



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2011  
City of Davenport, Iowa

**CITY OF DAVENPORT, IOWA**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by:**  
**Finance Department**  
**Accounting Division**

**Front Cover: Designed by Helen Boyd, Engineering Division**

## INTRODUCTORY SECTION

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### INTRODUCTORY SECTION

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December 12, 2011

Honorable Mayor, Members of the City Council  
and Citizens  
Davenport, Iowa

State law requires that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and that their financial condition and their transactions be examined annually by the Auditor of State or by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Davenport for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the City's Single Audit for the fiscal year ended June 30, 2011 provided no instances of material weaknesses in the internal control over compliance or significant violations of applicable laws, regulations, contracts and grants. These reports are available in the City's separately issued Single Audit Report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



## Profile of the City

The City of Davenport, the principal city of eastern Iowa and the county seat of Scott County, is located on the Iowa bank of the Mississippi River approximately midway between the cities of Des Moines and Chicago. The City is the third largest city in Iowa. Davenport, named after Colonel George Davenport, was originally settled in 1808, making it one of the oldest cities in the upper Midwest. Incorporated in 1836, Davenport continues as one of the four remaining special charter cities in Iowa. Davenport is the major city of the Quad-City Metropolitan Area, which includes three counties located in two states. The area includes Scott County, Iowa and Rock Island and Henry Counties in Illinois. The major communities, apart from Davenport, include the cities of Bettendorf, Iowa and Rock Island, Moline and East Moline in Illinois. The Davenport-Rock Island-Moline Metropolitan Statistical Area (MSA) had an official 2010 population of 379,690. Davenport had an official 2010 population of 99,685.

The City operates under the Mayor-Council form of government. The mayor and ten council members are elected on a non-partisan basis every two years. Eight council members are elected by ward. The mayor and two remaining council members are elected at-large. A professional City Administrator is appointed by the Council.

The City provides a full range of services including police and fire protection; solid waste collection; construction and maintenance of streets, sewers and bridges; sewage collection and treatment; culture and recreation; mass transportation; planning and zoning; and general administrative services.

For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. The GASB has set forth criteria to be considered in determining financial accountability. The City of Davenport does not include any component units within its reporting entity. See Note 1A in the notes to the financial statements for more specific information on reporting entity.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council in March each year for the fiscal year beginning the following July 1. The State of Iowa requires the passage of an annual budget of total City operating expenditures by major program categories after public hearing. Activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds are included in the annual appropriated budget. Project-length financial plans are also adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program level. As a result of this program structure used for the legally-adopted budget, legal compliance (total budget-to-actual appropriations) is demonstrated in one schedule which combines all funds and is in the required supplementary information section of this report (GASB Statement 41). The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget.

## Factors Affecting Financial Condition

The information presented in the financial statements may be better understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Historically, the economic strength of the Quad-Cities has been dependent upon the manufacturing of farm and construction equipment. During the early 1980s, with multiple plant closings and layoffs, unemployment reached a high in Davenport of 12 percent. After reaching this peak in 1983, unemployment rates have declined. This reduction in unemployment is attributed, in part, to the growth in the area of professional and nonprofessional services. The Davenport-Rock Island-Moline MSA 2011 unemployment rate (through nine months) of 7.1 % was lower than the nation (9.1%). The total number of jobs in the MSA has grown the past two years, and of the 205,600 persons in the labor force in 2011, 190,900 were employed, which is indicative of the economic diversification that has occurred. Major employment in the area includes the health care, retail, meat packing and

food processing, aluminum, and industrial and agricultural equipment sectors in addition to government, education and utilities. Employment levels at the City's largest employers remained remarkably stable during the economic downturn nationally following 9/11 and several are implementing plans to add jobs and make capital investment, including Deere & Company, Kraft/Oscar Mayer, Sears Manufacturing and M. A. Ford Manufacturing.

Tax base composition is diverse, consisting of 50 percent residential, 44 percent commercial, 2 percent utility and 4 percent industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 3.8 percent of total value and the remaining nine leading taxpayers account for just 6.5 percent of taxable value. More detailed information on permits and principal taxpayers can be found in the statistical section of this report.

The River Renaissance on the Mississippi project was kicked off in August 2001, when the State of Iowa approved a \$20 million grant to the City as part of the \$113 million. Completed in October 2008, River Renaissance is a collection of major improvements and renovations downtown and on the riverfront, including: the Figue Art Museum, the New Ventures Center, the River Music Experience, the River Music Skybridge, the Adler Theatre Stage Expansion and Downtown Parking. Scott County, Iowa assisted with a \$5 million grant subsequent to a special referendum at which 73 percent of voters favored the bond issue. This has spurred additional investments to Downtown Davenport including One Renaissance Plaza, a \$14 million, 90,000-square-foot, Class A office facility in the downtown and approximately 250 loft apartments constructed in the old warehouse district. The \$40 million renovation of the Hotel Blackhawk is complete and re-opened in December 2010. This facility is attached to the City's RiverCenter Convention Hall and provides 130 new hotel rooms and 30 luxury market-rate apartments and adds 130 jobs in downtown Davenport. The same company, Restoration St. Louis, also restored the Forrest Block building, an 1885 Italianate style building, with 22 market-rate luxury apartments. The company has recently acquired the historic Renwick building and is beginning its development into 18 luxury apartments and 12,000 feet of street level retail. In addition, two major corporations, AT&T (previously Cingular) and eServ, a Perot Systems Company have new facilities in Davenport. AT&T is now occupying a 75,000 square foot facility, bringing 510 jobs with a total payroll of \$11 million. eServe has completed constructing a new building valued at \$5.95 million providing 60 new positions for a total of 235 jobs. Approximately 55 engineering jobs have been created with an average annual wage of \$61,000 per year.

Budget Challenges. Recent years' budget processes have faced the many challenges presented by the current local, state and national economies, including: state-shared revenue reductions; loss of investment income due to lower returns in the current markets; state-mandated increases in public safety pension costs; increasing costs of health care; and increasing costs of liability and property insurance.

The General Fund includes most of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration.

The City's General Fund receives approximately 75 percent of its revenue from property taxes. The State of Iowa allows a maximum levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy. The City has been at the maximum levy rates since 1984 and 1986, respectively. Also, growth limitations are imposed on the City's property tax base by the State, including the residential property rollback. The 1995 phase out of property taxes on machinery and equipment reduced the City's property tax base by \$82 million from FY 2000 through FY 2004. The State has also exempted gas and electric utilities from property tax, and while a replacement tax was revenue neutral for three years, the actual experience has fallen short by \$50,000 per year. The taxable property tax base has grown moderately, an average of 3.7 percent annually over the last ten fiscal years ending in FY 2011, despite the above State limitations. Personnel costs represent 80 percent of the fund's expenditures. Wages have grown at an average annual rate of 4.5 percent over the last several years. Employee benefits include funding for health claims which have increased an average of 6.3 percent per year over the last 10 years ending in FY 2011. In addition, contributions to the state-wide fire and police pension system are scheduled to increase from the FY 2010 contribution rate of 17 percent to 19.9 percent for FY 2011 and 24.76 percent for FY 2012 due to recent losses in the pension fund brought on by the national economic downturn. As a result of this structural imbalance and the challenges discussed above, employee reductions, cost sharing and non-property tax revenue increases (including a garbage collection fee imposed in FY 2005 and clean water utility fee in FY 2006) have been necessary in order to balance the fund.



Future budgets will challenge the City to continue current services within the current revenue and expenditure structure. It is important to note that the State does provide unlimited property tax levies for employee benefits (trust and agency levy), debt service (debt service levy), and insurance/claims (tort liability levy), whereas the general and emergency levies are limited as discussed above. The City also has the ability to collect a utility franchise fee on natural gas. This is one option that could help diversify revenues.

Long-Term Financial Planning. Maintenance and expansion of the City's infrastructure (such as streets, curbs, sidewalks, sewers, bridges, and traffic signals) remain a major priority of the City. The City annually adopts a six-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs.

The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local sales tax receipts. The City attempts to leverage its program commitment with available grants from the federal and state governments and private sector partnerships. The program required a debt service property tax levy increase from the FY 2006 rate of \$.99/\$1,000 assessed value and includes programmed usage of the General Debt Service Fund Balance increase which is due to local option sales tax receipts exceeding budgeted property tax relief. The long term financial model as presented in the FY 2007 budget message projected an increase to \$1.76/\$1,000 assessed value in FY 2007, which the City Council approved in the adopted budget. The rate has remained the same since but is projected to increase by FY2014 if new projects added since FY2010 remain or if other new revenue is not identified to fund them, such as grants.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2012 include:

- Street resurfacing, full depth patching and reconstruction \$4.7 million
- Rail for Eastern Iowa industrial center \$1.5 million (project total \$7.0 million)
- Transload facility \$6.7 million (project total \$8.5 million)
- New 40 foot buses \$1.5 million
- New terminal building, apron expansion and reconstruction \$1.2 million
- Continue phase II and III of the Westside diversion tunnel. This project would resolve current and projected capacity problems and open 27 square miles to development in west/northwest Davenport. (\$40.8 million total cost)

#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the 28<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.


In addition, the City received the GFOA's Distinguished Budget Presentation Award for the FY2012 budget document. This is the 15<sup>th</sup> consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of this report on a timely basis could not have been accomplished without the services of the entire staff of the Finance Department and the auditors. We would like to express our appreciation to all those who assisted and contributed to its preparation accordingly. We especially wish to thank Assistant Finance Director Linda Folland and the Accounting Division staff for all of their extra time and effort in the preparation of this report. We would also like to thank the Mayor and members of the Finance Committee and City Council for their direction and support in planning and overseeing the financial operations of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Craig Malin", with a large, sweeping flourish extending to the right.

Craig Malin  
City Administrator

A handwritten signature in black ink, appearing to read "Alan Guard", written in a cursive style.

Alan Guard  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Davenport  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Danison*

