

# DAVENPORT COMMUNITY SCHOOLS



## Comprehensive Annual Financial Report

*For the year ended June 30, 2018*

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, 2018**

Official Issuing Report

Claudia Wood, Chief Financial Officer

Office Issuing Report

Achievement Services Center



# **Introductory Section**

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

## Table of Contents

### INTRODUCTORY SECTION (Unaudited)

2017-2018 organizational chart	i
Priorities and mission statement	ii
Board of education and school district officials	lii
Letter of transmittal	iv – xv
GFOA certificate of achievement	xvi
ASBO certificate of achievement	xvii
Diversity statement	xviii

### FINANCIAL SECTION

Independent auditor's report	1 – 3
Management's discussion and analysis	4 – 16
Basic financial statements:	
District-wide financial statements:	
Statement of net position	17
Statement of activities	18 – 19
Governmental fund financial statements:	
Balance sheet	20
Reconciliation of the balance sheet – governmental funds to the statement of net position	21
Statement of revenues, expenditures and changes in fund balances	22
Reconciliation of the statement of revenues, expenditures and changes in fund balances – governmental funds to the statement of activities	23
Proprietary fund financial statements:	
Statement of net position	24
Statement of revenues, expenses and changes in net position	25
Statement of cash flows	26 – 27
Fiduciary fund financial statements:	
Statement of fiduciary assets and liabilities	28
Notes to basic financial statements	29 – 54
Required supplementary information:	
Schedule of changes in the district's total OPEB liability and related ratios	55
Budgetary comparison schedule of revenues, expenditures/expenses and changes in balances –budget and actual – all governmental funds and enterprise fund	56 - 57
Iowa Public Employees' Retirement System	
Schedule of the District's proportionate share of the net pension liability	58
Schedule of District contributions (in thousands)	59 – 60
Notes to required supplementary information	61 - 62
Other supplementary information:	
Nonmajor governmental funds – combining balance sheet	63
Nonmajor governmental funds – combining schedule of revenues, expenditures and changes in fund balances	64
Schedule of changes in special revenue fund, student activity accounts	65
Schedule of combining balance sheet, capital projects fund-by account	66
Schedule of combining statement of revenues, expenditures and changes in fund balances, capital projects fund-by account	67
Statement of changes in fiduciary assets and liabilities, agency fund	68
Schedule of changes in amounts due to activity groups, agency fund	69

## Table of Contents

---

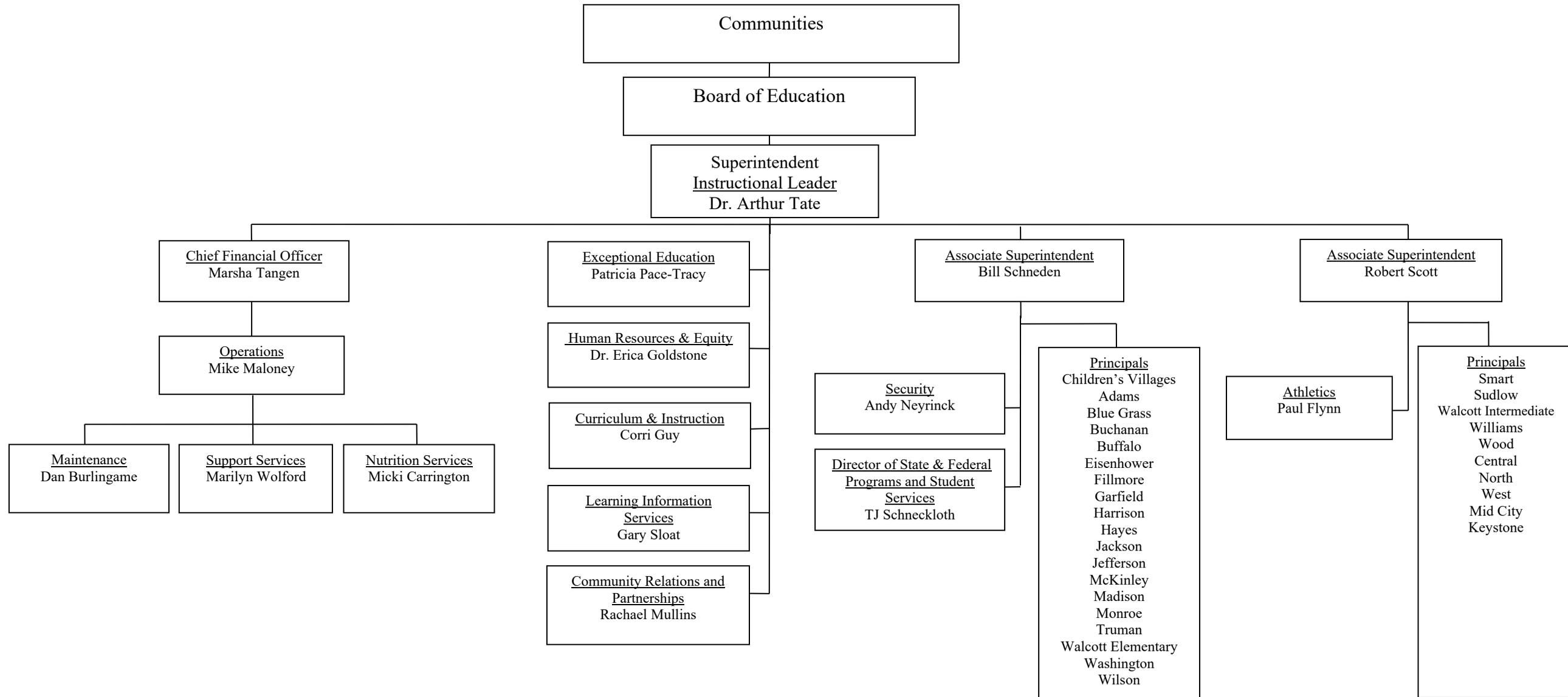
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Statistical section contents	70
Net position by component	71- 72
Expenses, program revenues and net (expense)/revenue	73- 74
General revenues and total change in net position	75- 76
Fund balances, governmental funds	77- 78
Change in fund balances, governmental funds	79 -80
Assessed value and actual value of taxable property	81– 82
Direct and overlapping property tax rates	83
Principal property tax payers	84
Property tax levies and collections	85
Outstanding debt by type	86
Direct and overlapping governmental activities debt	87
Legal debt margin information	88- 89
Pledged-revenue coverage	90
Demographic and economic statistics	91
Principal employers	92
Demographic and miscellaneous statistics	93 – 102
Full-time equivalent district employees by type	103 – 104
Operating statistics	105
School building information	106 - 111

---

<b>COMPLIANCE SECTION</b>	
Schedule of expenditures of federal awards	112 – 113
Notes to the schedule of expenditures of federal awards	114
Summary schedule of prior audit findings	115
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	116–117
Independent auditor’s report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance	118–119
Schedule of findings and questioned costs	120–126
Corrective action plan	127

---

# Davenport Community School District – 2017-2018 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, 2018**

---

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
<b>Board of Education</b>		
Ralph Johanson	President	Expires 2019
Linda Hayes	Vice President	Expires 2019
Allison Beck	Director	Expires 2021
Julie DeSalvo	Director	Expires 2019
Daniel Gosa	Director	Expires 2019
Clyde Mayfield	Director	Expires 2021
Bruce Potts	Director	Expires 2021

**School District Officials**

TJ Schneckloth	Interim Superintendent
Mary Correthers	Board Secretary/Treasurer
Claudia Wood	Chief Financial Officer

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

December 18, 2018

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

It is indeed our pleasure to submit to you the Comprehensive Annual Financial Report, (CAFR) for the Davenport Community School District, (the “District”) for the year ending June 30, 2018. 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, Certified Public Accountants have issued an unqualified ("clean") opinion on the Davenport Community School District's financial statements for the year ended June 30, 2018. 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 prerogatives.

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

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 over 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 2017-18 school year was approximately 15,490 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 65. 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 15<sup>th</sup> each year. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

## Economic Condition and Outlook

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 a draft of the Comprehensive Economic Development Strategy Progress Report in June of 2016. 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 2.6% 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 13.6% racial minority, with African American being the predominant minority population at 6.8%. In comparison, the US population is 26.7% racial minority. The region has seen a slight increase in the amount of Hispanic or Latino residents since 2010, from 8.0% to 9.2%.
- 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 13.0%.
- Language spoken at home: 91.2% of the population age 5 and over speak English only compared to 78.9% 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: Over a third (33.4%) 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 29.2%.
- Income: The region's median household income is \$52,239 compared to the US median income of \$56,124.
- Labor Force: 83.7% of all males aged 16 and over are actively in the labor force while 75.5% of all women aged 16 and over are in the labor force, both of which are slightly below 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 declined \$1.9 billion in 2016, a decline of 10.18%, compared to the national Gross Domestic Product, which grew 8.58% during this same time period.
  - The per capita income has increased a total of 4.86% from 2012-16.

- Employment:
  - From 2012-16 the average unemployment rate has steadily decreased since its peak 2012 at 6.8%, to 2016 annual rate of 5.3%, on parity with the national average also at 5.3%.
  - The region's labor force has also been decreasing from 2012 to 2016 by 1.8%.
- 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 588,213 people, and a total population of 721,219 for those aged 18-64.
- Forecasted Industry Growth:
  - The region is only forecasted to experience a growth of 257 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 6.4% over five years.
- Retail Sales:
  - When adjusted for inflation, retail sales of the region have grown by 12.9% from Fiscal Year 2013 to 2017.

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 increased slightly in the past year from 95.8 to 96.3.
- Housing:
  - Multi Family building permits for structures with 5 or more units saw an all-time high in 2015 with 24 structures built in the area, but decreased to 10 structures in 2016.
  - The percent of cost burdened home owners and renters in the BiState 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 Opportunity to Strength:

- The Interstate 74 Corridor reconstruction project, the largest public works project in the region's history, is underway. This project will create/retain 1,137 construction jobs and 643 induced jobs. Once the project is complete, it will add significant capacity for the

freight movement, traffic, and bike/pedestrian use. It has already spurred development along the corridor.

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:

- An increase in truck traffic accounts for 37% of the traffic on Interstate 80. Local representatives believe 6-laning of I-80 would allow for merging and weaving movements at interchanges and mitigate traffic issues.
- The retirement of small business owners with no one to purchase or continue their business has become a growing issue in the region, especially in smaller communities.
- The Illinois Regional Workforce Innovation and Opportunity Act identified an aging workforce and recruiting a younger workforce into entry level positions as a challenge in the region.

(Economic Condition and Outlook Source: *Comprehensive Economic Development Strategy for the Bi-State Region –Progress Report Draft 2018 prepared by Bi-State Regional Commission*)

### **Long term financial planning**

Unassigned fund balance in the general fund is down from 2016-17. The District's solvency ratio for 2017-18 is 6.14%, down slightly from 6.67% in 2016-17. 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 2017-18 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 \$33 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
- Increase walk zones to maximum allowed by the state
- Reduce department and school discretionary budgets
- Cap salary increases to match SSA (increases in budget by the state)
- Change bell times to maximize use of buses
- 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

The Interim Superintendent shared his philosophical approach behind his recommendation:

1. Right-size the district staff to recognize the fewer number of students currently enrolled compared to ten years ago.
2. Balance reductions so that no particular segment of the employee force is inordinately affected by reductions.
3. As much as possible, assure that the effects of reductions on student achievement can be overcome or minimized through restructuring or re-prioritizing.

### **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 2016 legislature sets the FY2018 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. For the past several years the legislature has not adhered to their legal responsibility in setting the growth rate 30 days after receiving the governor's budget recommendation.

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

Historically the REC has met three times a year; in September or October to provide a framework for developing the state budget, in December to set the revenue estimate that the Governor and General Assembly must use in developing a budget for the subsequent fiscal year

and in March, to consider revisions to the December estimate. If the REC lowers the estimate in March, the Governor is required to submit a revised budget to the General Assembly, and the General Assembly is required to use the lower estimate for developing next year's budget. School districts' budgets are subject to reductions as a result of a lower estimate in the budget.

## **Major initiatives**

Superintendent's Priority Initiatives: The superintendent identified nine priority initiatives for the 2017-18 school year.

1. Promote accountability at all levels.
2. Champion the Teaching and Learning Plan implementation.
3. Initiate an internal grow-your-own program to encourage and promote pathways to administrative positions.
4. Continue to support and guide the work of the Poverty Task Force.
5. Re-energize an emphasis on parental involvement to positively affect student achievement.
6. Write and execute a plan to identify and reduce the opportunity gap.
7. Work with the Board to enact policies and procedures to encourage greater contractor accountability.
8. Provide leadership and assistance to assure that the district attendance program is successful.
9. Prepare and action plan to promote increased awareness of the building and skilled trades among students.

Equity in Funding: The effort begun in the 2016-17 year by Dr. Tate and the school board inspired a study bill for the Iowa Legislature to address inequity in state funding and challenge the state imposed spending limits. The legislature did make a small change of \$5/student in the per pupil amount. Representatives from the school board along with a lobbyist from the Urban Education Network continue to work trying to garner support for additional legislation which will permit districts to bring per pupil spending to the same levels as the highest districts in the state. The effort will continue into the fiscal 2018-19 school year. The district's request for the additional spending authority was again denied. The district is now committed to reducing expenditures in order to be in compliance with the state spending authority requirements.

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 \$16 million invested in building enhancements during the 2017-18 school year. The current Physical Plant and Equipment Levy expires on June 30, 2019. The Davenport community just voted to renew that levy for another ten years and at a rate of \$1.34/\$1,000 assessed value compared to the current rate of \$.97/\$1,000 assess value.

Some highlights of this investment in facilities include:

- ❖ Central High School – Completion of the construction of new pool and auditorium, tennis courts and parking, roof repairs, office and ADA work, locker room renovation, repurposing old auditorium, renovation of original pool for physical education use, softball field renovation and tuck pointing
- ❖ District Wide – Roof and parking lot repairs
- ❖ Brady Street Stadium – Renovation of the football field surface and the track
- ❖ Sudlow Intermediate School – entrance, gym and office renovations; LED lighting

- ❖ West High School – Corridor renovations; LED lighting
- ❖ District Wide – Installation of secured entrances
- ❖ District Wide – Restroom renovations
- ❖ Achievement Service Center – formerly JB Young Intermediate School was renovated for administrative offices and community partners.

### **Cash Management Policies and Practices**

The District, in its effort to be a good manager of public funds, competitively bids its banking services every three years. The district competitively bid banking services during 2016-17 and entered into a new contract on July 1, 2017. The District has been able to increase the amount of interest revenue with this new banking contract.

To maximize investment return, the District informally bids its investments with all local interested financial institutions, the Iowa Schools Joint Investment Trust and TELF education program. The recent increases implemented by the Federal Reserve has increased 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, 2017. 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, 2017. 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



TJ Schneckloth  
Interim 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, 2017**

*Christopher P. Morill*

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, 2017.**



*Charles E. Peterson, Jr.*

*John D. Mueso*

DAVENPORT  
COMMUNITY  
SCHOOLS

*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, 1606 Brady Street, Davenport, Iowa 52803; Phone: 563-336-3812.*

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

# **Financial Section**

DAVENPORT  RT  
COMMUNITY  
SCHOOLS



## 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, 2018, 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, 2018, 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.

## **Emphasis of Matter**

As discussed in Note 13 to the basic financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the District's net positions for governmental activities and business-type activities, the School Nutrition Fund major fund and Out of School Time nonmajor enterprise fund has been restated. As discussed in Note 13 to the basic financial statements, the District restated the General Fund fund balance and governmental activities net position for state categorical funding. Our opinions are not modified with respect to these matters.

## **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 55-62 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 18, 2018 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 18, 2018

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

## Davenport Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

---

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, 2018. 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:

#### 2017-18 FINANCIAL HIGHLIGHTS

- The General Fund June 30, 2018 fund balance decreased \$599,798 from the June 30, 2017 restated fund balance of \$16,524,243 to \$15,924,445.
- The District restated beginning net position of the governmental activities, business-type activities and each enterprise fund for the implementation of Governmental Accounting Standard No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The District restated beginning fund balance of the General Fund and beginning net position of governmental activities \$2.9 million for state categorical funding.
- The District continues to be successful in receiving donations and local, state and federal grants. In 2018, the District received approximately \$45.5 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.

**Davenport Community School District**

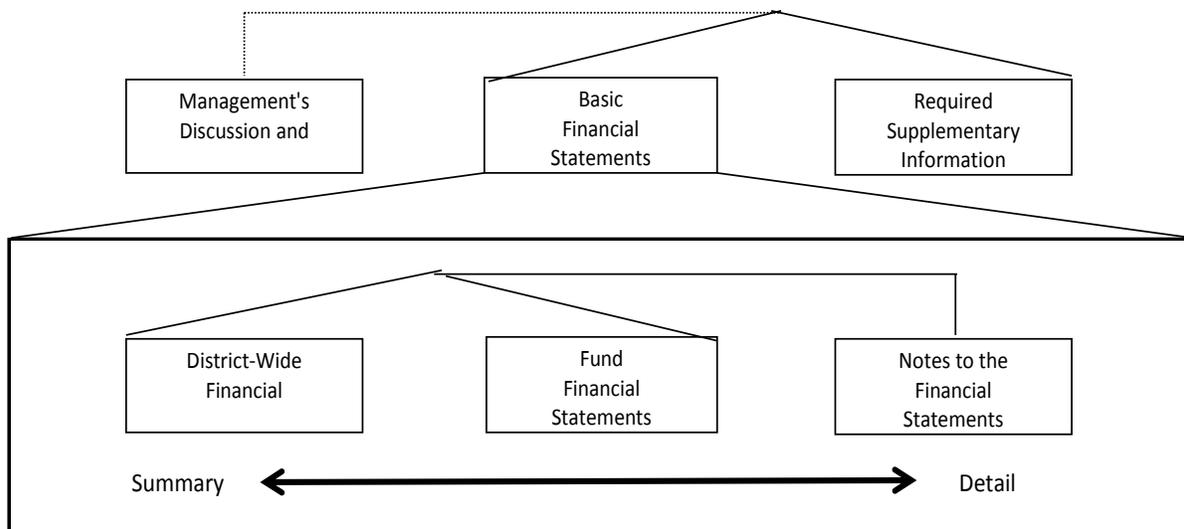
**Management's Discussion and Analysis  
Year Ended June 30, 2018**

---

- 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.

