

DAVENPORT  
COMMUNITY  
SCHOOLS



# *Comprehensive Annual Financial Report*

*For the year ended June 30, 2016*

1606 Brady Street, Davenport, Iowa 52803

*In the counties of Scott and Muscatine, State of Iowa*

# **Davenport Community School District**

In the Counties of Scott & Muscatine, State of Iowa

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2016

**Prepared by:**

**Marsha Tangen**

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

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**Introductory Section**

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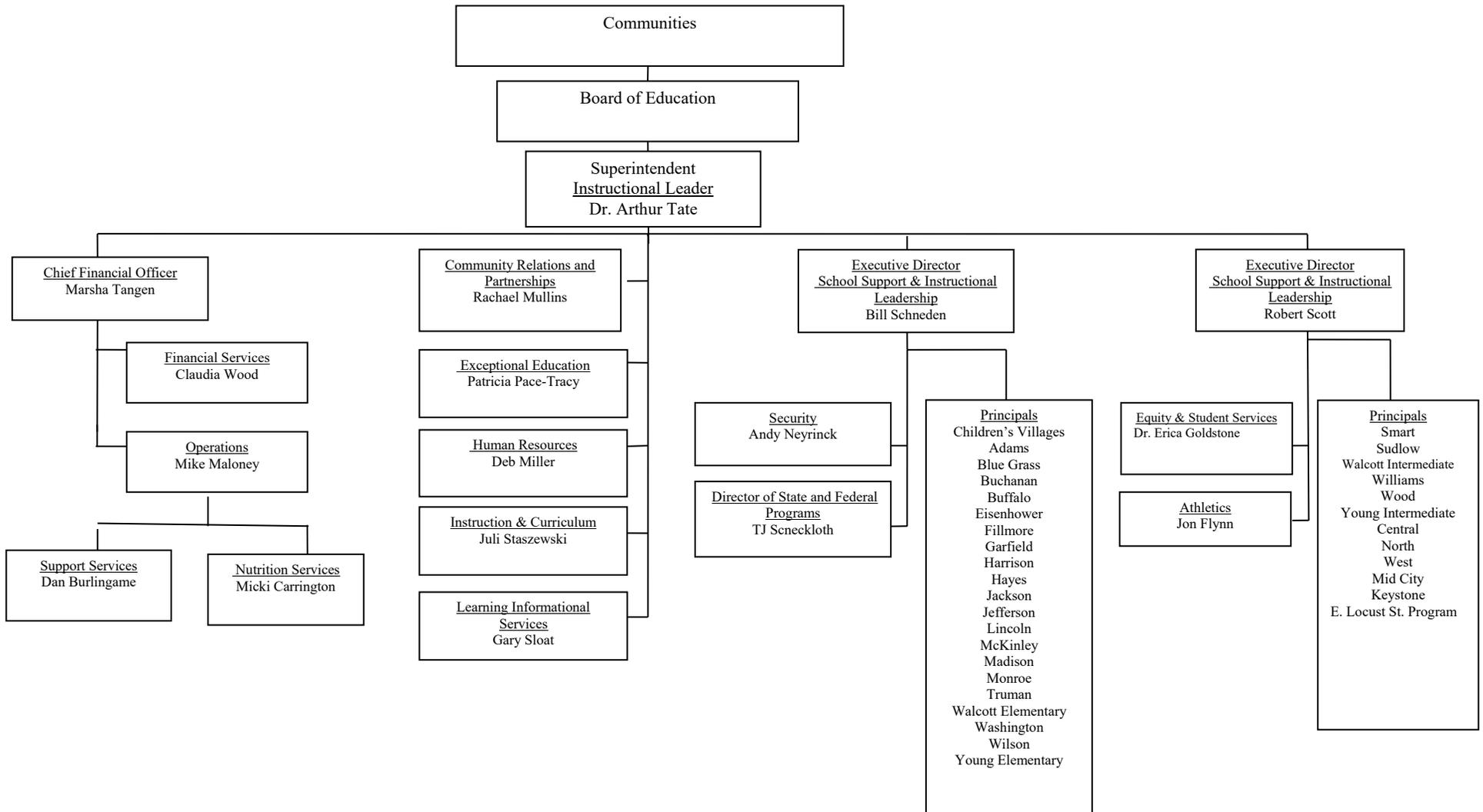
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# Davenport Community School District – 2015-2016 Organizational Chart





## DAVENPORT COMMUNITY SCHOOL DISTRICT

### *Priorities*

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

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

### *Mission Statement*

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

### *Vision Statement*

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

**Board of Education**

Ralph Johanson	President	Expires 2019
Linda Hayes	Vice President	Expires 2019
Richard Clewell	Director	Expires 2017
Julia DeSalvo	Director	Expires 2019
Daniel Gosa	Director	Expires 2019
Clyde Mayfield	Director	Expires 2017
Jamie Snyder	Director	Expires 2017

**District Officials**

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

DAVENPORT  
COMMUNITY  
SCHOOLS

*A District of Distinction*

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



www.davenportschools.org

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January 25, 2017

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, 2016. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the general purpose financial statements and combining fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

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

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

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

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

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

4. The Internal Controls and Compliance Section. The School District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

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

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

Eide Bailly, Certified Public Accountants have issued an unmodified ("clean") opinion on the Davenport Community School District's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

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

## **Profile of the District**

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

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

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

Today, 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, two kindergarten through eighth grade schools, 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 2015-16 school year was approximately 15,288 regular and special education students with an additional 1,173 students attending preschool programs. The District employs approximately 2,317 persons of whom approximately 1,513 are professional staff and 804 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 reached 1:1 status this fall with an individual computer for each student district-wide.

The average age of our elementary buildings is 63. 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 72 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.

Our schools are known for extraordinary extracurriculars, leadership opportunities, and a high degree of participation in athletics. With an extraordinary variety of clubs and extracurriculars, 21 team sports serving over 1,800 students, and over 250 course offerings, we provide engaging content for all students' interests. Talented and Gifted programming and renowned arts and cultural exchange broaden students' horizons, fostering curiosity and lifelong learning.

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 Funds, Debt Service Fund and Capital Projects Funds 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 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: Population increased 1.36% from 2010 with ages 55-59 making up the largest age group at 7.4% of total population.
- Race and Ethnicity: The region's population is 13.3% minority, with the largest racial minority population of Black/African American at 6.8%. In comparison the US population is 26.2% minority with Black/African American at 12.6%.
- Poverty: The Bi-State region has less child poverty, elder poverty, poverty among women and less total poverty than the US average. However, Asian and Black/African American populations face higher rates of poverty in the region than at the national level.
- Language spoken at home: 91.5% of the population age 5 and over speak English only compared to 79.3% of the US population. The most common language spoken in the region other than English is Spanish which is spoken among 5.4%.
- Educational Attainment: Approximately 1/3 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.
- Income: The region's median household income is \$51,590 compared to the US median income of \$53,217.
- Labor Force: 83.7% of all males aged 16 and over are actively in the labor force while 75.7% of all women aged 16 and over are in the labor force, similar to national averages.

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

- Industries:
  - Defense: The defense industry employs over 8,300 people, 6,300 of whom work at the Rock Island Arsenal. This industry is projected to increase by 0.3%. The future of the Arsenal is based on outside forces such as Base Realignment and Closure, defense budget cuts and factors such as war.
  - Manufacturing: The manufacturing industry employs approximately 23,000 people. The region is expected to see a 4.6% increase in the next five years.
  - Food Manufacturing: This industry employs approximately 5,700 people. With a significant decrease in jobs at Kraft-Heinz there will likely be a 16% decrease in jobs over the next five years.
  - Agriculture: One of the longest standing and predominant industries within the region the industry directly employs 4,500 people. This industry is projected to experience a 2% decline in employment.
  - Logistics: Logistic industry jobs have increased 2.4% since 2011 and are projected to grow 4.3% in the next five years.
  - Companies and Enterprise Management: Since 2011, jobs in this industry have grown 18% in the region and are expected to grow an additional 19%.

Total jobs are projected to increase 4% in the next five years.

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 is 98.6.
- Housing: Housing remains affordable in the region as compared to the nation. Home sales have increased everywhere in the region. The percent of cost-burdened home owners and renters in the region is significantly below the national average.
- Utilities:
  - Energy: Wind energy is a growing industry in the Illinois side of the region. The region has a nuclear power plant that is being decommissioned in a few years; the effects are not yet know.
  - Pipelines: Pipelines are located in the northern part of the region.
  - Water Supply and Distribution: The Mississippi serves as the primary water supply source.
- Transportation:
  - Highway: The region is served by four interstate highways, five US primary highways and an excellent secondary highway system. In 2016, the Interstate 74 Corridor reconstruction and realignment began, with completion expected in 2020. There is need for replacement of the Interstate 80 bridge but construction will not begin in next five years.
  - Passenger: There are five public transit systems that serve the Quad Cities. The City of Moline is completing a passenger rail station in anticipation of completion of passenger rail route to Chicago.
  - Railroad: The region has a railroad network and the Iowa Interstate Railroad with almost 300 miles of track. There are currently no intermodal container facilities in the region presenting a challenge in shipping product from the region.

- Waterway: As part of the inland waterway system, the Mississippi River provides the region with a link to Mississippi tributaries, the Gulf of Mexico, the Great Lakes and connections to foreign ports.
- Natural Resources:
  - Climate: Average snowfall is approximately 30.6” per year while average winter temperatures are approximately 24.23F. Average summer temperatures are around 71.5F. Rainfall averages 35.95” per year.
  - Soil and Water Resources: The region possesses some of the most agriculturally productive soils in the world. The Mississippi River is by far the most important water resource in the region.
  - Flooding: Since 2000, \$46.88 million in damage from flood and flash flooding has been reported. Five of the top ten floods in the Mississippi and six of the top ten floods on the Rock River have occurred in the last 20 years.
  - Wildlife: The region is home to three basic categories of wildlife: open land, woodland and wetland.
  - Minerals and Mining: All counties within the region contain mining operations.

The following items are a sample of those items identified as impactful to economic development in the region. They are grouped as strengths, challenges, opportunities and threats.

#### Strengths:

- Excellent educational institutions, recreational facilities and cultural activities offer a highly satisfying quality of life for area residents.
- The cost of living is below the national average.
- The region has a highly productive, well-trained labor force with strong work ethics.

#### Challenges:

- The State of Iowa implemented a new law to reduce Iowa’s commercial and industrial property tax. The tax reform will very negatively affect the governments within Iowa who will receive significantly less in tax revenue.
- Aging infrastructure will continue to present challenges to local governments.
- Increased skill requirements of modern industry as well as projections of replacement and new workers, reveal shortcomings in the labor force to meet future needs.

#### Opportunities:

- Wind as a renewable energy source is a growing industry in the Midwest and may present future opportunities.
- National Geographic created the Mississippi Geotourism Project to promote the Mississippi River. This initiative will increase tourism in the region.
- The Quad Cities Manufacturing Innovation Hub launched in August 2015 and offers services and technical assistance to help the region’s manufacturing grow, diversify, and stay competitive.

## Threats:

- Kraft-Heinz located in Davenport will only be retaining 475 workers of their current workforce of 1400 once they have relocated. That will be a substantial loss of jobs.
- Rock Island Arsenal Base Realignment Closure (BRAC) – The Arsenal has lost 1,100 jobs due to BRAC. There is a possibility of a future BRAC that could negatively impact the Arsenal.
- The continued Illinois budget crisis is having a negative impact on the institutions of higher learning within the region.

(Economic Condition and Outlook Source: *Comprehensive Economic Development Strategy for the Bi-State Region –Progress Report Draft 2016 prepared by Bi-State Regional Commission*)

## **Long term financial planning**

Unassigned fund balance in the general fund is down slightly from 2014-15. The District's solvency ratio for 2015-16 is 11.41%, down from 13.79% in 2014-15. 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 underfunding by the State. The District was able to identify approximately \$1.45 million in reductions for 2015-16 leaving additional requirements to be covered through cash reserves or fund balance.

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

A Resource Allocation Committee (RAC) was established in 2011 to make recommendations to the superintendent for budget reductions for 2013 and 2014. The same committee met in 2012 with the goal of drafting a five year financial plan outlining reductions of \$3.25 million for the next five years through 2016-17. This committee was made up of: district staff representing all employee groups; parents; community members; a board member; a member from the minority, athletic and fine arts communities; and administration.

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

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

In the fall of 2014 the superintendent shared his Budget Reduction Plan with a goal to have at least \$8 million in unspent budget authority by July 1, 2018. He also shared his philosophical approach behind his recommendation:

1. Respect the work of all employees by crafting a plan which attempts to assure that no employee receives a “pink slip” or loses employment or wages involuntarily.
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 2014 legislature sets the FY2016 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

Equity in Funding: 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 district applied to the School Budget Review Committee and was granted a hearing but was denied additional spending authority associated with the inequity issue. Representatives from the school board along with a lobbyist from the Urban Education Network were relentless in trying to garner support for legislation which would have permitted districts to bring per pupil spending to the same levels as the highest districts in the state. The effort will continue into the fiscal 2016-17 school year.

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. A preliminary list of priorities as established by the Board includes the following projects:

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

The Davenport community continues to invest in the quality of education for our young people and support infrastructure upgrades in our schools. Voter approved sales tax and Physical Plant

and Equipment Levy proceeds touched every building in the district, bringing safety improvements, increased energy efficiencies, and upgrades to instructional spaces with a total of almost \$40 million invested in building enhancements during the 2015-16 school year.

Some highlights of this investment in facilities include:

- ❖ Central High School – 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
- ❖ Davenport Learning Center – renovation of classrooms and relocation of Special Education offices
- ❖ Mid City High School – addition of gymnasium
- ❖ Fillmore Elementary – classroom addition and renovations
- ❖ Wood Intermediate – gymnasium addition, cafeteria expansion and classroom renovations

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

The District, in its effort to be a good manager of public funds, competitively bids its banking services every three years. The District bid for services beginning with the 2012-13 school year for an initial three (3) year period beginning on July 1, 2012, with the option to renew it for two (2) additional one (1) year periods for a possible total of five (5) years.

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

### **Risk Management**

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

### **Awards**

The Government Finance Officers Association of the United States and Canada, (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Davenport School District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. 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, 2015. This Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

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

### **Acknowledgments**

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

Sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins.

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



Marsha L Tangen, RSBA  
Chief Financial Officer



Dr. Arthur Tate  
Superintendent



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Davenport Community School District**

**Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Davenport Community School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

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



*Brenda Burkett*

**Brenda R. Burkett, CPA, CSBA, SFO**  
President

*John D. Musso*

**John D. Musso, CAE, RSBA**  
Executive Director

DAVENPORT  
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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.*

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

# **Financial Section**



## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davenport Community School District, Davenport, Iowa (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Davenport Community School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Dubuque, Iowa  
January 25, 2017

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

# **Davenport Community School District**

## **Management Discussion and Analysis**

For the Year Ended June 30, 2016

This section of the Davenport Community School District's Comprehensive Annual Financial Report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. The analysis focuses on school District financial performance as a whole. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### **Financial Highlights**

- The General Fund June 30, 2016 fund balance decreased to \$21,840,160 from the June 30, 2015 fund balance of \$24,697,840.
- The District's tax levy rate decreased \$0.16 and has not been this low since the 2001-02 school year.
- The District continues to be successful in receiving donations and local, state and federal grants. In 2016 the District received almost \$36 million in revenues from donations and operating grants.
- Over \$1 million in budget savings were realized in fiscal 2016 which included energy savings and savings from offering an early retirement incentive.
- The District's health insurance rates remained unchanged and have not increased since fiscal 2009-10.

## Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements (Government-wide and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The *statement of net position* and *statement of activities* provide information on a Government-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.
- The *governmental fund statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

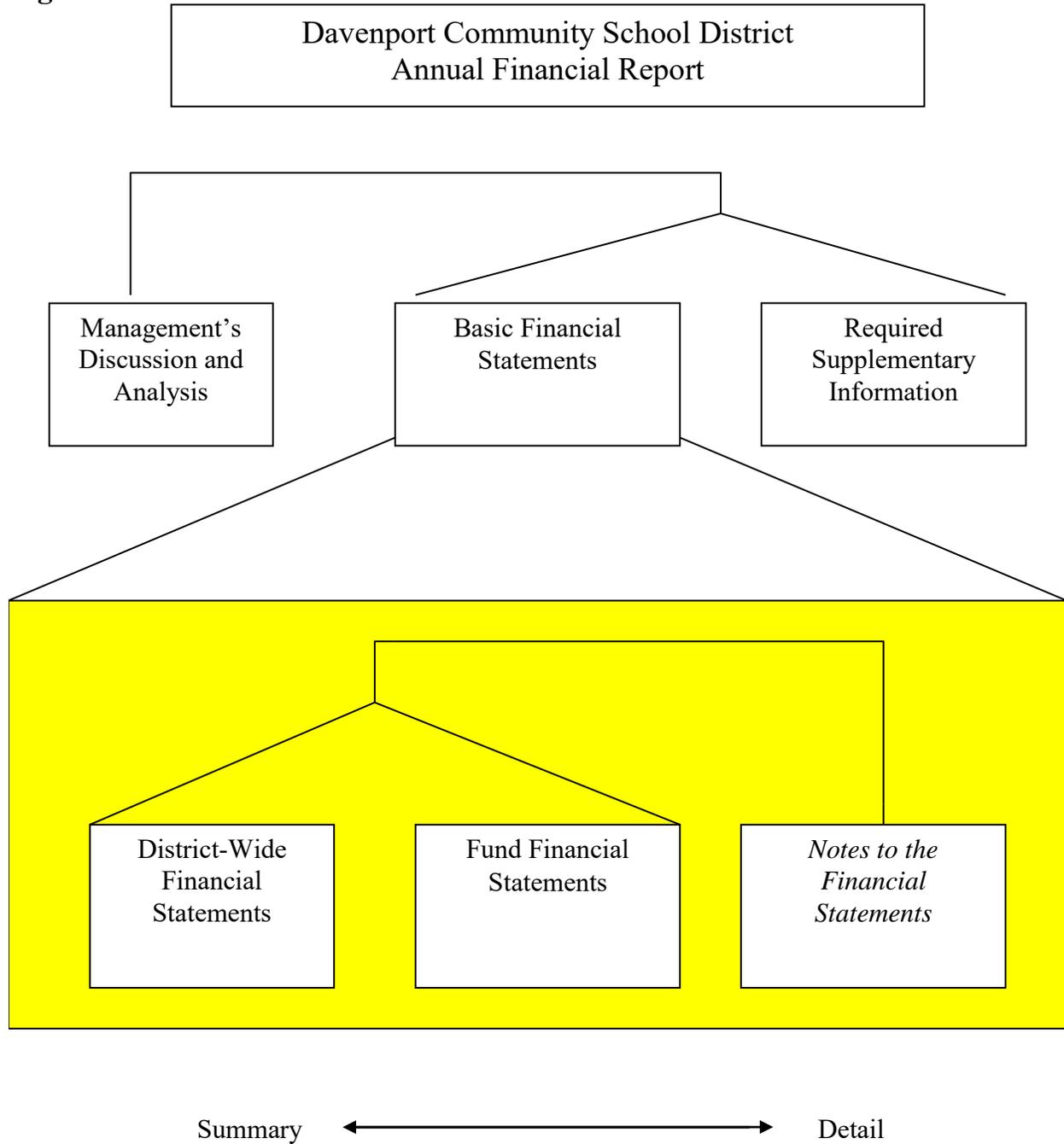


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services is included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statements of revenues, expenditures and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of cash flows</li> <li>• Statements of revenues, expenditures and changes in net position</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Government-wide Financial Statements**

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the 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 and Out of School Time program are included here.