President

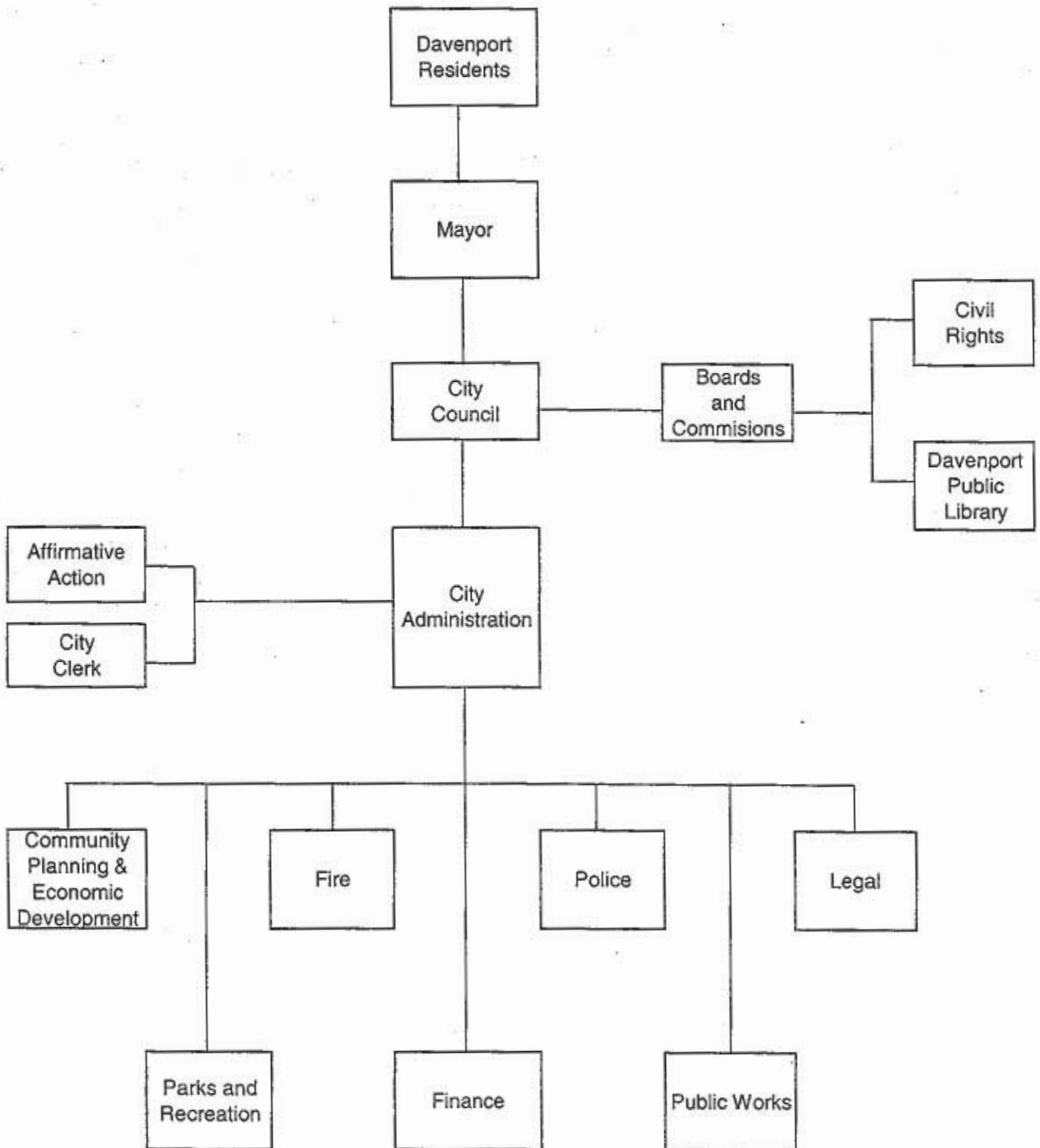
*Jeffrey R. Emer*

Executive Director

CITY OF DAVENPORT

ORGANIZATIONAL CHART  
JUNE 30, 2011

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CITY OF DAVENPORT

**CITY OFFICIALS**

**June 30, 2011**

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<u>OFFICIAL TITLE</u>	<u>OFFICIAL</u>	<u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u>
<u>Elected Officials</u>		
Mayor	William E. Gluba	1/12
Alderman at Large	Gene Meeker	1/12
Alderman at Large	Jason Gordon	1/12
Alderman First Ward	Nathan Brown	1/12
Alderman Second Ward	Bill Edmond	1/12
Alderman Third Ward	William J. Boom	1/12
Alderman Fourth Ward	Raymond A. Ambrose	1/12
Alderman Fifth Ward	Bill Lynn	1/12
Alderman Sixth Ward	Jeffrey W. Justin	1/12
Alderman Seventh Ward	Morris D. Barnhill	1/12
Alderman Eighth Ward	Mike Matson	1/12
 <u>Administration</u>		
City Administrator	Craig Malin	
 <u>Departments</u>		
Civil Rights	Judith Morrell	
Community Planning and Economic Development	Pamela S. Miner	
Finance	Alan E. Guard	
Fire	Mark Frese	
Human Resources	Dawn M. Sherman	
Information Technology	Rob Henry	
Legal	Thomas D. Warner	
Parks and Recreation	Seve Ghose	
Library	LaWanda Roudebush	
Police	Francis R. Donchez	
Public Works	Michael F. Clarke	

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

To the Honorable Mayor and City Council  
City of Davenport, Iowa  
Davenport, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Davenport, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 13 to the basic financial statements, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting for governmental funds' fund balance classifications.

As described in Note 15, the City restated the beginning fund balance and net assets to correct the recording of a loan expenditure and related deferred revenue.

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2011, on our consideration of the City of Davenport, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13, schedule of revenues, expenditures and changes in fund balances budget and actual and schedule of funding progress for other postemployment benefit plan on pages 66 through 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Davenport, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 12, 2011



## Management's Discussion and Analysis

As management of the City of Davenport, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

Overall, the City continues to maintain a strong financial position, in spite of economic pressures and State of Iowa mandates and cutbacks in shared revenues.

- The assets of the City of Davenport exceeded its liabilities at June 30, 2011 by \$262,274 (net assets). Current liabilities exceeded current assets by \$8,875.
- The government's total net assets increased by \$7,388 during fiscal year (FY) 2011.
- At June 30, 2011, unassigned fund balance for the General Fund was \$5,392, or 8 percent of total General Fund expenditures, while total fund balance represents 15 percent of total expenditures.

The above financial highlights are explained in more detail in the Government-wide Financial Analysis and Financial Analysis of the City's Funds sections of this document.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Davenport's basic financial statements. The City of Davenport's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The two government-wide financial statements are designed to provide readers with a broad overview of the City of Davenport's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Davenport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Davenport is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during FY 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Davenport that are principally supported by property taxes, other local taxes and state and federal grants (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Davenport include public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Davenport include parking, sewer operations, RiverCenter (convention center), public transit, public housing, golf courses, airport, solid waste collection, clean water utility, and River's Edge (indoor recreational facility).

The government-wide financial statements include only the City of Davenport itself (known as the primary government).

The government-wide financial statements can be found on pages 16 through 19 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Davenport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including restrictions on the use of certain monies. All of the funds of the City of Davenport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Davenport maintains 15 individual governmental funds. In the basic financial statements, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) for the General Fund, General Debt Service Fund, Local Option Sales Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The City of Davenport adopts an annual appropriated budget, prepared on a modified accrual basis. A budgetary comparison statement has been provided to demonstrate legal compliance in the required supplementary information section.

The basic governmental fund financial statements can be found on pages 20 through 27 of this report.

**Proprietary funds.** The City of Davenport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Davenport's various functions. The City of Davenport uses internal service funds to account for employee health insurance, risk management, and information management services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The City of Davenport maintains ten enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In the basic financial statements, the proprietary fund financial statements provide separate information for the parking system, sewer operations, RiverCenter, and clean water as these are considered to be major funds of the City of Davenport. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report (supplemental information). The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The basic proprietary fund financial statements can be found on pages 28 through 39 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Davenport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has three agency funds. The basic agency fund financial statements can be found on page 40 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 64 of this report.

**Supplementary information.** The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal services funds, and agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 71 through 91 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Comparative data from fiscal year 2010 and 2011 are presented below. In Davenport, assets exceeded liabilities by \$262,274 at the close of the fiscal year ended June 30, 2011.

	Governmental Activities		Business-type activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 120,593	\$ 115,224	\$ 26,426	\$ 17,354	\$ 147,019	\$ 132,578
Capital assets	265,064	253,902	141,417	131,415	406,481	385,317
Total assets	<u>385,657</u>	<u>369,126</u>	<u>167,843</u>	<u>148,769</u>	<u>553,500</u>	<u>517,895</u>
Noncurrent liabilities outstanding	139,497	130,923	32,860	18,737	172,357	149,660
Other liabilities	110,213	108,348	8,656	7,721	118,869	116,069
Total liabilities	<u>249,710</u>	<u>239,271</u>	<u>41,516</u>	<u>26,458</u>	<u>291,226</u>	<u>265,729</u>
Net assets:						
Invested in capital assets, net of related debt	126,692	125,751	123,757	113,559	250,449	239,310
Restricted	12,739	26,269	3,849	4,415	16,588	30,684
Unrestricted(deficit)	(3,483)	(22,166)	(1,280)	4,337	(4,763)	(17,829)
Total net assets	<u>\$ 135,948</u>	<u>\$ 129,854</u>	<u>\$ 126,326</u>	<u>\$ 122,311</u>	<u>\$ 262,274</u>	<u>\$ 252,165</u>

By far the largest portion of the City of Davenport's net assets (95 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Davenport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Davenport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Davenport's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. Current liabilities exceed current assets in all three categories, both for the City as a whole, as well as for its separate governmental and business-type activities, in the amounts of \$5,915, \$2,960 and \$8,875, respectively.

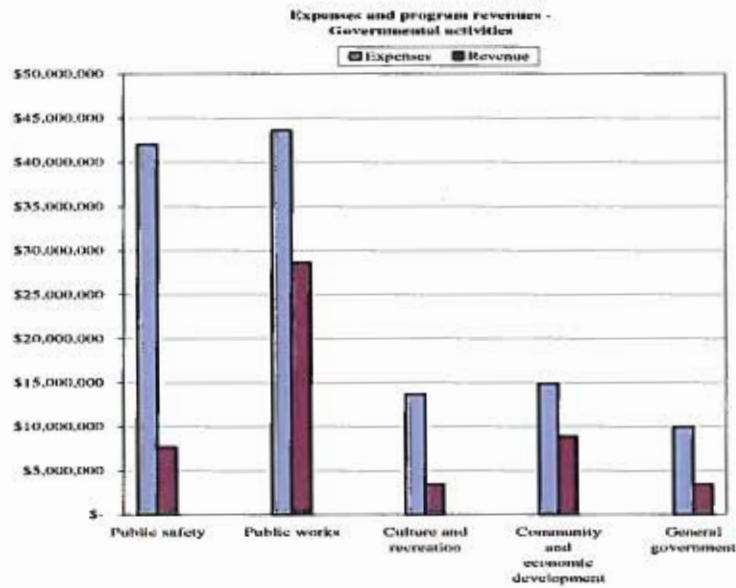
In the business-type activities, the \$9,072 increase in current and other assets is due to the increase in restricted cash in the sewer fund from the proceeds of the Sewer Revolving Loan for the Westside Diversion Tunnel project. This also attributes to \$8,129 of the increase in noncurrent liabilities outstanding. The remaining increase in noncurrent liabilities outstanding is due to the increase in general obligation bonds payable due to several bonded projects in the business-type activities.

**City of Davenport's Changes in Net Assets**

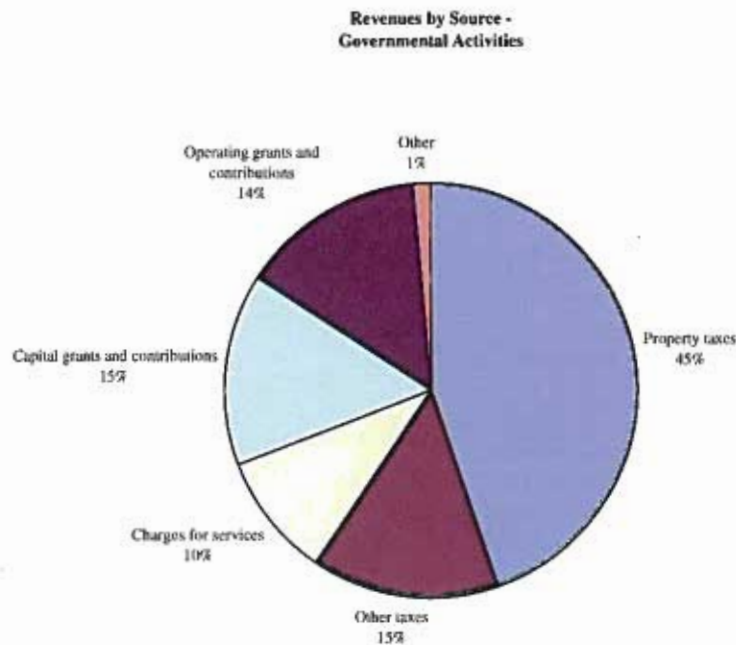
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 12,941	\$ 15,992	\$ 26,517	\$ 23,437	\$ 39,458	\$ 39,429
Operating grants and contributions	19,070	22,362	1,654	1,752	20,724	24,114
Capital grants and contributions	20,033	27,042	10,664	8,980	30,697	36,022
<b>General revenues:</b>						
Property taxes	59,359	58,524	3,376	3,323	62,735	61,847
Other taxes	19,647	18,963	-	-	19,647	18,963
Other	1,801	1,155	1,021	399	2,822	1,554
<b>Total revenues</b>	<b>132,851</b>	<b>144,038</b>	<b>43,232</b>	<b>37,891</b>	<b>176,083</b>	<b>181,929</b>
<b>Expenses:</b>						
Public safety	42,049	54,618	-	-	42,049	54,618
Public works	43,599	45,178	-	-	43,599	45,178
Culture and recreation	13,674	19,396	-	-	13,674	19,396
Community and economic development	14,881	24,924	-	-	14,881	24,924
General government	9,914	9,385	-	-	9,914	9,385
Interest on long-term debt	6,489	6,233	-	-	6,489	6,233
Parking system	-	-	2,080	2,293	2,080	2,293
Sewer operations	-	-	15,506	14,614	15,506	14,614
RiverCenter	-	-	2,616	2,030	2,616	2,030
Public transit	-	-	5,867	5,556	5,867	5,556
Public housing	-	-	1,046	1,130	1,046	1,130
Golf courses	-	-	2,072	2,305	2,072	2,305
Airport	-	-	579	555	579	555
Curbside recycling	-	-	5,049	4,835	5,049	4,835
Clean water	-	-	2,185	2,232	2,185	2,232
Rivers Edge	-	-	1,088	166	1,088	166
<b>Total expenses</b>	<b>130,606</b>	<b>159,734</b>	<b>38,088</b>	<b>35,716</b>	<b>168,694</b>	<b>195,450</b>
Increase/(decrease) in net assets before transfers	2,245	(15,696)	5,144	2,175	7,389	(13,521)
Transfers	1,128	(448)	(1,128)	448	-	-
Increase/(decrease) in net assets	3,373	(16,144)	4,016	2,623	7,389	(13,521)
Net assets-beginning, as restated	132,575	145,998	122,310	119,687	254,885	265,685
Net assets-ending	\$ 135,948	\$ 129,854	\$ 126,326	\$ 122,310	\$ 262,274	\$ 252,164