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, 2018**

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.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
<b>Government-Wide Statements</b>		<b>Fund Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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, 2018

---

## 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 2017-18 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, 2018

---

- 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, 2018

#### Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position as of June 30, 2018 compared to June 30, 2017.

Figure A-3 Condensed Statement of Net Position

	Restated		Restated		Restated		Total Percentage Change 2018-17
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Total School District	Total School District	
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 176,267,866	\$ 180,529,989	\$ 3,130,873	\$ 2,732,604	\$ 179,398,739	\$ 183,262,593	-2.11%
Capital assets	197,666,028	196,597,627	364,713	453,108	198,030,741	197,050,735	0.50%
<b>Total assets</b>	<b>373,933,894</b>	<b>377,127,616</b>	<b>3,495,586</b>	<b>3,185,712</b>	<b>377,429,480</b>	<b>380,313,328</b>	<b>-0.76%</b>
Deferred outflows of resources	32,346,092	30,474,753	941,065	864,613	33,287,157	31,339,366	6.22%
Long-term liabilities	125,106,795	120,339,658	3,049,337	2,854,661	128,156,132	123,194,319	4.03%
Other liabilities	39,821,560	41,769,583	611,557	319,364	40,433,117	42,088,947	-3.93%
<b>Total liabilities</b>	<b>164,928,355</b>	<b>162,109,241</b>	<b>3,660,894</b>	<b>3,174,025</b>	<b>168,589,249</b>	<b>165,283,266</b>	<b>2.00%</b>
Deferred inflows of resources	68,044,356	66,803,695	62,246	44,977	68,106,602	66,848,672	1.88%
Net position:							
Net investment in capital assets	185,028,308	181,820,851	364,713	453,108	185,393,021	182,273,959	1.71%
Restricted	24,509,982	21,539,955	-	-	24,509,982	21,539,955	13.79%
Unrestricted	(36,231,015)	(24,671,373)	348,798	378,215	(35,882,217)	(24,293,158)	47.71%
<b>Total net position</b>	<b>\$ 173,307,275</b>	<b>\$ 178,689,433</b>	<b>\$ 713,511</b>	<b>\$ 831,323</b>	<b>\$ 174,020,786</b>	<b>\$ 179,520,756</b>	<b>-3.06%</b>

The District's combined net position as of June 30, 2018 decreased by \$5,499,970 (3.06%) over the June 30, 2017 combined net position. Net position in the governmental activities decreased by \$5,382,158 (3.01%). The net position of the District's business-type activities decreased by \$117,812 (14.17%).

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.

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 \$2,970,027 (13.79%) 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 \$11,589,059 primarily due to changes in net pension liability and other postemployment benefit liabilities.

Figure A-4 shows the changes in net position for the year ended June 30, 2018 compared to the year ended June 30, 2017.

## Davenport Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

Figure A-4 Changes in Net Position From Operating Results

	Not restated		Not restated		Not restated		Total Percentage Change 2018-17
	Governmental Activities		Business-Type Activities		Total School District		
	2018	2017	2018	2017	2018	2017	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 6,139,703	\$ 6,077,122	\$ 2,548,109	\$ 2,120,160	\$ 8,687,812	\$ 8,197,282	6.0%
Operating grants and contributions	38,660,673	36,505,696	6,872,485	7,395,550	45,533,158	43,901,246	3.7%
Capital grants and contributions	-	-	-	-	-	-	N/A
General revenues:							
Property taxes	64,862,199	60,111,185	-	-	64,862,199	60,111,185	7.9%
Utility tax	3,409,461	3,385,530	-	-	3,409,461	3,385,530	0.7%
Revenue in lieu of tax	2,366,600	3,012,624	-	-	2,366,600	3,012,624	-21.4%
State foundation aid	85,738,422	84,429,673	-	-	85,738,422	84,429,673	1.6%
Statewide sales and services tax	14,432,786	15,129,201	-	-	14,432,786	15,129,201	-4.6%
Interest and investment earnings	1,003,549	2,836,066	10,007	12,745	1,013,556	2,848,811	-64.4%
<b>Total revenues</b>	<b>216,613,393</b>	<b>211,487,097</b>	<b>9,430,601</b>	<b>9,528,455</b>	<b>226,043,994</b>	<b>221,015,552</b>	<b>2.3%</b>
<b>Expenses:</b>							
Instruction	144,719,877	139,416,652	-	-	144,719,877	139,416,652	3.8%
Support services	69,438,267	70,418,097	-	-	69,438,267	70,418,097	-1.4%
Noninstructional	648,153	692,881	9,208,184	9,432,064	9,856,337	10,124,945	-2.7%
Other	7,529,483	7,347,018	-	-	7,529,483	7,347,018	2.5%
<b>Total expenses</b>	<b>222,335,780</b>	<b>217,874,648</b>	<b>9,208,184</b>	<b>9,432,064</b>	<b>231,543,964</b>	<b>227,306,712</b>	<b>1.9%</b>
Change in net position							
before transfers	(5,722,387)	(6,387,551)	222,417	96,391	(5,499,970)	(6,291,160)	-12.6%
Transfers	340,229	-	(340,229)	-	-	-	N/A
<b>Increase (decrease) in net position</b>	<b>(5,382,158)</b>	<b>(6,387,551)</b>	<b>(117,812)</b>	<b>96,391</b>	<b>(5,499,970)</b>	<b>(6,291,160)</b>	<b>-12.6%</b>
Net position, beginning, as restated							
	178,689,433	184,747,375	831,323	811,748	179,520,756	185,559,123	
Net position, ending	\$ 173,307,275	\$ 178,359,824	\$ 713,511	\$ 908,139	\$ 174,020,786	\$ 179,267,963	

In 2017-18, local taxes (property taxes and utility taxes), state foundation aid, statewide sales services and use tax and revenue in lieu of taxes accounted for 78.9% 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 instructional and support services, which account for 92.5% of the total expenses.

Total revenue for the District increased by \$5,028,442 (2.3%) in the fiscal year ended June 30, 2018. The most significant revenue category changes were property taxes and operating grants and contributions. Property taxes revenue increased by \$4,751,014 (7.9%) primarily due to the increase in assessed/taxable valuations in the District and an increase in the tax rate. State foundation aid increased \$1,308,749 (1.6%) primarily due to the state funding formula.

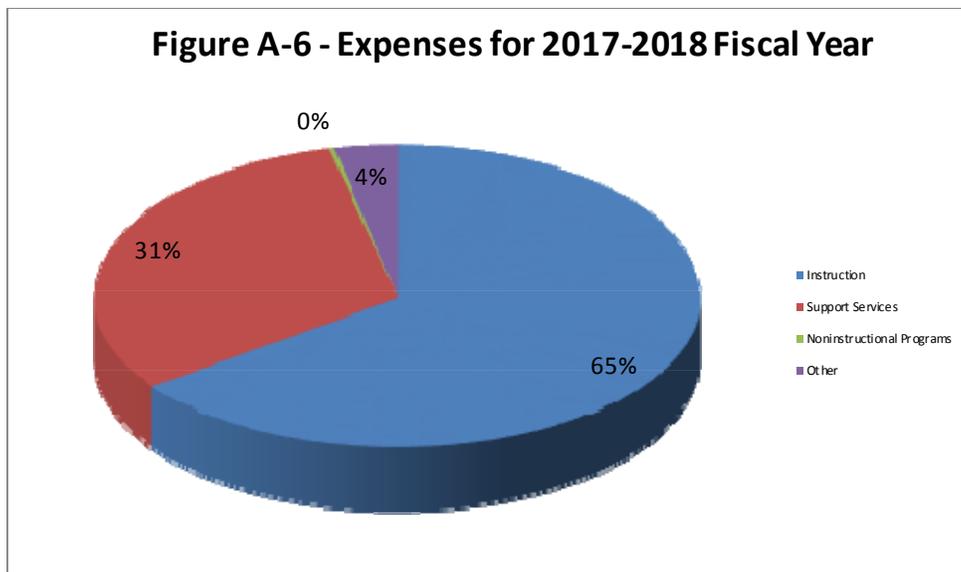
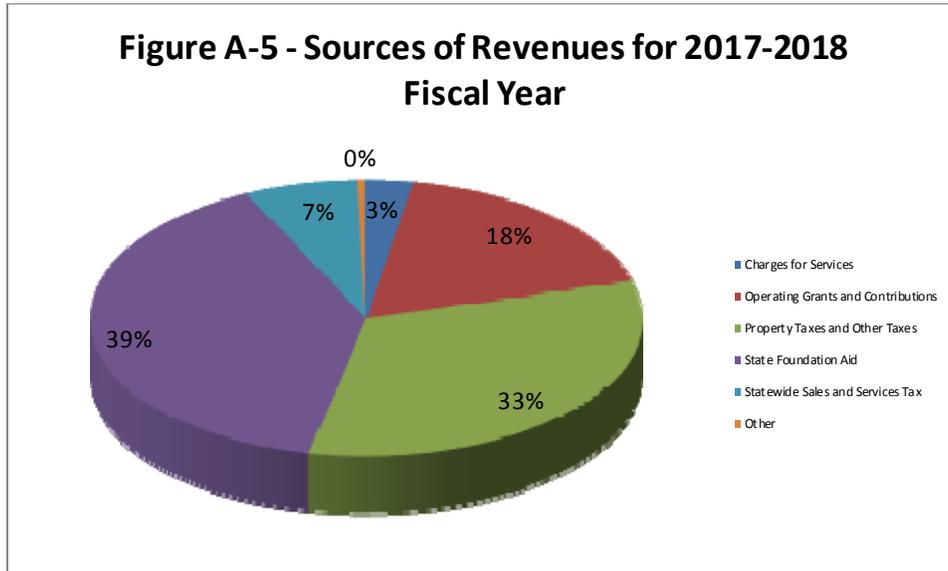
Total District expenses increased by \$4,237,252 (1.9%), primarily because of increases in expenditures for salaries and benefits.

**Davenport Community School District**

**Management's Discussion and Analysis  
Year Ended June 30, 2018**

---

Figures A-5 and A-6, which follow, show charts reflecting sources of revenue and distribution of expenses for the 2017-18 fiscal year governmental activities.



**Governmental Activities**

Revenue for the District's governmental activities in 2017-18 increased by \$5,126,296 (2.4%) from the previous year, while total expenses increased by \$4,461,132 (2.0%). Governmental activities net position as of June 30, 2018 decreased by \$5,382,158 (3.0%) over the June 30, 2017 balance.

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, 2018 compared to the year ended June 30, 2017.

## Davenport Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

Figure A-7 Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	Not Restated			Not Restated		
	June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017	
Instruction	\$ 144,719,877	\$ 139,416,652	3.80%	\$ 108,842,680	\$ 105,425,238	3.2%
Support services	69,438,267	70,418,097	-1.39%	68,068,660	68,990,233	-1.3%
Noninstructional	648,153	692,881	-6.46%	364,545	576,340	-36.7%
Other	7,529,483	7,347,018	2.48%	259,519	300,019	-13.5%
<b>Total</b>	<b>\$ 222,335,780</b>	<b>\$ 217,874,648</b>	<b>2.05%</b>	<b>\$ 177,535,404</b>	<b>\$ 175,291,830</b>	<b>1.3%</b>

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.

For the year ended June 30, 2017:

- The cost financed by the users of the District's programs was \$6,077,122.
- Federal and state governments and some local grants subsidized certain programs with grants and contributions totaling \$36,505,696.
- The net cost of governmental activities was financed with \$60,111,185 in property taxes, \$3,385,530 in utility tax, \$3,012,624 in revenue in lieu of tax, \$84,429,673 of unrestricted state grants, \$15,129,201 in statewide sales and services tax revenue, \$549,199 in investment earnings and \$2,286,867 in miscellaneous revenues.

#### 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 2017-18 were \$9,430,601; a decrease of \$97,854 (1.0%) from 2016-17. 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. Expenses were \$9,208,184, a decrease of \$223,880 (2.4%) from 2016-17, primarily due to the cost of food service operations in the current year.

## Davenport Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

---

#### 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 \$35,821,709 which reflects an increase of \$1,391,634 (4.0%) from last year's ending fund balances of \$34,430,075. The primary reasons for the increase in combined fund balances at the end of the 2017-18 fiscal year are:

- Increases in local sources revenue and state foundation aid.
- The accumulation of proceeds from the Statewide School Infrastructure Sales, Services and Use Tax to be used for future capital projects.

#### Governmental Fund Highlights

- The fund balance in the District's General Fund decreased by \$599,798 (3.6%) from \$16,524,243 as of June 30, 2017 to \$15,924,445 as of June 30, 2018. The General Fund experienced a decrease in charges for services revenue primarily due to decreases in tuition revenue from outside enrollments.
- The fund balance in the Capital Projects Fund increased by \$1,991,922 (25.6%). The statewide sales, service and use tax generated \$696,415 less in revenue in 2017-18 than in the previous fiscal year. Local tax generated from the physical plant and equipment levy was \$5,459,383 compared to the prior year \$5,221,223 which represents a \$238,160 (4.6%) increase from 2016-17. Total expenditures were \$16,217,203 in 2017-18 compared to \$24,225,229 in 2016-17. In the prior year, the District's significant project was the Central High School pool and auditorium.

#### 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 \$119,033 (16.3%) during 2017-18 primarily due to changes in the net pension liability and other postemployment benefit liability. In addition, catering revenue significantly decreased due to less events.
- The net position of the Internal Service Fund decreased by \$3,260,395 (8.7%) during 2017-18. This was due to claims experience for health and dental insurance more than expected.

## Davenport Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

#### 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 2017-18 from \$230,889,943 to \$237,766,816.

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.

#### Capital Asset and Debt Administration

##### Capital Assets

By the end of the 2017-18 fiscal year, the District had invested \$198,030,741 (net of accumulated depreciation of \$138,865,014) 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 increase of \$980,006 or 0.5% from last year. The most significant additions were for building remodeling and track and field improvements in the current year. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$11,433,522.

**Figure A-8 Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2018-17
Land	\$ 4,702,173	\$ 4,702,173	\$ -	\$ -	\$ 4,702,173	\$ 4,702,173	0.0%
Land improvements	2,431,433	2,449,452	-	-	2,431,433	2,449,452	-0.7%
Buildings	72,771,840	74,984,763	-	-	72,771,840	74,984,763	-3.0%
Building improvements	106,915,627	108,827,355	-	-	106,915,627	108,827,355	-1.8%
Furniture and equipment	1,823,935	1,865,636	364,713	453,108	2,188,648	2,318,744	-5.6%
Intangibles	292,997	325,253	-	-	292,997	325,253	-9.9%
Construction in progress	8,728,023	3,442,995	-	-	8,728,023	3,442,995	153.5%
<b>Total</b>	<b>\$ 197,666,028</b>	<b>\$ 196,597,627</b>	<b>\$ 364,713</b>	<b>\$ 453,108</b>	<b>\$ 198,030,741</b>	<b>\$ 197,050,735</b>	<b>0.5%</b>

## Davenport Community School District

### Management's Discussion and Analysis Year Ended June 30, 2018

#### Long-Term Liabilities

As of June 30, 2018, the District had \$12,637,720 in revenue bonds outstanding, \$3,507,941 in early retirement liabilities, \$714,510 in total compensated absence liabilities, \$6,041,201 in net OPEB liability, and \$105,254,760 in net pension liability for total outstanding long-term obligations of \$128,156,132 as reflected in Figure A-9 below. 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
	2018	2017	2018	2017	2018	2017	2018-17
	Revenue bonds	\$ 12,245,000	\$ 14,310,000	\$ -	\$ -	\$ 12,245,000	\$ 14,310,000
Premium on bonds	392,720	466,776	-	-	392,720	466,776	-15.9%
Early retirement	3,507,941	2,687,076	-	-	3,507,941	2,687,076	30.5%
Compensated absences	690,764	720,300	23,746	21,645	714,510	741,945	-3.7%
Net pension liability	102,404,364	96,588,012	2,850,396	2,688,382	105,254,760	99,276,394	6.0%
Net OPEB	5,866,006	3,012,980	175,195	89,463	6,041,201	3,102,443	94.7%
<b>Total</b>	<b>\$ 125,106,795</b>	<b>\$ 117,785,144</b>	<b>\$ 3,049,337</b>	<b>\$ 2,799,490</b>	<b>\$ 128,156,132</b>	<b>\$ 120,584,634</b>	<b>6.3%</b>

#### 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 1.1% for the 2018-19 fiscal year. The Iowa Legislature has not yet set the supplemental state aid percentage rate for the 2019-20 fiscal year. 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 spending decisions.

## **Davenport Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2018**

---

- The District ended fiscal years 2016, 2017 and 2018 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 five years. It is estimated those reductions may total up to \$32 million.
- The District's certified enrollment count on October 1, 2018 shows a decline in enrollment of 255 students. That equates to lost funding of approximately \$1.7 million.