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *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 statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District has two Enterprise Funds: The School Nutrition Program and the Out of School Time Program.

*Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund, the self-insurance fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

## Financial Analysis of the District as a Whole

**Net position.** Figure A-3 below provides a summary of the District’s net position for the year ended June 30, 2016 compared to 2015.

**Figure A-3**

*Condensed Statement of Net Position*

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2015-16
	2016	2015	2016	2015	2016	2015	
Current and Other Assets	\$ 181,613,500	\$ 202,092,567	\$ 2,389,540	\$ 2,239,146	\$ 184,003,040	\$ 204,331,713	-9.95%
Capital Assets	190,056,124	174,690,505	501,466	321,414	190,557,590	175,011,919	8.88%
Total assets	<u>371,669,624</u>	<u>376,783,072</u>	<u>2,891,006</u>	<u>2,560,560</u>	<u>374,560,630</u>	<u>379,343,632</u>	-1.26%
Deferred Outflows of Resources	<u>16,465,839</u>	<u>12,492,934</u>	<u>454,999</u>	<u>341,393</u>	<u>16,920,838</u>	<u>12,834,327</u>	N/A
Long-Term Liabilities	97,407,330	81,777,347	2,168,686	1,660,280	99,576,016	83,437,627	19.34%
Other Liabilities	37,785,834	42,618,263	197,875	269,501	37,983,709	42,887,764	-11.43%
Total liabilities	<u>135,193,164</u>	<u>124,395,610</u>	<u>2,366,561</u>	<u>1,929,781</u>	<u>137,559,725</u>	<u>126,325,391</u>	8.89%
Deferred Inflows of Resources	<u>68,194,924</u>	<u>84,922,119</u>	<u>167,696</u>	<u>626,099</u>	<u>68,362,620</u>	<u>85,548,218</u>	-20.09%
<b>Net Position</b>							
Net investment in capital asset:	173,180,292	168,031,137	501,466	321,414	173,681,758	168,352,551	3.17%
Restricted	23,926,922	25,490,625	-	-	23,926,922	25,490,625	-6.13%
Unrestricted	(12,359,839)	(13,563,485)	310,282	24,659	(12,049,557)	(13,538,826)	-11.00%
Total net position	<u>\$ 184,747,375</u>	<u>\$ 179,958,277</u>	<u>\$ 811,748</u>	<u>\$ 346,073</u>	<u>\$ 185,559,123</u>	<u>\$ 180,304,350</u>	2.91%

The District’s total net position increased 2.91%, or approximately \$5.3 million from the prior year. The largest portion of the District’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

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 decreased approximately \$1.6 million or 6.13% over the prior year. The decrease was primarily a result of increased expenditures in the Capital Projects Fund.

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 – increased by over \$1.5 million or by 11% over the prior year. This reduction in unrestricted net position was primarily a result of the District’s net pension liability net pension expense recorded in the current year.

Figure A-4 shows the changes in net position for the year ended June 30, 2016 compared to the year ended June 30, 2015.

### Figure A-4

#### Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2015-16
	2016	2015	2016	2015	2016	2015	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 4,030,443	\$ 3,368,675	\$ 2,233,536	\$ 2,265,271	\$ 6,263,979	\$ 5,633,946	11.18%
Operating grants and contributions	36,047,765	40,542,048	7,572,916	6,584,340	43,620,681	47,126,388	-7.44%
General revenues							
Property and other taxes	79,494,671	80,066,135	-	-	79,494,671	80,066,135	-0.71%
Unrestricted state aid	86,685,533	80,262,330	-	-	86,685,533	80,262,330	8.00%
Other	2,781,939	1,668,428	1,214	1,564	2,783,153	1,669,992	66.66%
Total revenue	<u>209,040,351</u>	<u>205,907,616</u>	<u>9,807,666</u>	<u>8,851,175</u>	<u>218,848,017</u>	<u>214,758,791</u>	1.90%
<b>Expenses</b>							
Instruction	133,042,846	132,454,398	-	-	133,042,846	132,454,398	0.44%
Pupil and instructional services	20,441,010	12,531,146	-	-	20,441,010	12,531,146	63.12%
Administrative and business	23,522,232	20,699,255	-	-	23,522,232	20,699,255	13.64%
Maintenance and operations	12,958,917	12,718,459	-	-	12,958,917	12,718,459	1.89%
Transportation	6,385,037	6,427,016	-	-	6,385,037	6,427,016	-0.65%
Other	7,901,211	7,580,641	-	-	7,901,211	7,580,641	4.23%
School nutrition	-	-	8,907,468	8,041,263	8,907,468	8,041,263	10.77%
Out of school time	-	-	434,523	489,227	434,523	489,227	-11.18%
Total expenses	<u>204,251,253</u>	<u>192,410,915</u>	<u>9,341,991</u>	<u>8,530,490</u>	<u>213,593,244</u>	<u>200,941,405</u>	6.30%
Change in Net Position	4,789,098	13,496,701	465,675	320,685	5,254,773	13,817,386	-61.97%
Net Position Beginning of Year	<u>179,958,277</u>	<u>166,461,576</u>	<u>346,073</u>	<u>25,388</u>	<u>180,304,350</u>	<u>166,486,964</u>	8.30%
Net Position End of Year	<u>\$ 184,747,375</u>	<u>\$ 179,958,277</u>	<u>\$ 811,748</u>	<u>\$ 346,073</u>	<u>\$ 185,559,123</u>	<u>\$ 180,304,350</u>	2.91%

In fiscal year 2016, property tax and funding from the state formula aid accounted for 79.5% of governmental activities revenue while charges for services and operating grants for 99.99% of business type activities revenue. The District's total revenues were just under \$219 million, of which approximately \$209 million was for governmental activities and just under \$10 million was for business type activities.

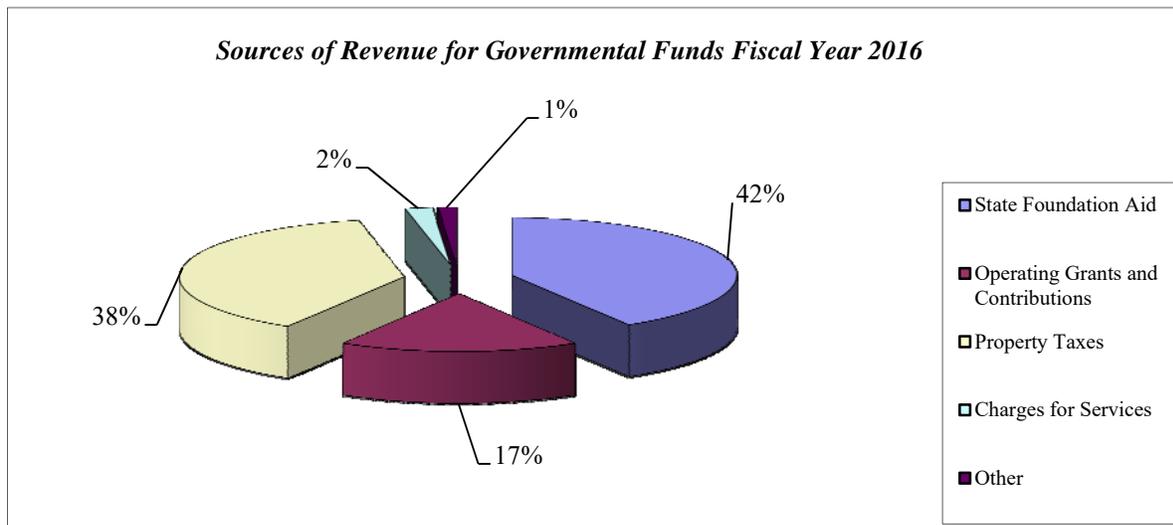
As shown in Figure A-4, the District as a whole experienced a 1.90% increase in revenues and a 6.30% increase in expenses. The increase in revenues can be attributed to State Formula Aid. Property taxes did not contribute to an increase in revenues as the property tax levy was lowered for fiscal year 2016. The increase in expenses is related to the increase in negotiated salaries and benefits received by District employees.

## Governmental Activities

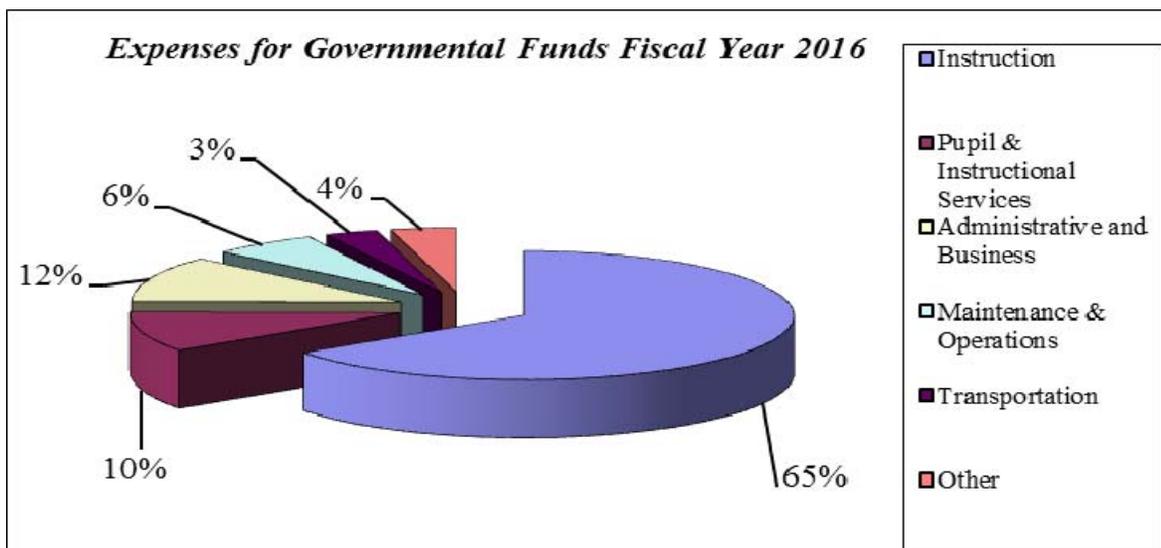
As shown in Figure A-5, property tax and state aid provide almost 80% of the funding required for governmental activities with State Foundation Aid providing 42% of the total.

The District's predominant expenses are related to instruction, as can be seen graphically in Figure A-6. Basic Instructional services together with Pupil & Instructional services comprise 75% of the District's expenses.

**Figure A-5**



**Figure A-6**



Revenues for governmental activities were \$209,040,351 and expenses were \$204,251,253 for the year ended June 30, 2016. In a difficult budget year, the District was able to implement budget reductions which held expenditures to an increase of only 6.30%.

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

**Figure A-7**  
*Net Cost of Governmental Activities*

	Total Cost of Services		Total Percentage Change 2015-16	Net Costs of Services		Total Percentage Change 2015-16
	2016	2015		2016	2015	
Instruction	\$ 133,042,846	\$ 132,454,398	0.44%	\$ 107,045,661	\$ 99,566,810	7.51%
Pupil and Instructional Services	20,441,010	12,531,146	63.12%	16,653,244	10,592,698	57.21%
Administrative and Business	23,522,232	20,699,255	13.64%	21,600,369	19,480,283	10.88%
Maintenance and Operations	12,958,917	12,718,459	1.89%	12,773,488	12,587,604	1.48%
Transportation	6,385,037	6,427,016	-0.65%	5,836,187	5,887,256	-0.87%
Other	7,901,211	7,580,641	4.23%	264,096	385,541	-31.50%
Total	<u>\$ 204,251,253</u>	<u>\$ 192,410,915</u>	6.15%	<u>\$ 164,173,045</u>	<u>\$ 148,500,192</u>	10.55%

- The federal and state governments subsidized certain programs with grants and contributions of over \$36 million.
- The cost financed by users of the District's programs was \$4,030,443.
- The remaining net cost of governmental activities was financed with property tax, sales tax, state foundation aid and investment earnings.
- The cost of all governmental activities this year was \$204,251,253, up from \$192,410,915 from 2014-15.

### **Business-Type Activities**

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

- Business-type activities revenues exceeded expenses by \$465,675 in 2015-16. This is in comparison to 2014-15 when expenses exceeded revenues by \$320,685.
- Charges for services represent 22.77% of total revenue in 2015-16 while in 2014-15 charges for services represented 25.59% of total revenue.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$7,572,916. This is reflective of the District's population of "free and reduced" students which was over 65% in 2016.

### ***Financial Analysis of the District's Funds***

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

### **Governmental Fund Highlights**

The focus of the Davenport Community School District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Davenport Schools financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Davenport Schools governmental funds reported combined ending fund balances of \$45,017,082, a decrease of \$16,856,903 in comparison with the prior year. The only two funds within the Governmental Funds that did not have a decrease in the fund balance; the Student Activity Fund and the Capital Projects – Revenue Bonds Fund.

The Capital Projects fund balance decreased by \$13,135,632 as construction continued on the pool and auditorium addition to Central High School expected to cost over \$20 million.

The Physical Plant and Equipment Levy Fund fund balance decreased by \$3,472,047. This was anticipated as the number of projects increased and the amount of capital outlay was \$7.4 million.

The General Fund is the chief operating fund of the Davenport Schools. The General Fund's fund balance decreased by \$2,857,680. The decrease in the General Fund financial position is the result of many factors. A low increase in per pupil spending resulted in lower revenues that were more than offset by increases in General Fund expenditures associated with negotiated salaries and benefits and existing expenditure commitments of the District.

Of the total ending fund balance for Governmental Funds of \$45,017,082, approximately \$22 million is unassigned. The District has a *Restricted* fund balance of \$23,176,922; \$1,933,865 for debt service, \$7,336,403 for School infrastructure, \$6,091,077 for Physical Plant and equipment, \$7,293,566 for Management Levy and \$522,011 for Student Activities.

## **Proprietary Fund Highlights**

School Nutrition Fund net position increased from \$525,718 at June 30, 2015 to \$862,792 at June 30, 2016, representing an increase of approximately 64%. For fiscal year 2016, the District increased meal prices, resulting in an increase in revenues. However, the District also reflected the related expenses for negotiated costs for personnel and increase fund supply costs.

The Out of School Time fund net position increased by \$128,601. Continued reduction in expenditures and increasing revenues led to the improvement.

## **Budgetary Highlights**

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 its private purpose trust and agency funds. Although the budget document presents functional area expenditures or 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 annual operating budget one time to reflect additional expenditures projected. 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.

The District modified its original budget in 2015-16 from \$229,938,825 to \$240,513,371.

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**

The Davenport Schools investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$190,557,590 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture, and construction in progress. The total increase in the Davenport School's investment in capital assets for the current fiscal year was 8.88% compared to last year's increase of 10.76%. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

## Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2015-16
	2016	2015	2016	2015	2016	2015	
	\$	\$	\$	\$	\$	\$	
Land and Improvements	6,919,303	7,163,359	-	-	6,919,303	7,163,359	-3.41%
Construction in Progress	17,214,989	24,070,926	-	-	17,214,989	24,070,926	-28.48%
Building and Improvements	163,854,789	141,641,871	-	-	163,854,789	141,641,871	15.68%
Furniture and Equipment	1,709,534	1,424,584	501,466	321,414	2,211,000	1,745,998	26.63%
Intangibles	357,509	389,765	-	-	357,509	389,765	-8.28%
Total capital assets	<u>\$ 190,056,124</u>	<u>\$ 174,690,505</u>	<u>\$ 501,466</u>	<u>\$ 321,414</u>	<u>\$ 190,557,590</u>	<u>\$ 175,011,919</u>	8.88%

The construction in progress declined in 2016 as the buildings and improvement category increased. This significant increase in buildings and improvements resulted from construction activity financed by the issuance of revenue bonds totaling just under \$10 million in fiscal year 2015 for construction of a pool and auditorium addition to Central High School.

Construction in progress activities during 2015-16 also included:

- Remodeling of Fillmore Elementary
- Renovation of and gymnasium addition to Wood Intermediate
- Addition of gymnasium for Mid City High School

### Long-Term Debt

At year-end, the District had \$0 in general obligation bonds. The District has not had general obligation bonded debt since 1990-91. The District did sell \$19.3 million in sales tax revenue bonds in 2014 and 2015 to help finance several projects on the District's Long Range Facilities Plan. More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.

### Factors Bearing on the District's Future

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

- The Iowa Legislature failed once again to establish the growth rate for fiscal 2017 as required by law; this resulted in the district preparing and the school board approving a budget not knowing what if any additional funding would be available in fiscal 2017.
- The district ended fiscal 2016 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 couple of years. It is estimated those reductions may total close to \$5.6 million.

- The district is continuing to seek equitable education funding for its students and is once again calling upon the State Legislature to act promptly to address this long-standing funding inequity that negatively impacts Davenport students. If this issue is not resolved it could require an additional \$8.2 in budget reductions.
- The district's certified enrollment count on October 1, 2016 shows a decline in enrollment of 311 students. That equates to lost funding of approximately \$2 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 Marsha Tangen, Chief Financial Officer, Davenport Community School District, 1606 Brady Street, Davenport, Iowa 52803.