**Governmental activities.** Governmental activities increased the City's net assets by \$2,245, before transfers. This increase is attributable to the increase in property and other taxes of \$1,519 from 2010.

Certain revenues are generated that are specific to governmental program activities. These totaled \$52,044. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities. Total governmental activities expenses decrease \$29,128. Public safety decreased \$12,569, due to the completion of two community projects funded by the Department of Justice. In FY10, \$10,125 community and economic development expenditures occurred by the bonding for the consolidated dispatch center which is a reason for the decrease in expenditures.



The graph below shows the percentage of the total governmental revenues allocated by each revenue type.



Total governmental activities' revenues for FY 2011 were \$132,851, a decrease of \$11,187 from FY 2010. This is primarily due to the decrease in capital grants in FY2011 due to the completion of grant funded public works projects. The largest single revenue source was property taxes of \$59,359, which increased by \$835 (1.4 percent) during FY 2011. This increase resulted from an increase in the tax base of 1.4 percent. Capital grants decreased by \$7,009 during FY11, this was due completion of two projects partially funded by Department of Justice grants \$2,801; a decrease in stimulus grants by the Department of Transportation \$1,438; and a decrease in donated paving by subdividers \$740.

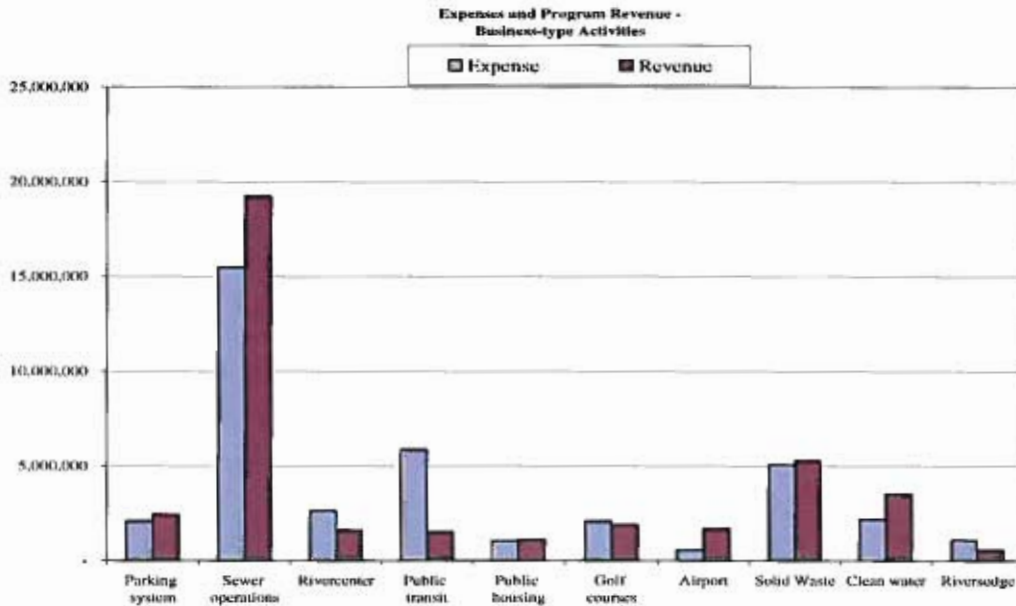
Charges for services decreased by \$3,051 during FY11. This was due to decreased salt sales to other municipalities of \$753 and a decrease in revenue from others for joint funded CIP projects of \$1,391. Operating grants decreased in culture and recreation due to the Friends of the Library contribution of \$776 deferred in FY10 and in the public safety category due to the decrease of deferred revenue of \$965 for the consolidated dispatch project.

**Business-type activities.** Business-type activities increased the City of Davenport's net assets by \$5,144. The key elements of this increase follow:

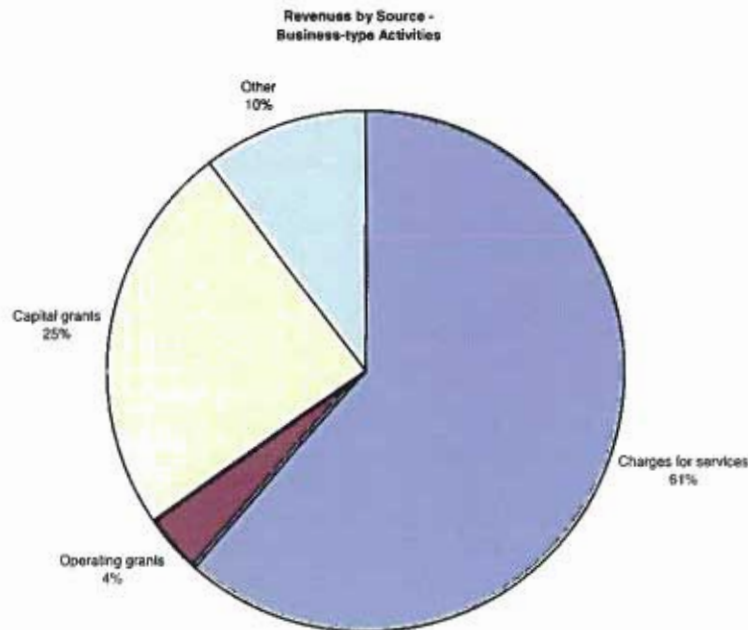
- The sewer fund increased the charge per cubic foot of use from \$1.86 to \$2.23 and the flat charge of a bill increased from \$5.75 to \$8.63. This increased the revenue in the sewer fund over \$2,000. The airport received a federal grant of \$820 for taxiway construction and the parking fund received \$1,031 of municipal contribution to build a new parking lot under the Centennial Bridge.

Total business-type activities' revenue for the fiscal year was \$43,232.

The graph below shows a comparison between the business-type activity expenditures and program revenues.



The graph below shows the breakdown of revenues by source for the business-type activities.



## Financial Analysis of the City's Funds

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

**Governmental funds.** The focus of the City of Davenport's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Davenport's 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 2011, the City of Davenport's governmental funds reported combined ending fund balances of \$24,135, an increase of \$4,093 in comparison with the prior year. The increase is attributable to a decrease in the local option sales tax fund of \$1,102 (due to completion of projects); and an increase in the Capital Projects Fund of \$6,973 (due to unexpended bond proceeds). Approximately 18 percent of this total amount, \$4,357, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) \$17; restricted by grantors and other legal restrictions \$18,150; committed by the City Council for revolving loans and the levee improvement commission \$1,059; and assigned by the Chief Financial Officer for future projects \$552.

The General Fund is the chief operating fund of the City of Davenport. The General Fund includes many of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration. The General Fund group as reported combines a number of individual funds each with a specific purpose. These include the General Fund, the City's primary operating fund; the Trust and Agency Fund, which accounts for employee benefits; Hotel/Motel Tax Fund; the Library Special Levy Fund, used to enhance library services; Parks Special Needs Funds and the Flood Fund. At the end of the current fiscal year 2011, unassigned fund balance of the General Fund was \$5,392, while total fund balance was \$9,845. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.5 percent of total General Fund expenditures, 15.9 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 15.5 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund decreased by \$577 during the current fiscal year and the unassigned fund balance increased by \$442. The State of Iowa allows a maximum property tax levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy for general activities. The City has been at the maximum levy rates since 1984 and 1986, respectively. In addition to these two levies, the State allows unlimited levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), which are also accounted for in the City's General Fund. Property tax balances from these two levies are reserved at the end of each year because their use is restricted.

The General Fund balances discussed above are considered adequate by management. The City's policy on fund balance of the General Fund, excluding the other specific-use funds, is that the unassigned fund balance will be maintained at 10 to 15 percent of the operating requirements. The current fund balance is within policy guidelines. Fund balances at June 30 cover the City's cash flow needs prior to the collection of property taxes (in September and March each year) so that cash flow borrowings are unnecessary. Fund balances also provide flexibility (for example, should revenue projections fall short) and can be used in cases of emergency (for example, flooding or storm clean-up).

The General Debt Service Fund has a total fund balance of \$3,139, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net increase in fund balance during the current year in the General Debt Service Fund was a minimal \$174. The city prepares a rolling six-year capital improvement program. This will allow for a stable levy over the six years of the current program.

The Local Option Sales Tax Fund accounts for the proceeds of a local option sales tax and has a fund balance of \$2,769. The State of Iowa provides for a one-cent local option sales tax. Davenport voters approved the tax in 1988 and the referendum directs its usage to 60 percent for property tax relief (debt service levy) and 40 percent for capital improvements. A transfer of 60 percent of tax proceeds is made to the General Debt Service Fund and the remainder is transferred to the Capital Projects Fund as expenditures occur. The net decrease in fund balance during the current year was \$1,102, due to the completion of capital projects.

The Capital Projects Fund has a fund balance of \$6,470, due to unspent bond proceeds. The net increase in fund balance during the current year in the Capital Projects Fund was \$6,974.

**Proprietary funds.** The City of Davenport proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### **Legal Compliance Budgetary Highlights**

As explained in the Letter of Transmittal, budgetary legal compliance is demonstrated in one schedule summarizing all funds in the Required Supplementary Information section of this report on pages 66 and 67.

Differences between the original budget and the final amended budget can be summarized as follows:

- The total original revenue budget of \$273,868 was increased to \$378,444, an increase of \$104,576. In the intergovernmental category, federal, state and local grants were carried forward in the budget amendment to reflect on-going construction in progress of capital projects in the amount of \$56,422. There were special revenue grant rollovers and new grants amounting to \$10,021; \$6,005 budgeted for a bond refunding and \$800 for bond related costs and \$8,245 budgeted for a loan repayment.
- The total original expenditure budget of \$252,336 was increased to \$342,764, an increase of \$90,428. In the community and economic development category, \$11,611 was carried forward for on-going grants. In the capital outlay category, \$74,033 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects. In the debt service category an additional \$6,005 was budgeted to reflect two refunding issues.