#### **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  RT  
COMMUNITY  
SCHOOLS

**Davenport Community School District**

**Statement of Net Position**

**June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 102,687,813	\$ 2,835,285	\$ 105,523,098
Receivables:			
Property tax:			
Current year	584,359	-	584,359
Succeeding year	65,578,188	-	65,578,188
Other	397,061	-	397,061
Due from other governments	6,818,563	229,362	7,047,925
Inventories	194,763	66,226	260,989
Prepaid expenses	7,119	-	7,119
Capital assets:			
Nondepreciable	13,430,196	-	13,430,196
Depreciable, net	184,235,832	364,713	184,600,545
<b>Total assets</b>	<b>373,933,894</b>	<b>3,495,586</b>	<b>377,429,480</b>
<b>Deferred Outflows of Resources,</b>			
pension related deferred outflows	32,346,092	941,065	33,287,157
<b>Liabilities</b>			
Accounts payable	7,410,306	108,867	7,519,173
Salaries and benefits payable	26,999,531	430,411	27,429,942
Construction contracts payable	386,004	-	386,004
Claims incurred but not reported	4,042,000	-	4,042,000
Unearned revenue	983,719	72,279	1,055,998
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	2,179,056	-	2,179,056
Early retirement	894,431	-	894,431
Compensated absences	200,000	23,746	223,746
Portion due after one year:			
Revenue bonds	10,458,664	-	10,458,664
Early retirement	2,613,510	-	2,613,510
Compensated absences	490,764	-	490,764
Net OPEB liability	5,866,006	175,195	6,041,201
Net pension liability	102,404,364	2,850,396	105,254,760
<b>Total liabilities</b>	<b>164,928,355</b>	<b>3,660,894</b>	<b>168,098,485</b>
<b>Deferred Inflows of Resources:</b>			
Deferred revenue from succeeding year property tax	65,578,188	-	65,578,188
OPEB related deferred inflows	263,951	7,883	271,834
Pension related deferred inflows	2,202,217	54,363	2,256,580
<b>Total deferred inflows of resources</b>	<b>68,044,356</b>	<b>62,246</b>	<b>68,106,602</b>
<b>Net Position</b>			
Net investment in capital assets	185,028,308	364,713	185,393,021
Restricted for:			
Categorical funding	3,862,718	-	3,862,718
Management levy	7,523,720	-	7,523,720
Physical plant and equipment levy	3,686,406	-	3,686,406
School infrastructure	6,835,481	-	6,835,481
Debt service	1,956,997	-	1,956,997
Student activities	644,660	-	644,660
Unrestricted	(36,231,015)	348,798	(35,882,217)
<b>Total net position</b>	<b>\$ 173,307,275</b>	<b>\$ 713,511</b>	<b>\$ 174,020,786</b>

See Notes to Basic Financial Statements.

**Davenport Community School District**

**Statement of Activities  
Year Ended June 30, 2018**

Functions/Programs	Expenses
Governmental Activities	
Instruction	\$ 144,719,877
Support services:	
Student	16,813,962
Instructional staff	6,699,410
General administration	6,419,405
School administration	11,360,338
Business and central administration	5,901,920
Plant operation and maintenance	14,944,147
Student transportation	7,299,085
Other:	
Non-instructional	648,153
Area education agency	7,269,964
Long-term debt interest	259,519
Total governmental activities	<u>222,335,780</u>
Business-Type Activities	
Non-instructional:	
School nutrition	8,608,677
Out of school time	599,507
Total business-type activities	<u>9,208,184</u>
Total school district	<u>\$ 231,543,964</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
Transfers
Total general revenues

Change in net position

Net position, beginning of year, as restated  
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
\$ 5,018,786	\$ 30,858,411	\$ -	\$ (108,842,680)	\$ -	\$ (108,842,680)
6,234	-	-	(16,807,728)	-	(16,807,728)
76,859	510	-	(6,622,041)	-	(6,622,041)
130,715	-	-	(6,288,690)	-	(6,288,690)
317,135	-	-	(11,043,203)	-	(11,043,203)
221,426	-	-	(5,680,494)	-	(5,680,494)
130,504	-	-	(14,813,643)	-	(14,813,643)
41,531	444,693	-	(6,812,861)	-	(6,812,861)
196,513	87,095	-	(364,545)	-	(364,545)
-	7,269,964	-	-	-	-
-	-	-	(259,519)	-	(259,519)
6,139,703	38,660,673	-	(177,535,404)	-	(177,535,404)
1,948,801	6,872,276	-	-	212,400	212,400
599,308	209	-	-	10	10
2,548,109	6,872,485	-	-	212,410	212,410
\$ 8,687,812	\$ 45,533,158	\$ -	(177,535,404)	212,410	(177,322,994)
			64,862,199	-	64,862,199
			3,409,461	-	3,409,461
			2,366,600	-	2,366,600
			14,432,786	-	14,432,786
			85,738,422	-	85,738,422
			1,003,549	10,007	1,013,556
			340,229	(340,229)	-
			172,153,246	(330,222)	171,823,024
			(5,382,158)	(117,812)	(5,499,970)
			178,689,433	831,323	179,520,756
			\$ 173,307,275	\$ 713,511	\$ 174,020,786

Davenport Community School District

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash and investments	\$ 43,881,194	\$ 10,537,066	\$ 10,139,384	\$ 64,557,644
Receivables:				
Property tax:				
Current year	511,434	51,744	21,181	584,359
Succeeding year	57,776,685	5,700,039	2,101,464	65,578,188
Other	187,749	-	6,178	193,927
Due from other governments	4,846,277	1,972,286	-	6,818,563
Inventories	194,763	-	-	194,763
Prepaid items	7,119	-	-	7,119
<b>Total assets</b>	<b>\$ 107,405,221</b>	<b>\$ 18,261,135</b>	<b>\$ 12,268,207</b>	<b>\$ 137,934,563</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities				
Accounts payable	\$ 5,744,270	\$ 1,599,704	\$ 32,556	\$ 7,376,530
Accrued payroll and payroll taxes	26,914,644	53,501	8,810	26,976,955
Construction contracts payable	-	386,004	-	386,004
Unearned revenue	983,719	-	-	983,719
<b>Total liabilities</b>	<b>33,642,633</b>	<b>2,039,209</b>	<b>41,366</b>	<b>35,723,208</b>
Deferred Inflows of Resources,				
Unavailable revenue				
Succeeding year property taxes	57,776,685	5,700,039	2,101,464	65,578,188
Sales, service and use tax	-	750,000	-	750,000
Federal grants	61,458	-	-	61,458
<b>Total deferred inflows of resources</b>	<b>57,838,143</b>	<b>6,450,039</b>	<b>2,101,464</b>	<b>66,389,646</b>
Fund Balances				
Nonspendable				
Inventories	194,763	-	-	194,763
Prepaid items	7,119	-	-	7,119
Restricted				
Categorical funding	3,862,718	-	-	3,862,718
Debt service	-	-	1,956,997	1,956,997
Management levy purposes	-	-	7,523,720	7,523,720
Student activities	-	-	644,660	644,660
School infrastructure	-	6,085,481	-	6,085,481
Physical plant and equipment	-	3,686,406	-	3,686,406
Unassigned	11,859,845	-	-	11,859,845
<b>Total fund balances</b>	<b>15,924,445</b>	<b>9,771,887</b>	<b>10,125,377</b>	<b>35,821,709</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 107,405,221</b>	<b>\$ 18,261,135</b>	<b>\$ 12,268,207</b>	<b>\$ 137,934,563</b>

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, 2018**

---

Total Governmental Fund Balances \$ 35,821,709

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	333,947,051	
Accumulated depreciation	<u>(136,281,023)</u>	197,666,028

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	750,000	
Federal grants	<u>61,458</u>	811,458

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.

34,234,951

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 inflows of resources	(263,951)	
Pension related deferred outflows of resources	32,346,092	
Pension related deferred inflows of resources	<u>(2,202,217)</u>	29,879,924

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	(12,245,000)	
Premium on bonds payable	(392,720)	
Compensated absences	(690,764)	
Accumulated termination pay	(3,507,941)	
Net pension liability	(102,404,364)	
Other post employment benefits obligation	<u>(5,866,006)</u>	(125,106,795)

**Net Position of Governmental Activities**

**\$ 173,307,275**

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, 2018

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Property taxes	\$ 57,027,336	\$ 5,459,383	\$ 2,375,480	\$ 64,862,199
Utility taxes	3,005,030	278,714	125,717	3,409,461
Charges for services	1,441,259	-	-	1,441,259
Interest	931,663	36,732	35,154	1,003,549
Other	3,558,639	202,685	1,139,454	4,900,778
State sources:				
Sales, services and use tax	-	14,432,786	-	14,432,786
Other state sources	115,177,638	196,400	88,178	115,462,216
Federal sources	11,893,861	-	-	11,893,861
<b>Total revenues</b>	<b>193,035,426</b>	<b>20,606,700</b>	<b>3,763,983</b>	<b>217,406,109</b>
Expenditures:				
Current:				
Instruction	125,097,167	3,756	1,893,230	126,994,153
Support services:				
Student	15,988,753	-	-	15,988,753
Instructional staff	6,323,214	115,052	-	6,438,266
General administration	4,685,714	91,290	1,481,683	6,258,687
School administration	10,812,247	-	802	10,813,049
Business and central administration	4,490,574	1,086,977	-	5,577,551
Plant operation and maintenance	12,134,272	479,982	303,186	12,917,440
Student transportation	6,681,244	523,203	84,572	7,289,019
Non-instructional programs	492,304	121,907	-	614,211
Area Education Agency	7,269,964	-	-	7,269,964
Capital outlay	-	13,795,036	-	13,795,036
Debt service:				
Principal	-	-	2,065,000	2,065,000
Interest	-	-	333,575	333,575
<b>Total expenditures</b>	<b>193,975,453</b>	<b>16,217,203</b>	<b>6,162,048</b>	<b>216,354,704</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(940,027)</b>	<b>4,389,497</b>	<b>(2,398,065)</b>	<b>1,051,405</b>
Other financing sources (uses):				
Transfers in	340,229	-	2,397,575	2,737,804
Transfers out	-	(2,397,575)	-	(2,397,575)
<b>Total other financing sources (uses)</b>	<b>340,229</b>	<b>(2,397,575)</b>	<b>2,397,575</b>	<b>340,229</b>
<b>Net change in fund balances</b>	<b>(599,798)</b>	<b>1,991,922</b>	<b>(490)</b>	<b>1,391,634</b>
Fund balances, beginning of year, as restated	16,524,243	7,779,965	10,125,867	34,430,075
Fund balances, end of year	\$ 15,924,445	\$ 9,771,887	\$ 10,125,377	\$ 35,821,709

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, 2018**

---

Net Change in Fund Balances - Total Governmental Funds \$ 1,391,634

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	12,388,423	
Depreciation expense	(11,320,022)	1,068,401

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. (792,716)

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. (3,260,395)

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	2,065,000	
Amortization of bond premium	74,056	2,139,056

The net effect of pension related activity, consisting of employer contributions which are reported as expenditures in the governmental funds, but reported as a deferred outflow of resources in the Statement of Net Position, and the pension expenses reported in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (4,574,346)

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	29,536	
Accumulated termination pay	(820,865)	
Other post employment benefit liability and related deferrals	(562,463)	(1,353,792)
<b>Change in Net Position of Governmental Activities</b>		<b>\$ (5,382,158)</b>

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Net Position

Proprietary Funds

June 30, 2018

	Business-type Activities-Enterprise Funds			Governmental
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	Activities Internal Service Fund
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 2,550,864	\$ 284,421	\$ 2,835,285	\$ 38,130,169
Due from other governmental units	229,362	-	229,362	-
Other receivables	-	-	-	203,134
Inventories	66,226	-	66,226	-
<b>Total current assets</b>	<b>2,846,452</b>	<b>284,421</b>	<b>3,130,873</b>	<b>38,333,303</b>
Noncurrent assets, capital assets, net of accumulated depreciation				
	364,713	-	364,713	-
<b>Total assets</b>	<b>3,211,165</b>	<b>284,421</b>	<b>3,495,586</b>	<b>38,333,303</b>
<b>Deferred Outflows of Resources,</b> pension related deferred outflows				
	916,884	24,181	941,065	-
<b>Liabilities</b>				
Current Liabilities				
Accounts payable	42,022	66,845	108,867	33,776
Accrued payroll and payroll taxes	403,492	26,919	430,411	22,576
Health claims and costs	-	-	-	4,042,000
Unearned revenue	72,279	-	72,279	-
Compensated absences	11,734	12,012	23,746	-
<b>Total current liabilities</b>	<b>529,527</b>	<b>105,776</b>	<b>635,303</b>	<b>4,098,352</b>
Noncurrent Liabilities				
Net pension liability	2,755,470	94,926	2,850,396	-
Other post employment benefits obligation	169,154	6,041	175,195	-
<b>Total noncurrent liabilities</b>	<b>2,924,624</b>	<b>100,967</b>	<b>3,025,591</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,454,151</b>	<b>206,743</b>	<b>3,660,894</b>	<b>4,098,352</b>
<b>Deferred Inflows of Resources:</b>				
OPEB related deferred inflows	7,611	272	7,883	-
Pension related deferred inflows	53,383	980	54,363	-
<b>Total deferred inflows of resources</b>	<b>60,994</b>	<b>1,252</b>	<b>62,246</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	364,713	-	364,713	-
Unrestricted	248,191	100,607	348,798	34,234,951
<b>Total net position</b>	<b>\$ 612,904</b>	<b>\$ 100,607</b>	<b>\$ 713,511</b>	<b>\$ 34,234,951</b>

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, 2018

	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	\$ 1,948,801	\$ 599,308	\$ 2,548,109	\$ 24,259,309
Operating Expenses				
Salaries and Benefits	4,452,560	225,842	4,678,402	439,266
Purchased Services	306,840	337,377	644,217	1,695,888
Supplies	3,716,031	23,040	3,739,071	7,929
Other Operating Costs	19,746	13,248	32,994	-
Depreciation	113,500	-	113,500	-
Health Care	-	-	-	25,376,621
<b>Total operating expenses</b>	<b>8,608,677</b>	<b>599,507</b>	<b>9,208,184</b>	<b>27,519,704</b>
<b>Operating (loss)</b>	<b>(6,659,876)</b>	<b>(199)</b>	<b>(6,660,075)</b>	<b>(3,260,395)</b>
Nonoperating Revenues				
Interest Income	8,796	1,211	10,007	-
Intergovernmental	6,872,276	-	6,872,276	-
Other Nonoperating Revenue	-	209	209	-
<b>Total nonoperating revenues</b>	<b>6,881,072</b>	<b>1,420</b>	<b>6,882,492</b>	<b>-</b>
<b>Income (loss) before transfers</b>	<b>221,196</b>	<b>1,221</b>	<b>222,417</b>	<b>(3,260,395)</b>
Transfers (out)	(340,229)	-	(340,229)	-
<b>Change in net position</b>	<b>(119,033)</b>	<b>1,221</b>	<b>(117,812)</b>	<b>(3,260,395)</b>
Net Position, beginning of year, as restated	731,937	99,386	831,323	37,495,346
Net Position, end of year	\$ 612,904	\$ 100,607	\$ 713,511	\$ 34,234,951

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2018

	Business-type Activities-Enterprise Funds			Governmental
	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	Activities Internal Service Fund
Cash flows from operating activities				
Cash received from user charges	\$ 1,958,597	\$ 599,308	\$ 2,557,905	\$ 24,056,175
Cash payments to employees for services	(4,052,302)	(206,617)	(4,258,919)	(426,168)
Cash payments for insurance claims	-	-	-	(24,964,621)
Cash payments to suppliers for goods or services	(3,478,777)	(335,066)	(3,813,843)	(1,719,759)
<b>Net cash provided by (used in) operating activities</b>	<b>(5,572,482)</b>	<b>57,625</b>	<b>(5,514,857)</b>	<b>(3,054,373)</b>
Cash flows from noncapital financing activities:				
Grants and contributions received	6,180,762	209	6,180,971	-
Transfers (out)	(340,229)	-	(340,229)	-
<b>Net cash provided by noncapital financing activities</b>	<b>5,840,533</b>	<b>209</b>	<b>5,840,742</b>	<b>-</b>
Cash flows from capital and related financing activities,				
Acquisition of capital assets	(25,105)	-	(25,105)	-
Cash flows from investing activities,				
Interest received	8,796	1,211	10,007	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>251,742</b>	<b>59,045</b>	<b>310,787</b>	<b>(3,054,373)</b>
Cash and cash equivalents beginning of year	2,299,122	225,376	2,524,498	41,184,542
Cash and cash equivalents end of year	<u>\$ 2,550,864</u>	<u>\$ 284,421</u>	<u>\$ 2,835,285</u>	<u>\$ 38,130,169</u>

(Continued)

**Davenport Community School District**

**Statement of Cash Flows (Continued)**

**Proprietary Funds**

**Year Ended June 30, 2018**

	Business-type Activities-Enterprise Funds			Governmental
	School	Nonmajor Out of School	Total	Activities Internal
	Nutrition Fund	Time Fund		Service Fund
Reconciliation of Operating (Loss)				
to Net Cash Provided by (used in) Operating				
Activities:				
Operating (loss)	\$ (6,659,876)	\$ (199)	\$ (6,660,075)	\$ (3,260,395)
Adjustments to reconcile operating (loss)				
to net cash provided by (used in)				
operating activities:				
Depreciation	113,500	-	113,500	-
Commodities used	560,720	-	560,720	-
Changes in asset and liabilities				
Receivables	-	-	-	(203,134)
Inventories	43,312	-	43,312	-
Unearned revenue	9,796	-	9,796	-
Accounts payable	(40,192)	38,599	(1,593)	(15,942)
Compensated absences	655	1,446	2,101	-
Health claims and costs	-	-	-	412,000
Accrued liabilities	290,728	14,907	305,635	13,098
Net pension liability and deferred outflows				
of resources and deferred inflows of resources	92,656	2,292	94,948	-
Net OPEB liability and deferred outflows of				
resources and deferred inflows of resources	16,219	580	16,799	-
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	<b>\$ (5,572,482)</b>	<b>\$ 57,625</b>	<b>\$ (5,514,857)</b>	<b>\$ (3,054,373)</b>
Schedule of noncash items:				
Noncapital financing activities,				
federal commodities	\$ 560,720	\$ -	\$ 560,720	\$ -

See Notes to Basic Financial Statements.