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	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 109,568,690	\$ 2,210,026	\$ 111,778,716
Receivables:			
Property tax	61,962,734	-	61,962,734
Other	810,755	149	810,904
Due from other governmental units	9,030,312	75,028	9,105,340
Inventories	240,753	104,337	345,090
Prepaid expenses	256	-	256
Total current assets	<u>181,613,500</u>	<u>2,389,540</u>	<u>184,003,040</u>
Noncurrent Assets			
Capital assets, not being depreciated	21,917,162	-	21,917,162
Capital assets, being depreciated	282,527,614	2,882,459	285,410,073
Less accumulated depreciation	<u>(114,388,652)</u>	<u>(2,380,993)</u>	<u>(116,769,645)</u>
Total noncurrent assets	<u>190,056,124</u>	<u>501,466</u>	<u>190,557,590</u>
Total assets	<u>371,669,624</u>	<u>2,891,006</u>	<u>374,560,630</u>
Deferred Outflows of Resources			
Pension Related Deferred Outflows	<u>16,465,839</u>	<u>454,999</u>	<u>16,920,838</u>

See Notes to Financial Statements

Davenport Community School District  
Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 6,295,474	\$ 59,751	\$ 6,355,225
Accrued payroll and payroll taxes	25,340,718	138,124	25,478,842
Health claims and administrative costs payable	2,989,000	-	2,989,000
Revenue bonds payable	2,099,056	-	2,099,056
Compensated absences	702,741	18,157	720,898
Construction contracts payable	810,357	-	810,357
Deposits	2,350,285	-	2,350,285
Early retirement obligations	851,193	-	851,193
Total current liabilities	<u>41,438,824</u>	<u>216,032</u>	<u>41,654,856</u>
<b>Noncurrent Liabilities</b>			
Revenue bonds payable	14,776,776	-	14,776,776
Early retirement obligations	1,339,091	-	1,339,091
Net pension liability	75,126,047	2,074,678	77,200,725
Other postemployment benefits obligation	2,512,426	75,851	2,588,277
Total noncurrent liabilities	<u>93,754,340</u>	<u>2,150,529</u>	<u>95,904,869</u>
Total liabilities	<u>135,193,164</u>	<u>2,366,561</u>	<u>137,559,725</u>
<b>Deferred Inflows of Resources</b>			
Succeeding Year Property Tax Revenue	61,314,383	-	61,314,383
Pension Related Deferred Inflows of Resources	6,880,541	167,696	7,048,237
Total deferred inflows of resources	<u>68,194,924</u>	<u>167,696</u>	<u>68,362,620</u>
<b>Net Position</b>			
Net Investment in Capital Assets	173,180,292	501,466	173,681,758
<b>Restricted for</b>			
Debt service	1,933,865	-	1,933,865
School infrastructure	8,086,403	-	8,086,403
Physical plant and equipment	6,091,077	-	6,091,077
Management levy	7,293,566	-	7,293,566
Student activities	522,011	-	522,011
Unrestricted	<u>(12,359,839)</u>	<u>310,282</u>	<u>(12,049,557)</u>
Total net position	<u>\$ 184,747,375</u>	<u>\$ 811,748</u>	<u>\$ 185,559,123</u>

	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction	\$ 133,042,846	\$ 4,029,551	\$ 21,967,634	\$ -
Student support services	14,959,706	-	1,168,765	-
Instructional staff support services	5,481,304	-	2,619,001	-
General administration	5,639,397	-	487,310	-
Building administration	11,431,660	-	1,133,385	-
Business and central administration	6,451,175	-	301,168	-
Plant operation and maintenance	12,958,917	-	185,429	-
Student transportation	6,385,037	892	547,958	-
Community services	666,296	-	751,458	-
Area education agency	6,885,657	-	6,885,657	-
Long-term debt interest	349,258	-	-	-
<b>Total governmental activities</b>	<u>204,251,253</u>	<u>4,030,443</u>	<u>36,047,765</u>	<u>-</u>
<b>Business-Type Activities</b>				
School nutrition	8,907,468	1,670,598	7,572,916	-
Out of school time	434,523	562,938	-	-
<b>Total business-type activities</b>	<u>9,341,991</u>	<u>2,233,536</u>	<u>7,572,916</u>	<u>-</u>
<b>Total school district</b>	<u>\$ 213,593,244</u>	<u>\$ 6,263,979</u>	<u>\$ 43,620,681</u>	<u>\$ -</u>
<b>General Revenues</b>				
Property taxes levied for general purposes				
Sales, services and use tax				
Utility tax				
Unrestricted state aid and grants				
Interest and investment earnings				
Miscellaneous				
<b>Total general revenues</b>				
<b>Change in Net Position</b>				
Net Position Beginning of Year				
Net Position End of Year				

See Notes to Financial Statements

Davenport Community School District  
Statement of Activities  
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (107,045,661)	\$ -	\$ (107,045,661)
(13,790,941)	-	(13,790,941)
(2,862,303)	-	(2,862,303)
(5,152,087)	-	(5,152,087)
(10,298,275)	-	(10,298,275)
(6,150,007)	-	(6,150,007)
(12,773,488)	-	(12,773,488)
(5,836,187)	-	(5,836,187)
85,162	-	85,162
-	-	-
(349,258)	-	(349,258)
<u>(164,173,045)</u>	<u>-</u>	<u>(164,173,045)</u>
-	336,046	336,046
-	128,415	128,415
-	464,461	464,461
<u>\$ (164,173,045)</u>	<u>\$ 464,461</u>	<u>\$ (163,708,584)</u>
\$ 60,834,657	\$ -	\$ 60,834,657
15,114,132	-	15,114,132
3,545,882	-	3,545,882
86,685,533	-	86,685,533
86,005	1,066	87,071
2,695,934	148	2,696,082
<u>168,962,143</u>	<u>1,214</u>	<u>168,963,357</u>
4,789,098	465,675	5,254,773
<u>179,958,277</u>	<u>346,073</u>	<u>180,304,350</u>
<u>\$ 184,747,375</u>	<u>\$ 811,748</u>	<u>\$ 185,559,123</u>

	General	Capital Projects	
		PPEL Fund	Capital Projects
<b>Assets</b>			
Cash and Investments	\$ 47,285,829	\$ 7,157,079	\$ 916,117
Receivables			
Property tax	53,236,232	5,375,040	-
Other	639,932	376	27,398
Due from Other Governmental Units	5,800,434	-	3,229,878
Inventories	240,753	-	-
Prepays	256	-	-
Total assets	<u>\$ 107,203,436</u>	<u>\$ 12,532,495</u>	<u>\$ 4,173,393</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 3,773,900	\$ 906,720	\$ 801,403
Accrued payroll and payroll taxes	25,296,095	-	25,929
Construction contracts payable	-	202,177	8,455
Deposits	2,350,285	-	-
Total liabilities	<u>31,420,280</u>	<u>1,108,897</u>	<u>835,787</u>
<b>Deferred Inflows of Resources</b>			
<b>Unavailable revenue</b>			
Property taxes	52,792,493	5,332,521	-
Sales, services and use tax	-	-	750,000
Federal	486,359	-	-
Other	664,144	-	-
Total deferred inflows of resources	<u>53,942,996</u>	<u>5,332,521</u>	<u>750,000</u>
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Inventories	240,753	-	-
Prepaid items	256	-	-
<b>Restricted</b>			
Debt service	-	-	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	2,587,606
Physical plant and equipment	-	6,091,077	-
Unassigned	21,599,151	-	-
Total fund balances	<u>21,840,160</u>	<u>6,091,077</u>	<u>2,587,606</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 107,203,436</u>	<u>\$ 12,532,495</u>	<u>\$ 4,173,393</u>

See Notes to Financial Statements

Davenport Community School District  
 Balance Sheet – Governmental Funds  
 June 30, 2016

Other Governmental Funds	Total
\$ 15,857,612	\$ 71,216,637
3,351,462	61,962,734
1,715	669,421
-	9,030,312
-	240,753
-	256
\$ 19,210,789	\$ 143,120,113
\$ 769,261	\$ 6,251,284
7,697	25,329,721
599,725	810,357
-	2,350,285
1,376,683	34,741,647
3,335,867	61,460,881
-	750,000
-	486,359
-	664,144
3,335,867	63,361,384
-	240,753
-	256
1,933,865	1,933,865
7,293,566	7,293,566
522,011	522,011
4,748,797	7,336,403
-	6,091,077
-	21,599,151
14,498,239	45,017,082
\$ 19,210,789	\$ 143,120,113

Davenport Community School District  
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities  
June 30, 2016

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Total Governmental Fund Balances \$ 45,017,082

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	304,444,776	
Accumulated depreciation	<u>(114,388,652)</u>	190,056,124

Property taxes and other receivables not collected within 60 days of  
year-end are not available soon enough to pay for the current  
period's expenditures and, therefore, are deferred inflows of  
resources in the funds:

Property taxes	146,498	
Other receivables	<u>1,900,503</u>	2,047,001

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. 35,449,200

Pension 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, as follows:

Deferred outflows of resources	16,465,839	
Deferred inflows of resources	<u>(6,880,541)</u>	9,585,298

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	(16,875,832)	
Compensated absences	(702,741)	
Early retirement obligations	(2,190,284)	
Net pension liability	(75,126,047)	
Other post employment benefits obligation	<u>(2,512,426)</u>	<u>(97,407,330)</u>

Net Position of Governmental Activities \$ 184,747,375

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	Capital Projects		
	General	PPEL Fund	Capital Projects
<b>Revenues</b>			
Property taxes	\$ 53,850,610	\$ 5,186,149	\$ -
Utility taxes	3,141,352	294,057	-
Sales, services and use tax	-	-	15,114,132
Intergovernmental	121,560,808	219,291	-
Charges for services	2,830,493	-	-
Interest	72,462	3,201	1,953
Contributions and donations	1,242,293	-	-
Other	2,036,651	28,583	-
Total revenues	<u>184,734,669</u>	<u>5,731,281</u>	<u>15,116,085</u>
<b>Expenditures</b>			
Current			
Instruction	120,742,800	165,331	1,842,795
Student support services	15,309,574	-	-
Instructional staff support services	5,595,340	-	-
General administration	4,304,660	-	58,935
Building administration	11,722,947	-	-
Business and central administration	4,948,270	521,810	243,997
Plant operation and maintenance	11,689,998	602,157	455,863
Student transportation	5,798,856	481,540	-
Community services	593,059	-	83,053
Non-instructional programs	-	-	2,000
Area Education Agency	6,885,657	-	-
Capital outlay	1,497	7,432,490	13,398,972
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>187,592,658</u>	<u>9,203,328</u>	<u>16,085,615</u>
Deficiency of Revenues Under Expenditures	<u>(2,857,989)</u>	<u>(3,472,047)</u>	<u>(969,530)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	309	-	-
Transfers out	-	-	(12,166,102)
Total other financing sources (uses)	<u>309</u>	<u>-</u>	<u>(12,166,102)</u>
Net Change in Fund Balances	(2,857,680)	(3,472,047)	(13,135,632)
Fund Balances Beginning of Year	<u>24,697,840</u>	<u>9,563,124</u>	<u>15,723,238</u>
Fund Balances End of Year	<u>\$ 21,840,160</u>	<u>\$ 6,091,077</u>	<u>\$ 2,587,606</u>

See Notes to Financial Statements

Davenport Community School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2016

Other Governmental Funds	Total Governmental Funds
\$ 1,886,411	\$ 60,923,170
110,473	3,545,882
-	15,114,132
83,320	121,863,419
-	2,830,493
8,388	86,004
-	1,242,293
1,203,426	3,268,660
<u>3,292,018</u>	<u>208,874,053</u>
1,895,713	124,646,639
-	15,309,574
-	5,595,340
1,328,205	5,691,800
1,580	11,724,527
781,299	6,495,376
449,604	13,197,622
98,857	6,379,253
-	676,112
-	2,000
-	6,885,657
5,875,783	26,708,742
1,995,000	1,995,000
423,314	423,314
<u>12,849,355</u>	<u>225,730,956</u>
<u>(9,557,337)</u>	<u>(16,856,903)</u>
12,166,102	12,166,411
<u>(309)</u>	<u>(12,166,411)</u>
<u>12,165,793</u>	<u>-</u>
2,608,456	(16,856,903)
<u>11,889,783</u>	<u>61,873,985</u>
<u>\$ 14,498,239</u>	<u>\$ 45,017,082</u>

Davenport Community School District  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2016

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Net Change in Fund Balances - Total Governmental Funds \$ (16,856,903)

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

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

Depreciation expense	(9,213,174)	
Capital outlay expenditures (Capitalized)	<u>24,602,167</u>	15,388,993

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of the asset being disposed. (23,374)

Because some property taxes and other receivables will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities. 166,299

In the statement of activities, certain operating expenses, compensated absences (vacation) and special termination benefits (early retirement), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid, \$694,781, were less than the amounts earned of \$719,750, by \$24,969. Vacation used, \$1,375,741 was less than the amounts earned \$1,420,295, by \$44,554. (69,523)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.  
 Repayments 1,995,000

Davenport Community School District  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2016

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<p>The amortization of bond premium reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported in governmental funds.</p>	<p>\$ 74,056</p>
<p>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.</p>	<p>2,879,430</p>
<p>Based on actuarial calculations, the District reports other postemployment benefit liabilities in the statement of activities that are not reported in the fund statements.</p>	<p>(505,148)</p>
<p>An internal service fund is used by the District's management to charge the costs of the self-insurance program to the individual funds. The change in net position in the internal service fund is reported with governmental activities.</p>	<p>1,740,268</p>
<p>Change in Net Position of Governmental Activities</p>	<p><u>\$ 4,789,098</u></p>

Davenport Community School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2016

	<u>Business-Type Activities- Enterprise Funds</u>			Governmental Activities Internal Service Fund
	<u>School Nutrition Fund</u>	<u>Nonmajor Out of School Time Fund</u>	<u>Total</u>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 2,127,574	\$ 82,452	\$ 2,210,026	\$ 38,352,053
Other receivables	144	5	149	141,334
Due from other governmental units	75,028	-	75,028	-
Inventories	104,337	-	104,337	-
Total current assets	<u>2,307,083</u>	<u>82,457</u>	<u>2,389,540</u>	<u>38,493,387</u>
Noncurrent assets, capital assets, net of accumulated depreciation	501,466	-	501,466	-
Total assets	<u>2,808,549</u>	<u>82,457</u>	<u>2,891,006</u>	<u>38,493,387</u>
<b>Deferred Outflows of Resources</b>				
Pension Related Deferred Outflows	438,894	16,105	454,999	-
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	36,009	23,742	59,751	44,190
Accrued payroll and payroll taxes	108,331	29,793	138,124	10,997
Health claims and costs	-	-	-	2,989,000
Compensated absences	9,006	9,151	18,157	-
Total current liabilities	<u>153,346</u>	<u>62,686</u>	<u>216,032</u>	<u>3,044,187</u>
<b>Noncurrent Liabilities</b>				
Net pension liability	2,001,000	73,678	2,074,678	-
Post employment benefits obligation	72,955	2,896	75,851	-
Total noncurrent liabilities	<u>2,073,955</u>	<u>76,574</u>	<u>2,150,529</u>	<u>-</u>
Total liabilities	<u>2,227,301</u>	<u>139,260</u>	<u>2,366,561</u>	<u>3,044,187</u>
<b>Deferred Inflows of Resources</b>				
Pension Related Deferred Inflows	157,350	10,346	167,696	-
<b>Net Position</b>				
Net Investment in Capital Assets	501,466	-	501,466	-
Unrestricted	361,326	(51,044)	310,282	35,449,200
Total net position (deficit)	<u>\$ 862,792</u>	<u>\$ (51,044)</u>	<u>\$ 811,748</u>	<u>\$ 35,449,200</u>

Davenport Community School District  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2016

	<u>Business-Type Activities- Enterprise Funds</u>			Governmental Activities Internal Service Fund
	<u>School Nutrition Fund</u>	<u>Nonmajor Out of School Time Fund</u>	<u>Total</u>	
Operating Revenue				
Charges for Services	<u>\$ 1,670,598</u>	<u>\$ 562,938</u>	<u>\$ 2,233,536</u>	<u>\$ 25,639,723</u>
Operating Expenses				
Salaries and Benefits	4,134,538	113,685	4,248,223	282,735
Purchased Services	458,834	287,794	746,628	29,994
Supplies	4,231,899	26,746	4,258,645	2,106
Other Operating Costs	-	6,298	6,298	-
Depreciation	82,197	-	82,197	-
Health Care	-	-	-	23,584,620
Total operating expenses	<u>8,907,468</u>	<u>434,523</u>	<u>9,341,991</u>	<u>23,899,455</u>
Operating Income (Loss)	<u>(7,236,870)</u>	<u>128,415</u>	<u>(7,108,455)</u>	<u>1,740,268</u>
Nonoperating Revenues				
Interest Income	1,028	38	1,066	-
Intergovernmental	7,572,916	-	7,572,916	-
Other Nonoperating Revenue	-	148	148	-
Total nonoperating revenues	<u>7,573,944</u>	<u>186</u>	<u>7,574,130</u>	<u>-</u>
Change in Net Position	337,074	128,601	465,675	1,740,268
Net Position Beginning of Year	<u>525,718</u>	<u>(179,645)</u>	<u>346,073</u>	<u>33,708,932</u>
Net Position End of Year	<u>\$ 862,792</u>	<u>\$ (51,044)</u>	<u>\$ 811,748</u>	<u>\$ 35,449,200</u>

Davenport Community School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2016

	<u>Business-Type Activities- Enterprise Funds</u>			Governmental Activities Internal Service Fund
	School <u>Nutrition Fund</u>	Nonmajor Out of School Time Fund	<u>Total</u>	
Cash Flows from Operating Activities				
Cash received from user charges	\$ 1,663,166	\$ 578,367	\$ 2,241,533	\$ -
Cash received from assessment made to other funds	-	-	-	25,621,612
Cash payments to employees for services	(4,150,734)	(112,391)	(4,263,125)	(290,797)
Cash payments for insurance claims	-	-	-	(23,262,620)
Cash payments to suppliers for goods and services	<u>(4,124,386)</u>	<u>(360,635)</u>	<u>(4,485,021)</u>	<u>(19,655)</u>
Net cash provided by (used in) operating activities	<u>(6,611,954)</u>	<u>105,341</u>	<u>(6,506,613)</u>	<u>2,048,540</u>
Cash Flows from Noncapital Financing Activities				
Payments to other funds	-	(23,075)	(23,075)	-
Grants and contributions received	<u>6,944,038</u>	<u>148</u>	<u>6,944,186</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>6,944,038</u>	<u>(22,927)</u>	<u>6,921,111</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	<u>(262,249)</u>	<u>-</u>	<u>(262,249)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest received	<u>1,028</u>	<u>38</u>	<u>1,066</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	70,863	82,452	153,315	2,048,540
Cash and Cash Equivalents Beginning of Year	<u>2,056,711</u>	<u>-</u>	<u>2,056,711</u>	<u>36,303,513</u>
Cash and Cash Equivalents End of Year	<u>\$ 2,127,574</u>	<u>\$ 82,452</u>	<u>\$ 2,210,026</u>	<u>\$ 38,352,053</u>

(continued)

Davenport Community School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2016

	School Nutrition Fund	Nonmajor Out of School Time Fund	Total	Activities Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ (7,236,870)	\$ 128,415	\$ (7,108,455)	\$ 1,740,268
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	82,197	-	82,197	-
Commodities used	628,878	-	628,878	-
Changes in assets and liabilities				
Receivables	(7,432)	15,429	7,997	(18,111)
Inventories	17,999	-	17,999	-
Accounts payable and accrued liabilities	(30,426)	(36,512)	(66,938)	326,383
Net pension liability	475,580	14,091	489,671	-
Deferred outflow of resources	(110,336)	(3,270)	(113,606)	-
Deferred inflow of resources	(445,211)	(13,192)	(458,403)	-
Other post employment benefits obligation	13,667	380	14,047	-
Net cash provided by (used in) operating activities	\$ (6,611,954)	\$ 105,341	\$ (6,506,613)	\$ 2,048,540

Noncash noncapital financing activities, during the year the District received  
\$628,878 of food commodities from the U.S Department of Agriculture

See Notes to the Basic Financial Statements.