Differences between the final amended budget and actual results of operations can be summarized as follows:

- In the intergovernmental revenue category, federal, state, and local grants in the amount of \$75,980 were not accrued or received due to construction projects not completed and special revenue grants not yet spent.
- In the other revenue category, there was \$65,670 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, \$2,106 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$117,610 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$4,833 of the difference is due to bond principal payments being budgeted as an expense, but reported as adjustments to the liability.

### **General Fund Budgetary Highlights**

As discussed above and in the Letter of Transmittal, the General Fund budget and actual revenues, expenditures and changes in fund balance have been incorporated into the statement of all funds on pages 66 and 67 of this report. Highlights for the General Fund follow.

Differences between the original budget and the final amended budget for the General Fund can be summarized as follows:

- The total original revenue budget of \$61,443 was increased to \$63,290, an increase of \$1,847. In the intergovernmental revenue category, federal grants in the amount of \$1,314, state grants in the amount of \$155, and local grants in the amount of \$200 received subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$61,636 was increased to \$65,035, an increase of \$3,669. Police forfeiture and seizure monies of \$305 held as reserved General Fund balance at June 30, 2010 were included in amendments in order to authorize the expenditure during FY 2011. Public works expenditures were increased in amendments by \$103 as a result of the carryforward of the monies collected from developers and reserved for reforestation. Culture and recreation expenditures were amended to include grants carried forward of \$227 and new grants received as noted under the revenue discussion; \$222 increased activity in the self-sustaining programs and \$200 for encumbrances carried forward. \$1,297 was amended for emergency flood protective measures.



Differences between the final amended budget and actual results of operations of the General Fund can be summarized as follows:

- The net change in the General Fund balance in FY 2011 was \$577, a positive variance from the budgeted change (\$2,660) of \$2,082.
- Revenue items that came in under budget included gaming taxes from the casino and interest earnings.
- The public safety and public works expenditure categories were overbudget, due to higher than expected emergency flood protective measures. The remaining expenditure categories came in under budget.
- A special library property tax levy (\$.27/\$1,000 assessed value) was approved by voters to support operations of two new branch libraries. Unexpended taxes of \$676 were a part of the favorable variance and a reservation of General Fund balance at June 30, 2011.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Davenport's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$406,481 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and vehicles, sanitary sewers, bridges, traffic signals, storm sewers, and streets and roads. The total increase in the City of Davenport's investment in capital assets for the current fiscal year was 5.5 percent. Governmental activities accounted for \$11,162 of the increase in capital assets, and the business type activities accounted for \$10,002 of the increase. At June 30, 2011, and June 30, 2010 the depreciable capital assets of the City were 35 and 50 percent depreciated. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2011 include the following:

#### Governmental activities

- Street and road work completed by the City of \$9,386 including \$2,611 of street resurfacing, \$1,966 of full-depth patching, and \$1,222 of 65<sup>th</sup> and Brady Street intersection improvements.
- Street and road work completed and contributed by developers \$402
- Construction in progress at the new Fire Training Center \$760
- Construction in progress at the new indoor police firing range \$475

#### Business-type activities

- Sanitary sewers built and contributed by developers \$364
- Storm sewers built and contributed by developers \$351
- Solids dewatering facility at the Wastewater treatment plant \$5,496
- Construction in progress on the Westside Diversion Tunnel \$3,878

Additional information on the City of Davenport's capital assets can be found in Note 6 in the notes to the financial statements.

**City of Davenport's Capital Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 18,725	\$ 16,548	\$ 11,190	\$ 11,190	\$ 29,915	\$ 27,738
Buildings	99,609	100,259	95,865	91,580	195,474	191,839
Improvements other than buildings	26,689	23,102	11,583	10,444	38,272	33,546
Sanitary sewers	-	-	66,650	64,557	66,650	64,557
Equipment and vehicles	36,765	36,656	31,043	30,465	67,808	67,121
Bridges	4,976	4,474	-	-	4,976	4,474
Traffic signals	7,774	7,404	-	-	7,774	7,404
Storm sewers	-	-	19,469	18,984	19,469	18,984
Paving	178,910	170,265	222	222	179,132	170,487
Seawalls	623	623	-	-	623	623
Tunnels	54	54	-	-	54	54
Construction in progress	14,253	9,973	18,403	10,503	32,656	20,476
Accumulated depreciation	(123,314)	(115,456)	(113,008)	(106,530)	(236,322)	(221,986)
<b>Total</b>	<b>\$ 265,064</b>	<b>\$ 253,902</b>	<b>\$ 141,417</b>	<b>\$ 131,415</b>	<b>\$ 406,481</b>	<b>\$ 385,317</b>

**Long-term debt.** At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$177,080. Of this amount, \$135,735 comprises debt being serviced from the general debt service fund from property taxes and 60 percent of the local option sales tax proceeds. The remainder of the City of Davenport's debt represents bonds serviced by specified revenue sources, including the tax increment financing districts debt service fund, the levee improvement commission fund, the municipal improvement districts fund, the sewer operations enterprise fund, the public housing enterprise fund, the golf courses enterprise fund, the parking system enterprise fund, and the airport enterprise fund. The City has issued general obligation bonds backed by its full faith and credit, including the unlimited debt service property tax levy, which are planned to be retired from the above revenue sources rather than revenue bonds because legal debt capacity exists (see below) and the resulting lower interest costs benefit its citizens and service users. Detailed information on bonded debt abatement by fund is contained in a summary on page 58 of this report.

**City of Davenport's Outstanding Debt**  
General Obligation Bonds

General obligation Bonds	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	\$152,696	\$142,874	\$24,384	\$18,657	\$177,080	\$161,531

The City of Davenport's total debt increased by \$15,549 during the current fiscal year. New debt issuance of \$39,750 during the year slightly exceeded the debt retirement of \$25,785. The issuance was to finance the City's capital improvement program including streets, buildings, and sanitary sewers (abated by user fees), and tax increment financing projects (abated by tax increment financing revenue).

The City's scheduled debt repayment is rapid, with 82 percent of outstanding bonded debt scheduled for repayment in 10 years and 98 percent in 15 years

State Statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Davenport is \$297,664, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$177,080, and other debt subject to the debt limitation of \$12,868.

The City of Davenport maintains an AA rating from Standard & Poor's, and an Aa2 rating from Moody's Investors Service for general obligation debt (prior to recent adjustment proclamations). Both firms view the outlook for their most recent ratings as stable.

Additional information on the City of Davenport's long-term debt can be found in Note 9 in the notes to the financial statements.

### **Economic Factors and Current and Future Budgets**

In 1992 the State consolidated local police and fire retirement systems into a state-wide system (MFPRSI). MFPRSI is funded from members' contributions (9.4) percent of earnable compensation), State of Iowa contribution of \$2,816 per year (approximately 1.63 percent of earnable compensation), and cities contribute the amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial methods but not less than 17 percent of earnable compensation of the active members. Cities which are at the \$8.10 general levy maximum fund pension contributions from the Trust and Agency property tax levy. In 1999 the actuarially-determined City contribution rate was 11.12 percent. Since the minimum contribution rate established by statute was 17 percent, a margin of 5.88 percent was reported. This was at a time when investment returns were outstanding (and non-recurring). Police officers and firefighters requested that the State Legislature increase pension benefits. Cities through the Iowa League of Cities requested that the State Legislature decrease City contributions and provide a property tax reduction. The Legislature increased pension benefits in 2000. The actuarially-determined City contribution rate increased from 17 percent to 20.48 percent, 24.92 percent, and 28.21 percent for fiscal years 2004, 2005, and 2006, respectively. The increases were primarily the result of the pension benefit increase passed by the 2000 State Legislature and recent poor investment returns (losses) which are spread over a four-year period. As a result, the City's police and fire pension contribution has increased \$1,700 annually. The City's contribution rate for FY 2007 was 27.75 percent, 25.48 percent for FY 2008, 18.75 percent for FY 2009, 17 percent for FY 2010 and 19.9% for FY2011. The FY2012 contribution rate is 24.76% and with the poorly performing market will likely continue to increase and will have a direct impact on future budgets.

Total employee benefit health claims increased 13.5 percent during FY 2007, decreased 18.9 percent for FY 2008; increased 15 percent for FY 2009, increased 1.7% for FY 2010 and decreased 8.9% for FY2011. The City's contribution to the Employee Health Insurance Fund for the majority of its employees (General Fund employees) is financed by the unlimited Trust and Agency property tax levy. Approximately 60 percent of the City's employees are represented by five different bargaining units (American Federation of State, County and Municipal Employees, Fire, Police, Teamsters and Transit). At issue during recent negotiations has been wages and cost-sharing related to health benefits. During negotiations for FY 2010 through 2012, the City sought and received additional increases in employee monthly premiums from all employees. Also, these negotiations with all bargaining units resulted in three year settlements with all groups. General wage increases 3 percent for each year of the agreements.

For the future, plans to enable the City to continue to adopt balanced budgets include: continued use of the unlimited levies for employee benefits (Trust and Agency) and property and liability insurance and claims (Tort); consideration of a natural gas franchise utility fee to further diversify revenue; the City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets and current efforts/projects include a technology assessment, and the consolidated dispatch project with Scott County, EMS Medic and the City of Bettendorf.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Davenport's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Alan E. Guard, Chief Financial Officer, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.

**CITY OF DAVENPORT**

**STATEMENT OF NET ASSETS**  
**June 30, 2011**

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>Current assets:</b>			
Unrestricted current assets:			
Cash and investments	\$ -	\$ 670,858	\$ 670,858
Delinquent property taxes receivable	1,055,436	45,028	1,100,464
Succeeding year property taxes receivable	60,603,689	3,482,643	64,086,332
Other taxes receivable	3,191,824	-	3,191,824
Special assessments	1,095,232	-	1,095,232
Accounts receivable	4,138,217	7,586,065	11,724,282
Accrued interest receivable	-	37,576	37,576
Internal balances	6,591,047	(6,591,047)	-
Due from other governments	4,721,626	432,418	5,154,044
Inventory	-	27,783	27,783
Prepaid items	232,736	5,020	237,756
Loans receivable	10,827,981	-	10,827,981
<b>Total unrestricted current assets</b>	<b>92,457,788</b>	<b>5,696,344</b>	<b>98,154,132</b>
Restricted current assets:			
Cash and cash equivalents	45,011	-	45,011
<b>Total current assets</b>	<b>92,502,799</b>	<b>5,696,344</b>	<b>98,199,143</b>
<b>Noncurrent assets:</b>			
Deferred charge-issuance cost	424,600	177,727	602,327
Investment in joint venture	-	473,910	473,910
Loans receivable	11,794,829	-	11,794,829
Restricted cash and cash equivalents	15,870,851	20,077,627	35,948,478
<b>Capital assets:</b>			
Land	18,724,432	11,190,268	29,914,700
Buildings	99,609,142	95,865,067	195,474,209
Improvements other than buildings	26,689,362	11,583,074	38,272,436
Sanitary sewers	-	66,649,916	66,649,916
Equipment and vehicles	36,765,380	31,042,540	67,807,920
Bridges	4,975,990	-	4,975,990
Traffic signals	7,774,259	-	7,774,259
Storm sewers	-	19,468,594	19,468,594
Streets and roads	178,909,656	222,172	179,131,828
Seawalls	622,467	-	622,467
Tunnels	54,326	-	54,326
Construction in progress	14,253,149	18,403,582	32,656,731
Accumulated depreciation	(123,314,087)	(113,007,939)	(236,322,026)
<b>Total capital assets</b>	<b>265,064,076</b>	<b>141,417,274</b>	<b>406,481,350</b>
<b>Total noncurrent assets</b>	<b>293,154,356</b>	<b>162,146,538</b>	<b>455,300,894</b>
<b>Total assets</b>	<b>\$ 385,657,155</b>	<b>\$ 167,842,882</b>	<b>\$ 553,500,037</b>