Davenport Community School District

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

June 30, 2018

---

	<u>Agency</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 162,022
<b>Total assets</b>	<u>\$ 162,022</u>
<b>Liabilities</b>	
Accounts payable	\$ 4,045
Due to activity groups	157,977
<b>Total liabilities</b>	<u>\$ 162,022</u>

See Notes to Basic Financial Statements.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

---

#### **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 schools, 17 elementary schools and various off-campus alternative education programs. Student enrollment (pre-school through high school) for the 2017-2018 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 Basic Financial Statements Year Ended June 30, 2018

---

#### **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 Basic Financial Statements Year Ended June 30, 2018

---

#### **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 Basic Financial Statements Year Ended June 30, 2018

---

#### **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 \$7,269,964 pass-through grant from the Area Education Agency in fiscal year 2017-2018 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 Basic Financial Statements Year Ended June 30, 2018

---

#### 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2017.

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	\$ 4,846,277	\$ -	\$ 229,362
Sales, services and use tax	-	1,972,286	-
	<u>\$ 4,846,277</u>	<u>\$ 1,972,286</u>	<u>\$ 229,362</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. Interest incurred during construction is not capitalized for governmental funds. There was no interest required to be capitalized in the current year for proprietary fund types.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

#### 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 2018, have been accrued as liabilities as of June 30, 2018.

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, 2018.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

---

#### **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, 2018, 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 Basic Financial Statements Year Ended June 30, 2018

---

#### **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 \$3,862,718 for categorical funding, \$7,523,720 for management levy, \$3,686,406 for physical plant and equipment, \$6,835,481 for school infrastructure, and \$1,956,997 for debt service. Net position restricted by donations and fundraising are student activities of \$644,660.

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.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

---

#### 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, 2018, the book balance of the District's cash deposits plus petty cash totaled \$49,638,951, including certificates of deposit of \$5,229,739 and the bank balances totaled \$54,868,525.

As of June 30, 2018, the District also had investments in the Education Liquidity Money Market Fund totaling \$44,642,715 and the Iowa Schools Joint Investment Trust Fund totaling \$11,403,454, 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, 2018.

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, 2018.

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 to 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 Basic Financial Statements  
Year Ended June 30, 2018**

---

**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	\$ 49,638,951
The Education Liquidity Fund (TELF)	44,642,715
Iowa Schools Joint Investment Trust (ISJIT)	11,403,454
	<u>\$ 105,685,120</u>
Governmental Funds	\$ 64,557,644
Internal Service Fund	38,130,169
Total governmental activities	102,687,813
Business-type Activities/Enterprise Funds	2,835,285
Agency Fund	162,022
	<u>\$ 105,685,120</u>

**Note 3. Interfund Transfers**

Interfund transfers as of June 30, 2018 consisted of the following:

Transfer To	Transfer From	Amount
Nonmajor governmental fund,		
Debt Service	Capital Projects Fund	\$ 2,397,575
General Fund	School Nutrition Fund	340,229
<b>Total</b>		<u>\$ 2,737,804</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 Basic Financial Statements Year Ended June 30, 2018

#### Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2018 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	3,442,995	12,027,278	6,742,250	8,728,023
<b>Total capital assets not being depreciated</b>	<b>8,145,168</b>	<b>12,027,278</b>	<b>6,742,250</b>	<b>13,430,196</b>
Capital assets being depreciated:				
Land Improvements	12,450,634	258,133	-	12,708,767
Buildings	126,153,269	-	-	126,153,269
Building improvements	163,957,949	6,505,789	-	170,463,738
Furniture and equipment	9,637,230	339,473	34,295	9,942,408
Intangibles	1,248,673	-	-	1,248,673
<b>Total capital assets being depreciated</b>	<b>313,447,755</b>	<b>7,103,395</b>	<b>34,295</b>	<b>320,516,855</b>
Less accumulated depreciation for:				
Land Improvements	10,001,182	276,152	-	10,277,334
Buildings	51,168,506	2,212,923	-	53,381,429
Buildings improvements	55,130,594	8,417,517	-	63,548,111
Furniture and equipment	7,771,594	381,174	34,295	8,118,473
Intangibles	923,420	32,256	-	955,676
<b>Total accumulated depreciation</b>	<b>124,995,296</b>	<b>11,320,022</b>	<b>34,295</b>	<b>136,281,023</b>
<b>Total capital assets being depreciated, net</b>	<b>188,452,459</b>	<b>(4,216,627)</b>	<b>-</b>	<b>184,235,832</b>
<b>Governmental activities, capital assets, net</b>	<b>\$ 196,597,627</b>	<b>\$ 7,810,651</b>	<b>\$ 6,742,250</b>	<b>\$ 197,666,028</b>
Business-type activities:				
Furniture and equipment	\$ 2,923,599	\$ 25,105	\$ -	\$ 2,948,704
Less accumulated depreciation	2,470,491	113,500	-	2,583,991
<b>Business-type activities capital assets, net</b>	<b>\$ 453,108</b>	<b>\$ (88,395)</b>	<b>\$ -</b>	<b>\$ 364,713</b>

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

#### Note 4. Capital Assets (Continued)

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

Governmental activities:		
Instruction		\$ 11,121,295
Support services:		
Instructional staff support services		409
General administration		13,437
Building administration		2,884
Business administration		97,118
Plant operation and maintenance		77,601
Student transportation		7,278
<b>Total governmental activities depreciation expense</b>		<b>\$ 11,320,022</b>
Business-type activities, food service operations		<b>\$ 113,500</b>

#### Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 14,310,000	\$ -	\$ 2,065,000	\$ 12,245,000	\$ 2,105,000
Premium on bonds	466,776	-	74,056	392,720	74,056
Total revenue bonds	<u>14,776,776</u>	<u>-</u>	<u>2,139,056</u>	<u>12,637,720</u>	<u>2,179,056</u>
Other Liabilities:					
Early retirement	2,687,076	1,580,943	760,078	3,507,941	894,431
Compensated absences	720,300	153,909	183,445	690,764	200,000
Net pension liability	96,588,012	5,816,352	-	102,404,364	-
OPEB liability	5,567,494	298,512	-	5,866,006	-
<b>Total</b>	<b>\$ 117,785,144</b>	<b>\$ 7,849,716</b>	<b>\$ 3,082,579</b>	<b>\$ 125,106,795</b>	<b>\$ 3,273,487</b>
Business-type activities:					
Compensated absences	\$ 21,645	\$ 15,493	\$ 13,392	\$ 23,746	\$ 23,746
Net pension liability	2,688,382	162,014	-	2,850,396	-
OPEB liability	166,279	8,916	-	175,195	-
<b>Total</b>	<b>\$ 2,799,490</b>	<b>\$ 186,423</b>	<b>\$ 13,392</b>	<b>\$ 3,049,337</b>	<b>\$ 23,746</b>

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 Basic Financial Statements Year Ended June 30, 2018

#### Note 5. Long-Term Liabilities (Continued)

Annual debt service requirements on all outstanding indebtedness as of June 30, 2018, are as follows:

Year ending June 30:	Governmental Activities School Infrastructure Sales, Services, and Use Tax Revenue Bonds		
	Principal	Interest	Total
2019	\$ 2,105,000	\$ 291,275	\$ 2,396,275
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
<b>Totals</b>	<b>\$ 12,245,000</b>	<b>\$ 941,225</b>	<b>\$ 13,186,225</b>

Revenue Bonds -Governmental Activities: Two issues of unmatured revenue bonds, totaling \$12,245,000, are outstanding at June 30, 2018. 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, 2018, the District had sales, service, and use tax revenue of \$14,432,786 and the amount of principal and interest paid was \$2,398,575. The total remaining principal and interest to be paid on the bonds as of June 30, 2018 was \$13,186,225. 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 \$1,956,997 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 Basic Financial Statements Year Ended June 30, 2018

---

#### Note 5. Long-Term Liabilities (Continued)

Provisions for the early retirement incentives offered during the year ended June 30, 2018, are as follows:

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

- 1) They are age fifty-five or older by June 30<sup>th</sup> of the year in which they plan to exercise his/her participation in the offer.
- 2) Have completed at least 15 years of contracted service with the Davenport Schools by June 30<sup>th</sup> 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 January 5, 2018.
- 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 30<sup>th</sup> 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.

The early retirement incentive shall be as follows:

- Employees with at least 35 years of service – the lesser of \$40,000 or 60% of employees' last annual salary
- Employees with at least 30 years of service – the lesser of \$35,000 or 50% of employees' last annual salary
- Employees with at least 25 years of service – the lesser of \$30,000 or 45% of employees' last annual salary
- Employees with at least 20 years of service – the lesser of \$25,000 or 35% of employees' last annual salary
- Employees with at least 15 years of service – the lesser of \$20,000 or 30% of employees' last annual salary

Early retirement benefits are paid evenly over five years. During the year ended June 30, 2018, 68 District employees requested early retirement. During the year ended June 30, 2018, the District paid \$760,078 of early retirement benefits.

Legal Debt Margin: As of June 30, 2018, 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 Basic Financial Statements Year Ended June 30, 2018

#### 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, 2018 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	59
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	2,102
	2,161

#### Total OPEB Liability

The District's total OPEB liability of \$6,041,201 was measured as of June 30, 2018 and was determined by an actuarial valuation dated July 17, 2018.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2018 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	0.00% per annum
Discount rate	3.72% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.00%
	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, 2018 valuation were based on the results of an actuarial experience study for the period 2010–2017.

**Davenport Community School District**

**Notes to Basic Financial Statements  
Year Ended June 30, 2018**

**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, 2017	\$ 5,733,773	\$ -	\$ 5,733,773
Changes for the year:			
Service cost	450,222	-	450,222
Interest	228,231	-	228,231
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(271,834)	-	(271,834)
Changes in assumptions or other inputs	-	-	-
Benefit payments	(99,191)	-	(99,191)
Net changes	307,428	-	307,428
Balance at June 30, 2018	<u>\$ 6,041,201</u>	<u>\$ -</u>	<u>\$ 6,041,201</u>

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 2017 to 2018.

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 2.72%	Discount Rate 3.72%	1% Increase 4.72%
Total OPEB liability	\$ 6,697,187	\$ 6,041,201	\$ 5,466,756

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.

	1% Decrease 5.00%	Healthcare Cost Trend Rates 6.00%	1% Increase 7.00%
Total OPEB liability	\$ 5,234,120	\$ 6,041,201	\$ 7,009,024

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$663,284. At June 30, 2018, 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	\$ -	\$ 271,834
Changes of assumptions or other inputs	-	-
Net difference between projected and actual investments	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 271,834</b>

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:		
2019	\$	15,169
2020		15,169
2021		15,169
2022		15,169
2023		15,169
Thereafter		195,989
	<b>\$</b>	<b>271,834</b>

#### 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](http://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 Basic Financial Statements Year Ended June 30, 2018

---

#### 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 2018, pursuant to the required rate, regular members contributed 5.95 percent of covered payroll and the District contributed 8.93 percent of covered payroll for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2018 were \$10,845,472.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the District reported a liability of \$105,254,760 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 1.5801015 percent, which was an increase of 0.0026115 percent from its proportion measured as of June 30, 2016.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

#### Note 7. Pension and Retirement Benefits (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$15,514,767. At June 30, 2018, 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	\$ 966,339	\$ 911,953
Changes of assumptions	18,288,424	-
Net difference between projected and actual earnings on pension plan investments	-	1,099,349
Changes in proportion and differences between District contributions and proportionate share of contributions	3,186,922	245,278
District contributions subsequent to the measurement date	10,845,472	-
<b>Total</b>	<u><u>\$ 33,287,157</u></u>	<u><u>\$ 2,256,580</u></u>

\$10,845,472 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, 2019. 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,	
2019	\$ 3,576,546
2020	9,268,286
2021	5,397,933
2022	689,510
2023	1,252,830
Thereafter	-
<b>Total</b>	<u><u>\$ 20,185,105</u></u>

There were no non-employer contributing entities at IPERS.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

#### Note 7. Pension and Retirement Benefits (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Rate of Inflation (effective June 30, 2014)	2.60 percent per annum
Salary Increases (effective June 30, 2010)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.00 percent per annum, compounded annually, net of pension plan, investment expense, including inflation
Wage growth (effective June 30, 1990)	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, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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
Core-plus fixed income	27.0%	2.25%
Domestic equity	24.0%	6.25%
International equity	16.0%	6.71%
Private equity	11.0%	11.15%
Private real assets	7.5%	4.18%
Public real assets	7.0%	3.27%
Public credit	3.5%	3.46%
Private credit	3.0%	4.25%
Cash	1.0%	-0.31%
<b>Total</b>	<b>100%</b>	

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

---

#### 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	\$ 173,417,620	\$ 105,254,760	\$ 47,984,865

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](http://www.ipers.org).

Payables to the Pension Plan: At June 30, 2018, the District reported payables to IPERS of \$928,424 for legally required District contributions and \$618,602 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 Basic Financial Statements Year Ended June 30, 2018

---

#### Note 8. Risk Management (Continued)

Changes in the accrual balance for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Balance, beginning of year	\$ 3,630,000	\$ 2,989,000
Incurred claims and claim adjustments	25,350,754	24,631,524
Payment of claims	24,938,754	23,990,524
Balance, end of year	<u>\$ 4,042,000</u>	<u>\$ 3,630,000</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, 2018 is comprised of the following programs:

Program:	Amount
Four year old preschool	\$ 658,265
Teacher salary supplement	516,050
Professional development	726,922
Teacher leadership	1,930,638
Textbook aid	11,713
Success for early readers	18,007
STEM	1,123
<b>Total</b>	<u>\$ 3,862,718</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, 2018, these contracts totaled \$15,602,248. Work done and payments of \$8,728,023 have been made leaving the portion of these contracts which has not been completed or paid or accrued as a liability as \$6,874,225.

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.

The Iowa Department of Education has notified the District that a "Phase II" review will occur in January 2019 to address noncompliance citations. The effect the Phase II review will have on the District and the District's financial statements is not determinable.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

---

#### 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, 2018 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	\$ 580,258
City of Blue Grass, Iowa	Urban renewal and economic development projects	35,049

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, 2018, this reimbursement amounted to \$256,931.

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

The District adopted the following statements during the year ended June 30, 2018:

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

*GASB Statement No. 81, Irrevocable Split-Interest Agreements:* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

*GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73:* This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

---

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

GASB Statement No. 85, *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The implementation of the above statements did not have a material impact to the District's financial statements except for GASB Statement No. 75 which required the District to change the accounting and reporting of OPEB benefit expense, total OPEB liability, and the related deferred inflows of resources and deferred outflows of resources. As a result, the District's financial statements required a restatement as stated in Note 13. In addition, the new standards required new note disclosures and new required supplementary information schedules.

As of June 30, 2018, 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. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the District beginning with its fiscal year ending June 30, 2019. 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. 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.

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

---

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

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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, will be effective for the District beginning with its fiscal year ending June 30, 2019. 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.

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.

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

## Davenport Community School District

### Notes to Basic Financial Statements Year Ended June 30, 2018

#### Note 13. Restatement

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented as of the beginning of the year ended June 30, 2018. The revised requirements establish new financial reporting requirements for state and local government employers that provide postemployment benefits other than pensions, including additional note disclosures and required supplementary information. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Beginning net position for governmental activities, business-type activities and proprietary funds were restated to retroactively report the beginning net OPEB liability and, if applicable, deferred outflows of resources related to contributions made after the measurement date of the beginning total OPEB liability but before the beginning of the District's fiscal year.

The District restated beginning net position of governmental activities and fund balance of the General Fund to record state categorical funding as restricted fund balance in accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

	Governmental Activities	Business-type Activities	Major Governmental	Major Enterprise	Nonmajor Enterprise
			General Fund	School Nutrition Fund	Out of School Time Fund
Net position/fund balance June 30, 2017, as previously reported	\$ 178,359,824	\$ 908,139	\$ 13,640,120	\$ 806,127	\$ 102,012
Net OPEB obligation	3,012,980	89,463	-	86,356	3,107
Total OPEB liability	(5,567,494)	(166,279)	-	(160,546)	(5,733)
State categorical funding	2,884,123	-	2,884,123	-	-
Net position/fund balance June 30, 2017, as restated	<u>\$ 178,689,433</u>	<u>\$ 831,323</u>	<u>\$ 16,524,243</u>	<u>\$ 731,937</u>	<u>\$ 99,386</u>

## **Required Supplementary Information**

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

**Davenport Community School District**

**Required Supplementary Information  
Schedule of Changes in the District's Total OPEB  
Liability and Related Ratios  
Year ending June 30, 2018**

---

	<u>2018</u>
Total OPEB liability	
Changes for the year:	
Service cost	\$ 450,222
Interest	228,231
Changes of benefit terms	-
Differences between expected and actual experience	(271,834)
Changes in assumptions or other inputs	-
Benefit payments	(99,191)
Net changes in total OPEB liability	<u>307,428</u>
Total OPEB liability - beginning	<u>5,733,773</u>
Total OPEB liability - ending	<u><u>\$ 6,041,201</u></u>
Covered employee payroll	\$ 92,742,280
Total OPEB liability as a percentage of covered employee payroll	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:

There were no changes in assumption.