Davenport Community School District  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2016

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Assets

Cash and cash equivalents	<u>\$ 114,504</u>
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Liabilities

Accounts payable	\$ 8,858
Due to activity groups	<u>105,646</u>
Total liabilities	<u>\$ 114,504</u>

**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, two K-8 schools, 17 elementary schools and various off-campus alternative education programs. Student enrollment (pre-school through high school) for the 2015-2016 school year was approximately 15,299 regular and special education students. The District employs approximately 2,317 individuals.

**Reporting Entity**

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

The District has the following fund types:

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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 principal ongoing operations. The principal operating revenues from the District's proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include cost of personnel services, contractual services, operating supplies, self-insurance claims and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major proprietary fund:

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

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

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

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

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

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

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the special revenue funds, debt service, and the capital projects funds adjusted from the modified accrual to the full accrual basis of accounting. Governmental activities also include the activities from the Internal Service Fund. Business-type activities in the government-wide statements are comprised of the enterprise funds. Fiduciary funds are not reported in the government-wide statements because these funds cannot be used to support District activities.

As a general rule, interfund activity has been eliminated from the government-wide statements. However, interfund services provided and used are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. In addition, certain indirect costs are included in program expenses reported for individual functions and activities.

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

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

### **Significant Accounting Policies**

Pass-Through Revenues – GASB Statement No. 24 establishes standards of accounting and financial reporting for pass-through grants, food stamps and on-behalf payments for fringe benefits and salaries. GASB Statement No. 24 requires that all cash pass-through grants received by a governmental entity be recognized as revenue and expenditures or expenses in a governmental, proprietary or trust fund. The District recorded the \$6,885,657 pass-through grant from the Area Education Agency in fiscal year 2015-2016 as revenue and a related expense/expenditure in the Governmental Activities and General Fund.

Cash and Investments – The cash balances of District funds are pooled and invested. Investments are stated at fair value except 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 Education Liquidity Money Market Fund is a “money market fund” that seeks to maintain a stable net asset value of \$1.00 per share. The Fund qualifies as a legal investment for the District under Iowa Law.

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½ percent per month penalty for delinquent payment; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2015.

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

	General	Capital Projects	School Nutrition
Due from Other Governments			
Federal	\$ 4,289,021	\$ -	\$ 75,028
Sales, services and use tax	-	3,229,878	-
Other districts	609,246	-	-
Other	902,167	-	-
	\$ 5,800,434	\$ 3,229,878	\$ 75,028

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

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

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

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

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

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

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

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

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

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

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

Description	Threshold
Land Improvements	\$ 3,500
Buildings	3,500
Building Improvements	3,500
Furniture and Equipment	3,500
Intangibles	100,000

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

Description	Estimated Lives
Land Improvements	20 years
Buildings	50 years
Building Improvements	20 years
Furniture and Equipment	5 – 10 years
Intangibles	5 – 20 years

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

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

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 2016, have been accrued as liabilities as of June 30, 2016.

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, 2016.

Compensated Absences: Noninstructional District employees accumulate vacation hours for subsequent use or for payment upon termination. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2016, 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.

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

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.

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.

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

Net position restricted through enabling legislation include \$8,086,403 for school infrastructure, \$6,091,077 for physical plant and equipment and \$7,293,566 for management levy.

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

## Note 2 - Cash and Investments

The District is authorized by state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

As of June 30, 2016, the book balance of the District's cash deposits plus petty cash totaled \$67,777,014, including certificates of deposit of \$5,080,748 and the bank balances totaled \$72,139,858.

As of June 30, 2016, the District also had investments in the Education Liquidity Money Market Fund totaling \$44,116,206, which is 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 District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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

Credit Risk: The District's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The District did not hold any commercial paper or other corporate debt at June 30, 2016.

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, 2016.

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

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

Davenport Community School District  
Notes to Financial Statements  
June 30, 2016

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

Cash Deposits and Petty Cash	\$ 62,696,266
Certificates of Deposit	5,080,748
IPAS Education Money Market Fund	44,116,206
	<u>\$ 111,893,220</u>
 Governmental Funds	 \$ 71,216,637
Internal Service Fund	38,352,053
Total governmental activities	<u>109,568,690</u>
Business-Type Activities/Enterprise Funds	2,210,026
Agency Fund	114,504
	<u>\$ 111,893,220</u>

**Note 3 - Capital Assets**

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,702,173	\$ -	\$ -	\$ 4,702,173
Construction in progress	24,070,926	24,051,110	(30,907,047)	17,214,989
Total capital assets not being depreciated	<u>28,773,099</u>	<u>24,051,110</u>	<u>(30,907,047)</u>	<u>21,917,162</u>
Capital assets being depreciated				
Land improvements	11,947,938	-	-	11,947,938
Buildings	99,997,417	222,500	-	100,219,917
Building improvements	129,183,058	30,754,027	-	159,937,085
Furniture and equipment	8,903,540	481,577	(211,116)	9,174,001
Intangibles	1,248,673	-	-	1,248,673
Total capital assets being depreciated	<u>251,280,626</u>	<u>31,458,104</u>	<u>(211,116)</u>	<u>282,527,614</u>
Less accumulated depreciation for				
Land improvements	9,486,752	244,056	-	9,730,808
Buildings	47,642,090	1,697,633	-	49,339,723
Building improvements	39,896,514	7,065,976	-	46,962,490
Furniture and equipment	7,478,956	173,253	(187,742)	7,464,467
Intangibles	858,908	32,256	-	891,164
Total accumulated depreciation	<u>105,363,220</u>	<u>9,213,174</u>	<u>(187,742)</u>	<u>114,388,652</u>
Total capital assets being depreciated, net	<u>145,917,406</u>	<u>22,244,930</u>	<u>(23,374)</u>	<u>168,138,962</u>
Governmental Activities Capital Assets, Net	<u>\$ 174,690,505</u>	<u>\$ 46,296,040</u>	<u>\$ (30,930,421)</u>	<u>\$ 190,056,124</u>

Davenport Community School District  
Notes to Financial Statements  
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	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-Type Activities				
Capital assets, being depreciated, equipment	\$ 2,655,547	\$ 268,821	\$ (41,909)	\$ 2,882,459
Less accumulated depreciation for equipment	<u>2,334,133</u>	<u>82,197</u>	<u>(35,337)</u>	<u>2,380,993</u>
Business-Type Activities Capital Assets, Net	<u>\$ 321,414</u>	<u>\$ 186,624</u>	<u>\$ (6,572)</u>	<u>\$ 501,466</u>

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

Governmental Activities

Instruction	\$ 9,117,851
Instructional staff support services	4,998
General administration	13,437
Building administration	2,452
Business and central administration	42,640
Plant operation and maintenance	24,518
Student transportation	7,278
	<u>\$ 9,213,174</u>

Business-Type activities \$ 82,197

**Note 4 - Interfund Transfers**

Interfund transfers as of June 30, 2016 consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 309
Nonmajor Governmental Funds	Capital Projects	<u>12,166,102</u>
		<u>\$ 12,166,411</u>

Transfers to the General Fund from the nonmajor governmental funds represents interest earned in the Student Activity Fund required to be transferred to the General Fund by state code. Transfers from the Capital Projects Fund represents transfers to the Debt Service Fund for debt service expenditures and reserves and to the Capital Projects – Revenue Bonds Fund to fund capital projects.

**Note 5 - Long-Term Liabilities**

Changes in Long-Term Liabilities: A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
<b>Governmental Activities</b>					
Revenue Bonds	\$ 18,330,000	\$ -	\$ 1,995,000	\$ 16,335,000	\$ 2,025,000
Premium on Bonds	614,888	-	74,056	540,832	74,056
Total General Obligation Debt	<u>18,944,888</u>	<u>-</u>	<u>2,069,056</u>	<u>16,875,832</u>	<u>2,099,056</u>
<b>Other Liabilities</b>					
Accumulated Termination Pay	2,165,315	719,750	694,781	2,190,284	851,193
Compensated Absences	658,187	1,420,295	1,375,741	702,741	702,741
Net Pension Liability	58,001,679	17,124,368	-	75,126,047	-
OPEB Liability	2,007,278	505,148	-	2,512,426	-
Total Other Liabilities	<u>62,832,459</u>	<u>19,769,561</u>	<u>2,070,522</u>	<u>80,531,498</u>	<u>1,553,934</u>
Total Long-term Liabilities	<u>\$ 81,777,347</u>	<u>\$ 19,769,561</u>	<u>\$ 4,139,578</u>	<u>\$ 97,407,330</u>	<u>\$ 3,652,990</u>

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
<b>Business-Type Activities</b>					
Compensated Absences	\$ 13,469	\$ 31,619	\$ 26,931	\$ 18,157	\$ 18,157
Net Pension Liability	1,585,007	489,671	-	2,074,678	-
OPEB Liability	61,804	14,047	-	75,851	-
Total Long-term liabilities	<u>\$ 1,660,280</u>	<u>\$ 535,337</u>	<u>\$ 26,931</u>	<u>\$ 2,168,686</u>	<u>\$ 18,157</u>

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

Future Requirements to Maturity: Principal and interest requirements to maturity for the School District's bonds and notes outstanding as of June 30, 2016, are as follows:

<u>Years Ending June 30,</u>	Governmental Activities School Infrastructure Sales, Services, and Use Tax Revenue Bonds	
	Principal	Interest
2017	\$ 2,025,000	\$ 373,075
2018	2,065,000	332,575
2019	2,105,000	291,275
2020	2,160,000	238,775
2021	2,210,000	184,875
2022-2024	5,770,000	226,300
Total	<u>\$ 16,335,000</u>	<u>\$ 1,646,875</u>

Revenue Bonds/Notes

Governmental Activities: Two issues of unmatured revenue bonds, totaling \$16,335,000, is outstanding at June 30, 2016. 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, 2016, the District had sales, service, and use tax revenue of \$15,114,132 and the amount of principal and interest due was \$2,418,314.

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.

Provisions for the early retirement incentives offered during the year ended June 30, 2016, are as follows:

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

- 1) They are age fifty five or older by June 30th of the year in which they plan to exercise his/her participation in the offer
- 2) Have completed at least 20 years of contracted service with the Davenport Schools by June 30th of the year in which they plan to exercise his/her participation in the offer
- 3) They work at least a minimum of 4 hours per day or have a contract of at least .50 FTE
- 4) Submits an application for participation in the plan to the Board of Directors by February 1st of the year in which they plan to exercise his/her participation in the offer.
- 5) The effective date of retirement must be at, and not before, the conclusion of the contract or assignment of the year in which they plan to exercise his/her participation in the offer and no later than June 30th of that year.
- 6) They have not received an official notice of layoff or termination, including termination pursuant to Iowa Code Section 279.27 or Iowa Code Section 279.15; or
- 7) They are not on an extended unpaid leave of absence.

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

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

Early retirement benefits are paid evenly over five years. During the year ended June 30, 2016, 59 District employees requested early retirement. During the year ended June 30, 2016, the District paid \$694,781 of early retirement benefits.

Legal Debt Margin: As of June 30, 2016, the District did not hold any outstanding general obligation debt and did not exceed the statutory debt limit.

## Note 6 - Pension Plan

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, anytime 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

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: Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. 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 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2016 were \$10,106,521.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2016, the District reported a liability of \$77,200,725 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the District's collective proportion was 1.5626 percent, which was an increase of 0.0601 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$7,147,423. At June 30, 2016, 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	\$ 1,166,407	\$ -
Changes of Assumptions	2,125,530	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	6,425,272
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	3,522,380	622,965
District Contributions Subsequent to the Measurement Date	10,106,521	-
	\$ 16,920,838	\$ 7,048,237

\$10,106,521 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2017	\$ (1,508,806)
2018	(1,508,806)
2019	(1,508,806)
2020	4,038,422
2021	254,076
Total	\$ (233,920)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions: The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation
Wage Growth (effective June 30, 1990)	4.00 percent per annum based on 3.00 percent inflation and 1.00 percent real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Core-plus fixed income	28%	2.04
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
	<u>100%</u>	
Total	<u>100%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.5 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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the Net Pension Liability	\$ 135,164,579	\$ 77,200,725	\$ 28,275,072

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, 2016, the District reported no payables to the defined benefit pension plan.

**Note 7 - Risk Management**

The District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. There were no 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. Changes in the accrual balance for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Unpaid Claims and Administrative Costs Payable		
Balance, Beginning of Year	\$ 2,667,000	\$ 2,607,000
Incurred Claims (Including IBNR)	23,584,620	21,373,856
Claim Payments	(23,262,620)	(21,313,856)
Unpaid Claims and Administrative Costs Payable		
Balance, End of Year	\$ 2,989,000	\$ 2,667,000

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

**Note 8 - Commitments and Contingencies**

The District has entered into various construction and repair contracts for projects throughout the District. As of June 30, 2016, the portion of these contracts which has not been paid or accrued as a liability totals \$9,881,641.

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

The District had significant encumbrances in the Capital Projects Fund of \$9,881,641 as of June 30, 2016.

**Note 9 - Operating Leases**

The District leases building and equipment under noncancelable operating leases. Total expenses for the year ended June 30, 2016, for such leases were \$261,718, which includes cash paid and the change in the prepaid rent balance. The future minimum lease payments for these leases are as follows:

Years Ending	
2017	\$ 250,252
2018	156,052
2019	156,052
2020	156,052
2021	78,026
	\$ 796,434

**Note 10 - Other Postemployment Benefits**

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

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

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

	Coverage Type	
	Single	Family
Plan I	\$ 583	\$ 1,422
Plan II (teachers)	583	1,422

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

Changes in OPEB Obligation

Annual Required Contribution	\$ 732,262
Interest on Net OPEB Obligation	51,727
Adjustments to Annual Required Contribution	(150,787)
Annual OPEB cost	633,202
Contributions Made	(114,007)
Increase in net OPEB obligation	519,195
Net OPEB Obligation, Beginning of Year	2,069,082
Net OPEB Obligation, End of Year	\$ 2,588,277

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2016 and the two preceding years follows:

Years Ended June 30, 2016	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 633,202	18.0%	\$ 2,588,277
2015	530,428	24.0%	2,069,082
2014	545,445	28.5%	1,665,859

Funded Status and Funding Progress: As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability for benefits was \$4,706,336 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$4,706,336. The covered payroll (annual payroll of active employees covered by the plan) was \$89,057,677 and the ratio of the UAAL to the covered payroll was 5.3 percent. As of June 30, 2016, there were no trust fund assets.

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

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

In the July 1, 2015 actuarial valuation, frozen entry age actuarial cost method was used. The actuarial assumptions included a 2.5 percent discount rate, an annual health care cost trend rate of 4 percent and an aging curve of 3 percent. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2015, was 30 years.

### Note 11 - Deficit Fund Equity

The following fund had a deficit net position amount as of June 30, 2016:

Enterprise Fund	
Nonmajor Out of School Time	\$ 51,044

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

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

The Governmental Accounting Standards Board (GASB) has issued eight statements not yet implemented by The District. The statements which might impact the District, are as follows:

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, will be effective for the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective for the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Statement No. 77, Tax Abatement Disclosures, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, will be effective for fiscal year ending June 30, 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Statement No. 79, Certain External Investment Pools and Pool Participants, will be effective for the fiscal year ending June 30, 2017. The objective of this statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

Statement No. 80, Blending Requirements for certain component units. An amendment of GASB Statement No. 14, will be effective for fiscal year ending June 30, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

Statement No. 81, Irrevocable Split-Interest Agreements, will be effective for fiscal year ending June 30, 2018. 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.