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Checks written in excess of bank balances	\$ 2,331,418	\$ -	\$ 2,331,418
Accounts payable	5,991,546	633,063	6,624,609
Contracts payable	1,517,849	-	1,517,849
Accrued wages payable	2,938,333	652,632	3,590,965
Accrued compensated absences	4,321,191	582,616	4,903,807
Claims and judgments	6,021,282	-	6,021,282
Due to other governments	395	-	395
Accrued interest payable	490,701	102,000	592,701
General obligation bonds payable	16,184,350	2,295,650	18,480,000
<b>Unearned revenue:</b>			
Succeeding year property tax	60,603,689	3,482,643	64,086,332
Other	9,766,792	39,012	9,805,804
<b>Total</b>	<u>110,167,546</u>	<u>7,787,616</u>	<u>117,955,162</u>
<b>Current liabilities payable from restricted assets:</b>			
Accounts payable	45,011	-	45,011
Deposits payable	-	667,040	667,040
Notes payable	-	202,000	202,000
<b>Total current liabilities payable from restricted assets</b>	<u>45,011</u>	<u>869,040</u>	<u>914,051</u>
<b>Total current liabilities</b>	<u>110,212,557</u>	<u>8,656,656</u>	<u>118,869,213</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences	691,792	93,274	785,066
Other postemployment benefits	1,500,233	333,955	1,834,188
Note payable	-	9,798,000	9,798,000
General obligation bonds payable	136,209,726	22,634,688	158,844,414
Special assessment with government commitment	1,095,233	-	1,095,233
<b>Total noncurrent liabilities</b>	<u>139,496,984</u>	<u>32,859,917</u>	<u>172,356,901</u>
<b>Total liabilities</b>	<u>249,709,541</u>	<u>41,516,573</u>	<u>291,226,114</u>
<b>NET ASSETS (DEFICITS)</b>			
Invested in capital assets, net of related debt	126,691,668	123,757,219	250,448,887
<b>Restricted:</b>			
Employee benefits	1,206,132	-	1,206,132
Tort Liability	1,649,892	-	1,649,892
Local option sales tax	2,769,353	-	2,769,353
Library	676,788	-	676,788
Police seizure	351,122	-	351,122
Debt retirement	3,858,815	-	3,858,815
Community development act	77,215	-	77,215
Municipal improvement districts	752,125	-	752,125
Revolving loans	563,827	-	563,827
Section 8	334,933	-	334,933
Home investment partnership projects	4,322	-	4,322
Levee improvement commission projects	494,928	-	494,928
Equipment replacement	-	3,849,157	3,849,157
<b>Unrestricted (deficit)</b>	<u>(3,483,506)</u>	<u>(1,280,067)</u>	<u>(4,763,573)</u>
<b>Total net assets</b>	<u>\$ 135,947,614</u>	<u>\$ 126,326,309</u>	<u>\$ 262,273,923</u>

**CITY OF DAVENPORT**

**STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 42,049,042	\$ 4,272,343	\$ 1,212,921	\$ 2,140,750
Public works	43,599,123	2,938,022	9,473,464	16,229,837
Culture and recreation	13,674,184	1,698,503	50,621	1,662,470
Community and economic development	14,880,835	630,293	8,268,917	-
General government	9,914,196	3,401,763	63,625	-
Interest on long-term debt	6,489,039	-	-	-
<b>Total governmental activities</b>	<b>130,606,419</b>	<b>12,940,924</b>	<b>19,069,548</b>	<b>20,033,057</b>
Business-type activities:				
Parking system	2,080,257	1,399,623	-	1,031,470
Sewer operations	15,506,121	14,177,170	-	5,066,407
Rivercenter	2,616,467	1,327,314	-	273,314
Public transit	5,866,989	506,706	1,017,996	3,800
Public housing	1,045,905	415,874	630,567	61,936
Golf courses	2,072,059	1,875,575	-	5,161
Airport	578,765	179,002	5,556	1,491,564
Solid waste	5,049,222	4,592,794	-	682,139
Clean water	2,185,141	1,788,322	-	1,724,268
Riversedge	1,087,614	255,061	-	323,864
<b>Total business-type activities</b>	<b>38,088,540</b>	<b>26,517,441</b>	<b>1,654,119</b>	<b>10,663,923</b>
<b>Total government</b>	<b>\$ 168,694,959</b>	<b>\$ 39,458,365</b>	<b>\$ 20,723,667</b>	<b>\$ 30,696,980</b>

General Revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for public transit
- Local option sales tax
- Hotel/motel tax
- Franchise taxes

Investment earnings

- Gain on sale of capital assets
- Miscellaneous

Transfers

- Total general revenues and transfers
- Change in net assets

Net assets, beginning, as restated

Net assets, ending

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (34,423,028)	\$ -	\$ (34,423,028)
(14,957,800)	-	(14,957,800)
(10,262,590)	-	(10,262,590)
(5,981,625)	-	(5,981,625)
(6,448,808)	-	(6,448,808)
(6,489,039)	-	(6,489,039)
<u>(78,562,890)</u>	<u>-</u>	<u>(78,562,890)</u>
-	350,836	350,836
-	3,737,456	3,737,456
-	(1,015,839)	(1,015,839)
-	(4,338,487)	(4,338,487)
-	62,472	62,472
-	(191,323)	(191,323)
-	1,097,357	1,097,357
-	225,711	225,711
-	1,327,449	1,327,449
-	(508,689)	(508,689)
-	<u>746,943</u>	<u>746,943</u>
<u>(78,562,890)</u>	<u>746,943</u>	<u>(77,815,947)</u>
48,919,572	-	48,919,572
10,439,825	-	10,439,825
	3,376,227	3,376,227
14,934,103	-	14,934,103
1,834,327	-	1,834,327
2,878,172	-	2,878,172
1,014,156	658,157	1,672,313
728,558		728,558
58,419	362,652	421,071
1,128,264	(1,128,264)	-
<u>81,935,396</u>	<u>3,268,772</u>	<u>85,204,168</u>
3,372,506	4,015,715	7,388,221
<u>132,575,108</u>	<u>122,310,594</u>	<u>254,885,702</u>
<u>\$ 135,947,614</u>	<u>\$ 126,326,309</u>	<u>\$ 262,273,923</u>

**CITY OF DAVENPORT**

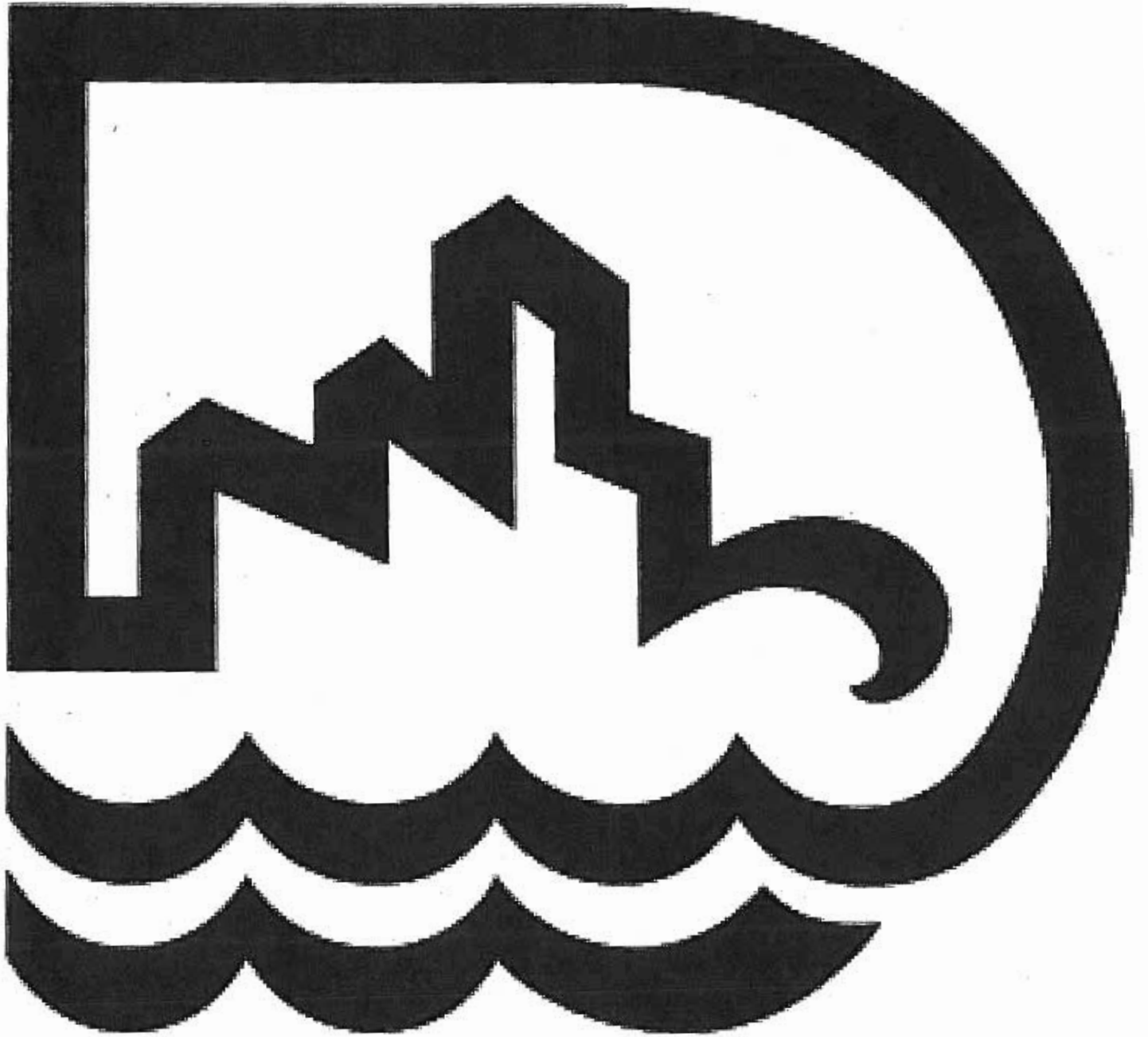
**GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2011**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>LOCAL OPTION SALES TAX FUND</u>	<u>GENERAL DEBT SERVICE FUND</u>
Cash and investments	\$ -	\$ -	\$ -
Receivables:			
Property taxes:			
Delinquent	851,414	-	118,978
Succeeding year	49,247,063	-	6,911,326
Other taxes	814,377	2,377,447	-
Accounts	950,293	26,943	169,961
Special assessments	-	3,486	1,091,746
Loans	8,245,000	2,868,413	-
Interfund receivable	10,756,257	-	9,671,468
Due from other governments	349,530	-	-
Prepays	17,069	-	-
Restricted assets-cash and investments	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 71,231,003</u></b>	<b><u>\$ 5,276,289</u></b>	<b><u>\$ 17,963,479</u></b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>LIABILITIES:</b>			
Wages payable	\$ 2,407,233	\$ 99,751	\$ -
Accounts payable	967,364	137,134	36,715
Contracts payable	-	-	-
Payable from restricted assets	-	-	-
Interfund payable	8,245,000	2,267,524	6,759,404
Due to other governments	-	-	-
Deferred/unearned revenue:			
Succeeding year property tax	49,247,063	-	6,911,326
Other	519,363	2,527	1,093,087
Matured bonds payable	-	-	20,000
Matured interest payable	-	-	3,381
<b>Total Liabilities</b>	<b><u>61,386,023</u></b>	<b><u>2,506,936</u></b>	<b><u>14,823,913</u></b>
<b>FUND BALANCES:</b>			
Nonspendable	17,069	-	-
Restricted	3,883,934	2,769,353	3,139,566
Committed	-	-	-
Assigned	551,836	-	-
Unassigned (Deficit)	5,392,141	-	-
<b>Total Fund Balances</b>	<b><u>9,844,980</u></b>	<b><u>2,769,353</u></b>	<b><u>3,139,566</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 71,231,003</u></b>	<b><u>\$ 5,276,289</u></b>	<b><u>\$ 17,963,479</u></b>

The notes to the financial statements are an integral part of this statement.



CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 7,417,204	\$ 2,865,198	\$ 10,282,402
-	85,044	1,055,436
-	4,445,300	60,603,689
-	-	3,191,824
1,798,126	16,910	2,962,233
-	-	1,095,232
-	11,509,397	22,622,810
4,646,742	-	25,074,467
2,368,592	2,003,504	4,721,626
-	-	17,069
-	45,011	45,011
<u>\$ 16,230,664</u>	<u>\$ 20,970,364</u>	<u>\$ 131,671,799</u>
\$ 23,829	\$ 332,929	\$ 2,863,742
4,216,921	558,941	5,917,075
1,517,849	-	1,517,849
-	45,011	45,011
-	1,459,440	18,731,368
-	395	395
-	4,445,300	60,603,689
4,002,330	12,217,263	17,834,570
-	-	20,000
-	-	3,381
<u>9,760,929</u>	<u>19,059,279</u>	<u>107,537,080</u>
-	-	17,069
6,469,735	1,887,844	18,150,432
-	1,058,755	1,058,755
-	-	551,836
-	(1,035,514)	4,356,627
<u>6,469,735</u>	<u>1,911,085</u>	<u>24,134,719</u>
<u>\$ 16,230,664</u>	<u>\$ 20,970,364</u>	<u>\$ 131,671,799</u>



**CITY OF DAVENPORT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

Total governmental fund balances	\$ 24,134,719
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	261,031,881
Assets are not available to pay for current-period expenditures are reported as deferred in governmental funds.	8,067,778
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	2,342,984
Internal service funds activities allocated to business-type activities	247,948
Deferred charges	424,600
Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued employee benefits	(4,886,215)
Accrued interest payable	(487,320)
General Obligation bonds payable and special assessments	(153,469,309)
Other post employment benefits	(1,459,452)
	<u>(160,302,296)</u>
Net assets of governmental activities	<u>\$ 135,947,614</u>

The notes to the financial statements are an integral part of this statement.

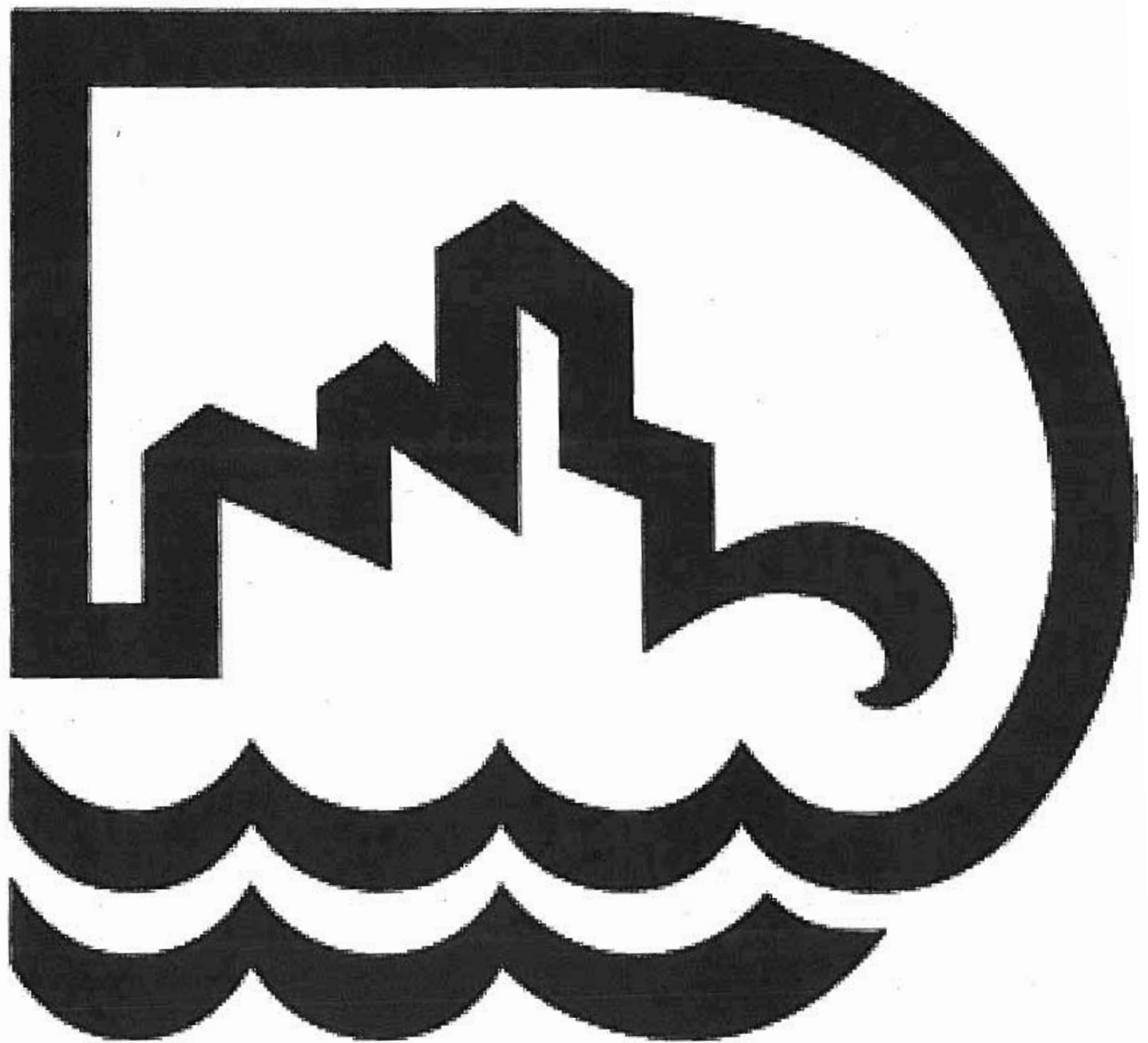
**CITY OF DAVENPORT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)  
For the Fiscal Year Ended June 30, 2011**

	<u>GENERAL FUND</u>	<u>LOCAL OPTION SALES TAX FUND</u>	<u>GENERAL DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>
<b>REVENUES:</b>				
Taxes	\$ 52,161,906	\$ 14,934,103	\$ 6,705,680	\$ -
Special assessments	-	31,994	125,689	-
Licenses and permits	1,190,329	-	-	-
Intergovernmental	1,281,952	-	-	10,671,296
Charges for services	4,016,517	130,025	-	-
Use of monies and property	238,906	97,187	276,051	84,050
Fines and forfeits	1,967,004	-	-	-
Loan repayments	0	-	-	86,240
Other	401,103	-	1,161,569	1,847,338
Total Revenues	<u>61,257,717</u>	<u>15,193,309</u>	<u>8,268,989</u>	<u>12,688,924</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public safety	38,124,033	605,041	-	-
Public works	4,983,371	1,451,122	-	-
Culture and recreation	11,068,513	335,776	-	-
Community and economic development	1,158,863	281,380	804,101	-
General government	7,928,277	115,436	4,451	-
Capital outlay	-	-	-	35,710,271
<b>Debt service:</b>				
Principal retirement	-	-	15,252,975	-
Interest	-	-	5,333,079	-
Bond issuance costs	-	-	49,370	100,685
Total Expenditures	<u>63,263,057</u>	<u>2,788,755</u>	<u>21,443,976</u>	<u>35,810,956</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,005,340)</u>	<u>12,404,554</u>	<u>(13,174,987)</u>	<u>(23,122,032)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	-	-	-	25,299,250
Discount on debt issued	-	-	-	-
Premium on debt issued	-	-	1,314,689	-
Sale of capital assets	15,801	58,957	225,000	415,000
Transfers in	2,319,231	-	9,281,370	4,702,364
Transfers out	(906,912)	(13,565,673)	-	(320,908)
Refunding bond issuance	-	-	3,687,250	-
Payment to refunded bond escrow agent	-	-	(3,880,000)	-
Total Other Financing Sources (Uses)	<u>1,428,120</u>	<u>(13,506,716)</u>	<u>10,628,309</u>	<u>30,095,706</u>
<b>NET CHANGE IN FUND BALANCES</b>	(577,220)	(1,102,162)	(2,546,678)	6,973,674
<b>FUND BALANCES (DEFICITS) -BEGINNING AS RESTATED</b>	<u>10,422,200</u>	<u>3,871,515</u>	<u>5,686,244</u>	<u>(503,939)</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 9,844,980</u>	<u>\$ 2,769,353</u>	<u>\$ 3,139,566</u>	<u>\$ 6,469,735</u>

The notes to the financial statements are an integral part of this statement.

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 4,929,031	\$ 78,730,720
-	157,683
48,330	1,238,659
19,378,760	31,332,008
-	4,146,542
317,962	1,014,156
-	1,967,004
753,459	839,699
1,109,400	4,519,410
<u>26,536,942</u>	<u>123,945,881</u>
408,627	39,137,701
10,638,558	17,073,051
81,376	11,485,665
11,579,653	13,823,997
129,866	8,178,030
-	35,710,271
1,818,600	17,071,575
900,770	6,233,849
-	150,055
<u>25,557,450</u>	<u>148,864,194</u>
<u>979,492</u>	<u>(24,918,313)</u>
-	25,299,250
-	-
62,441	1,377,130
13,800	728,558
720,810	17,023,775
(430,837)	(15,224,330)
-	3,687,250
-	(3,880,000)
<u>366,214</u>	<u>29,011,633</u>
1,345,706	4,093,320
<u>565,379</u>	<u>20,041,399</u>
<u>\$ 1,911,085</u>	<u>\$ 24,134,719</u>



**CITY OF DAVENPORT, IOWA  
RECONCILIATION OF THE STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2011**

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

Net change in fund balances: total governmental funds \$ 4,093,320

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlay exceeded depreciation in the current period.

Capital Expenditures	13,985,457
Depreciation	<u>(12,448,189)</u>
	<u>1,537,268</u>

The following is the detail of various miscellaneous transactions involving capital assets which effect the increase/decrease in assets in the current period.

Donations	9,288,466
Proceeds from sale of capital assets	(728,558)
Gain on sale of capital asset	<u>346,508</u>
	<u>8,906,416</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,112,244)

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

General obligation bonds issued	(30,223,454)
Repayment of bond principal	20,735,465
Deferred charges	(29,201)
Interest	<u>248</u>
	<u>(9,516,942)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,004,676)

Internal services funds are used by management to charge the costs of various activities internally to individual funds. The net income of certain activities of internal service funds is reported with governmental activities. 469,364