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

Note: 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, 2018**

	Governmental Funds - Actual	Enterprise Funds - Actual
Revenues:		
Local sources	\$ 75,617,246	\$ 2,558,325
State sources	129,895,002	64,837
Federal sources	11,893,861	6,807,439
<b>Total revenues</b>	<u>217,406,109</u>	<u>9,430,601</u>
Expenditures/expenses:		
Instruction	126,994,153	33,196
Support services	65,282,765	901,425
Noninstructional programs	614,211	8,273,563
Other expenditures	23,463,575	-
<b>Total expenditures/expenses</b>	<u>216,354,704</u>	<u>9,208,184</u>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<u>1,051,405</u>	<u>222,417</u>
Other financing sources (uses):		
Interfund transfers in	2,737,804	-
Interfund transfers out	(2,397,575)	(340,229)
<b>Total other financing sources (uses)</b>	<u>340,229</u>	<u>(340,229)</u>
<b>Net change in fund balances</b>	1,391,634	(117,812)
Balance, beginning of year, as restated	34,430,075	831,323
Balance, end of year	<u>\$ 35,821,709</u>	<u>\$ 713,511</u>

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 78,175,571	\$ 78,202,169	\$ 78,202,169	\$ (26,598)
129,959,839	132,212,727	132,212,727	(2,252,888)
18,701,300	20,794,991	20,794,991	(2,093,691)
<u>226,836,710</u>	<u>231,209,887</u>	<u>231,209,887</u>	<u>(4,373,177)</u>
127,027,349	128,256,870	128,256,870	1,229,521
66,184,190	67,593,579	68,758,671	2,574,481
8,887,774	10,543,346	10,543,346	1,655,572
23,463,575	24,496,148	30,207,929	6,744,354
<u>225,562,888</u>	<u>230,889,943</u>	<u>237,766,816</u>	<u>12,203,928</u>
<u>1,273,822</u>	<u>319,944</u>	<u>(6,556,929)</u>	<u>7,830,751</u>
2,737,804	2,397,575	2,397,575	340,229
<u>(2,737,804)</u>	<u>(2,397,575)</u>	<u>(2,397,575)</u>	<u>(340,229)</u>
-	-	-	-
<u>1,273,822</u>	<u>319,944</u>	<u>(6,556,929)</u>	<u>7,830,751</u>
<u>35,261,398</u>			
<u>\$ 36,535,220</u>			

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

**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 Four Fiscal Years**

	2018*	2017*	2016*	2015*
District's proportion of the net pension liability	1.580102%	1.577490%	1.562615%	1.502500%
District's proportionate share of the net pension liability	\$ 105,254,760	\$ 99,276,394	\$ 77,200,725	\$ 59,586,686
District's covered-employee payroll	\$ 118,073,180	\$ 113,174,927	\$ 107,021,725	\$ 98,315,409
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.14%	87.72%	72.14%	60.61%
Plan fiduciary net pension as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

\*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.

**Davenport Community School District**

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

---

	2018	2017	2016	2015
Statutorily required contribution	\$ 10,845,472	\$ 10,543,936	\$ 10,106,521	\$ 9,557,040
Contributions in relation to the statutorily required contribution	\$ (10,845,472)	\$ (10,543,936)	\$ (10,106,521)	\$ (9,557,040)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 121,449,832	\$ 118,073,180	\$ 113,174,927	\$ 107,021,725
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%

See Notes to Required Supplementary Information.

---

	2014	2013	2012	2011	2010	2009
\$	8,779,566	\$ 8,353,920	\$ 7,874,747	\$ 6,607,604	\$ 6,149,722	\$ 5,737,489
\$	(8,779,566)	\$ (8,353,920)	\$ (7,874,747)	\$ (6,607,604)	\$ (6,149,722)	\$ (5,737,489)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	98,315,409	\$ 96,354,325	\$ 97,580,508	\$ 95,073,439	\$ 92,477,023	\$ 90,354,157
	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

## 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 \$6,876,873.

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 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**

DAVENPORT  RT  
COMMUNITY  
SCHOOLS



## **Nonmajor Governmental Funds**

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

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

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

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

**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, 2018

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
<b>Assets</b>				
Cash and Investments	\$ 7,509,207	\$ 673,180	\$ 1,956,997	\$ 10,139,384
Receivables:				
Property tax:				
Current year	21,181	-	-	21,181
Succeeding year	2,101,464	-	-	2,101,464
Other	-	6,178	-	6,178
<b>Total assets</b>	<b>\$ 9,631,852</b>	<b>\$ 679,358</b>	<b>\$ 1,956,997</b>	<b>\$ 12,268,207</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 6,668	\$ 25,888	\$ -	\$ 32,556
Accrued payroll and payroll taxes	-	8,810	-	8,810
<b>Total liabilities</b>	<b>6,668</b>	<b>34,698</b>	<b>-</b>	<b>41,366</b>
Deferred inflows of resources, Unavailable revenue:				
Succeeding year property taxes	2,101,464	-	-	2,101,464
<b>Total deferred inflows of resources</b>	<b>2,101,464</b>	<b>-</b>	<b>-</b>	<b>2,101,464</b>
Fund balances:				
Restricted for				
Debt service	-	-	1,956,997	1,956,997
Management levy purposes	7,523,720	-	-	7,523,720
Student activities	-	644,660	-	644,660
<b>Total fund balances</b>	<b>7,523,720</b>	<b>644,660</b>	<b>1,956,997</b>	<b>10,125,377</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,631,852</b>	<b>\$ 679,358</b>	<b>\$ 1,956,997</b>	<b>\$ 12,268,207</b>

Davenport Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2018

	Special Revenue			Total
	Management Fund	Student Activity	Debt Service	
Revenues:				
Local sources:				
Property taxes	\$ 2,375,480	\$ -	\$ -	\$ 2,375,480
Utility taxes	125,717	-	-	125,717
Interest	23,963	2,451	8,740	35,154
Other	54,796	1,084,658	-	1,139,454
State sources, other	88,178	-	-	88,178
<b>Total revenues</b>	<b>2,668,134</b>	<b>1,087,109</b>	<b>8,740</b>	<b>3,763,983</b>
Expenditures:				
Current:				
Instruction	966,955	926,275	-	1,893,230
General administration	1,481,683	-	-	1,481,683
School administration	-	802	-	802
Plant operation and maintenance	301,552	1,634	-	303,186
Student transportation	-	84,572	-	84,572
Debt service:				
Principal	-	-	2,065,000	2,065,000
Interest	-	-	333,575	333,575
<b>Total expenditures</b>	<b>2,750,190</b>	<b>1,013,283</b>	<b>2,398,575</b>	<b>6,162,048</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(82,056)</b>	<b>73,826</b>	<b>(2,389,835)</b>	<b>(2,398,065)</b>
Other financing sources, transfers in	-	-	2,397,575	2,397,575
<b>Net change in fund balances</b>	<b>(82,056)</b>	<b>73,826</b>	<b>7,740</b>	<b>(490)</b>
Fund balances, beginning of year	7,605,776	570,834	1,949,257	10,125,867
Fund balances, end of year	\$ 7,523,720	\$ 644,660	\$ 1,956,997	\$ 10,125,377

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

**Davenport Community School District**

**Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
Year Ended June 30, 2018**

Group	Beginning June 30, 2017	Revenues	Expenditures	Transfers	Ending June 30, 2018
Adams Elementary	\$ 1,479	\$ 4,544	\$ 1,378	\$ -	\$ 4,645
Buffalo Elementary	6,504	1,835	2,875	-	5,464
Blue Grass Elementary	2,727	2,383	2,269	-	2,841
Buchanan Elementary	2,569	1,487	3,838	-	218
Central High School Athletics	(597)	103,699	101,181	-	1,921
Central High School	181,596	174,283	159,478	-	196,401
District Wide Athletics	50	25,486	19,336	-	6,200
Eisenhower Elementary	7,096	5,809	3,175	-	9,730
Fillmore Elementary	3,676	4,646	1,202	-	7,120
Garfield Elementary	3,659	1,001	392	-	4,268
Harrison Elementary	1,015	74	325	-	764
Hayes Elementary	2,824	60	57	-	2,827
Jackson Elementary	926	-	-	-	926
Jefferson Elementary	6,477	8,644	6,146	-	8,975
Madison Elementary	918	383	680	-	621
Mid City High School	2,079	5,350	3,637	-	3,792
McKinley Elementary	4,248	443	1,332	-	3,359
Monroe Elementary	452	130	548	-	34
North High School Athletics	17,751	82,608	91,799	-	8,560
North High School	29,605	228,775	200,754	-	57,626
Smart Intermediate School	11,756	17,555	17,270	-	12,041
Senior High	850	-	55	-	795
Sudlow Intermediate School	59,044	81,140	68,714	-	71,470
Truman Elementary	496	-	-	-	496
Walcott School	37,338	25,055	24,792	-	37,601
West High School Athletics	22,820	98,701	105,744	-	15,777
West High School	87,783	166,472	145,993	-	108,262
Wilson Elementary	3,727	424	769	-	3,382
Williams Intermediate School	34,475	12,137	13,099	-	33,513
Wood Intermediate School	26,860	30,353	35,543	-	21,670
Washington Elementary	7,275	1,235	956	-	7,554
Unallocated interest income	3,356	2,397	(54)	-	5,807
Total Special Revenue Fund, Student Activity By Account	<u>\$ 570,834</u>	<u>\$ 1,087,109</u>	<u>\$ 1,013,283</u>	<u>\$ -</u>	<u>\$ 644,660</u>

Davenport Community School District

Schedule of Combining Balance Sheet

Capital Projects Fund - By Account

June 30, 2018

	Capital Projects Fund Accounts			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Revenue Bonds	Total
<b>Assets</b>				
Cash and pooled investments	\$ 6,185,767	\$ 4,351,299	\$ -	\$ 10,537,066
Receivables:				
Property tax:				
Current year	-	51,744	-	51,744
Succeeding year	-	5,700,039	-	5,700,039
Due from other governments	1,972,286	-	-	1,972,286
<b>Total assets</b>	<b>\$ 8,158,053</b>	<b>\$ 10,103,082</b>	<b>\$ -</b>	<b>\$ 18,261,135</b>
<b>Liabilities, Deferred Inflows of Resources, and and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 988,787	\$ 610,917	\$ -	\$ 1,599,704
Accrued payroll and payroll taxes	53,501	-	-	53,501
Construction contracts payable	280,284	105,720	-	386,004
<b>Total liabilities</b>	<b>1,322,572</b>	<b>716,637</b>	<b>-</b>	<b>2,039,209</b>
Deferred Inflows of Resources:				
Unavailable revenue:				
Succeeding year property tax	-	5,700,039	-	5,700,039
Statewide sales and services tax	750,000	-	-	750,000
<b>Total deferred inflows of resources</b>	<b>750,000</b>	<b>5,700,039</b>	<b>-</b>	<b>6,450,039</b>
Fund Balances:				
Restricted for:				
Physical plant and equipment	-	3,686,406	-	3,686,406
School infrastructure	6,085,481	-	-	6,085,481
<b>Total fund balances</b>	<b>6,085,481</b>	<b>3,686,406</b>	<b>-</b>	<b>9,771,887</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,158,053</b>	<b>\$ 10,103,082</b>	<b>\$ -</b>	<b>\$ 18,261,135</b>

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, 2018

	Capital Projects Fund Accounts			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Revenue Bonds	
Revenues:				
Local sources:				
Property taxes	\$ -	\$ 5,459,383	\$ -	\$ 5,459,383
Utility taxes	-	278,714	-	278,714
Interest	21,190	14,423	1,119	36,732
Other	187,357	15,328	-	202,685
State sources:				
Statewide sales, services, and use tax	14,432,786	-	-	14,432,786
Other state sources	-	196,400	-	196,400
<b>Total revenues</b>	<b>14,641,333</b>	<b>5,964,248</b>	<b>1,119</b>	<b>20,606,700</b>
Expenditures:				
Current:				
Instruction	1,371	2,385	-	3,756
Support services:				
Instructional staff services	115,052	-	-	115,052
General administration	91,290	-	-	91,290
Business and central administration	301,720	785,257	-	1,086,977
Plant operation and maintenance	26,645	453,337	-	479,982
Student transportation	-	523,203	-	523,203
Non-instructional programs	121,907	-	-	121,907
Capital outlay	8,640,978	4,220,852	933,206	13,795,036
<b>Total expenditures</b>	<b>9,298,963</b>	<b>5,985,034</b>	<b>933,206</b>	<b>16,217,203</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,342,370</b>	<b>(20,786)</b>	<b>(932,087)</b>	<b>4,389,497</b>
Other financing sources (uses):				
Transfers out	(2,397,575)	-	-	(2,397,575)
<b>Total other financing sources (uses)</b>	<b>(2,397,575)</b>	<b>-</b>	<b>-</b>	<b>(2,397,575)</b>
<b>Net change in fund balance</b>	<b>2,944,795</b>	<b>(20,786)</b>	<b>(932,087)</b>	<b>1,991,922</b>
Fund balance, beginning of year	3,140,686	3,707,192	932,087	7,779,965
Fund balance, end of year	\$ 6,085,481	\$ 3,686,406	\$ -	\$ 9,771,887

Davenport Community School District

Statement of Changes in Fiduciary Assets and Liabilities  
Agency Fund  
Year Ended June 30, 2018

---

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash and investments	\$ 151,743	\$ 176,622	\$ 166,343	\$ 162,022
	<u>\$ 151,743</u>	<u>\$ 176,622</u>	<u>\$ 166,343</u>	<u>\$ 162,022</u>
<b>Liabilities</b>				
Accounts payable	\$ 969	\$ 4,045	\$ 969	\$ 4,045
Due to activity groups	150,774	176,622	169,419	157,977
<b>Total liabilities</b>	<u>\$ 151,743</u>	<u>\$ 180,667</u>	<u>\$ 170,388</u>	<u>\$ 162,022</u>

**Davenport Community School District**

**Schedule of Changes in Amounts Due to Activity Groups-Agency Fund  
Year Ended June 30, 2018**

Activity Group	Beginning June 30, 2017	Revenues	Expenditures	Ending June 30, 2018
Adams Staff Account	\$ 2,938	\$ 505	\$ 350	\$ 3,093
Administration Pop Account	2,378	1,792	2,332	1,838
Administration Scholar Account	130	-	-	130
Blue Grass Staff Account	1,006	808	1,011	803
Buchanan Pop Account	243	628	506	365
Buchanan Boosters Account	2,741	1,703	1,230	3,214
Buffalo Business Partners	405	1,266	1,702	(31)
CV Hayes Staff Account	54	-	-	54
CV Hoover Staff Account	310	72	165	217
CV Hoover Parent Account	1,096	-	484	612
CV West Staff Account	399	528	725	202
CV West PTO Account	647	-	-	647
CV West Staff Social Account	698	576	1,014	260
Central Staff Account	26,587	31,562	36,430	21,719
Central Band Orchestra Parent Account	65	-	-	65
Central/North Prom	764	3,000	2,687	1,077
Central Vocal Music Parent Account	82	-	-	82
Davenport Learning Staff Account	1,263	3,995	3,161	2,097
Districtwide Drop Out Event	948	-	-	948
Districtwide Symphony	-	787	1,050	(263)
Districtwide IMC Sunshine	-	-	-	-
Eisenhower Staff Account	397	1,146	1,559	(16)
Fillmore Staff Account	769	709	823	655
Garfield Staff Account	3,604	2,630	1,705	4,529
Harrison Staff Account	12,447	806	1,549	11,704
Havlife Foundation Account	9,728	20,803	20,961	9,570
Hayes Staff Fund	263	1,699	1,412	550
Jackson Staff Fund	217	989	790	416
Jefferson Staff Fund	1,904	809	2,126	587
Madison Staff Account	2,455	411	1,906	960
Mid City Staff Account	355	425	831	(51)
McKinley Staff Fund	34	-	-	34
Monroe Staff Account	11,751	5,446	11,588	5,609
North Staff Account	9,600	15,030	16,836	7,794
River Music Experience/Havlife	983	-	377	606
Smart Staff Account	961	489	701	749
Sudlow Staff Account	606	2,297	1,696	1,207
Truman Staff Account	698	-	74	624
Walcott Staff Account	37	784	307	514
Washington Staff Account	(103)	656	356	197
West Staff Account	29,030	22,937	7,998	43,969
West Shrine Account	56	275	-	331
West Athletics Account	3,583	32,323	28,209	7,697
West Boosters Account	290	-	-	290
West After Prom Account	3,000	3,000	3,068	2,932
Williams Staff Account	2,591	9,881	4,493	7,979
Wilson Staff Account	9,456	4,723	6,284	7,895
Wood Staff Account	1,664	1,132	917	1,879
Young Staff Account	6	-	6	-
Youth Fest Account	1,638	-	-	1,638
<b>Total Due to Activity Groups</b>	<b>\$ 150,774</b>	<b>\$ 176,622</b>	<b>\$ 169,419</b>	<b>\$ 157,977</b>

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

# **Statistical Section**

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

# 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.

---

Contents	Page
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	71
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	81
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	86
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	91
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	103

**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			
	2018	2017	2016	2015
Governmental activities:				
Net investment in capital assets	\$ 185,028,308	\$ 181,820,851	\$ 173,180,292	\$ 168,031,137
Restricted	24,509,982	18,655,832	23,926,922	25,490,625
Unrestricted	(36,231,015)	(22,116,859)	(12,359,839)	(13,563,485)
<b>Total governmental activities net position</b>	<b>\$ 173,307,275</b>	<b>\$ 178,359,824</b>	<b>\$ 184,747,375</b>	<b>\$ 179,958,277</b>
Business-type activities				
Net investment in capital assets	\$ 364,713	\$ 453,108	\$ 501,466	\$ 321,414
Unrestricted	348,798	455,031	310,282	24,659
<b>Total business-type activities net position</b>	<b>\$ 713,511</b>	<b>\$ 908,139</b>	<b>\$ 811,748</b>	<b>\$ 346,073</b>
Primary government:				
Net investment in capital assets	\$ 185,393,021	\$ 182,273,959	\$ 173,681,758	\$ 168,352,551
Restricted	24,509,982	18,655,832	23,926,922	25,490,625
Unrestricted	(35,882,217)	(21,661,828)	(12,049,557)	(13,538,826)
<b>Total primary government net position</b>	<b>\$ 174,020,786</b>	<b>\$ 179,267,963</b>	<b>\$ 185,559,123</b>	<b>\$ 180,304,350</b>