Statement No. 82, Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73, will be effective for fiscal year ending June 30, 2017. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

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

DAVENPORT  
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SCHOOLS

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Required Supplementary Information  
June 30, 2016

**Davenport Community School  
District**

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	Governmental Fund Types Actual	Enterprise Fund Type Actual	Total Actual
<b>Receipts:</b>			
Property taxes	\$ 64,469,052	\$ -	\$ 64,469,052
Sales, services and use tax	15,114,132	-	15,114,132
Intergovernmental	121,863,419	7,572,916	129,436,335
Charges for services	2,830,493	2,233,536	5,064,029
Interest	86,004	1,066	87,070
Other	4,510,953	148	4,511,101
Total receipts	<u>208,874,053</u>	<u>9,807,666</u>	<u>218,681,719</u>
<b>Expenditures:</b>			
Current			
Instruction	124,646,639	700	124,647,339
Support Services	64,393,492	565,963	64,959,455
Noninstructional programs	678,112	8,775,328	9,453,440
Other Expenditures	36,012,713	-	36,012,713
Total disbursements	<u>225,730,956</u>	<u>9,341,991</u>	<u>235,072,947</u>
Excess (Deficiency) of revenues over expenditures	<u>(16,856,903)</u>	<u>465,675</u>	<u>(16,391,228)</u>
<b>Other Financing Sources, Net</b>			
Transfers in	12,166,411	-	12,166,411
Transfers out	<u>(12,166,411)</u>	<u>-</u>	<u>(12,166,411)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(16,856,903)	465,675	(16,391,228)
Fund Balances, Beginning of Year	<u>61,873,985</u>	<u>346,073</u>	<u>62,220,058</u>
Fund Balances, End of Year	<u>\$ 45,017,082</u>	<u>\$ 811,748</u>	<u>\$ 45,828,830</u>

Davenport Community School District  
 Budgetary Comparison Schedule  
 All Governmental Funds and Enterprise Funds  
 Required Supplementary Information  
 Year Ended June 30, 2016

Budget Amounts		Final to
Original	Final	Actual Variance
\$ 64,043,051	\$ 64,574,576	\$ (105,524)
13,952,372	15,079,719	34,413
131,228,728	126,747,514	2,688,821
3,733,218	3,200,000	1,864,029
203,000	248,100	(161,030)
5,601,295	7,701,016	(3,189,915)
<u>218,761,664</u>	<u>217,550,925</u>	<u>1,130,794</u>
124,959,429	129,256,939	4,609,600
67,460,856	57,719,980	(7,239,475)
8,772,428	8,740,407	(713,033)
28,746,112	44,796,045	8,783,332
<u>229,938,825</u>	<u>240,513,371</u>	<u>5,440,424</u>
<u>(11,177,161)</u>	<u>(22,962,446)</u>	<u>6,571,218</u>
1,217,075	12,943,299	(776,888)
<u>(1,217,075)</u>	<u>(12,943,299)</u>	<u>776,888</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (11,177,161)</u>	<u>\$ (22,962,446)</u>	<u>\$ 6,571,218</u>

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

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

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

The District follows these procedures in establishing budgetary data:

1. The Administration submits to the Board of Education a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments. The proposed budget is readily available at least 30 days prior to final action by the Board.
3. Prior to April 15, the budget is legally adopted through passage of a resolution which is filed with the County Auditor to obtain tax revenues.
4. The Board of Education may amend the budget after it is approved using the same procedures required to approve the original budget. The budget was amended in April 2016, to increase the authorization of expenditures by \$10,574,546.
5. All annual appropriations lapse at fiscal year-end.

During the year ended June 30, 2016, expenditures in the support services and noninstructional programs functions exceeded the amounts budgeted and the District exceeded its General Fund unspent authorized budget.

**Davenport Community School District**  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Iowa Public Employees' Retirement System  
 Required Supplementary Information  
 Last Two Fiscal Years  
 June 30, 2016

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	2016	2015
District's Proportion of the Net Pension Liability	1.5626%	1.5025%
District's Proportion of the Net Pension Liability	\$ 77,200,725	\$ 59,586,686
District's Covered-Employee Payroll	\$ 107,021,725	\$ 98,315,409
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	72.14%	60.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.	85.19%	87.61%

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30<sup>th</sup> of the preceding year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily Required Contribution	\$ 10,106,521	\$ 9,557,040	\$ 8,779,566	\$ 8,353,920
Contributions in Relation to the				
Statutorily Required Contribution	<u>10,106,521</u>	<u>9,557,040</u>	<u>8,779,566</u>	<u>8,353,920</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 113,174,927	\$ 107,021,725	\$ 98,315,409	\$ 96,354,325
Contributions as a Percentage of Covered-Employee Payroll	8.93%	8.93%	8.93%	8.67%

**Davenport Community School District**  
 Schedule of District Contributions  
 Iowa Public Employees' Retirement System  
 Required Supplementary Information  
 Last 10 Fiscal Years  
 June 30, 2016

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2012	2011	2010	2009	2008	2007
\$ 7,874,747	\$ 6,607,604	\$ 6,149,722	\$ 5,737,489	\$ 5,347,495	\$ 4,949,929
7,874,747	6,607,604	6,149,722	5,737,489	5,347,495	4,949,929
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 97,580,508	\$ 95,073,439	\$ 92,477,023	\$ 90,354,157	\$ 88,388,347	\$ 86,085,722
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

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.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a 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.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

Davenport Community School District  
 Required Supplementary Information  
 Schedule of Funding Progress for Retiree Health Plan  
 June 30, 2016

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Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2013	7/1/2011	\$ -	\$ 5,158,917	\$ 5,158,917	-	\$ 74,260,787	6.9%
2015	7/1/2013	-	4,787,587	4,787,587	-	81,209,038	5.9
2016	7/1/2015	-	4,706,336	4,706,336	-	89,057,677	5.3

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report

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Other Supplementary Information  
June 30, 2016

**Davenport Community School  
District**

# DAVENPORT COMMUNITY SCHOOLS

## **Nonmajor Governmental Funds**

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

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

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

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

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

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

	Special Revenue		Capital Projects
	Management	Student Activity	Revenue Bonds
Assets			
Cash and Investments	\$ 7,291,452	\$ 560,933	\$ 6,071,464
Receivables			
Property tax	3,351,462	-	-
Other	84	1,410	119
Total assets	<u>\$ 10,642,998</u>	<u>\$ 562,343</u>	<u>\$ 6,071,583</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 13,565	\$ 32,635	\$ 723,061
Accrued payroll and payroll taxes	-	7,697	-
Construction contracts payable	-	-	599,725
Total liabilities	<u>13,565</u>	<u>40,332</u>	<u>1,322,786</u>
Deferred Inflows of Resources			
Unavailable revenue, property taxes	<u>3,335,867</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for			
Debt service	-	-	-
Management levy purposes	7,293,566	-	-
Student activities	-	522,011	-
School infrastructure	-	-	4,748,797
Total fund balances	<u>7,293,566</u>	<u>522,011</u>	<u>4,748,797</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,642,998</u>	<u>\$ 562,343</u>	<u>\$ 6,071,583</u>

Davenport Community School District  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2016

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Debt Service	Total Nonmajor Governmental Funds
\$ 1,933,763	\$ 15,857,612
-	3,351,462
102	1,715
\$ 1,933,865	\$ 19,210,789
\$ -	\$ 769,261
-	7,697
-	599,725
-	1,376,683
-	3,335,867
1,933,865	1,933,865
-	7,293,566
-	522,011
-	4,748,797
1,933,865	14,498,239
\$ 1,933,865	\$ 19,210,789

	Special Revenue		Capital Projects
	Management Fund	Student Activity	Revenue Bonds
Revenues			
Property taxes	\$ 1,886,411	\$ -	\$ -
Utility taxes	110,473	-	-
Intergovernmental	83,320	-	-
Interest	3,928	306	3,035
Other	-	1,203,426	-
Total revenues	<u>2,084,132</u>	<u>1,203,732</u>	<u>3,035</u>
Expenditures			
Current			
Instruction	810,319	1,085,394	-
General administration	1,328,205	-	-
Building administration	-	1,580	-
Business and central administration	-	-	781,299
Plant operation and maintenance	443,755	5,849	-
Student transportation	-	98,857	-
Capital outlay	-	-	5,875,783
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,582,279</u>	<u>1,191,680</u>	<u>6,657,082</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>(498,147)</u>	<u>12,052</u>	<u>(6,654,047)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	9,950,797
Transfers out	-	(309)	-
Total other financing sources (uses)	<u>-</u>	<u>(309)</u>	<u>9,950,797</u>
Net Change in Fund Balances	(498,147)	11,743	3,296,750
Fund Balances Beginning of Year	<u>7,791,713</u>	<u>510,268</u>	<u>1,452,047</u>
Fund Balances End of Year	<u>\$ 7,293,566</u>	<u>\$ 522,011</u>	<u>\$ 4,748,797</u>

Davenport Community School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2016

<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 1,886,411
-	110,473
-	83,320
1,119	8,388
<u>-</u>	<u>1,203,426</u>
<u>1,119</u>	<u>3,292,018</u>
-	1,895,713
-	1,328,205
	1,580
-	781,299
-	449,604
-	98,857
-	5,875,783
1,995,000	1,995,000
<u>423,314</u>	<u>423,314</u>
<u>2,418,314</u>	<u>12,849,355</u>
<u>(2,417,195)</u>	<u>(9,557,337)</u>
2,215,305	12,166,102
<u>-</u>	<u>(309)</u>
<u>2,215,305</u>	<u>12,165,793</u>
(201,890)	2,608,456
<u>2,135,755</u>	<u>11,889,783</u>
<u>\$ 1,933,865</u>	<u>\$ 14,498,239</u>

Davenport Community School District  
Combining Schedule of Changes in Balances  
Student Activity Fund  
Year Ended June 30, 2016

	June 30, 2015				June 30, 2016
	<u>Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Balance</u>
Central High School Athletics	\$ (9,634)	\$ 93,018	\$ 97,123	\$ -	\$ (13,739)
North High School Athletics	(6,212)	96,873	85,957	-	4,704
West High School Athletics	10,357	121,832	114,988	-	17,201
Central High School Athletics	154,419	212,530	196,369	-	170,580
North High School	6,303	206,955	195,407	-	17,851
West High School	127,329	242,505	278,946	-	90,888
Kimberly Center	389	-	389	-	-
Mid City High School	579	2,041	1,124	-	1,496
Senior High School	-	305	14	-	291
Smart Intermediate School	12,329	8,962	10,200	-	11,091
Sudlow Intermediate School	54,323	100,158	88,424	-	66,057
Williams Intermediate School	29,565	16,351	13,961	-	31,955
Wood Intermediate School	27,272	27,505	28,648	-	26,129
Young Intermediate School	4,358	6,584	10,941	-	1
Adams Elementary	2,034	6,644	6,177	-	2,501
Blue Grass Elementary	1,951	2,176	1,468	-	2,659
Buchanan Elementary	7,986	1,755	8,535	-	1,206
Buffalo Elementary	6,119	3,202	2,951	-	6,370
Eisenhower Elementary	6,625	655	323	-	6,957
Fillmore Elementary	1,145	2,000	434	-	2,711
Garfield Elementary	3,892	3,304	3,494	-	3,702
Harrison Elementary	809	132	37	-	904
Hayes Elementary	4,338	1,808	3,038	-	3,108
Jackson Elementary	822	104	-	-	926
Jefferson Elementary	554	4,616	2,926	-	2,244
Madison Elementary	4,055	913	3,949	-	1,019
McKinley Elementary	4,841	1,927	1,940	-	4,828
Monroe Elementary	489	455	518	-	426
Truman Elementary	496	391	-	-	887
Walcott Elementary and Intermediate School	40,821	34,544	31,339	-	44,026
Washington Elementary	7,545	1,984	1,319	-	8,210
Wilson Elementary	4,060	1,197	741	-	4,516
Unallocated interest income	309	306	-	(309)	306
Total special revenue activity fund	<u>\$ 510,268</u>	<u>\$ 1,203,732</u>	<u>\$ 1,191,680</u>	<u>\$ (309)</u>	<u>\$ 522,011</u>

Davenport Community School District  
Statement of Changes in Fiduciary Assets and Liabilities  
Agency Fund  
Year Ended June 30, 2016

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	<u>June 30, 2015 Balance</u>	<u>Additons</u>	<u>Deductions</u>	<u>June 30, 2016 Balance</u>
Assets				
Cash and investments	<u>\$ 81,162</u>	<u>\$ 210,399</u>	<u>\$ 177,057</u>	<u>\$ 114,504</u>
Liabilities				
Accounts payable	\$ 1,748	\$ 176,599	\$ 169,489	\$ 8,858
Due to activity groups	<u>79,414</u>	<u>26,232</u>	<u>-</u>	<u>105,646</u>
Total liabilities	<u>\$ 81,162</u>	<u>\$ 202,831</u>	<u>\$ 169,489</u>	<u>\$ 114,504</u>

Davenport Community School District  
Combining Schedule of Changes in Amounts Due to Activity Groups  
Agency Fund  
Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Due to Activity Groups				
Adams Staff Account	\$ 881	\$ 2,639	\$ 1,055	\$ 2,465
Administration Pop Account	3,155	4,506	5,303	2,358
Administration Scholar Account	200	-	70	130
Blue Grass Staff Account	597	1,056	832	821
Buchanan Pop Account	1,401	567	2,070	(102)
Buchanan Boosters Account	1,359	6,364	3,882	3,841
Buffalo Business Partners	315	-	182	133
CV Hayes Staff Account	54	-	-	54
CV Hoover Staff Account	639	113	346	406
CV Hoover Parent Account	1,096	-	-	1,096
CV West Staff Account	693	553	861	385
CV West PTO Account	647	-	-	647
CV West Staff Social Account	143	793	626	310
Central Staff Account	16,537	48,218	52,813	11,942
Central Band Orchestra Parent Account	282	-	2	280
Central/North Prom	898	3,000	2,299	1,599
Central Vocal Music Parent Account	146	-	-	146
Davenport Learning Staff Account	1,566	3,088	1,880	2,774
Districtwide Drop Out Event	1,274	-	326	948
Districtwide IMC Sunshine	246	-	-	246
Eisenhower Staff Account	-	1,210	1,042	168
Fillmore Staff Account	448	1,124	1,106	466
Garfield Staff Account	2,334	3,952	3,100	3,186
Harrison Staff Account	6,900	5,296	2,063	10,133
Havlife Foundation Account	15,533	24,185	22,963	16,755
Hayes Staff Fund	904	4,098	5,212	(210)
Jackson Staff Fund	-	664	242	422
Jefferson Staff Fund	-	1,799	317	1,482
Madison Staff Account	2,444	825	1,372	1,897
Mid City Staff Account	2,290	916	1,940	1,266
McKinley Staff Fund	34	-	-	34
Monroe Staff Account	6,555	9,431	8,310	7,676
North Staff Account	11,937	20,973	26,848	6,062
River Music Experience/Havlife	983	-	-	983
Smart Staff Account	501	1,099	375	1,225
Sudlow Staff Account	5,338	87	432	4,993
Truman Staff Account	-	796	230	566
Walcott Staff Account	1,000	-	803	197
Washington Staff Account	78	526	381	223
West Staff Account	(28,080)	38,628	6,115	4,433
West Shrine Account	450	520	929	41
West Athletics Account	1,811	11,241	17,143	(4,091)
West Boosters Account	290	-	-	290
West After Prom Account	24	3,000	902	2,122
Williams Staff Account	2,394	1,594	1,037	2,951
Wilson Staff Account	8,254	5,571	5,016	8,809
Wood Staff Account	2,314	865	1,735	1,444
Young Staff Account	911	1,683	2,588	6
Youth Fest Account	1,638	-	-	1,638
Total Due to Activity Groups	<u>\$ 79,414</u>	<u>\$ 210,980</u>	<u>\$ 184,748</u>	<u>\$ 105,646</u>

# **Statistical Section**

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

Contents	Page
<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.	66 – 70
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District’s most significant local revenue sources, the property tax.	71 – 74
<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.	75 – 78
<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.	79 – 89
<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 related to the services the District provides and the activities it performs.	90 – 94

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

	Fiscal Year			
	2016	2015	2014	2013
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 173,180,292	\$ 168,031,137	\$ 147,591,718	\$ 145,139,593
Restricted	23,926,922	25,490,625	38,106,915	30,754,572
Unrestricted	<u>(12,359,839)</u>	<u>(13,563,485)</u>	<u>54,329,549</u>	<u>49,317,951</u>
Total governmental activities net position	<u>\$ 184,747,375</u>	<u>\$ 179,958,277</u>	<u>\$ 240,028,182</u>	<u>\$ 225,212,116</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 501,466	\$ 321,414	\$ 413,546	\$ 358,765
Unrestricted	<u>310,282</u>	<u>24,659</u>	<u>1,622,191</u>	<u>2,758,445</u>
Total business-type activities net position	<u>\$ 811,748</u>	<u>\$ 346,073</u>	<u>\$ 2,035,737</u>	<u>\$ 3,117,210</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 173,681,758	\$ 168,352,551	\$ 148,005,264	\$ 145,498,358
Restricted	23,926,922	25,490,625	38,106,915	30,754,572
Unrestricted	<u>(12,049,557)</u>	<u>(13,538,826)</u>	<u>55,951,740</u>	<u>52,076,396</u>
Total primary government net position	<u>\$ 185,559,123</u>	<u>\$ 180,304,350</u>	<u>\$ 242,063,919</u>	<u>\$ 228,329,326</u>

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 142,713,992	\$ 133,596,413	\$ 122,855,936	\$ 114,430,225	\$ 104,909,566	\$ 94,038,379
22,439,084	22,083,566	23,789,830	24,956,179	22,276,424	21,162,958
40,495,698	31,528,694	21,634,801	15,470,549	12,630,676	8,126,005
<u>\$ 205,648,774</u>	<u>\$ 187,208,673</u>	<u>\$ 168,280,567</u>	<u>\$ 154,856,953</u>	<u>\$ 139,816,666</u>	<u>\$ 123,327,342</u>
\$ 423,492	\$ 510,223	\$ 610,226	\$ 624,336	\$ 732,858	\$ 919,518
2,839,445	2,388,782	1,480,466	477,059	(315,743)	(340,514)
<u>\$ 3,262,937</u>	<u>\$ 2,899,005</u>	<u>\$ 2,090,692</u>	<u>\$ 1,101,395</u>	<u>\$ 417,115</u>	<u>\$ 579,004</u>
\$ 143,137,484	\$ 134,106,636	\$ 123,466,162	\$ 115,054,561	\$ 105,642,424	\$ 94,957,897
22,439,084	22,083,566	23,789,830	24,956,179	22,276,424	21,162,958
43,335,143	33,917,476	23,115,267	15,947,608	12,314,933	7,785,491
<u>\$ 208,911,711</u>	<u>\$ 190,107,678</u>	<u>\$ 170,371,259</u>	<u>\$ 155,958,348</u>	<u>\$ 140,233,781</u>	<u>\$ 123,906,346</u>

