures of federal awards.

Davenport Community School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of Davenport Community School District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Davenport Community School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Davenport Community School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual or accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal awards is recognized when it is both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Indirect Cost Rate

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Davenport Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019**

	Findings	Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
Findings Related to the Financial Statements:			
Instance of Noncompliance:			
2018-001	The District exceeded the authorized spending authority of the General Fund.	Not Corrected	The District has not fully implemented a financial plan. See response and corrective action plan at 2019-001.
Material Weaknesses:			
2018-002	The District has insufficient reconciling and financial reporting processes.	Partially Corrected.	The District had adjustments for government-wide funds. See response and corrective action plan at 2019-002.
2018-003 2017-001 2016-C	The District has insufficient reconciling and monitoring activities over cash accounts.	Corrected	
2018-004 2017-002 2016-A 2016-B	The District has insufficient reconciling activities over accounts receivable and revenue.	Corrected	
2018-005 2017-003 2016-A 2016-B	The District has insufficient processes to identify and record capital assets and the related retainages payable.	Partially Corrected	The District continues to implement processes for government-wide entries. See response and corrective action plan at 2019-002.
2018-006 2017-004 2016-A 2016-B	The District has insufficient processes to identify and record accounts payable and accrued liabilities.	Partially Corrected	The District continues to implement processes for government-wide entries. See response and corrective action plan at 2019-002.
Other Findings Related to Statutory Reporting:			
IV-A-18 IV-A-17 2016-IA-A	The District over expended the state required unspent authorized budget.	Not Corrected	The District continues to work with the state on a resolution. See response and corrective action plan at IV-A-19.
IV-G-18 IV-G-17 2016-IA-G	Variances in certified enrollment submitted to the state.	Not Corrected	Student data is not timely updated in the database. See response and corrective action plan at IV-G-19.
IV-H-18	There were variances in the October 2017 supplementary weighting.	Corrected	



**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the 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 Davenport Community School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of Davenport Community School District's internal control.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-002, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

We noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

District's Response to the Findings

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

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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Bohnsack & Frommelt LLP". The signature is written in a cursive, flowing style.

Moline, Illinois
December 16, 2019



**Independent Auditor's Report on Compliance For Each
Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

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 (the District) compliance with the types of compliance requirements described in the *OMB 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Bohnsack & Frommelt LLP

Moline, Illinois
December 16, 2019

Davenport Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency identified?
- Noncompliance material to financial statements noted?

☐ Yes ☒ No
☒ Yes ☐ None Reported
☒ Yes ☐ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency identified?

☐ Yes ☒ No
☐ Yes ☒ 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 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title 1 Grants to Local Educational Agencies
84.367	Supporting Effective Instruction State Grants
84.424	Student Support and Academic Enrichment Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

(Continued)

Davenport Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

2019-001

Finding: The District exceeded the authorized spending authority of the General Fund.

Criteria: Chapter 257.7 of the Code of Iowa

Condition: General Fund total expenditures exceeded the authorized spending authority budget.

Context: The District's unspent authorized budget for fiscal year 2019 was exceeded by approximately \$15 million. The estimate is based on the 2019 Certified Annual Report submitted by the District to the state.

Effect: The District is not in compliance with allowable spending limits of the state of Iowa.

Cause: The District has not made sufficient reductions in expenditures. The District and management are aware of the noncompliance.

Recommendation: We recommend the District continue to work with the state to resolve the compliance finding.

Response and Corrective Action Plan: The District has compiled with a two-year reduction plan as well as a five-year sustainability plan that will bring the unspent authorized spending authority budget to the positive.

Davenport Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Internal control deficiencies:

Significant Deficiency:

2019-002

Finding: The District has insufficient reconciling and financial reporting processes particularly for capital assets and long-term liability obligations.

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 (GAAP).

Condition: The District's Certified Annual Report for the fiscal year ended June 30th is submitted to the state in September each year. While the District implemented processes to reconcile and identify year-end adjustments, there were adjustments to the June 30, 2019 trial balances for the government-wide funds pertaining to capital assets and long-term liabilities subsequent to the Certified Annual Report submitted.

Context: The District posted entries subsequent to the submission of the Certified Annual Report for capital assets, compensated absences, early retirement obligations and other post-employment obligations. Expenditures reported in the Certified Annual Report are approximately \$250,000 more than reported in the District's Comprehensive Annual Financial Report.

Effect: The data used by the state for monitoring purposes is inaccurate for the government-wide funds.