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

		Fiscal Year									
		2014	2013	2012	2011	2010	2009				
\$	147,591,718	\$	145,139,593	\$	142,713,992	\$	133,596,413	\$	122,855,936	\$	114,430,225
	38,106,915		30,754,572		22,439,084		22,083,566		23,789,830		24,956,179
	54,329,549		49,317,951		40,495,698		31,528,694		21,634,801		15,470,549
\$	240,028,182	\$	225,212,116	\$	205,648,774	\$	187,208,673	\$	168,280,567	\$	154,856,953
\$	413,546	\$	358,765	\$	423,492	\$	510,223	\$	610,226	\$	624,336
	1,622,191		2,758,445		2,839,445		2,388,782		1,480,466		477,059
\$	2,035,737	\$	3,117,210	\$	3,262,937	\$	2,899,005	\$	2,090,692	\$	1,101,395
\$	148,005,264	\$	145,498,358	\$	143,137,484	\$	134,106,636	\$	123,466,162	\$	115,054,561
	38,106,915		30,754,572		22,439,084		22,083,566		23,789,830		24,956,179
	55,951,740		52,076,396		43,335,143		33,917,476		23,115,267		15,947,608
\$	242,063,919	\$	228,329,326	\$	208,911,711	\$	190,107,678	\$	170,371,259	\$	155,958,348

Davenport Community School District

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

	Fiscal Year			
	2018	2017	2016	2015
Expenses:				
Governmental activities:				
Instruction	\$ 144,719,877	\$ 139,416,652	\$ 133,042,846	\$ 132,454,398
Student Support Services	16,813,962	16,441,860	14,959,706	7,013,751
Instructional Staff Support Services	6,699,410	6,354,866	5,481,304	5,517,395
General Administration	6,419,405	6,288,431	5,639,397	4,800,446
School Administration	11,360,338	10,816,465	11,431,660	9,719,379
Business Administration	5,901,920	6,830,713	6,451,175	6,179,430
Plant Operation and Maintenance	14,944,147	16,490,014	12,958,917	12,718,459
Student Transportation	7,299,085	7,195,748	6,385,037	6,427,016
Community Services	648,153	692,881	666,296	603,339
Area Education Agency	7,269,964	7,046,999	6,885,657	6,817,320
Interest on Long-term Debt	259,519	300,019	349,258	159,982
<b>Total governmental activities expenses</b>	<b>222,335,780</b>	<b>217,874,648</b>	<b>204,251,253</b>	<b>192,410,915</b>
Business-type activities:				
School Nutrition	\$ 8,608,677	\$ 9,032,980	\$ 8,907,468	\$ 8,041,263
Out of School Time	599,507	399,084	434,523	489,227
Day Care <sup>3</sup>	-	-	-	-
<b>Total business-type activities expenses</b>	<b>9,208,184</b>	<b>9,432,064</b>	<b>9,341,991</b>	<b>8,530,490</b>
<b>Total Primary Government Expenses</b>	<b>231,543,964</b>	<b>227,306,712</b>	<b>213,593,244</b>	<b>200,941,405</b>
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	5,018,786	5,076,599	4,029,551	n/a
Support services	924,404	993,023	892	n/a
Other	196,513	7,500	-	3,368,675
Operating grants and contributions	38,660,673	36,505,696	36,047,765	40,542,048
Capital grants and contributions	-	-	-	-
<b>Total governmental revenues</b>	<b>44,800,376</b>	<b>42,582,818</b>	<b>40,078,208</b>	<b>43,910,723</b>
Business-type activities:				
Charges for services:				
Food Services	1,948,801	1,574,028	1,670,598	1,629,652
Out of School Program	599,308	546,132	562,938	635,619
Day Care	-	-	-	-
Operating grants and contributions	6,872,485	7,395,550	7,572,916	6,584,340
<b>Total business-type revenues</b>	<b>9,420,594</b>	<b>9,515,710</b>	<b>9,806,452</b>	<b>8,849,611</b>
<b>Total primary government revenues</b>	<b>54,220,970</b>	<b>52,098,528</b>	<b>49,884,660</b>	<b>52,760,334</b>
Net (expense) revenues:				
Governmental activities	(177,535,404)	(175,291,830)	(164,173,045)	(148,500,192)
Business-type activities	212,410	83,646	464,461	319,121
<b>Total primary government net expense</b>	<b>\$ (177,322,994)</b>	<b>\$ (175,208,184)</b>	<b>\$ (163,708,584)</b>	<b>\$ (148,181,071)</b>

							Fiscal Year					
2014		2013		2012		2011		2010		2009		
\$	125,736,240	\$	120,970,114	\$	122,607,165	\$	123,435,023	\$	115,220,844	\$	116,034,206	
	6,346,051		5,607,181		1,997,273		3,266,982		3,596,004		4,022,805	
	4,898,917		6,550,882		7,038,613		6,142,636		6,100,992		5,082,850	
	4,195,386		3,774,487		1,958,785		1,813,010		1,871,580		1,877,261	
	9,651,935		9,200,600		11,866,688		9,950,584		9,870,846		9,439,032	
	3,447,114		4,693,532		4,135,698		3,822,055		3,692,544		4,454,131	
	17,392,671		13,549,183		15,002,820		14,052,852		14,209,020		15,221,426	
	5,856,022		5,061,706		5,260,931		5,027,504		4,588,851		4,623,723	
	577,899		534,745		589,778		505,551		440,988		278,949	
	6,461,319		6,218,691		6,113,725		6,637,326		6,505,439		5,852,203	
	108,104		-		-		-		800		343,315	
	184,671,658		176,161,121		176,571,476		174,653,523		166,097,908		167,229,901	
\$	8,431,050	\$	8,240,850	\$	8,128,218	\$	7,538,582	\$	7,235,067	\$	7,145,508	
	945,852		978,362		686,491		-		-		-	
	-		-		-		-		-		24,895	
	9,376,902		9,219,212		8,814,709		7,538,582		7,235,067		7,170,403	
	194,048,560		185,380,333		185,386,185		182,192,105		173,332,975		174,400,304	
	n/a											
	n/a											
	4,199,627		3,945,860		3,389,471		6,816,358		7,004,271		5,612,778	
	33,676,763		33,862,643		35,614,403		40,018,481		38,122,590		33,228,717	
	74,720		-		150,000		149,825		150,000		203,189	
	37,951,110		37,808,503		39,153,874		46,984,664		45,276,861		39,044,684	
	1,987,983		1,994,136		2,288,652		2,367,038		2,474,381		2,727,373	
	790,137		747,704		821,163		-		-		-	
	-		-		-		-		-		17,155	
	6,333,063		6,329,637		6,041,999		5,967,490		5,638,183		5,108,946	
	9,111,183		9,071,477		9,151,814		8,334,528		8,112,564		7,853,474	
	47,062,293		46,879,980		48,305,688		55,319,192		53,389,425		46,898,158	
	(146,720,548)		(138,352,618)		(137,417,602)		(127,668,859)		(120,821,047)		(128,185,217)	
	(265,719)		(147,735)		337,105		795,946		877,497		683,071	
\$	(146,986,267)	\$	(138,500,353)	\$	(137,080,497)	\$	(126,872,913)	\$	(119,943,550)	\$	(127,502,146)	

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

	Fiscal Year			
	2018	2017	2016	2015
General revenues and other changes in net position:				
Governmental activities:				
Property Taxes	64,862,199	60,111,185	60,834,657	61,247,158
Utility Tax	3,409,461	3,385,530	3,545,882	3,648,294
Revenue in lieu of tax	2,366,600	3,012,624	-	-
Sales, Services, and Use Tax	14,432,786	15,129,201	15,114,132	15,170,683
Unrestricted State Aid and Grants	85,738,422	84,429,673	86,685,533	80,262,330
Interest and Investment earnings	1,003,549	549,199	86,005	275,646
Miscellaneous	-	2,286,867	2,695,934	1,392,782
Transfers	340,229	-	-	-
<b>Total governmental activities</b>	<b>172,153,246</b>	<b>168,904,279</b>	<b>168,962,143</b>	<b>161,996,893</b>
Business-type activities:				
Interest and Investment Earnings	10,007	12,745	1,066	892
Other	-	-	148	672
Transfers	(340,229)	-	-	-
<b>Total business-type activities</b>	<b>(330,222)</b>	<b>12,745</b>	<b>1,214</b>	<b>1,564</b>
<b>Total primary government</b>	<b>171,823,024</b>	<b>168,917,024</b>	<b>168,963,357</b>	<b>161,998,457</b>
Change in net position:				
Governmental activities	(5,382,158)	(6,387,551)	4,789,098	13,496,701
Business-type activities	(117,812)	96,391	465,675	320,685
<b>Total primary government</b>	<b>\$ (5,499,970)</b>	<b>\$ (6,291,160)</b>	<b>\$ 5,254,773</b>	<b>\$ 13,817,386</b>

						Fiscal Year
2014	2013	2012	2011	2010	2009	
65,467,771	64,942,943	63,510,538	61,114,524	60,062,506	58,499,226	
2,617,812	2,717,545	2,731,927	2,594,463	2,713,155	2,680,964	
-	-	-	-	-	-	
13,877,511	14,110,961	13,613,991	12,832,292	11,711,344	14,495,378	
78,431,166	75,791,773	75,498,841	69,280,863	58,634,847	66,533,410	
197,423	165,646	472,846	628,504	533,535	979,404	
126,308	186,829	33,945	146,319	35,681	37,122	
818,623	-	(4,393)	-	(104,619)	-	
<u>161,536,614</u>	<u>157,915,697</u>	<u>155,857,695</u>	<u>146,596,965</u>	<u>133,586,449</u>	<u>143,225,504</u>	
1,893	1,758	13,894	12,067	6,781	1,209	
976	250	8,540	300	400	-	
(818,623)	-	4,393	-	104,619	-	
<u>(815,754)</u>	<u>2,008</u>	<u>26,827</u>	<u>12,367</u>	<u>111,800</u>	<u>1,209</u>	
<u>160,720,860</u>	<u>157,917,705</u>	<u>155,884,522</u>	<u>146,609,332</u>	<u>133,698,249</u>	<u>143,226,713</u>	
14,816,066	19,563,079	18,440,093	18,928,106	12,765,402	15,040,287	
(1,081,473)	(145,727)	363,932	808,313	989,297	684,280	
<u>\$ 13,734,593</u>	<u>\$ 19,417,352</u>	<u>\$ 18,804,025</u>	<u>\$ 19,736,419</u>	<u>\$ 13,754,699</u>	<u>\$ 15,724,567</u>	

**Davenport Community School District**

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

	Fiscal Year			
	2018	2017	2016	2015
General Fund:				
Nonspendable	201,882	252,083	241,009	398,240
Unassigned	11,859,845	13,388,037	21,599,151	24,299,600
Reserved	-	-	-	-
Restricted	3,862,718	2,884,123	-	-
Unreserved	-	-	-	-
<b>Total General Fund</b>	<b>15,924,445</b>	<b>16,524,243</b>	<b>21,840,160</b>	<b>24,697,840</b>
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted	19,897,264	17,905,832	23,176,922	37,176,145
Reserved	-	-	-	-
Unreserved, reported in:				
Capital Project Funds	-	-	-	-
Special Revenue Funds	-	-	-	-
<b>Total all other governmental funds</b>	<b>19,897,264</b>	<b>17,905,832</b>	<b>23,176,922</b>	<b>37,176,145</b>

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

Fiscal Year					
2014	2013	2012	2011	2010	2009
389,639	254,798	374,294	400,233	-	-
25,274,148	20,920,870	15,338,624	11,010,775	-	-
-	-	-	-	752,109	598,299
-	-	-	-	-	-
-	-	-	-	9,259,384	12,746,539
25,663,787	21,175,668	15,712,918	11,411,008	10,011,493	13,344,838
19,722	-	-	-	-	-
38,106,914	29,266,974	24,702,394	23,095,794	-	-
-	-	-	-	2,678,604	15,487,328
-	-	-	-	12,758,303	1,729,864
-	-	-	-	8,352,923	7,738,987
38,126,636	29,266,974	24,702,394	23,095,794	23,789,830	24,956,179

**Davenport Community School District**

**Change in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2018	2017	2016	2015
<b>Revenues</b>				
Property taxes	\$ 64,862,199	\$ 60,257,683	\$ 60,923,170	\$ 61,224,395
Utility tax	3,409,461	3,385,530	3,545,882	3,648,294
Sales, Service and Use Tax, Pledged as				
Security for Revenue Bonds	14,432,786	15,129,201	15,114,132	15,170,683
Intergovernmental	127,356,077	125,811,260	121,863,419	117,138,327
Charges for Services	1,441,259	2,083,336	2,830,493	2,117,326
Interest	1,003,549	549,199	86,004	275,645
Contributions and Donations	-	-	1,242,293	1,119,312
Other	4,900,778	4,715,715	3,268,660	5,029,288
<b>Total revenues</b>	<b>217,406,109</b>	<b>211,931,924</b>	<b>208,874,053</b>	<b>205,723,270</b>
<b>Expenditures</b>				
Instruction	\$ 126,994,153	\$ 128,268,765	\$ 124,646,639	\$ 126,118,386
Student Support Service	15,988,753	16,333,361	15,309,574	7,376,623
Instructional Staff Support Service	6,438,266	6,306,679	5,595,340	5,715,720
General Administration	6,258,687	6,242,962	5,691,800	4,880,510
School Administration	10,813,049	10,737,252	11,724,527	10,187,425
Business Administration	5,577,551	6,631,954	6,495,376	6,312,477
Plant Operations and Maintenance	12,917,440	13,799,245	13,197,622	13,085,788
Student Transportation	7,289,019	7,188,016	6,379,253	6,422,346
Non-instructional	614,211	611,105	678,112	622,734
Area Education Agency	7,269,964	7,046,999	6,885,657	6,817,320
Capital Outlay	13,795,036	19,837,641	26,708,742	28,885,713
Debt Service:				
Principal	2,065,000	2,025,000	1,995,000	1,000,000
Interest	333,575	374,075	423,314	211,601
<b>Total expenditures</b>	<b>\$ 216,354,704</b>	<b>\$ 225,403,054</b>	<b>\$ 225,730,956</b>	<b>\$ 217,636,643</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 1,051,405</b>	<b>\$ (13,471,130)</b>	<b>\$ (16,856,903)</b>	<b>\$ (11,913,373)</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,737,804	2,398,075	12,166,411	2,392,824
Transfers out	(2,397,575)	(2,398,075)	(12,166,411)	(2,392,824)
Issuance of Bonds	-	-	-	9,795,000
Premium on Bonds	-	-	-	201,934
<b>Total other financing sources</b>	<b>340,229</b>	<b>-</b>	<b>-</b>	<b>9,996,934</b>
<b>Net change in fund balances</b>	<b>\$ 1,391,634</b>	<b>\$ (13,471,130)</b>	<b>\$ (16,856,903)</b>	<b>\$ (1,916,439)</b>
Debt service as a percentage of noncapital expenditures	<b>1.18%</b>	<b>1.16%</b>	<b>1.20%</b>	<b>0.64%</b>

Fiscal Year											
	2014		2013		2012		2011		2010		2009
\$	65,473,551	\$	65,068,981	\$	63,342,557	\$	61,097,510	\$	59,978,454	\$	58,463,767
	2,617,812		2,717,545		2,731,926		2,594,463		2,713,155		2,680,964
	13,877,511		14,009,961		13,613,991		12,832,292		11,711,344		14,495,378
	110,044,423		107,161,891		107,727,555		107,523,909		95,281,065		98,185,617
	2,920,189		2,996,858		3,389,471		4,330,427		3,957,803		4,256,788
	197,424		165,646		472,846		628,504		533,535		979,404
	688,092		652,378		833,320		681,584		415,120		681,578
	2,855,877		2,353,270		1,929,353		2,321,967		2,616,574		2,632,264
	198,674,879		195,126,530		194,041,019		192,010,656		177,207,050		182,375,760
\$	118,583,277	\$	115,417,601	\$	117,168,124	\$	121,991,035	\$	114,024,980	\$	111,037,438
	6,346,051		6,589,764		3,264,883		4,906,654		5,456,799		4,329,266
	4,898,918		6,541,656		6,988,659		6,142,636		6,077,840		5,082,850
	4,195,386		3,759,798		1,944,096		1,798,321		1,856,891		1,862,572
	9,651,935		9,196,821		11,688,893		9,945,284		9,785,027		9,432,227
	5,317,248		4,591,156		4,053,141		3,740,036		3,582,860		4,447,595
	17,314,484		13,463,488		14,897,537		13,987,436		14,111,490		15,057,211
	5,856,022		5,054,428		5,253,653		5,020,226		4,581,573		4,616,445
	656,087		530,984		585,125		505,551		419,790		272,685
	6,461,319		6,218,691		6,113,725		6,637,326		6,505,439		5,852,203
	19,940,054		9,732,598		16,170,280		16,630,672		8,067,778		7,441,230
	-		-		-		-		6,960,000		6,655,000
	108,104		-		-		-		171,658		505,480
\$	199,328,885	\$	181,096,985	\$	188,128,116	\$	191,305,177	\$	181,602,125	\$	176,592,202
\$	(654,006)	\$	14,029,545	\$	5,912,903	\$	705,479	\$	(4,395,075)	\$	5,783,558
	1,083,055		3,945		5,399		506,648		7,135,367		7,166,975
	(1,083,055)		(3,945)		(9,792)		(506,648)		(7,239,986)		(7,166,975)
	9,535,000		-		-		-		-		-
	464,573		-		-		-		-		-
	9,999,573		-		(4,393)		-		(104,619)		-
\$	9,345,567	\$	14,029,545	\$	5,908,510	\$	705,479	\$	(4,499,694)	\$	5,783,558
	0.06%		0.00%		0.00%		0.00%		4.11%		4.25%