Expenses	Fiscal Year			
	2016	2015	2014	2013
Governmental activities				
Instruction	\$ 133,042,846	\$ 132,454,398	\$ 125,736,240	\$ 120,970,114
Student support services	14,959,706	7,013,751	6,346,051	5,607,181
Instructional staff support services	5,481,304	5,517,395	4,898,917	6,550,882
General administration	5,639,397	4,800,446	4,195,386	3,774,487
Building administration	11,431,660	9,719,379	9,651,935	9,200,600
Business administration	6,451,175	6,179,430	3,447,114	4,693,532
Plant operation and maintenance	12,958,917	12,718,459	17,392,671	13,549,183
Student transportation	6,385,037	6,427,016	5,856,022	5,061,706
Community services	666,296	603,339	577,899	534,745
Area Education Agency	6,885,657	6,817,320	6,461,319	6,218,691
Interest on long-term debt	349,258	159,982	108,104	-
Total governmental activities expenses	<u>204,251,253</u>	<u>192,410,915</u>	<u>184,671,658</u>	<u>176,161,121</u>
Business-type activities				
School nutrition	8,907,468	8,041,263	8,431,050	8,240,850
Out of school time	434,523	489,227	945,852	978,362
Day care	-	-	-	-
Total business-type activities expenses	<u>9,341,991</u>	<u>8,530,490</u>	<u>9,376,902</u>	<u>9,219,212</u>
Total primary government expenses	<u>\$ 213,593,244</u>	<u>\$ 200,941,405</u>	<u>\$ 194,048,560</u>	<u>\$ 185,380,333</u>
Program Revenues				
Governmental activities				
Charges for services, instruction & student transportation	\$ 4,030,443	\$ 3,368,675	\$ 4,199,627	\$ 3,945,860
Operating grants and contributions	36,047,765	40,542,048	33,676,763	33,862,643
Capital grants and contributions	-	-	74,720	-
Total governmental revenues	<u>40,078,208</u>	<u>43,910,723</u>	<u>37,951,110</u>	<u>37,808,503</u>
Business-type activities				
Charges for services				
Food services	1,670,598	1,629,652	1,987,983	1,994,136
Out of School Program	562,938	635,619	790,137	747,704
Day Care	-	-	-	-
Operating grants and contributions	7,572,916	6,584,340	6,333,063	6,329,637
Total business-type revenues	<u>9,806,452</u>	<u>8,849,611</u>	<u>9,111,183</u>	<u>9,071,477</u>
Total primary government revenues	<u>49,884,660</u>	<u>52,760,334</u>	<u>47,062,293</u>	<u>46,879,980</u>
Net (Expense) Revenue				
Governmental activities	(164,173,045)	(148,500,192)	(146,720,548)	(138,352,618)
Business-type activities	464,461	319,121	(265,719)	(147,735)
Total primary government net expense	<u>\$ (163,708,584)</u>	<u>\$ (148,181,071)</u>	<u>\$ (146,986,267)</u>	<u>\$ (138,500,353)</u>

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 122,607,165	\$ 123,435,023	\$ 115,220,844	\$ 116,034,206	\$ 113,522,124	\$ 106,527,884
1,997,273	3,266,982	3,596,004	4,022,805	4,003,009	5,506,239
7,038,613	6,142,636	6,100,992	5,082,850	5,139,836	4,227,603
1,958,785	1,813,010	1,871,580	1,877,261	1,949,544	3,181,869
11,866,688	9,950,584	9,870,846	9,439,032	8,754,199	8,179,463
4,135,698	3,822,055	3,692,544	4,454,131	4,550,916	3,325,183
15,002,820	14,052,852	14,209,020	15,221,426	14,157,556	12,249,743
5,260,931	5,027,504	4,588,851	4,623,723	4,047,272	3,762,589
589,778	505,551	440,988	278,949	220,927	-
6,113,725	6,637,326	6,505,439	5,852,203	5,662,264	5,422,638
-	-	800	343,315	667,645	971,828
176,571,476	174,653,523	166,097,908	167,229,901	162,675,292	153,355,039
8,128,218	7,538,582	7,235,067	7,145,508	7,392,708	6,942,428
686,491	-	-	-	-	-
-	-	-	24,895	345,411	349,860
8,814,709	7,538,582	7,235,067	7,170,403	7,738,119	7,292,288
\$ 185,386,185	\$ 182,192,105	\$ 173,332,975	\$ 174,400,304	\$ 170,413,411	\$ 160,647,327
\$ 3,389,471	\$ 6,816,358	\$ 7,004,271	\$ 5,612,778	\$ 5,629,822	\$ 4,781,066
35,614,403	40,018,481	38,122,590	33,228,717	29,110,981	24,009,203
150,000	149,825	150,000	203,189	13,088	162,112
39,153,874	46,984,664	45,276,861	39,044,684	34,753,891	28,952,381
2,288,652	2,367,038	2,474,381	2,727,373	2,597,998	2,436,442
821,163	-	-	-	-	-
-	-	-	17,155	216,982	338,519
6,041,999	5,967,490	5,638,183	5,108,946	4,761,250	4,309,633
9,151,814	8,334,528	8,112,564	7,853,474	7,576,230	7,084,594
48,305,688	55,319,192	53,389,425	46,898,158	42,330,121	36,036,975
(137,417,602)	(127,668,859)	(120,821,047)	(128,185,217)	(127,921,401)	(124,402,658)
337,105	795,946	877,497	683,071	(161,889)	(207,694)
\$ (137,080,497)	\$ (126,872,913)	\$ (119,943,550)	\$ (127,502,146)	\$ (128,083,290)	\$ (124,610,352)

	Fiscal Year			
	2016	2015	2014	2013
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 60,834,657	\$ 61,247,158	\$ 65,467,771	\$ 64,942,943
Utility tax	3,545,882	3,648,294	2,617,812	2,717,545
Sales, services and use tax	15,114,132	15,170,683	13,877,511	14,110,961
Unrestricted state aid and grants	86,685,533	80,262,330	78,431,166	75,791,773
Interest and investment earnings	86,005	275,646	197,423	165,646
Miscellaneous	2,695,934	1,392,782	126,308	186,829
Transfers	-	-	818,623	-
Total governmental activities	<u>168,962,143</u>	<u>161,996,893</u>	<u>161,536,614</u>	<u>157,915,697</u>
Business-type activities				
Interest and investment earnings	1,066	892	1,893	1,758
Other	148	672	976	250
Transfers	-	-	(818,623)	-
Total business-type activities	<u>1,214</u>	<u>1,564</u>	<u>(815,754)</u>	<u>2,008</u>
Total primary government	<u>168,963,357</u>	<u>161,998,457</u>	<u>160,720,860</u>	<u>157,917,705</u>
Change in Net Position				
Governmental activities	4,789,098	13,496,701	13,997,442	19,563,079
Business-type activities	465,675	320,685	(262,851)	(145,727)
Total primary government	<u>\$ 5,254,773</u>	<u>\$ 13,817,386</u>	<u>\$ 13,734,591</u>	<u>\$ 19,417,352</u>

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 63,510,538	\$ 61,114,524	\$ 60,062,506	\$ 58,499,226	\$ 56,080,120	\$ 57,104,269
2,731,927	2,594,463	2,713,155	2,680,964	2,615,919	-
13,613,991	12,832,292	11,711,344	14,495,378	15,411,214	14,879,136
75,498,841	69,280,863	58,634,847	66,533,410	68,452,968	67,397,428
472,846	628,504	533,535	979,404	1,624,652	1,963,695
33,945	146,319	35,681	37,122	225,852	471,937
(4,393)	-	(104,619)	-	-	-
<u>155,857,695</u>	<u>146,596,965</u>	<u>133,586,449</u>	<u>143,225,504</u>	<u>144,410,725</u>	<u>141,816,465</u>
13,894	12,067	6,781	1,209	-	1
8,540	300	400	-	-	-
4,393	-	104,619	-	-	-
<u>26,827</u>	<u>12,367</u>	<u>111,800</u>	<u>1,209</u>	<u>-</u>	<u>1</u>
<u>155,884,522</u>	<u>146,609,332</u>	<u>133,698,249</u>	<u>143,226,713</u>	<u>144,410,725</u>	<u>141,816,466</u>
18,440,103	18,928,106	12,765,403	15,040,287	16,489,324	17,413,807
363,932	808,313	989,297	684,280	(161,889)	(207,693)
<u>\$ 18,804,035</u>	<u>\$ 19,736,419</u>	<u>\$ 13,754,700</u>	<u>\$ 15,724,567</u>	<u>\$ 16,327,435</u>	<u>\$ 17,206,114</u>

	Fiscal Year			
	2016	2015	2014	2013
General Fund				
Nonspendable	\$ 241,009	\$ 398,240	\$ 389,639	\$ 254,798
Unassigned	21,599,151	24,299,600	25,274,148	20,920,870
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 21,840,160</u>	<u>\$ 24,697,840</u>	<u>\$ 25,663,787</u>	<u>\$ 21,175,668</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 19,722	\$ -
Restricted	23,176,922	37,176,145	38,106,914	29,266,974
Reserved	-	-	-	-
Unreserved, reported in				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 23,176,922</u>	<u>\$ 37,176,145</u>	<u>\$ 38,126,636</u>	<u>\$ 29,266,974</u>

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

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 374,294	\$ 400,233	\$ -	\$ -	\$ -	\$ -
15,338,624	11,010,775	-	-	-	-
-	-	752,109	598,299	755,430	1,045,409
-	-	9,259,384	12,746,539	9,485,605	6,977,264
<u>\$ 15,712,918</u>	<u>\$ 11,411,008</u>	<u>\$ 10,011,493</u>	<u>\$ 13,344,838</u>	<u>\$ 10,241,035</u>	<u>\$ 8,022,673</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,702,394	23,095,794	-	-	-	-
-	-	2,678,604	15,487,328	14,541,398	18,667,369
-	-	12,758,303	1,729,864	1,888,725	(3,119,646)
-	-	8,352,923	7,738,987	5,846,301	5,615,235
<u>\$ 24,702,394</u>	<u>\$ 23,095,794</u>	<u>\$ 23,789,830</u>	<u>\$ 24,956,179</u>	<u>\$ 22,276,424</u>	<u>\$ 21,162,958</u>

	Fiscal Year			
	2016	2015	2014	2013
<b>Revenues</b>				
Property taxes	\$ 60,923,170	\$ 61,224,395	\$ 65,473,551	\$ 65,068,981
Utility tax	3,545,882	3,648,294	2,617,812	2,717,545
Sales, services and use tax, pledged as security for revenue bonds	15,114,132	15,170,683	13,877,511	14,009,961
Intergovernmental	121,863,419	117,138,327	110,044,423	107,161,891
Charges for services	2,830,493	2,117,326	2,920,189	2,996,858
Interest	86,004	275,645	197,424	165,646
Contributions and donations	1,242,293	1,119,312	688,092	652,378
Other	3,268,660	5,029,288	2,855,877	2,353,270
<b>Total revenues</b>	<b>208,874,053</b>	<b>205,723,270</b>	<b>198,674,879</b>	<b>195,126,530</b>
<b>Expenditures</b>				
Instruction	124,646,639	126,118,386	118,583,277	115,417,601
Student support services	15,309,574	7,376,623	6,346,051	6,589,764
Instructional staff support services	5,595,340	5,715,720	4,898,918	6,541,656
General administration	5,691,800	4,880,510	4,195,386	3,759,798
Building administration	11,724,527	10,187,425	9,651,935	9,196,821
Business and central administration	6,495,376	6,312,477	5,317,248	4,591,156
Plant operations and maintenance	13,197,622	13,085,788	17,314,484	13,463,488
Student transportation	6,379,253	6,422,346	5,856,022	5,054,428
Other support services	678,112	622,734	656,087	530,984
Area Education Agency	6,885,657	6,817,320	6,461,319	6,218,691
Capital outlay	26,708,742	28,885,713	19,940,054	9,732,598
Debt service:				
Principal	1,995,000	1,000,000	-	-
Interest	423,314	211,601	108,104	-
<b>Total expenditures</b>	<b>225,730,956</b>	<b>217,636,643</b>	<b>199,328,885</b>	<b>181,096,985</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(16,856,903)</b>	<b>(11,913,373)</b>	<b>(654,006)</b>	<b>14,029,545</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	12,166,411	2,392,824	1,083,055	3,945
Transfers (out)	(12,166,411)	(2,392,824)	(1,083,055)	(3,945)
Issuance of bonds	-	9,795,000	9,535,000	-
Premium on bonds	-	201,934	464,573	-
<b>Total other financing sources</b>	<b>-</b>	<b>9,996,934</b>	<b>9,999,573</b>	<b>-</b>
<b>Special Item</b>				
Proceeds from sale of school property	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ (16,856,903)</b>	<b>\$ (1,916,439)</b>	<b>\$ 9,345,567</b>	<b>\$ 14,029,545</b>
<b>Debt Service as a Percentage of</b>				
Noncapital Expenditures	1.20%	0.64%	0.06%	0.00%

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 63,342,557	\$ 61,097,510	\$ 59,978,454	\$ 58,463,767	\$ 55,945,162	\$ 57,156,980
2,731,926	2,594,463	2,713,155	2,680,964	2,615,919	-
13,613,991	12,832,292	11,711,344	14,495,378	15,411,214	14,879,136
107,727,555	107,523,909	95,281,065	98,185,617	94,308,745	88,515,128
3,389,471	4,330,427	3,957,803	4,256,788	3,876,643	2,290,106
472,846	628,504	533,535	979,404	1,624,652	1,963,695
833,320	681,584	415,120	681,578	191,841	281,982
1,929,353	2,321,967	2,616,574	2,632,264	1,802,332	4,263,978
<u>194,041,019</u>	<u>192,010,656</u>	<u>177,207,050</u>	<u>182,375,760</u>	<u>175,776,508</u>	<u>169,351,005</u>
117,168,124	121,991,035	114,024,980	111,037,438	107,820,164	101,570,521
3,264,883	4,906,654	5,456,799	4,329,266	3,819,850	5,711,135
6,988,659	6,142,636	6,077,840	5,082,850	5,134,015	4,226,468
1,944,096	1,798,321	1,856,891	1,862,572	1,934,856	3,167,180
11,688,893	9,945,284	9,785,027	9,432,227	8,754,199	8,179,463
4,053,141	3,740,036	3,582,860	4,447,595	4,543,863	3,322,681
14,897,537	13,987,436	14,111,490	15,057,211	13,949,803	12,217,681
5,253,653	5,020,226	4,581,573	4,616,445	4,039,994	3,755,311
585,125	505,551	419,790	272,685	217,087	-
6,113,725	6,637,326	6,505,439	5,852,203	5,662,264	5,422,638
16,170,280	16,630,672	8,067,778	7,441,230	9,383,063	7,383,001
-	-	6,960,000	6,655,000	6,370,000	6,095,000
-	-	171,658	505,480	819,736	1,112,450
<u>188,128,116</u>	<u>191,305,177</u>	<u>181,602,125</u>	<u>176,592,202</u>	<u>172,448,894</u>	<u>162,163,529</u>
<u>5,912,903</u>	<u>705,479</u>	<u>(4,395,075)</u>	<u>5,783,558</u>	<u>3,327,614</u>	<u>7,187,476</u>
5,399	506,648	7,135,367	7,166,975	7,212,630	7,228,437
(9,792)	(506,648)	(7,239,986)	(7,166,975)	(7,212,630)	(7,228,437)
-	-	-	-	-	-
-	-	-	-	-	-
<u>(4,393)</u>	<u>-</u>	<u>(104,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	4,214	1
<u>\$ 5,908,510</u>	<u>\$ 705,479</u>	<u>\$ (4,499,694)</u>	<u>\$ 5,783,558</u>	<u>\$ 3,331,828</u>	<u>\$ 7,187,477</u>
0.00%	0.00%	4.11%	4.25%	4.41%	4.66%

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Levy Year	Collection Year	Real Property		Railroads and Utilities without Gas and Electric	
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
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
2006	2007-08	3,201,172,684	5,250,133,365	67,374,978	67,374,978
2005	2006-07	3,123,502,576	5,072,939,763	68,248,717	68,264,032

Source: Iowa Department of Management

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

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Gas and Electric		Total		
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Total Direct Rate
\$ 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
156,936,258	205,802,131	3,425,483,920	5,523,310,474	17.10576
158,143,525	187,341,658	3,349,894,818	5,328,545,453	17.10760

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		<u>District Direct Rates</u>	
<u>Fiscal Year Ended</u>	<u>General Purposes</u>	<u>Capital Purposes</u>	<u>Total</u>
2016	14.37601	1.30000	15.67601
2015	14.53747	1.30000	15.83747
2014	15.36333	1.30000	16.66333
2013	15.74996	1.30000	17.04996
2012	15.75061	1.30000	17.05061
2011	15.81276	1.30000	17.11276
2010	15.79334	1.30000	17.09334
2009	15.79414	1.30000	17.09414
2008	15.80576	1.30000	17.10576
2007	15.80760	1.30000	17.10760

Source: Scott County Auditor's Office

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

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Scott County	Overlapping Rates		
	City of Davenport	Area IX Community College	Other
6.00377	16.78000	0.96863	0.41830
6.13204	16.78000	0.92782	0.44420
6.23534	16.78000	0.92043	0.44342
6.30156	16.78000	0.91511	0.38355
6.03776	15.53000	1.01724	0.32062
6.37607	15.53000	0.92444	0.30838
5.47607	15.58000	0.87714	0.32634
5.33791	15.57584	0.60635	0.34572
5.54040	15.57515	0.60785	0.38043
5.11060	15.56702	0.61277	0.30072

Taxpayer	2015		Percentage of Total Taxable Value
	Taxable Value	Rank	
MidAmerican Energy	\$ 148,588,022	1	3.85%
SDG Macerich Properties	52,533,450	2	1.36%
Iowa American Water Company	46,217,867	3	1.20%
Continental Cement Co (LaFarge Corporation)	20,385,547	4	0.53%
Menard Inc	16,055,128	5	0.42%
THF Davenport North Development	15,991,384	6	0.41%
Iowa 80 Truckstop Inc.	15,155,577	7	0.39%
Qwest Corporation	14,286,505	8	0.37%
Genesis Health System	13,744,473	9	0.36%
Senior Star Investments LLC	13,192,949	10	0.34%
Quanex Corporation			
Davenport 1031 LLC			
National Amusement Inc.			
Petersen Properties LLC			
Bradley Operating LTD Partnership			
Oscar Mayer Foods Corp			
Davenport Center LTD Partnership			
Total	<u>\$ 356,150,902</u>		<u>9.22%</u>

Source: Scott County Auditor's Office

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

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

2006		
Taxable Value	Rank	Percentage of Total Taxable Value
\$ 71,516,500	1	2.13%
18,294,007	4	0.55%
13,418,862	8	0.40%
20,862,200	2	0.62%
18,517,300	3	0.55%
18,254,200	5	0.54%
14,866,780	6	0.44%
14,724,800	7	0.44%
12,543,615	9	0.37%
12,000,000	10	0.36%
<u>\$ 214,998,264</u>		<u>6.42%</u>

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

Collection Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Percentage of Levy
		Amount	Percentage of Total Tax Collections		
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%
2007-08	58,718,818	56,528,792	96.27%	142,393	0.24%
2006-07	57,409,542	55,301,375	96.33%	169,861	0.30%

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)

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Fiscal Year	Governmental Activities	Percentage of Personal Income	Per Capita
	Revenue Sales Bonds		
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	-	-	-
2012	-	-	-
2011	-	-	-
2010	-	-	-
2009	6,960,000	0.11%	42.78
2008	13,615,000	0.23%	83.69
2007	19,985,000	0.35%	122.89

Source: District financial records

N/A: Not Available

Davenport Community School District  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2016  
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Scott County	\$ 24,195,000	100.00%	\$ 24,195,000
Eastern Iowa Community College	49,725,000	59.00%	29,337,750
City of Blue Grass	2,102,684	95.90%	2,016,474
City of Buffalo	398,895	100.00%	398,895
City of Davenport	219,930,000	100.00%	219,930,000
City of Durant	747,000	3.90%	29,133
Subtotal, overlapping debt			<u>275,907,252</u>
District direct debt			<u>16,875,832</u>
Total direct and overlapping debt			<u><u>\$ 292,783,084</u></u>

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  
SCHOOLS

*A District of Distinction*

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

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	<u>\$ 4,095,048,505</u>
Debt limit (5% of assessed value)	\$ 204,752,425
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 204,752,425</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 204,752,425	\$ 204,251,973	\$ 203,889,771	\$ 199,231,865	\$ 194,594,439
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 204,752,425</u>	<u>\$ 204,251,973</u>	<u>\$ 203,889,771</u>	<u>\$ 199,231,865</u>	<u>\$ 194,594,439</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

**Davenport Community School District**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Unaudited)

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<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2007</u>	<u>2006</u>
\$ 194,271,258	\$ 186,223,489	\$ 184,074,379	\$ 178,977,708	\$ 171,274,196
-		<u>6,960,000</u>	<u>13,615,000</u>	<u>19,985,000</u>
<u>\$ 194,271,258</u>	<u>\$ 186,223,489</u>	<u>\$ 177,114,379</u>	<u>\$ 165,362,708</u>	<u>\$ 151,289,196</u>
0.00%	0.00%	3.78%	7.61%	11.67%

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

Fiscal Year	Sales, Services and Use Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
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
2008	15,411,214	6,370,000	818,136	2.14
2007	14,879,136	6,095,000	1,112,450	2.06

Source: District financial records

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

Calendar Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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
2008	164,690	6,261,177	38,018	38.0	16,397	6.70
2007	162,687	5,975,000	36,727	37.9	16,313	3.80
2006	162,621	5,694,662	35,018	37.4	15,942	3.40

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

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

N/A: Not Available

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

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

**ACT (American College Testing) Entrance Exam:** The district exceeded the national average in all four ACT subject matters, including: College English Comp, College Algebra, College Social Science and College Biology.