Change in net assets of governmental activities \$ 3,372,506

The notes to the financial statements are an integral part of this statement

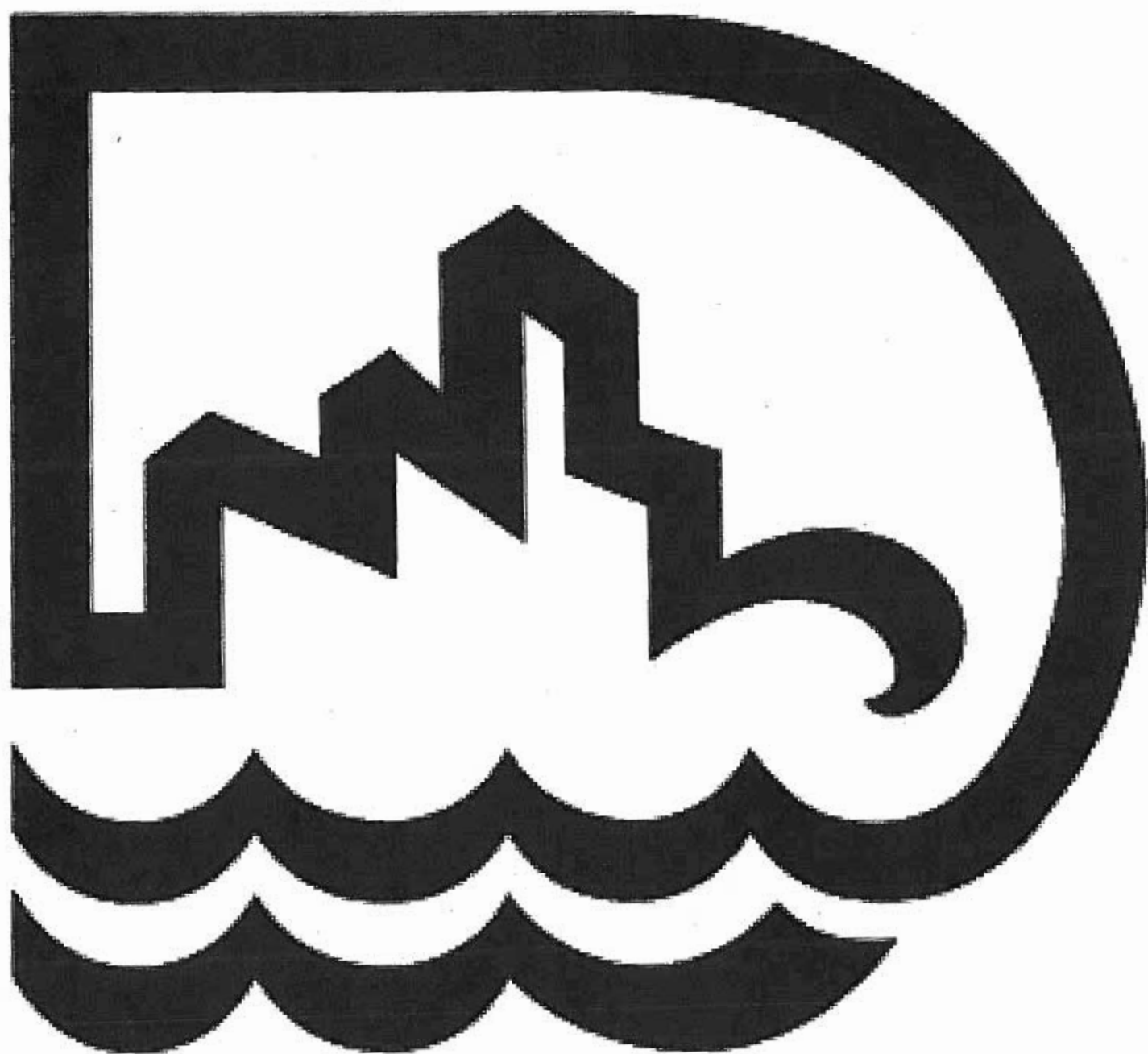
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
June 30, 2011

ASSETS	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	\$ -	-
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	-	4,409,365
Interest	37,576	-
Due from other governments	-	245,705
Inventory	-	-
Prepays	-	-
Total current assets	<u>37,576</u>	<u>4,655,070</u>
Noncurrent assets:		
Deferred charges	-	169,109
Investment in joint venture	-	-
Restricted cash and cash equivalents	-	19,406,678
Capital assets:		
Land	3,647,368	779,435
Buildings	26,238,949	35,199,152
Improvements other than buildings	50,384	141,111
Sanitary sewers	-	66,649,916
Equipment and vehicles	646,620	17,686,886
Streets and roads	-	-
Storm sewers	-	-
Less accumulated depreciation	(8,125,696)	(63,935,353)
Construction in progress	1,031,469	13,397,946
Total noncurrent assets	<u>23,489,094</u>	<u>89,494,880</u>
Total assets	<u>23,526,670</u>	<u>94,149,950</u>
<b>LIABILITIES</b>		
LIABILITIES:		
Current liabilities:		
Wages payable	21,486	263,564
Accounts payable	20,956	127,614
Accrued interest payable	20,284	76,577
Compensated absences	13,666	326,701
Claims and judgments	-	-
Interfund loans payable	16,327	4,498,998
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
Note payable - current	-	202,000
General obligation bonds - current	598,600	1,511,550
Deposits payable	-	634,619
Total current liabilities	<u>691,319</u>	<u>7,641,623</u>
Noncurrent liabilities:		
Compensated absences	2,188	52,303
Other postemployment benefits	12,051	140,755
Note payable	-	9,798,000
General obligation bonds - long term	7,070,748	14,194,092
Total noncurrent liabilities	<u>7,084,987</u>	<u>24,185,150</u>
Total liabilities	<u>7,776,306</u>	<u>31,826,773</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	15,819,746	60,845,206
Restricted for equipment replacement	-	3,849,157
Unrestricted (deficit)	(69,382)	(2,371,186)
Total net assets	<u>\$ 15,750,364</u>	<u>\$ 62,323,177</u>



**ENTERPRISE FUNDS**

<u>RIVERCENTER</u>	<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
\$ -	\$ 279,037	\$ 391,821	\$ 670,858	\$ 3,257,031
-	-	45,028	45,028	-
-	-	3,482,643	3,482,643	-
706,701	557,679	1,912,320	7,586,065	1,175,984
-	-	-	37,576	-
-	-	186,713	432,418	-
27,783	-	-	27,783	-
5,020	-	-	5,020	215,667
<u>739,504</u>	<u>836,716</u>	<u>6,018,525</u>	<u>12,287,391</u>	<u>4,648,682</u>
-	2,254	6,364	177,727	-
-	-	473,910	473,910	-
-	638,528	32,421	20,077,627	-
2,472,550	144,078	4,146,837	11,190,268	-
18,572,967	-	15,853,999	95,865,067	-
59,147	187,509	11,144,923	11,583,074	2,429,564
-	-	-	66,649,916	-
461,132	1,311,305	10,936,597	31,042,540	3,769,586
84,121	-	138,051	222,172	-
-	19,468,594	-	19,468,594	-
(9,415,367)	(9,119,016)	(22,412,507)	(113,007,939)	(2,166,955)
213,751	1,737,912	2,022,504	18,403,582	-
<u>12,448,301</u>	<u>14,371,164</u>	<u>22,343,099</u>	<u>162,146,538</u>	<u>4,032,195</u>
<u>13,187,805</u>	<u>15,207,880</u>	<u>28,361,624</u>	<u>174,433,929</u>	<u>8,680,877</u>
2,127	39,505	325,950	652,632	74,591
91,821	31,869	360,803	633,063	74,471
-	1,991	3,148	102,000	-
1,660	35,442	205,147	582,616	109,274
-	-	-	-	6,021,282
166,998	2,001	1,658,775	6,343,099	-
-	-	3,482,643	3,482,643	-
36,627	-	2,385	39,012	-
-	40,000	145,500	2,295,650	-
-	-	32,421	667,040	-
<u>299,233</u>	<u>150,808</u>	<u>6,216,772</u>	<u>14,999,755</u>	<u>6,279,618</u>
266	5,674	32,843	93,274	17,494
1,234	20,426	159,489	333,955	40,781
-	-	-	9,798,000	-
-	626,938	742,910	22,634,688	-
<u>1,500</u>	<u>653,038</u>	<u>935,242</u>	<u>32,859,917</u>	<u>58,275</u>
<u>300,733</u>	<u>803,846</u>	<u>7,152,014</u>	<u>47,859,672</u>	<u>6,337,893</u>
12,448,301	13,701,972	20,941,994	123,757,219	4,032,195
-	-	-	3,849,157	-
438,771	702,062	267,616	(1,032,119)	(1,689,211)
<u>\$ 12,887,072</u>	<u>\$ 14,404,034</u>	<u>\$ 21,209,610</u>	<u>\$ 126,574,257</u>	<u>\$ 2,342,984</u>



**CITY OF DAVENPORT  
RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

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Total enterprise funds net assets \$ 126,574,257

Amounts reported for enterprise activities in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of certain services to individual funds. Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.

181,806

Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds.

(429,754)

Net assets of business-type activities

\$ 126,326,309

The notes to the financial statements are an integral part of this statement.

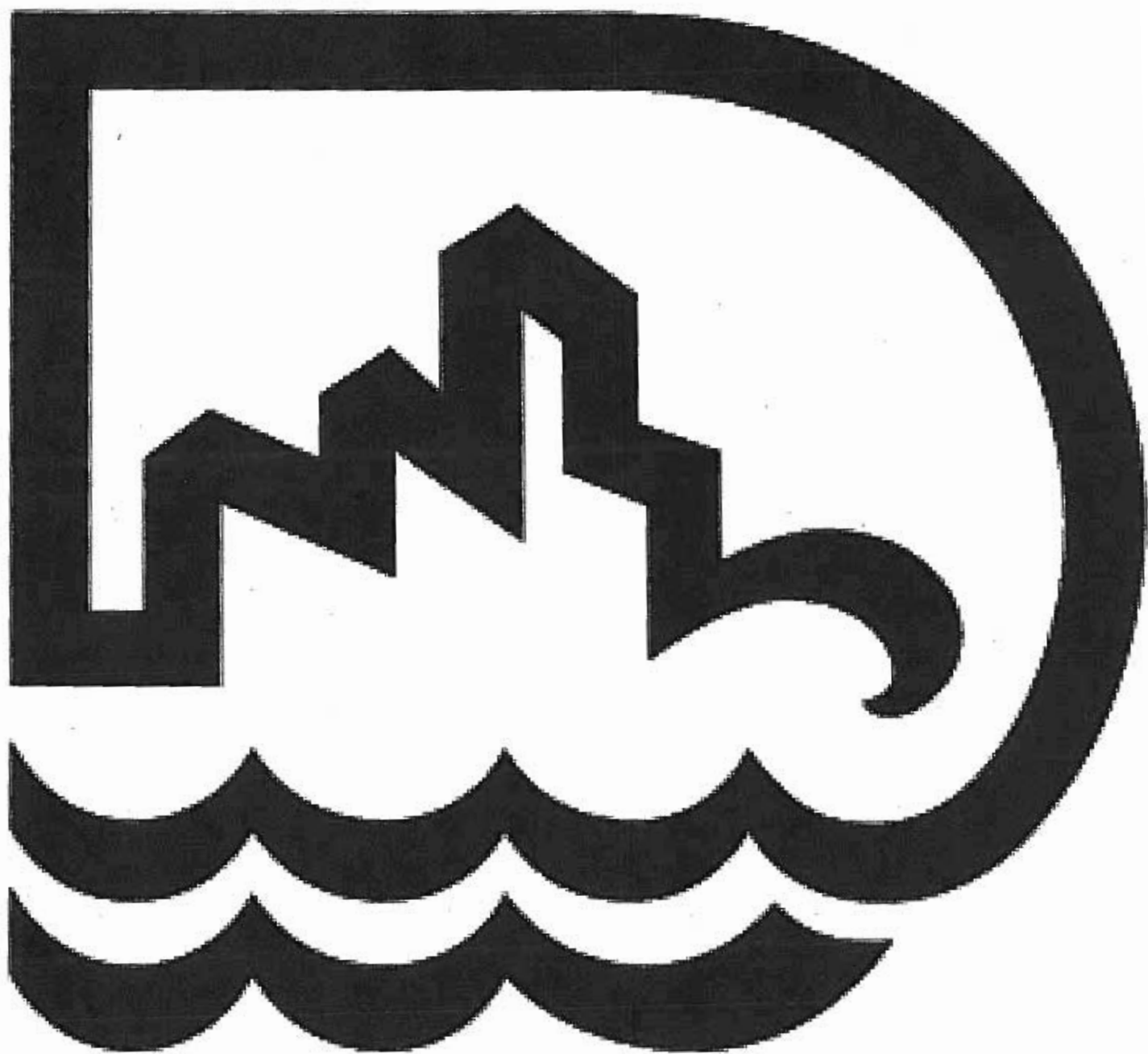
**CITY OF DAVENPORT****PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****For the Fiscal Year Ended June 30, 2011**

	<b><u>BUSINESS-TYPE ACTIVITIES -</u></b>		
	<b><u>PARKING SYSTEM</u></b>	<b><u>SEWER OPERATIONS</u></b>	<b><u>RIVERCENTER</u></b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,265,454	\$ 14,177,170	\$ 1,327,314
Fines and forfeits	134,169	-	-
Other	15,232	91,819	146,887
Total Operating Revenues	<u>1,414,855</u>	<u>14,268,989</u>	<u>1,474,201</u>
<b>OPERATING EXPENSES:</b>			
Employee expenses	502,313	5,776,299	46,634
Supplies and services	628,555	6,069,301	2,058,532
Depreciation	716,422	3,253,355	507,529
Total Operating Expenses	<u>1,847,290</u>	<u>15,098,955</u>	<u>2,612,695</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(432,435)</u>	<u>(829,966)</u>	<u>(1,138,494)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Operating grants	-	-	-
Use of monies and property	16,587	111,088	-
Interest expense	(239,867)	(514,850)	-
Gain (loss) on disposition of capital assets	-	(7,280)	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>(223,280)</u>	<u>(411,042)</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(655,715)</u>	<u>(1,241,008)</u>	<u>(1,138,494)</u>
Capital contributions	1,031,470	5,066,407	273,314
Transfers in	-	-	630,965
Transfers out	-	(576,486)	-
Change in net assets	<u>375,755</u>	<u>3,248,913</u>	<u>(234,215)</u>
Total net assets - beginning	<u>15,374,609</u>	<u>59,074,264</u>	<u>13,121,287</u>
Total net assets - ending	<u>\$ 15,750,364</u>	<u>\$ 62,323,177</u>	<u>\$ 12,887,072</u>

The notes to the financial statements are an integral part of this statement.