**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
<b>2016</b>	<b>2017-18</b>	<b>4,263,479,833</b>	<b>6,449,837,092</b>	<b>25,503,460</b>	<b>25,503,460</b>
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
2007	2008-09	3,349,890,912	5,608,825,247	69,879,316	69,889,389

Source: Iowa Department of Management

Gas and Electric		Total		
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Direct Rate
<b>208,581,830</b>	<b>386,262,649</b>	<b>4,497,565,123</b>	<b>6,861,603,201</b>	<b>15.90267</b>
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
159,783,923	195,094,477	3,579,554,151	5,873,809,113	17.09414

**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
<b>2018</b>	<b>14.60267</b>	<b>1.30000</b>	<b>15.90267</b>	<b>5.82167</b>	<b>16.78000</b>	<b>1.03000</b>	<b>0.39896</b>
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
2009	15.79414	1.30000	17.09414	5.33791	15.57584	0.60635	0.34572

Source: Scott County Auditor's Office

**Davenport Community School District**

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

Taxpayer	2018			2008		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
MidAmerican Energy	\$144,589,065	1	3.56%			
Rhythm City Casino LLC	\$61,757,127	2	1.52%			
SDG Macerich Properties	\$53,135,388	3	1.31%	\$68,691,858	1	2.02%
Iowa American Water Company	\$47,738,006	4	1.18%	\$40,248,410	2	1.18%
THF Davenport North Development	\$24,656,361	5	0.61%	\$17,316,235	6	0.33%
Continental Cement Co (LaFarge Corporation)	\$21,838,156	6	0.54%			
Putnam Landlord LLC	\$21,426,291	7	0.53%			
Menard Inc.	\$18,061,944	8	0.44%			
Iowa 80 Truckstop Inc.	\$15,534,000	9	0.38%	\$15,728,168	7	0.46%
City Square LLC	\$15,367,569	10	0.38%			
LaFarge Corporation				\$20,156,405	4	0.59%
Qwest				\$19,331,525	5	0.57%
Quanex Corporation				\$22,322,600	3	0.66%
Wal Mart real estate				\$13,529,535	9	0.40%
Oscar Mayer Foods Corp				\$14,878,421	8	0.44%
Davenport Center LTD Partnership				\$13,235,626	10	0.39%
<b>Total</b>	<b>\$424,103,907</b>		<b>10.44%</b>	<b>\$245,438,783</b>		<b>7.04%</b>

Source: Scott County Auditor's Office

**Davenport Community School District**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

**(Unaudited)**

Collection Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Percentage of Levy
		Amount	Percentage of Total Tax Collections		
<b>2017-18</b>	<b>\$ 67,979,264</b>	<b>\$ 70,659,303</b>	<b>103.94%</b>	<b>\$ 368,147</b>	<b>0.54%</b>
2016-17	64,390,064	66,675,347	103.55%	303,982	0.47%
2015-16	64,595,340	67,060,056	103.82%	364,209	0.56%
2014-15	65,070,176	65,017,184	99.92%	278,724	0.43%
2013-14	68,299,475	68,253,944	99.93%	184,856	0.27%
2012-13	68,088,684	67,911,950	99.74%	165,430	0.24%
2011-12	66,488,700	66,147,985	99.49%	191,731	0.29%
2010-11	64,011,988	63,451,778	99.12%	108,783	0.17%
2009-10	63,070,307	62,598,461	99.25%	195,661	0.31%
2008-09	61,286,919	59,080,460	96.40%	86,361	0.14%

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

**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		
<b>2018</b>	<b>\$</b>	<b>12,637,720</b>	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%	-
2009		6,960,000	0.11%	42.78

Source: District financial records

N/A: Not Available

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

**Davenport Community School District**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2018**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Scott County	\$ 34,086,612	100.00%	\$ 34,086,612
Eastern Iowa Community College	42,990,000	59.30%	25,493,070
City of Blue Grass	1,886,588	95.20%	1,796,032
City of Buffalo	407,720	100.00%	407,720
City of Davenport	204,275,000	100.00%	204,275,000
City of Walcott	-	100.00%	-
City of Durant	3,330,000	3.66%	121,878
<b>Subtotal, overlapping debt</b>			266,180,312
District direct debt			12,637,720
<b>Total direct and overlapping debt</b>			<b>\$ 278,818,032</b>

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>\$ 4,497,565,123</u></u>
Debt limit (5% of assessed value)	<u>\$ 224,878,256</u>
Debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 224,878,256</u></u>

	<u>2018</u>	2017	2016	2015
Debt limit	<u>\$ 224,878,256</u>	\$ 214,402,640	\$ 204,752,425	\$ 204,251,973
Total net debt applicable to limit	<u>-</u>	-	-	-
Legal debt margin	<u><u>\$ 224,878,256</u></u>	<u>\$ 214,402,640</u>	<u>\$ 204,752,425</u>	<u>\$ 204,251,973</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	0.00%	0.00%	0.00%	0.00%

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

---

2014	2013	2012	2011	2010	2009
\$ 203,889,771	\$ 199,231,865	\$ 194,594,439	\$ 194,271,258	\$ 186,223,489	\$ 184,074,379
-	-	-	-	-	6,960,000
<u>\$ 203,889,771</u>	<u>\$ 199,231,865</u>	<u>\$ 194,594,439</u>	<u>\$ 194,271,258</u>	<u>\$ 186,223,489</u>	<u>\$ 177,114,379</u>
0.00%	0.00%	0.00%	0.00%	0.00%	3.78%

**Davenport Community School District**

**Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Sales, Services, and Use Tax Revenue Bonds				Coverage
	Revenue	Debt Service			
		Principal	Interest		
<b>2018</b>	<b>\$ 14,432,786</b>	<b>\$ 2,065,000</b>	<b>\$ 333,575</b>		<b>6.02</b>
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
2009	14,495,378	6,655,000	503,880		2.03

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
<b>2018</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>15,234</b>	<b>3.70</b>
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	2018			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Genesis (all locations in the Quad Cities Chamber Region*)	2,976	1	3.62%	4,900	1	5.80%
Davenport Community School District	2,500	2	3.04%			
John Deere & Company Davenport Works	2,000	3	2.43%			
Arconic (formerly Alcoa)	2,000	3	2.43%	2,030	2	2.40%
HyVee (all Scott County locations)	1,975	4	2.40%			
Kraft Foods/Oscar Mayer	1,600	5	1.94%	1,650	3	1.90%
Tri City Electric	1,200	6	1.46%			
Rhythm City Casino	1,000	7	1.22%	600	10	0.70%
City of Davenport	800	8	0.97%			
Cobham Mission Equipment	800	8	0.97%			
Isle Casino Hotel Bettendorf	650	9	0.79%	1,050	4	1.20%
St. Ambrose University	543	10	0.66%	636	8	0.70%
APAC Customer Services In.				900	7	1.10%
AT&T				610	9	0.70%
Eastern Iowa Community College				1,005	6	1.20%
Mid American				1,025	5	1.20%
Sears Manufacturing				600	10	0.70%
	18,044		21.93%	15,006		17.60%

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 (Continued)**

---

#### **The ABCs about Davenport Community Schools ...**

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

#### **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:** \$237,766,816 in 2017-18

#### **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

## Davenport Community School District

### Demographic and Miscellaneous Statistics (Continued)

---

#### 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
- ✓ 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

## Davenport Community School District

### Demographic and Miscellaneous Statistics (Continued)

---

#### 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
- ✓ 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)**

---

#### **Employee Top Awards:**

- ✓ West High's Jay Swords was the recipient of the 2017 Iowa Talented and Gifted Association's Distinguished Service Award.
- ✓ Five more teachers became National Board Certified this year, bringing the District's total to 25, the most out of any Quad Cities school district.
- ✓ North High art teacher Dave Schaeffer won the 1<sup>st</sup> place Teacher Award, his fourth in a row, at the 41<sup>st</sup> Annual High School Art Invitational at Quad City Arts.

#### **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

## **Davenport Community School District**

### **Demographic and Miscellaneous Statistics (Continued)**

---

- ✓ 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
  
- ✓ 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.

- ✓ 65.99% 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 – 20 students

Second grade – 21 students

Third grade – 22 students

Fourth through fifth grade – 26 students

## **Davenport Community School District**

### **Demographic and Miscellaneous Statistics (Continued)**

---

#### **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, political science/civic literacy
- 21<sup>st</sup> Century Skills: employability skills, financial literacy, health literacy, technology literacy

#### **Some of our Outstanding Alumni...**

- ✓ Jim Skinner, class of 1962, Chief Executive Officer of McDonald's Corporation
- ✓ Roger Craig, class of 1978, 3-time Super Bowl champion
- ✓ Dana Davis, class of 1997, television actress
- ✓ Jim Leach, class of 1960, Chair of the National Endowment for the Humanities and former member of the U.S. House of Representatives
- ✓ Susan Glaspell, class of 1894, Pulitzer Prize-winning playwright, actress, director, novelist, biographer and poet
- ✓ Julian Vandervele, 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%

## **Davenport Community School District**

### **Demographic and Miscellaneous Statistics (Continued)**

---

#### **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.
- ✓ 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

## Davenport Community School District

### Demographic and Miscellaneous Statistics (Continued)

---

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

- ✓ Central High/Creative Arts Academy student Karlie Westmoreland received a gold medal at the national level of the Scholastic Art & Writing Awards. Karlie attended the National Ceremony and accepted her award in person at Carnegie Hall.
- ✓ Central High's Lea Grady was crowned State Champion in Discus Throw. She ranks as the 14<sup>th</sup>-best in Iowa history and among the top-20 in the nation this year.
- ✓ West High's Brett Erwin was one of only twenty-three students selected to the Iowa Academic All-State Basketball Team.
- ✓ West High's Madison Cousins qualified for the National Speech Association's 2018 National Tournament in Informative Speaking for her 2<sup>nd</sup> year in a row.
- ✓ North and Central High were two of only four schools invited to perform at the 2017 State Thespian Festival. North's JJ Pierce was one of seven students selected to the Iowa Student Thespian Board.
- ✓ Wood Intermediate won 7 awards, including Overall Best Choir, at the Six Flags Great America Music Festival.
- ✓ Our Marine Corps JROTC won 1<sup>st</sup> place overall and earned nine individual trophies at a drill competition in Des Moines.
- ✓ Central High's Varsity History Bowl team was crowned Eastern Iowa Regional Champions and qualified for nationals.
- ✓ North High's Kylie Cawiezell, Cara Hockett and Anna Sturmer were 3 of the 39 finalists in the Iowa High School Press Association's Emerging Journalist of the Year competition.
- ✓ Creative Arts Academy student Oliver Klipsch won 1<sup>st</sup> Place in the Ida Kramer Children and the Holocaust Essay Contest with his essay on The Legacy of Dr. Ralph Troll.
- ✓ West High students Serafina Kapanen, Rebecca Casad, Grace Shipley, and Caitlin Bauer competed in a Cyber Security competition on Cryptography, Web Attacks, Forensics, programming, and Linux, placing 2<sup>nd</sup> out of 100 teams in the state of Iowa and 38<sup>th</sup> nationally.

#### 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:** 15,490

**Davenport Community School District**

**Demographic and Miscellaneous Statistics (Continued)**

---

**Teacher Data:**

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

- ✓ Over 1400 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  RT  
COMMUNITY  
SCHOOLS

**Davenport Community School District**

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

	2018	2017	2016	2015	2014
<b>Administration:</b>					
District Secretary/Treasurer	1	1	1	1	1
Superintendent	1	1	1	1	1
Assistant Superintendents	2	2	2	2	2
Principals	29	28	29	29	29
Assistant Principals	19	20	21	20	16
All Other Administrators	5	5	9	9	12
<b>Total Administration</b>	<b>57</b>	<b>57</b>	<b>63</b>	<b>62</b>	<b>61</b>
<b>Instructional:</b>					
Teachers	920	924	964	943	966
Teachers - Special Programs	374	252	221	204	181
Teachers Aides	406	412	397	407	369
<b>Total Instructional</b>	<b>1700</b>	<b>1588</b>	<b>1582</b>	<b>1554</b>	<b>1516</b>
<b>Student Services:</b>					
Counselors	44	42	44	42	39
Library Specialist	28	26	28	23	23
Other Education Professional	168	148	148	143	76
Nurses	23	24	22	23	23
Other Technical	12	12	17	16	15
<b>Total Student Services</b>	<b>275</b>	<b>252</b>	<b>259</b>	<b>247</b>	<b>175</b>
<b>Support Services:</b>					
Business Manager/Accountant	2	2	2	2	2
Other Professional	18	18	21	19	15
Office/Clerical	86	104	114	112	110
Crafts/Trades	24	25	25	26	24
Service Workers	122	268	251	246	265
<b>Total Support Services</b>	<b>252</b>	<b>417</b>	<b>413</b>	<b>405</b>	<b>416</b>
<b>Total</b>	<b>2284</b>	<b>2314</b>	<b>2317</b>	<b>2268</b>	<b>2168</b>

Source: District records

2013	2012	2011	2010	2009
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
29	29	29	29	28
13	13	19	19	18
13	13	16	16	16
59	59	68	68	66
903	928	934	923	940
175	197	195	206	203
337	381	384	410	353
1,415	1,506	1,513	1,539	1,496
38	41	41	40	42
23	24	24	24	23
49	40	23	41	37
17	27	29	26	26
25	20	20	18	40
152	151	137	149	168
2	2	2	2	2
18	30	33	33	38
104	112	112	111	114
26	24	24	24	26
261	294	320	311	254
410	462	491	481	434
2,036	2,179	2,209	2,237	2,164

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

**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
<b>2018</b>	<b>15,234</b>	<b>\$ 192,891,129</b>	<b>\$ 12,662</b>	<b>1.6</b>	<b>1,366</b>	11.15	<b>63.73</b>
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
2009	16,089	155,503,602	9,665	6.0	1,143	14.08	57.00

Source: District financial records.

## Davenport Community School District

### School Building Information

#### Last Ten Fiscal Years

#### (Unaudited)

School	2018	2017	2016	2015
Elementary:				
Adams (1950)				
Square feet	<b>82,282</b>	82,282	82,282	82,282
Capacity	<b>702</b>	586	690	690
Enrollment	<b>553</b>	504	564	577
Blue Grass (1957)				
Square feet	<b>66,884</b>	66,884	66,884	66,884
Capacity	<b>578</b>	438	552	552
Enrollment	<b>289</b>	290	287	296
Buchanan (1971)				
Square feet	<b>56,103</b>	56,103	56,103	56,103
Capacity	<b>554</b>	531	506	506
Enrollment	<b>315</b>	303	373	383
Buffalo (2002)				
Square feet	<b>53,980</b>	53,980	53,980	53,980
Capacity	<b>432</b>	439	391	391
Enrollment	<b>242</b>	217	230	254
Eisenhower (1969)				
Square feet	<b>57,811</b>	57,811	57,811	57,811
Capacity	<b>578</b>	506	506	506
Enrollment	<b>451</b>	436	436	457
Fillmore (1955)				
Square feet	<b>65,231</b>	65,231	65,231	51,980
Capacity	<b>522</b>	522	552	552
Enrollment	<b>387</b>	440	397	417
Garfield (1923)				
Square feet	<b>65,211</b>	65,211	90,458	90,458
Capacity	<b>602</b>	673	483	483
Enrollment	<b>390</b>	345	394	409
Harrison (1953)				
Square feet	<b>72,912</b>	72,912	72,912	72,912
Capacity	<b>602</b>	479	598	598
Enrollment	<b>530</b>	387	527	539
Hayes (1923)				
Square feet	<b>77,618</b>	77,618	77,618	77,618
Capacity	<b>578</b>	463	506	506
Enrollment	<b>347</b>	325	401	412
Jackson (1971)				
Square feet	<b>53,632</b>	55,503	55,503	55,503
Capacity	<b>578</b>	464	529	529
Enrollment	<b>339</b>	303	332	336
Jefferson (1939)				
Square feet	<b>64,514</b>	64,514	64,514	64,514
Capacity	<b>702</b>	488	552	552
Enrollment	<b>450</b>	403	453	482
Lincoln (1939)				
Square feet	<b>59,536</b>	59,536	59,536	59,536
Capacity	<b>483</b>	483	483	483
Enrollment	<b>0</b>	-	-	-
Madison (1939)				
Square feet	<b>64,614</b>	64,614	64,614	64,614

2014	2013	2012	2011	2010	2009
82,282	82,282	82,282	82,282	82,282	82,282
690	690	690	690	690	690
570	553	552	552	521	552
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
329	353	367	363	391	387
56,103	56,103	56,103	56,103	56,103	56,103
506	506	506	506	506	506
391	359	349	327	357	353
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
251	227	240	258	271	284
57,811	57,811	57,811	57,811	57,811	57,811
506	506	506	506	506	506
462	458	454	446	442	444
51,980	51,980	51,980	51,980	51,980	51,980
552	552	552	552	552	552
416	400	379	351	371	341
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
462	496	495	492	439	438
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
567	592	581	578	580	573
77,618	77,618	77,618	77,618	77,618	77,618
506	506	506	506	506	506
416	380	354	320	305	308
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
378	359	349	370	379	395
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
427	408	387	403	470	441
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
-	-	181	270	259	231
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	2018	2017	2016	2015
Capacity	<b>578</b>	493	506	506
Enrollment	<b>412</b>	419	381	390
McKinley (1939)				
Square feet	<b>61,063</b>	61,063	61,063	61,063
Capacity	<b>554</b>	457	460	460
Enrollment	<b>369</b>	419	376	395
(Continued)				
Monroe (1938)				
Square feet	<b>72,435</b>	72,435	72,435	72,435
Capacity	<b>598</b>	534	598	598
Enrollment	<b>405</b>	376	474	480
Truman (1977)				
Square feet	<b>61,064</b>	61,064	61,064	61,064
Capacity	<b>391</b>	391	391	391
Enrollment	<b>331</b>	369	369	386
Washington (1939)				
Square feet	<b>48,388</b>	48,388	48,388	48,388
Capacity	<b>384</b>	322	322	322
Enrollment	<b>265</b>	265	265	285
Wilson (1955)				
Square feet	<b>78,401</b>	78,401	78,401	78,401
Capacity	<b>680</b>	626	672	672
Enrollment	<b>476</b>	339	513	524