### **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:** \$240,513,371 in 2015-16

### **Collaboration with Community Leaders and Agency Partners:**

- ✓ Leading a network of preschool partners to provide access to high-quality early learning opportunities for all of Davenport's 4 year-olds
- ✓ Davenport Schools Foundation scholarships and Great Minds enrichment activities for all students
- ✓ After-school and summer program expertise in partnership with ISU Extension, Davenport Parks and Recreation, YMCA and others
- ✓ Free CitiBus service on all City of Davenport transit routes
- ✓ 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

**Comprehensive School Improvement Plan:** is a detailed plan of actions for accomplishing the district goals. Davenport’s student learning goals are the general expectations for all its graduates. Students graduating from Davenport Community School District will:

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

**Computers and Technology:**

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

**Curriculum Highlights:**

Elementary (K-Grade 5)

Subjects: Fine arts, health and safety, language arts, mathematics, physical education, reading, science and social studies

- ✓ 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)

Subjects: Art, computer science, family and consumer science, health, language arts, mathematics, music, physical education, science, social studies, technology education and world languages

- ✓ 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)

Required Course Areas: 8 terms of language arts, 6 terms of mathematics, 4 terms of physical education, 6 terms of science and 6 terms of social studies

Elective Courses: Art, business education, family and consumer sciences, world languages, health, technology education, music, journalism, drama and public speaking

- ✓ 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

## The Davenport Way

The Davenport Community Schools also supports its teachers and students with The Davenport Way Behavior Support System. The Davenport Way is a district-wide approach that offers a variety of resources, strategies, structures, and practices to support student achievement with a focus on setting clear expectations and improving student behavior. This year, under the Davenport Way initiative, the district:

- ✓ Began training and supporting 21 buildings, preschool – 12th grade, in Positive Behavior Interventions and Supports (PBIS) and continued district-wide training in Boys Town School-Wide Classroom Management protocols.
- ✓ Expanded program coaches for behavior, life skills, and early childhood, and expanded behavior and life skills programs.
- ✓ Worked collaboratively on Project Aware and Gear Up Grants, creating access for families and students to mental health services and postsecondary career/college information.
- ✓ Provided financial and referral support to 115 students to receive mental health services that were previously unable to afford it/obtain it.
- ✓ Provided Trauma Informed Care training, Youth Mental Health Training to 155 staff and community members, and trained seven DCSD staff as official Youth Mental Health First Aid Facilitators.
- ✓ Developed collaborative Suicide Prevention and Intervention Protocol for Scott County Schools and youth service organizations.
- ✓ Worked with the School Board to develop best practices for supporting transgender students.
- ✓ Identified and served nearly 300 students experiencing homelessness.

For some students, a specialized learning environment is needed. The Davenport Way also includes intervention programs and alternative settings, including:

- ✓ Credit Recovery programs provide computer-based instruction and supportive staff to assist students in attaining high school credit during the school year and over the summer in targeted deficit areas.
- ✓ School-Within-A-School and Diversion programs allow potentially disruptive students to remain in their school but learn in a smaller class size with more structured activities and behavior expectations.
- ✓ Keystone Academy opened in the fall of 2014 and serves 250 students with a variety of emotional and behavioral needs with the goal of returning students to the traditional school setting.

## Employee and District Top Awards:

- ✓ Davenport Community Schools was honored as one of the 12 recognized districts in Iowa on The College Board's 5th Annual Advanced Placement District Honor Roll. This year's Honor Roll contains 547 districts across the U.S. and Canada, each honored for increasing access to AP course work while simultaneously maintaining or increasing the percentage of students earning scores of 3 or higher on AP Exams.
- ✓ Retired Central High teacher Deb Buttleman Malcolm received the Lifetime Achievement Award from the Journalism Education Association. This award recognizes the many years and effort that she put into creating a professional and award winning Journalism program at Central.
- ✓ Mid City High received a Silver Citation award in the American School and University 2015 Educational Interiors Showcase. Jurors from across the country judged designs based on criteria such as 21st century learning environments, innovation, safety and security, and community connectivity.
- ✓ Smart Intermediate teacher Daniele Busher and Garfield Elementary teacher Janelle Weinstein were both recognized as National Board Certified Teachers. The certification is considered the "Gold Standard" of excellence in the education field. Nationally, only about 3 to 4 percent of teachers have earned this recognition.

- ✓ North High business teacher Steve Verdon was selected as the 2015 Iowa Business Education Association's Outstanding Secondary Business Educator of the Year. At the annual IBEA conference in Des Moines, Mr. Verdon was also the recipient of the AEA 9 Outstanding Secondary Business Educator Teacher of the Year. Mr. Verdon also earned his ninth Iowa Best Award in 2015 for recognition of educators for achievements in their community and their profession.

**Facilities:**

Early Childhood Learning Centers-2  
Elementary (some with preschool, all with kindergarten through fifth grade) - 17  
Intermediate (sixth through eighth grade) - 4  
K-8 Buildings (kindergarten through eighth grade) - 2  
Senior High (ninth through 12<sup>th</sup> grade) - 4  
Athletic Stadium - 1  
Operations Center - 1  
Administration Services Center - 1

**Facility Maintenance:**

- ✓ Recognized as environmental leader receiving Governor's Iowa Environmental Excellence Award, Iowa Recycling Award, and the U.S. Environmental Protection Agency ENERGY STAR Partner of the Year
- ✓ Facilities upgrades of nearly \$130 million over the past 12 years, earning the Association of School Business Officials International Facilities Masters Award
- ✓ 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 and Community Engagement**

The Teaching and Learning Plan incorporates the science of learning while addressing the need for emotional and behavioral supports for students. With achievement scores leveling out, district administrators recognize that they can't do it alone... we must rely on families and community to make education a top priority for youth. Family engagement, collaboration with community agencies and neighbors, volunteerism in schools, support from funders, and the role of community leaders in supporting public schools... all are critical to student success. Some notable family and community collaborations include:

- ✓ In the Superintendent's Community Liaison program, citizens act as a bridge to the school for disenfranchised youth and families, serving as advocate and facilitator to keep families engaged in the education of their child.
- ✓ Achievement Gap Action Plan identifies students for intensive behavior, attendance, and academic interventions, exploring systemic issues like cultural competency of staff, curriculum, kindergarten readiness, and family supports.
- ✓ The Graduation Alliance Program serves students who have previously dropped out with specialized community-based coaching and credit recovery services.
- ✓ Agency partnerships are led by the Network of Community Schools Partnerships, representing parents, community members, and nearly 40 youth service organizations.
- ✓ A new Community Schools model in several schools integrates family supports, afterschool programs, health services, and more.

- ✓ Collaboration with the City of Davenport expands student resources including free CitiBus services. A partnership with Parks and Rec's AmeriCorps program provides additional student supports. Davenport Reads, a joint project sponsored by the City, school district, and Eastern Iowa Community Colleges, offers reading resources across the 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

#### **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 Vandervelde, class of 2006, professional football player
- ✓ Tom Hudson, class of 1990, co-host of PBS national broadcast "Nightly Business Review"

### **Parents as our Partners**

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

### **Professional Employees' Credentials:**

- ✓ Bachelors' Degrees – 100%
- ✓ Masters' Degrees – 55.33%
- ✓ Specialist or Doctorate Degrees – 1.83%

### **Program & School Top Awards**

- ✓ The Iowa Department of Education presented Central High with an Iowa College and Career Readiness Award. Central was the only school in the state of Iowa selected to receive the “College and Career Transition Award.”
- ✓ Iowa FINE – First in the Nation in Education – Awards
- ✓ U.S. Department of Education Blue Ribbon Award
- ✓ Iowa Diversity Award
- ✓ American Association of School Administrators Leadership for Learning Award
- ✓ American School Board Journal Magna Award
- ✓ American Red Cross National School and Community Award for Youth in Health and Safety
- ✓ Certificates of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and Association of School Business Officials
- ✓ National Association of Partners in Education Outstanding Partner Awards
- ✓ National School Public Relations Association Communications Awards
- ✓ U.S. Environmental Protection Agency Green Lights School System Partner of the Year

### **Safe and Supportive Schools**

- ✓ Every building has a full-time licensed school counselor and implements the American School Counselor Association model. In 2014 a DCS counselor was named Iowa Elementary School Counselor of the Year. Our district is also a signatory with the Military Child Education Coalition.
- ✓ Olweus Bullying Prevention Program integration in all schools
- ✓ Specialized Dropout Prevention & Learning Supports staff
- ✓ Outreach and collaboration among emergency responders, civic leaders, and neighborhood groups to ensure safety and security in school facilities and on school grounds

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

- ✓ Congratulations to Central High's 2015-2016 Advanced Placement (AP) students. In this year's graduating class, 116 students (approximately 1/3 of all students) completed at least one AP course during their high school career.
- ✓ Central High junior, Cederick Thomas, won the men's Iowa Golden Gloves boxing tournament in April. He advanced to Salt Lake City, Utah, to compete in the men's National Golden Gloves tournament on May 14th where he was matched up with competitors from all over the United States and the military, including many experienced adults.
- ✓ Seven members of West High's "Combustible Lemons" student engineering team traveled to Kenya this summer to teach robotics and STEM (Science, Technology, Engineering, and Math) for two weeks. The team members taught between 700-1000 Kenyan youth, working on projects such as building and programming NXT LEGO robots and constructing solar panels that power a motor. Coach Greg Smith said, "It was exciting to see the Kenyan students learn about STEM, many of them for the first time. We were able to offer a hands-on activity to help them apply what they had learned." Besides teaching, students also experienced Kenyan culture by visiting several open air markets to purchase gifts, and by going on a safari at a Kenyan national park
- ✓ Central High seniors Graham Atkinson and Anthony Vieger were recognized as Semifinalists in the 61st annual National Merit Scholar Program. These two scholars were part of an elite group of 16,000 academically talented seniors across the country.
- ✓ Central High student Graham Atkinson scored a perfect 36 on the ACT test, placing him above 99.9% of all the nation's test takers.
- ✓ Central High junior Mickey Sloat qualified for both the state-level *and* national-level National History Day competition for 5 years in a row, each. This year she travels to Washington, D.C. to compete in the Individual Performance category with her project "To Boldly Go: Star Trek's Exploration of Culture through its Encounters and Exchanges."
- ✓ West's Wylie Halferty was selected to the World Schools Debate Team for East Iowa at Nationals.
- ✓ Central High's Justin Ruefer was nominated to participate in the Washington D.C. Journalism and Media Conference as a National Youth Correspondent. As a participant in the conference, Justin will network with prominent journalists, media leaders, CEOs of media companies, and attend a private press briefing with a Deputy White House Press Secretary

**Student Diversity:**

Asian– 1.76%

Black – not Hispanic – 18.48%

Hispanic – 13.95%

Native American - .20%

Pacific Islander – .11%

White – 56.43%

Multi-Racial – 9.07%

Davenport Community School District  
Demographic and Economic Statistics

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**Student Enrollment K-12:** 15,299

**Student Teacher Ratio:**

Elementary – 11 to 1

Secondary – 16 to 1

High Schools – 13 to 1

**Teacher Data:**

	Beginning Salary	Maximum Salary	Number of Teachers	Average Salary
Bachelors	\$ 32,370	\$ 53,411	393	\$ 34,853
Bachelors + 15 hours	33,989	55,029	199	40,931
Masters	37,226	66,359	432	49,290
Masters + 15 hours	38,844	67,977	127	54,822
Masters + 30 hours	40,463	69,596	156	55,127
Specialists Degree	42,081	71,214	24	54,753

Average teachers salary: \$53,429

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

Elementary School - 1.5 miles

Intermediate School- 2 miles

High School - 3 miles

DAVENPORT  
COMMUNITY  
SCHOOLS

*A District of Distinction*

*Distinguished* Legacy\*\* *Unmatched* Opportunities\*\* *Remarkable* Result

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Employer	2016		
	Employees	Rank	Percentage of Total Employment
Deere & Company *	7,625	1	1.78%
Rock Island Arsenal	5,602	2	1.31%
Genesis Medical Centers	4,805	3	1.12%
Unity Point *	4,468	4	1.04%
HyVee *	4,378	5	1.02%
HNI Corporation/ The Hon Compa	3,700	6	0.86%
Walmart *	2,821	7	0.66%
Tyson Fresh Meats	2,400	8	0.56%
Davenport Community Schools	2,279	9	0.53%
ALCOA	2,279	10	0.53%
Kraft Foods/Oscar Mayer			
United Parcel Service			
Total	<u>40,357</u>		<u>9.43%</u>

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

\*All locations in the Quad Cities Chamber Region, including: Clinton Co., IA, Muscatine Co., IA, Scott Co., IA, Henry Co., IL, Mercer Co., IL, Rock Island Co., IL.

Source: Quad Cities Chamber

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

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2007		
Employees	Rank	Percentage of Total Employment
6,240	2	3.78%
6,600	1	4.00%
5,000	3	3.03%
2,650	4	1.61%
1,748	8	1.06%
2,400	6	1.46%
2,482	5	1.50%
2,250	7	1.36%
1,600	9	0.97%
1,600	10	0.97%
32,570		19.74%

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<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	29	29	29	29
Assistant Principals	21	20	16	13	13
All Other Administrators	9	9	12	13	13
Total Administration	<u>63</u>	<u>62</u>	<u>61</u>	<u>59</u>	<u>59</u>
<b>Instructional</b>					
Teachers	964	943	966	903	928
Teachers - Special Programs	221	204	181	175	197
Teachers Aides	397	407	369	337	381
Total Instructional	<u>1,582</u>	<u>1,554</u>	<u>1,516</u>	<u>1,415</u>	<u>1,506</u>
<b>Student Services</b>					
Counselors	44	42	39	38	41
Library Specialist	28	23	23	23	24
Other Education Professional	148	143	76	49	40
Nurses	22	23	23	17	27
Other Technical	17	16	15	25	20
Total Student Services	<u>259</u>	<u>247</u>	<u>175</u>	<u>152</u>	<u>151</u>
<b>Support Services</b>					
Business Manager/Accountant	2	2	2	2	2
Other Professional	21	19	15	18	30
Office/Clerical	114	112	110	104	112
Crafts/Trades	25	26	24	26	24
Service Workers	251	246	265	261	294
Total Support Services	<u>413</u>	<u>405</u>	<u>416</u>	<u>410</u>	<u>462</u>
Total	<u>2,317</u>	<u>2,268</u>	<u>2,168</u>	<u>2,036</u>	<u>2,179</u>

Source: District records

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

2011	2010	2009	2008	2007	Percentage Change 2007 - 2016
1	1	1	1	1	0.0%
1	1	1	1	1	0.0%
2	2	2	2	2	0.0%
29	29	28	30	30	(3.3)%
19	19	18	18	16	31.3%
16	16	16	17	16	(43.8)%
68	68	66	69	66	(4.5)%
934	923	940	915	905	6.5%
195	206	203	198	210	5.2%
384	410	353	332	323	22.9%
1,513	1,539	1,496	1,445	1,438	10.0%
41	40	42	38	44	0.0%
24	24	23	22	24	16.7%
23	41	37	36	46	221.7%
29	26	26	22	21	4.8%
20	18	40	26	25	(32.0)%
137	149	168	144	160	61.9%
2	2	2	2	2	0.0%
33	33	38	13	-	#DIV/0!
112	111	114	114	113	0.9%
24	24	26	28	29	(13.8)%
320	311	254	282	272	(7.7)%
491	481	434	439	416	(0.7)%
2,209	2,237	2,164	2,097	2,080	11.4%

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<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>
2016	15,299	\$ 187,592,658	12,262	4.2%
2015	15,299	179,967,772	11,763	6.5%
2014	15,348	169,481,000	11,043	3.9%
2013	15,600	165,821,796	10,630	-0.9%
2012	15,546	166,822,285	10,731	-0.8%
2011	15,795	170,897,456	10,820	8.6%
2010	16,120	160,588,239	9,962	3.1%
2009	16,089	155,503,602	9,665	6.0%
2008	16,397	149,512,560	9,118	4.9%
2007	16,313	141,749,209	8,689	1.0%

Source: District financial records

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

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<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
1,185	12.91	65.99
1,225	12.49	67.70
1,147	13.38	63.00
1,078	14.47	62.00
1,125	13.82	61.71
1,129	13.99	61.42
1,129	14.28	60.00
1,143	14.08	57.00
1,113	14.73	56.00
1,115	14.63	47.12