Cause: The District did not timely reconcile GAAP entries prior to the certification of the Certified Annual Report for capital assets and for long-term liabilities for early retirement obligations and OPEB obligations.

Recommendation: The District implemented processes in the current fiscal year to identify and record material GAAP adjustments in the funds prior to submission of the Certified Annual Report. We recommend the District continue to work towards identifying and posting year-end adjustments to capital assets and long-term obligations prior to the Certified Annual Report submission. As year-end workpapers are prepared for the audit, we recommend the District record the entries to the trial balance. Prior to the audit, we recommend all workpapers prepared are reviewed and traced to the ending trial balance by the Accounting Specialist to ensure the entries were properly posted and agree to the workpapers.

Response and Corrective Action Plan: The District is now fully staffed in the Finance Department and will utilize its resources to have the Certified Annual Report more closely agree to the final trial balance.

Part III: Findings and Questioned Costs for Federal Awards

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

Davenport Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Part IV: Other Findings Related to Statutory Reporting

IV-A-19

Certified Budget

Finding 1: Refer to the finding 2019-001 regarding compliance with the authorized spending authority.

Finding 2: As of June 30, 2019, the District exceeded their certified amended budget in the instruction and support services functional areas.

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

Response and Corrective Plan Action: The District will amend future budgets in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

IV-B-19

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

IV-C-19

Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-19

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

IV-E-19

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 insure that the coverage is adequate for current operations.

IV-F-19

Board Minutes

Finding: The board meeting minutes for the month of January 2019 were not published within two weeks as required by Iowa Code Chapter 279.35.

Recommendation: We recommend the District publish board meeting minutes within two weeks of the meeting as required.

Response and Corrective Action Plan: The District will publish board meeting minutes within two weeks to comply with state code.

Conclusion: Response accepted.

Davenport Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

IV-G-19

Certified Enrollment –

Finding: There were variances to the October 2018 certified enrollment submitted to the Iowa Department of Education.

Recommendation: We recommend the District review and verify enrollment data before the October 1st process.

Response and Corrective Action Plan: The District will review enrollment data prior to submission to ensure accuracy of the information certified to the Iowa Department of Education.

Conclusion: Response accepted.

IV-H-19

Supplementary Weighting – No variances in the supplementary weighting data certified to the Iowa Department of Education were noted.

IV-I-19

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

IV-J-19

Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

IV-K-19

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

Davenport Community School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

IV-L-19

Statewide Sales and Services Tax – No instances of noncompliance with the use of the statewide sales and services 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 statewide sales and services tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2019, the District reported the following information regarding the statewide sales and services tax revenue in the District's Statewide Sales, Services and Use Tax account of the Capital Projects Fund:

Beginning balance	\$ 6,085,481
Revenue / transfers in:	
Statewide sales and services tax revenue	15,637,555
Interest and other	277,194
Transfers in	-
Expenditures/transfers out:	
Transfers out	(2,396,275)
School infrastructure:	
Buildings	(9,351,718)
Ending balance	<u>\$ 10,252,237</u>

For the year ended June 30, 2019, the District reduced the debt service tax levy by \$3.27 per \$1,000 of taxable valuation as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 3.41	\$ 15,637,555

Davenport Community School District

Corrective Action Plan

Year Ended June 30, 2019

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to the Financial Statements:				
Instances of Noncompliance:				
2019-001	The District exceeded the authorized spending authority of the General Fund.	See response and corrective action plan at 2019-001.	Fiscal Year 2020	Board of Education
Significant Deficiency:				
2019-002	The District has insufficient reconciling and financial reporting processes for capital assets and long-term obligations.	See response and corrective action plan at 2019-002.	Fiscal Year 2020	Claudia Wood
Other Findings Related to Statutory Reporting:				
IV-A-19	Finding 1: The District over expended the state required authorized spending authority.	See response and corrective action plan at 2019-001.	Fiscal Year 2020	Board of Education
IV-A-19	Finding 2: The District exceeded the authorized budget in the instruction and support services functions.	See response and corrective action plan at IV-A-19.	Fiscal Year 2020	Claudia Wood
IV-F-19	The District did not publish the January 2019 board minutes within two weeks.	See response and corrective action plan at IV-F-19.	Fiscal Year 2020	Board of Education
IV-G-19	There were variances in the October 2018 certified enrollment.	See response and corrective action plan at IV-G-19.	Fiscal Year 2020	Dawn Anderson-Rascher