(Continued)

2014	2013	2012	2011	2010	2009
506	506	506	506	506	506
396	428	415	417	408	395
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
403	392	373	361	349	372
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
495	488	455	449	419	417
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
435	380	430	404	405	398
48,388	48,388	48,388	48,388	48,388	48,388
322	322	322	322	322	322
315	357	320	283	284	264
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
544	542	557	561	541	518

Davenport Community School District

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

School	2018	2017	2016	2015	2014
Intermediates:					
Smart (1917)					
Square feet	134,901	134,901	134,901	134,901	134,901
Capacity	809	914	978	978	978
Enrollment	629	554	518	493	544
Sudlow (1917)					
Square feet	136,524	134,524	134,524	134,524	134,524
Capacity	916	1,050	978	978	978
Enrollment	837	825	734	707	677
Walcott (K-8) (1956)					
Square feet	107,250	107,250	107,250	107,250	107,250
Capacity	722	713	722	722	722
Enrollment	577	541	392	586	621
Williams (1954)					
Square feet	145,224	145,224	145,224	145,224	145,224
Capacity	959	1,033	977	977	977
Enrollment	750	709	688	718	748
Wood (1984)					
Square feet	117,743	117,743	117,743	105,815	105,815
Capacity	893	914	977	977	977
Enrollment	707	554	734	699	737
Young (1917)					
Square feet	108,018	108,018	108,018	108,018	108,018
Capacity	1,050	1,050	829	829	829
Enrollment	0	825	327	406	441
High:					
Central (1904)					
Square feet	394,344	394,344	331,935	331,935	331,935
Capacity	1,689	1,841	1,933	1,933	1,933
Enrollment	1,395	1,245	1,282	1,364	1,362
Mid City (2015)					
Square feet	53,940	53,940	50,291	37,355	
Capacity	293	318	355	355	
Enrollment	251	250	265	196	
North (1972)					
Square feet	390,763	390,763	390,763	390,763	390,763
Capacity	1,494	1,494	1,551	1,551	1,551
Enrollment	1,180	1,193	1,152	1,075	1,001
West (includes train, rm, & Vest) (1960)					
Square feet	453,811	453,811	453,811	453,811	453,811
Capacity	2,029	2,129	2,592	2,592	2,592
Enrollment	1,706	1,647	1,916	1,818	1,911
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	121	187	161	200
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	241	384	312	248
Davenport Learning Center (Kimberly Center)					
Square feet	79,884	79,884	79,884	79,884	79,884
Capacity	*	*	*	*	*
Enrollment	*	*	*	*	235

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.

2013	2012	2011	2010	2009
134,901	134,901	134,901	134,901	134,901
978	978	978	978	978
518	532	521	522	520
134,524	134,524	134,524	134,524	134,524
978	978	978	978	978
676	748	707	677	669
107,250	107,250	107,250	107,250	107,250
722	722	722	722	722
600	598	621	616	601
145,224	145,224	133,794	133,794	133,794
977	977	977	977	977
756	770	739	725	724
105,815	105,815	105,815	105,815	105,815
977	977	977	977	977
712	700	701	694	659
108,018	108,018	108,018	108,018	108,018
829	829	829	829	829
305	271	320	311	317
331,935	331,935	331,935	331,935	331,935
1,933	1,933	1,933	1,933	1,933
1,419	1,415	1,412	1,406	1,490
390,763	390,763	390,763	390,763	390,763
1,551	1,551	1,551	1,551	1,551
902	986	966	1,002	978
453,811	453,811	453,811	453,811	453,811
2,592	2,592	2,592	2,592	2,592
1,873	1,921	1,871	1,893	2,034
20,002	20,002	20,002	20,002	20,002
138	138	138	138	138
128	128	128	129	133
35,400	35,400	35,400	35,400	35,400
286	286	286	286	286
262	262	261	254	232
79,884	79,884	79,884	79,884	79,884
*	*	*	*	*
214	179	288	288	285

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

# **Compliance Section**

DAVENPORT  RT  
COMMUNITY  
SCHOOLS

**Davenport Community School District**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

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
<b>U.S. Department of Agriculture:</b>				
Pass-Through Iowa Department of Education:				
Child Nutrition Cluster Programs:				
School Breakfast Program	10.553	FY18 4552	\$ -	\$ 1,128,519
National School Lunch Program	10.555	FY18 4553	-	4,567,073
Commodities -DOD (Noncash)	10.555	FY18 4951	-	145,366
Commodities (Noncash)	10.555	FY18 4951	-	415,354
			-	5,127,793
Summer Food Service Program for Children	10.559	FY18 4951	-	159,316
Child Nutrition Cluster Program Total			-	6,415,628
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY18 4671	-	86,235
Child Nutrition Discretionary Grants Limited Availability	10.579	FY18 4011	-	7,410
Fresh Fruit and Vegetable Program	10.582	FY18 4557	-	235,514
<b>Total U.S. Department of Agriculture</b>			-	6,744,787
<b>U.S. Department of Education:</b>				
Pass-Through Iowa Department of Education:				
Title I Grants to Local Educational Agencies	84.010	FY18 4501	-	4,642,665
Title I Grants to Local Educational Agencies	84.010	FY18 4506	-	31,880
Title I Grants to Local Educational Agencies	84.010	FY18 4508	-	1,257,732
			-	5,932,277
Special Education Cluster, Special Education-Grants to States IDEA, Part B	84.027	FY18 4525	-	228,912 (1)
Career and Technical Education-Basic Grants to States	84.048	FY18 4531	-	239,360
School Safety National Activities	84.184	FY18 4647	-	104,864
Education for Homeless Children and Youth	84.196	FY18 4565	-	39,956

(Continued)

**Davenport Community School District**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2018**

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	FY18 4646	-	539,518
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	FY18 4674	-	198,446
Supporting Effective Instruction State Grants	84.367	FY18 4643	-	630,069
Pass-Through Mississippi Bend Area Education Agency:				
Special Education Cluster, Special Education - Grants to States IDEA, Part B	84.027	FY18 4521	-	871,025 (1)
English Language Acquisition State Grants	84.365	FY18 4644	-	35,703
<b>Total U.S. Department of Education</b>			-	<u>8,820,130</u>
<b>U.S. Department of Health and Human Services:</b>				
Pass-Through Iowa Department of Education: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	FY18 4673	-	519,417
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY18 4577	-	223
Pass-Through Iowa Department of Health and Human Services: Child Care and Development Fund Cluster, Child Care and Development Block Grant	93.575	FY18 4616	-	82,147
<b>Total U.S. Department of Health and Human Services</b>			-	<u>601,787</u>
<b>Total Expenditures of Federal Awards</b>			\$ -	<u>\$ 16,166,704</u>

(1) Total CFDA 84.027 \$1,099,937

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, 2018

---

#### **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, 2018. 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, 2018**

---

Findings	Status	Reason for Recurrence and Corrective Action Plan or Other Explanation
<b>Findings Related to the Financial Statements:</b>		
2017-001 2016-C The District has insufficient reconciling and monitoring activities over cash accounts.	Not Corrected	The District has experienced turnover in the Finance Department. See response and corrective action plan at 2018-003
2017-002 2016-A 2016-B The District has insufficient reconciling activities over accounts receivable and revenue.	Not Corrected	The District has experienced turnover in the Finance Department. See response and corrective action plan at 2018-004
2017-003 2016-A 2016-B The District has insufficient processes to identify and record capital assets and the related retainages payable.	Not Corrected	The District has experienced turnover in the Finance Department. See response and corrective action plan at 2018-005
2017-004 2016-A 2016-B The District has insufficient processes to identify and record accounts payable and accrued liabilities	Not Corrected	The District has experienced turnover in the Finance Department. See response and corrective action plan at 2018-006
<b>Other Findings Related to Statutory Reporting:</b>		
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 2018-001
IV-A-17 The District exceeded the original budget in the support services function prior to amending the budget. The District exceeded the amended budget in the support services function.	Corrected	
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-18



**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, 2018, 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 18, 2018.

Our report included an emphasis of matter paragraph for the implementation of Governmental Accounting Standards Board Statement No. 75.

**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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 through 2018-006 that we consider to be material weaknesses.

## **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 2018-001.

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, 2018 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.

*Bohnsack & Frommelt LLP*

Moline, Illinois  
December 18, 2018



**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, 2018. 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, 2018.

## 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 18, 2018

**Davenport Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

**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?  Yes  No
- Significant deficiency identified?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency identified?  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
84.027	Special Education-Grants to States IDEA, Part B
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Commodities-Department of Defense, Noncash
10.555	Commodities-Noncash
10.559	Summer Food Service Program for Children

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, 2018

---

#### Part II: Findings Related to the Basic Financial Statements

##### Instances of noncompliance:

###### **2018-001**

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 Iowa Department of Education has reported the District's unspent authorized budget for fiscal year 2018 is approximately \$13 million. The estimate is based on the 2018 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 material weaknesses over financial reporting processes. 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.

##### Internal control deficiencies:

#### **Material Weaknesses**

###### **2018-002**

Finding: The District has insufficient reconciling and financial reporting processes.

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

Condition: The District's Certified Annual Report for the fiscal year ended June 30<sup>th</sup> is submitted to the state in September each year. There are material adjustments to the June 30, 2018 trial balances subsequent to the Certified Annual Report submitted.

Context: The District posted \$3 million of journal entries for revenue, expenditures and year-end accrual adjustments after the Certified Annual Report was submitted. The District posted approximately \$12 million and \$13.1 million of journal entries to the capital assets and long-term debt respectively after the Certified Annual Report was submitted.

Effect: The data used by the state for funding and monitoring purposes is inaccurate.

Cause: The District has experienced turnover in the Finance Department.

## Davenport Community School District

### Schedule of Findings and Questioned Costs Year Ended June 30, 2018

---

Recommendation: We recommend the District reconcile accounts and post year-end adjustments prior to the Certified Annual Report submission. We recommend the District contact the state to determine how to resolve the differences between the Certified Annual Report and the District's final trial balances as part of the unspent authorized budget process.

Response and Corrective Action Plan: The District will contact the state to discuss a resolution to the differences. 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.

#### **2018-003**

Finding: The District has insufficient reconciling and monitoring activities over cash accounts.

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

Condition: The District continues to have unresolved and unidentified variances in the bank reconciliation process. Bank reconciliations have not been properly and timely prepared during the fiscal year.

Context: Variances in the bank reconciliation process fluctuate each month. There continue to be unreconciled variances in the bank reconciliation process as of June 30, 2018.

Effect: Misappropriations of assets or errors could occur and not be detected in a timely basis. District transactions may not be properly posted to the general ledger.

Cause: The District has experienced turnover in the Finance Department.

Recommendation: We recommend the District implement bank reconciliation processes that timely identify and address variances. The District should post adjustments identified in the bank reconciliation process monthly to determine any variances that are not yet resolved.

Response and Corrective Action Plan: The District has implemented bank reconciliation processes that will have the reconciliation done in conjunction with the preparation of interim monthly financial statements.

#### **2018-004**

Finding: The District has insufficient reconciling activities over accounts receivable and revenue.

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

Condition: Material adjustments to accounts receivable, revenue, deferred inflows of resources and unearned revenue were required to be posted to the trial balance provided for year-end audit. The District restated beginning fund balance of the General Fund to properly account for categorical funding revenue. There continue to be unreconciled differences between the accounts receivable listing and the accounts receivable ending balance.

## Davenport Community School District

### Schedule of Findings and Questioned Costs Year Ended June 30, 2018

---

Context: The statewide sales tax required an adjustment of \$1.3 million to reduce accounts receivable and revenue. An adjustment to reduce accounts receivable and deferred revenue of approximately \$351,000 for a local grant was required. The District restated General Fund balance approximately \$2.9 million.

Effect: District transactions are not properly posted to the general ledger and material errors are not being timely identified.

Cause: The District has experienced turnover in the Finance Department. The District system does not provide an accounts receivable subsidiary ledger to provide for a reconciliation process.

Recommendation: We recommend the District implement processes to ensure opening and year-end balance sheet accounts are proper. A subsidiary listing of accounts receivable, deferred inflows of resources, and unearned revenue should be prepared on a monthly basis.

Response and Corrective Action Plan: The District will systematically evaluate the process to identify and record accounts receivable, deferred inflows of resources and unearned revenue and determine system report options to provide timely subsidiary ledgers and reconciliations.

#### **2018-005**

Finding: The District has insufficient processes to identify and record capital assets and the related retainages payable.

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

Condition: The District did not identify material capital asset transactions and the related retainages payable to ensure proper capitalization of District assets.

Context: The District did not record \$771,000 of capital asset transactions.

Effect: District capital asset ledgers do not properly include all District capital assets.

Cause: The District has experienced turnover in the Finance Department. The District uses a manual system to identify capital asset transactions at year-end rather than maintaining subsidiary ledgers throughout the year.

Recommendation: We recommend the District maintain project ledgers that provide cumulative information for each project as the project progresses including contractor statements, retainages payable and the dates the capital assets were placed in service.

Response and Corrective Action Plan: The District will systematically evaluate current processes to determine how to timely and accurately identify capital assets and the related retainages payable for capitalization.

**Davenport Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

**2018-006**

Finding: The District has insufficient processes to identify and record accounts payable and accrued liabilities.

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

Condition: The District did not identify significant accounts payable transactions at year-end. The District did not reconcile accrued payroll benefit liability accounts.

Context: Material adjustments were required to be recorded to the trial balance provided for audit to properly record accounts payable and accrued liabilities.

Effect: District transactions may not be properly posted to the general ledger and material errors are not being timely identified.

Cause: The District did not properly separate accounts payable batch postings by date the goods were received or services were provided to accurately identify year-end accounts payable. Accrued payroll benefit liability accounts were not adjusted to properly reverse the prior year transactions and ensure the ending balances reconcile to the year-end payroll records.

Recommendation: We recommend the District implement processes to ensure opening and year-end balance sheet accounts are proper and to identify accounts payable separately from other transactions at year-end.

Response and Corrective Action Plan: The District will systematically evaluate the process to identify and record accounts payable and accrued liabilities.

**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, 2018**

---

**Part IV: Other Findings Related to Statutory Reporting**

**IV-A-18**

Expenditures for the year ended June 30, 2018 did not exceed the certified amended budget. Refer to finding 2018-001 above regarding compliance with the authorized spending authority.

**IV-B-18**

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-18**

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-18**

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

**IV-E-18**

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-18**

Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

**IV-G-18**

Certified Enrollment –

Finding: There were variances to the October 2017 certified enrollment.

Recommendation: We recommend the District review and verify enrollment data before the October 1<sup>st</sup> 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-18**

Supplementary Weighting –

Finding: There were variances to the October 2017 supplementary weighting.

Recommendation: We recommend the District review and verify course data before the October 1<sup>st</sup> process.

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

Conclusion: Response accepted.

**Davenport Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

**IV-I-18**

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-18**

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

**IV-K-18**

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

**IV-L-18**

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, 2018, 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	\$ 3,140,686
Revenue / transfers in:	
Statewide sales and services tax revenue	14,432,786
Interest and other	208,547
Transfers in	-
Expenditures/transfers out:	
Transfers out	(2,397,575)
School infrastructure:	
Buildings	(9,298,963)
Ending balance	<u><u>\$ 6,085,481</u></u>

For the year ended June 30, 2018, 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
	<u>          </u>	<u>          </u>
Debt service levy	\$ 3.27	\$ 14,432,786

**Davenport Community School District**

**Corrective Action Plan**  
**Year Ended June 30, 2018**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Findings Related to the Financial Statements:</b>				
<b>Instances of Noncompliance:</b>				
2018-001	The District exceeded the authorized spending authority of the General Fund.	See response and corrective action plan at 2018-001	Fiscal Year 2019	Claudia Wood
<b>Material Weaknesses:</b>				
2018-002	The District has insufficient reconciling and financial reporting processes.	See response and corrective action plan at 2018-002	Fiscal Year 2019	Claudia Wood
2018-003	The District has insufficient reconciling and monitoring activities over cash accounts.	See response and corrective action plan at 2018-003	Fiscal Year 2019	Claudia Wood
2018-004	The District has insufficient reconciling activities over accounts receivable and revenue.	See response and corrective action plan at 2018-004	Fiscal Year 2019	Claudia Wood
2018-005	The District has insufficient processes to identify and record capital assets and the related retainages payable.	See response and corrective action plan at 2018-005	Fiscal Year 2019	Claudia Wood
2018-006	The District has insufficient processes to identify and record accounts payable and accrued liabilities.	See response and corrective action plan at 2018-006	Fiscal Year 2019	Claudia Wood
<b>Other Findings Related to Statutory Reporting:</b>				
IV-A-18	The District over expended the state required authorized spending authority.	See response and corrective action plan at 2018-001	Fiscal Year 2019	Board of Education
IV-G-18	There were variances in the October 2017 certified enrollment.	See response and corrective action plan at IV-G-18.	Fiscal Year 2019	Claudia Wood
IV-H-18	There were variances in the October 2017 supplementary weighting.	See response and corrective action plan at IV-H-18.	Fiscal Year 2019	Claudia Wood