School	Fiscal Year			
	2016	2015	2014	2013
Elementary:				
Adams (1950)				
Square feet	82,282	82,282	82,282	82,282
Capacity	690	690	690	690
Enrollment	564	577	570	553
Blue Grass (1957)				
Square feet	66,884	66,884	66,884	66,884
Capacity	552	552	552	552
Enrollment	287	296	329	353
Buchanan (1971)				
Square feet	56,103	56,103	56,103	56,103
Capacity	506	506	506	506
Enrollment	373	383	391	359
Buffalo (2002)				
Square feet	53,980	53,980	53,980	53,980
Capacity	391	391	391	391
Enrollment	230	254	251	227
Eisenhower (1969)				
Square feet	57,811	57,811	57,811	57,811
Capacity	506	506	506	506
Enrollment	436	457	462	458
Fillmore (1955)				
Square feet	65,231	51,980	51,980	51,980
Capacity	552	552	552	552
Enrollment	397	417	416	400
Garfield (1923)				
Square feet	90,458	90,458	90,458	90,458
Capacity	483	483	483	483
Enrollment	394	409	462	496
Harrison (1953)				
Square feet	72,912	72,912	72,912	72,912
Capacity	598	598	598	598
Enrollment	527	539	567	592
Hayes (1923)				
Square feet	77,618	77,618	77,618	77,618
Capacity	506	506	506	506
Enrollment	401	412	416	380
Jackson (1971)				
Square feet	55,503	55,503	55,503	55,503
Capacity	529	529	529	529
Enrollment	332	336	378	359
Jefferson (1939)				
Square feet	64,514	64,514	64,514	64,514
Capacity	552	552	552	552
Enrollment	453	482	427	408

(Continued)

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
82,282	82,282	82,282	82,282	82,282	82,282
690	690	690	690	690	690
552	577	521	552	540	575
66,884	66,884	66,884	66,884	66,884	66,884
552	552	552	552	552	552
367	363	391	387	368	344
56,103	56,103	56,103	56,103	56,103	56,103
506	506	506	506	506	506
349	327	357	353	315	312
53,980	53,980	53,980	53,980	53,980	53,980
391	391	391	391	391	391
240	258	271	284	266	288
57,811	57,811	57,811	57,811	57,811	57,811
506	506	506	506	506	506
454	446	442	444	426	419
51,980	51,980	51,980	51,980	51,980	51,980
552	552	552	552	552	552
379	351	371	341	391	388
90,458	90,458	90,458	90,458	90,458	90,458
483	483	483	483	483	483
495	492	439	438	415	428
72,912	72,912	72,912	72,912	72,912	72,912
598	598	598	598	598	598
581	578	580	573	557	533
77,618	77,618	77,618	77,618	77,618	77,618
506	506	506	506	506	506
354	320	305	308	284	274
55,503	55,503	55,503	55,503	55,503	55,503
529	529	529	529	529	529
349	370	379	395	377	388
64,514	64,514	64,514	64,514	64,514	64,514
552	552	552	552	552	552
387	403	470	441	465	472

School	Fiscal Year			
	2016	2015	2014	2013
Elementary (Continued)				
Lincoln (1939)				
Square feet	59,536	59,536	59,536	59,536
Capacity	483	483	483	483
Enrollment	-	-	-	-
Madison (1939)				
Square feet	64,614	64,614	64,614	64,614
Capacity	506	506	506	506
Enrollment	381	390	396	428
McKinley (1939)				
Square feet	61,063	61,063	61,063	61,063
Capacity	460	460	460	460
Enrollment	376	395	403	392
Monroe (1938)				
Square feet	72,435	72,435	72,435	72,435
Capacity	598	598	598	598
Enrollment	474	480	495	488
Truman (1977)				
Square feet	61,064	61,064	61,064	61,064
Capacity	391	391	391	391
Enrollment	369	386	435	380
Washington (1939)				
Square feet	48,388	48,388	48,388	48,388
Capacity	322	322	322	322
Enrollment	265	285	315	357
Wilson (1955)				
Square feet	78,401	78,401	78,401	78,401
Capacity	672	672	672	672
Enrollment	513	524	544	542
Intermediate				
Smart (1917)				
Square feet	134,901	134,901	134,901	134,901
Capacity	978	978	978	978
Enrollment	518	493	544	518
Sudlow (1917)				
Square feet	134,524	134,524	134,524	134,524
Capacity	978	978	978	978
Enrollment	734	707	677	676
Walcott (K-8) (1956)				
Square feet	107,250	107,250	107,250	107,250
Capacity	722	722	722	722
Enrollment	392	586	621	600
(Continued)				

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
59,536	59,536	59,536	59,536	59,536	59,536
483	483	483	483	483	483
181	270	259	231	255	302
64,614	64,614	64,614	64,614	64,614	64,614
506	506	506	506	506	506
415	417	408	395	393	363
61,063	61,063	61,063	61,063	61,063	61,063
460	460	460	460	460	460
373	361	349	372	377	354
72,435	72,435	72,435	72,435	72,435	72,435
598	598	598	598	598	598
455	449	419	417	414	354
61,064	61,064	61,064	61,064	61,064	61,064
391	391	391	391	391	391
430	404	405	398	402	395
48,388	48,388	48,388	48,388	48,388	48,388
322	322	322	322	322	322
320	283	284	264	298	270
78,401	78,401	78,401	78,401	78,401	78,401
672	672	672	672	672	672
557	561	541	518	521	483
134,901	134,901	134,901	134,901	134,901	134,901
978	978	978	978	978	978
532	521	522	520	508	542
134,524	134,524	134,524	134,524	134,524	134,524
978	978	978	978	978	978
748	707	677	669	645	643
107,250	92,160	92,160	92,160	92,160	92,160
722	722	722	722	722	722
598	621	616	601	598	596

School	Fiscal Year			
	2016	2015	2014	2013
Intermediates (continued)				
Williams (1954)				
Square feet	145,224	145,224	145,224	145,224
Capacity	977	977	977	977
Enrollment	688	718	748	756
Wood (1984)				
Square feet	117,743	105,815	105,815	105,815
Capacity	977	977	977	977
Enrollment	734	699	737	712
Young (1917)				
Square feet	108,018	108,018	108,018	108,018
Capacity	829	829	829	829
Enrollment	327	406	441	305
High				
Central (1904)				
Square feet	331,935	331,935	331,935	331,935
Capacity	1,933	1,933	1,933	1,933
Enrollment	1,282	1,364	1,362	1,419
Mid City (2015)				
Square feet	50,291	37,355		
Capacity	355	355		
Enrollment	265	196		
North (1972)				
Square feet	390,763	390,763	390,763	390,763
Capacity	1,551	1,551	1,551	1,551
Enrollment	1,152	1,075	1,001	902
West (including train. rm. & vest) (1960)				
Square feet	453,811	453,811	453,811	453,811
Capacity	2,592	2,592	2,592	2,592
Enrollment	1,916	1,818	1,911	1,873
Other				
Child. Village at Hoover (1956)				
Square feet	20,002	20,002	20,002	20,002
Capacity	138	138	138	138
Enrollment	187	161	200	128
Child. Village West (2004)				
Square feet	35,400	35,400	35,400	35,400
Capacity	286	286	286	286
Enrollment	384	312	248	262
Davenport Learning Center (formerly Kimberly Center)				
Square feet	79,884	79,884	79,884	79,884
Capacity	*	*	*	*
Enrollment	*	*	235	214

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.

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
145,224	133,794	133,794	133,794	133,794	133,794
977	977	977	977	977	977
770	739	725	724	730	745
105,815	105,815	105,815	105,815	105,815	105,815
977	977	977	977	977	977
700	701	694	659	700	732
108,018	108,018	108,018	108,018	108,018	108,018
829	829	829	829	829	829
271	320	311	317	297	371
331,935	331,935	331,935	331,935	331,935	301,385
1,933	1,933	1,933	1,933	1,933	1,933
1,415	1,412	1,406	1,490	1,510	1,560
390,763	390,763	390,763	390,763	390,763	390,763
1,551	1,551	1,551	1,551	1,551	1,551
986	966	1,002	978	1,039	1,070
453,811	453,811	453,811	453,811	453,811	453,811
2,592	2,592	2,592	2,592	2,592	2,592
1,921	1,871	1,893	2,034	2,028	2,088
20,002	20,002	20,002	20,002	20,002	20,002
138	138	138	138	138	138
128	128	129	133	131	97
35,400	35,400	35,400	35,400	35,400	35,400
286	286	286	286	286	286
262	261	254	232	199	178
79,884	79,884	79,884	79,884	79,884	79,884
*	*	*	*	*	*
179	288	288	285	405	349

DAVENPORT  
COMMUNITY  
SCHOOLS

*A District of Distinction*

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

# **Compliance Section**

Davenport Community School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the Iowa Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 1,325,587
National School Lunch Program	10.555	N/A	<u>5,028,081</u>
National School Lunch Program, Food Donation (Noncash)	10.555	N/A	<u>628,878</u>
			<u>5,656,959</u>
Summer Food Service Program for Children	10.559	N/A	<u>162,928</u>
Total Child Nutrition Cluster			<u>7,145,474</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	<u>71,671</u>
Fresh Fruit and Vegetable Program	10.582	N/A	<u>284,853</u>
Total U.S. Department of Agriculture			<u>7,501,998</u>
U.S. Department of Education			
Passed through the Iowa Department of Education			
Title 1 - Grants to Local Educational Agencies	84.010	N/A	4,771,969
Title 1 - Grants to Local Educational Agencies	84.010	N/A	687,681
Title 1 - Grants to Local Educational Agencies	84.010	N/A	<u>31,623</u>
			<u>5,491,273</u>
Special Education - Grants to State	84.027	N/A	863,046
Special Education - Grants to State	84.027	N/A	<u>149,999</u>
			<u>1,013,045</u>
Career and Technical Education - Basic Grants to States	84.048	N/A	<u>253,369</u>
School Safety National Activities	84.184	N/A	119,596
School Safety National Activities	84.184	N/A	<u>4,432</u>
			<u>124,028</u>
Education for Homeless Children and Youth	84.196	N/A	<u>35,140</u>
Twenty-First Century Community Learning Centers	84.287	N/A	148,813
Twenty-First Century Community Learning Centers	84.287	N/A	141,391
Twenty-First Century Community Learning Centers	84.287	N/A	136,775
Twenty-First Century Community Learning Centers	84.287	N/A	102,982
Twenty-First Century Community Learning Centers	84.287	N/A	90,473
Twenty-First Century Community Learning Centers	84.287	N/A	88,249
Twenty-First Century Community Learning Centers	84.287	N/A	<u>64,303</u>
			<u>772,986</u>

Davenport Community School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (continued)			
Passed through the Iowa Department of Education (continued)			
Advanced Placement Program	84.330	N/A	\$ <u>5,737</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	<u>98,472</u>
Direct Program			
High School Graduation Initiative	84.360		<u>190,280</u>
Passed through the Iowa Department of Education			
English Language Acquisition State Grants	84.365	N/A	<u>18,189</u>
Improving Teacher Quality State Grants	84.367	N/A	<u>860,320</u>
Grants for State Assessments and Related Activities	84.369	N/A	<u>61,076</u>
Total U.S. Department of Education			<u>8,923,915</u>
U.S. Department of Health and Human Services			
Passed through the Iowa Department of Education			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	185,714
Passed through State of Iowa Department of			
Human Services			
Child Care and Development Block Grant	93.575	N/A	<u>150,416</u>
Total U.S. Department of Health and Human Services			<u>336,130</u>
Total			<u>\$ 16,762,043</u>

N/A - Not available

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Davenport Community School District, and is presented on both the modified accrual basis and the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Davenport Community School District received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. The District had no subrecipients during the year ended June 30, 2016.

**Note B – Significant Accounting Policies**

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

The District has not elected to use the 10% de minimis cost rate.

**Note C – Food Donation**

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Davenport Community School District (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 25, 2017.

**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 the District’s internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying schedule of findings and questioned costs as items 2016-A and 2016-B to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in in Part II of the accompanying schedule of findings and questioned costs as item 2016-C to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance 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, 2016, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **District's Responses to Findings**

The District's responses to findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Dubuque, Iowa  
January 25, 2017

**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 (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, 2016. 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 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 the compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dubuque, Iowa  
January 25, 2017

**Part I: Summary of the Auditor's Results:**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Twenty-First Century Community Learning Centers	84.287

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	No
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**Part II: Findings Related to the Financial Statements:**

**MATERIAL WEAKNESSES**

**2016-A Material Audit Adjustments**

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

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

**Cause** – The material audit adjustments were to reallocate accrued payroll and payroll tax balances among funds and the capital asset footnote. The material adjustments were caused by inadequate reconciliation and internal review procedures.

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

**Recommendation** – We recommend that additional reconciliation and review procedures be implemented.

**Views of Responsible Officials** – The District will revise the review and reconciliation procedures for general ledger supporting documentation.

**2016-B Assistance in the Preparation of Financial Statements**

**Criteria** – A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements by internal personnel of the entity.

**Condition** – As auditors, we assisted in the preparation of the draft financial statements for the governmental activities. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition.

**Cause** – There is a limited number of office employees with varying levels of experience with the governmental activities reporting requirements.

**Effect** – The effect of this condition is that portions of the year-end financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

**Part II: Findings Related to the Financial Statements: (continued)**

**Recommendation** – We recommend that District officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances.

**Views of Responsible Officials** – The District will continue to review its operating procedures to maximize internal controls.

**SIGNIFICANT DEFICIENCY**

**2016-C Bank Reconciliations**

**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 general ledger cash balance and the bank balances have not been fully reconciled.

**Cause** – There is a limited number of office employees with varying levels of experience performing the District’s bank reconciliation.

**Effect** – The effect of this condition was that any inaccuracies in the District’s general ledger cash balances have not been identified.

**Recommendation** – We recommend that the District ensure that bank reconciliations are performed completely and timely.

**Views of Responsible Officials** – The District will ensure that bank reconciliations are performed completely and timely.

**Part III: Findings and Questioned Costs for Federal Awards:**

There were no federal findings and questioned costs to report.

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

**2016-IA-A Certified Budget** – Expenditures for the year ended June 30, 2016, exceeded the amended certified budget amounts in the support services and noninstruction programs functions. The District also exceeded its General Fund unspent authorized budget for the year ended June 30, 2016 by an estimated \$2,400,000.

**Recommendation** – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the General Fund unspent authorized budget over expenditure.

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

**Views of Responsible Officials** – The District will continue to review budget and amend in accordance with Chapter 24.9 of the Code of Iowa. The District will continue conversations with the SBRC regarding unspent balance.

**2016-IA-B Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

**2016-IA-C Travel Expense** – No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

**2016-IA-D Business Transactions** – No business transactions between the District and District officials or employees were noted.

**2016-IA-E Bond Coverage** – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

**2016-IA-F Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

**2016-IA-G Certified Enrollment** – The District’s supporting documentation did not agree to the Project Easier and Certified Enrollment (PEACE) submitted to the Iowa Department of Education. This is based on documentation maintained by the District to support the basic enrollment certified to the IDE for October 2015. The variances included a total reduction of certified students by a net of 28.08 students.

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

**Views of Responsible Officials** – The District will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to reconcile data submitted to the Iowa Department of Education.

**2016-IA-H Supplementary Weighting** – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

**2016-IA-I Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District’s investment policy were noted.

**2016-IA-J Certified Annual Report** – The Certified Annual Report (CAR) was filed with the Iowa Department of Education timely. As part of the audit, the District recorded adjustments which changed amounts reported on the CAR which was previously submitted. These changes will be reflected in the fiscal year 2017 CAR beginning year equity balances.

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

**2016-IA-K Categorical Funding** – Except as noted, no instances of categorical funding being used to supplant rather than supplement other funds were noted. The District originally allocated expenses related to food purchases to the Gifted and Talented and Returning Dropout and Dropout Prevention Programs. During the audit, these costs were identified as costs that may not be allowable costs for this program in accordance with the Code of Iowa.

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

**Views of Responsible Officials** – The District will review its policies and procedures regarding the allocation of expenses to categorical funding to ensure appropriate use of funds.

**2016-IA-L State-Wide Sales and Use Tax** – No instances of noncompliance with the use of state-wide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the state-wide sales, services and use tax revenue. For the year ended June 30, 2016, the District’s financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning Balance		\$ 15,723,238
Revenues and Other Financing Sources		
Sales, services and use tax	\$ 15,114,132	
Interest	1,953	
		15,116,085
Expenditures and Other Financing Uses		
School Infrastructure		
Buildings	(13,582,435)	
Equipment	(2,503,180)	
Transfers to		
Capital Projects - Revenue Bonds	(9,950,797)	
Debt Service Fund	(2,215,305)	
		(28,251,717)
Ending Balance		\$ 2,587,606

For the year ended June 30, 2016, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

**2016-IA-M Revenue Bonds** – No instances of non-compliance with the Sales Services and Use Tax Revenue Bonds were noted.

**2016-IA-N Student Activity Funds** – All student activity funds are used to support the extracurricular and co-curricular activities offered as part of the District’s educational program.

**2016-IA-O Capital Projects** – The school district did not publish a notice of public hearing for two portions of the Central High School auditorium project and the Central High School roof project in accordance with Chapter 26 of the Code of Iowa.

**Recommendation** – Before entering into a contract for a public improvement with an estimated total cost in excess of \$135,000, the Board should hold a public hearing and give notice at least four but not more than twenty days prior to the hearing.

**Views of Responsible Officials** – The District will review publication procedures with the Operations Center staff to ensure compliance with Chapter 26 of the Code of Iowa.

**Prior Audit Findings Related to the Financial Statements:**

**2015-A      Material Audit Adjustments  
Material Weakness**

**Initial Fiscal Year Finding Occurred - 2011**

**Finding Summary** - During the course of our engagement, we proposed material audit adjustments to the financial statements that would not have been identified as a result of the District's existing internal controls and, therefore, could have resulted in material misstatements of the District's financial statements.

**Status** – Finding has been repeated as 2016-A.

**2015-B      Preparation of Financial Statements  
Material Weakness**

**Initial Fiscal Year Finding Occurred - 2015**

**Finding Summary** - As auditors, we were requested to draft the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Status** – Finding has been repeated as 2016-A.

**Prior Audit Findings for Federal Awards:**

**2015-001      U.S. Department of Education  
Passed-through the Iowa Department of Education  
CFDA #84.367  
Improving Teacher Quality State Grants**

**Special Tests and Provisions  
Significant Deficiency in Internal Control**

**Status** – The appropriate corrective action was taken.

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