**ENTERPRISE FUNDS**

<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS</u>
\$ 1,788,322	\$ 7,822,906	\$ 26,381,166	\$ 17,277,455
-	-	134,169	-
-	108,714	362,652	1,142,776
<u>1,788,322</u>	<u>7,931,620</u>	<u>26,877,987</u>	<u>18,420,231</u>
889,279	6,709,632	13,924,157	1,785,714
552,683	7,164,003	16,473,074	16,040,290
759,424	1,746,388	6,983,118	404,755
<u>2,201,386</u>	<u>15,620,023</u>	<u>37,380,349</u>	<u>18,230,759</u>
(413,064)	(7,688,403)	(10,502,362)	189,472
-	3,376,227	3,376,227	-
-	1,654,119	1,654,119	-
9,032	521,450	658,157	18,982
(3,473)	(29,483)	(784,200)	-
-	(78,356)	(89,109)	-
-	(14,582)	(14,582)	-
<u>5,559</u>	<u>5,429,375</u>	<u>4,800,612</u>	<u>18,982</u>
(407,505)	(2,259,028)	(5,701,750)	208,454
1,724,268	2,559,645	10,655,104	1,122,716
(603,114)	-	630,965	-
<u>(603,114)</u>	<u>(570,810)</u>	<u>(1,750,410)</u>	<u>(680,000)</u>
713,649	(270,193)	3,833,909	651,170
<u>13,690,385</u>	<u>21,479,803</u>	<u>122,740,348</u>	<u>1,691,814</u>
<u>\$ 14,404,034</u>	<u>\$ 21,209,610</u>	<u>\$ 126,574,257</u>	<u>\$ 2,342,984</u>



CITY OF DAVENPORT, IOWA  
RECONCILIATION OF THE CHANGE IN NET ASSETS OF  
ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2011

---

Net change in net assets in enterprise funds \$ 3,833,909

Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of various activities internally to individual funds. Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

181,806

Change in net assets of business-type activities

\$ 4,015,715

The notes to the financial statements are an integral part of this statement.

**CITY OF DAVENPORT**
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2011**

	<b>BUSINESS-TYPE ACTIVITIES -</b>	
	<b>PARKING SYSTEM</b>	<b>SEWER OPERATIONS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from users	\$ 1,428,732	\$ 13,547,228
Cash paid to suppliers for goods and services	(621,372)	(6,107,451)
Cash paid to employees for services	(496,058)	(5,603,180)
Other operating revenue	15,232	91,819
Net Cash Provided by (Used for) Operating Activities	<u>326,534</u>	<u>1,928,416</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Repayments to other funds	-	(2,376,932)
Advances from other funds	16,327	4,498,998
Operating grants	-	-
Property tax	-	-
Transfers in	-	-
Transfers out	-	(576,486)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>16,327</u>	<u>1,545,580</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from general obligation bonds	-	7,049,000
Proceeds from loan	-	8,230,802
Refunding discount/issue costs and premiums	1,237	394,739
Proceeds from the sale of capital assets	-	-
Acquisition and construction of capital assets	(50,383)	(5,255,953)
Principal paid on long-term debt	(552,950)	(1,642,475)
Interest paid on long-term debt	(242,967)	(474,716)
Deposits-other municipalities	-	(144,698)
Refunding bond proceeds	-	2,317,750
Payment to refunding bond escrow agent	-	(2,317,750)
Refunding issue costs	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(845,063)</u>	<u>8,156,699</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and other investment income	<u>16,815</u>	<u>111,643</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(485,387)	11,742,338
CASH AND CASH EQUIVALENTS-BEGINNING	<u>485,387</u>	<u>7,664,340</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ -</u>	<u>\$ 19,406,678</u>

The notes to the financial statements are an integral part of this statement.



**ENTERPRISE FUNDS**

<u>RIVERCENTER</u>	<u>CLEANWATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 1,076,499	\$ 1,758,010	\$ 8,302,877	\$ 26,113,346	\$ 16,222,659
(2,043,629)	(539,195)	(7,140,002)	(16,451,649)	(16,515,411)
(46,185)	(860,655)	(6,542,196)	(13,548,274)	(1,750,789)
146,887	-	108,714	362,652	1,142,776
<u>(866,428)</u>	<u>358,160</u>	<u>(5,270,607)</u>	<u>(3,523,925)</u>	<u>(900,765)</u>
-	(56,983)	(1,430,416)	(3,864,331)	-
166,998	2,001	1,658,775	6,343,099	-
-	-	1,654,119	1,654,119	-
-	-	3,376,227	3,376,227	-
630,965	-	-	630,965	-
-	(603,114)	(570,810)	(1,750,410)	(680,000)
<u>797,963</u>	<u>(658,096)</u>	<u>4,687,895</u>	<u>6,389,669</u>	<u>(680,000)</u>
-	692,000	512,000	8,253,000	-
-	-	-	8,230,802	-
-	19,684	15,582	431,242	-
-	-	8,203	8,203	-
-	(413,427)	(707,980)	(6,427,743)	-
-	(47,000)	(151,000)	(2,393,425)	-
-	-	(27,682)	(745,365)	-
-	-	-	(144,698)	-
-	-	-	2,317,750	-
-	-	-	(2,317,750)	-
-	-	-	-	-
-	<u>251,257</u>	<u>(350,877)</u>	<u>7,212,016</u>	-
-	<u>11,142</u>	<u>521,521</u>	<u>661,121</u>	<u>19,516</u>
(68,465)	(37,537)	(412,068)	10,738,881	(1,561,249)
<u>68,465</u>	<u>955,102</u>	<u>836,310</u>	<u>10,009,604</u>	<u>4,818,280</u>
<u>\$ -</u>	<u>\$ 917,565</u>	<u>\$ 424,242</u>	<u>\$ 20,748,485</u>	<u>\$ 3,257,031</u>

(continued)

**CITY OF DAVENPORT**
**PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS (CONTINUED)  
 For the Fiscal Year Ended June 30, 2011**

	<b>BUSINESS-TYPE ACTIVITIES -</b>	
	<b>PARKING SYSTEM</b>	<b>SEWER OPERATIONS</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (432,435)	\$ (829,966)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	716,422	3,253,355
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	29,109	(629,942)
Decrease in due from other governments	-	-
Decrease (increase) in inventory and prepaids	-	-
Increase (decrease) in accounts payable	7,183	(38,150)
Increase in other accrued liabilities	6,255	173,119
Increase in other deferred revenue	-	-
Total Adjustments	<u>758,969</u>	<u>2,758,382</u>
<b>NET CASH PROVIDED BY ( USED FOR) OPERATING ACTIVITIES</b>	<b><u>\$ 326,534</u></b>	<b><u>\$ 1,928,416</u></b>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Acquisition of capital assets	\$ 1,031,470	\$ 5,066,407
Contribution of capital assets by municipality	(1,031,470)	-
Contribution of capital assets by subdividers	-	(364,288)
Contribution of capital assets by state and federal governments	-	(4,317,287)
Contribution by other	-	(384,832)

**ENTERPRISE FUNDS**

<u>RIVERCENTER</u>	<u>CLEANWATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ (1,138,494)	\$ (413,064)	\$ (7,688,403)	\$ (10,502,362)	\$ 189,472
507,529	759,424	1,746,388	6,983,118	404,755
(260,799)	(30,312)	(46,428)	(938,372)	(1,054,796)
-	-	526,399	526,399	-
(24,075)	-	-	(24,075)	11,711
38,978	13,488	24,001	45,500	(486,832)
449	28,624	167,436	375,883	34,925
9,984	-	-	9,984	-
<u>272,066</u>	<u>771,224</u>	<u>2,417,796</u>	<u>6,978,437</u>	<u>(1,090,237)</u>
\$ (866,428)	\$ 358,160	\$ (5,270,607)	\$ (3,523,925)	\$ (900,765)
\$ 273,314	\$ 1,724,268	\$ 2,559,645	\$ 10,655,104	\$ 1,122,716
(273,314)	(538,385)	(3,800)	(1,846,969)	(1,122,716)
-	(351,672)	(2,510,273)	(3,226,233)	-
-	(43,247)	(45,572)	(4,406,106)	-
-	(790,964)	-	(1,175,796)	-

**CITY OF DAVENPORT**

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
June 30, 2011**

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	<b>AGENCY FUNDS</b>
<hr/>	
<b>ASSETS</b>	
Cash and investments	\$ 351,807
Total assets	<u>\$ 351,807</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 4,868
Due to other governments	346,939
Total liabilities	<u>\$ 351,807</u>

The notes to the financial statements are an integral part of this statement.

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## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

The City of Davenport, Iowa, was incorporated in 1836 and is one of the few remaining special charter cities in Iowa. The General Assembly of Iowa in 1851 adopted a special charter of the City and with subsequent amendments adopted by the General Assembly in 1853, 1855 and 1857, the charter has remained unchanged to this date. Subsequent changes to the laws of the State of Iowa affecting cities under special charter have been made from time to time and are now codified in Chapter 420, Code of Iowa. The form of City government is Mayor-Council, utilizing a professional City Administrator. The City of Davenport provides a wide variety of public services through eleven professionally staffed departments and the office of the City Administrator, including public safety (police and fire), streets, sewers and bridges, garbage and refuse collection, sewage treatment, culture-recreation, mass transportation, public improvements, planning and zoning, and general administrative services.

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. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the City's governing body required by financial reporting standards for governmental units, are included herewith.

The City of Davenport has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City 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 City.

The City of Davenport does not have any component units required to be reported within the City's reporting entity.

Joint Venture – the City is a participant in a joint venture agreement (Quad-City Garage Policy Group) with Metrolink for the operation of a garage and maintenance facility used by the transit programs of each entity. The City maintains a 12% interest in the venture with Metrolink maintaining the remaining 88%. Funding of the maintenance operation is achieved through allocation of expenditures between the City and Metrolink based upon usage.

Operations are reimbursed on a break-even basis, the City providing approximately 25% and Metrolink providing 75% for the year. The City paid \$1,415,995 in maintenance fees during the year. The City's interest in the joint venture is accounted for under the equity method in the Transit enterprise fund (Note 8). Financial statements of the Quad-City Garage Policy Group may be obtained from the entity's administrative office at 2929 5<sup>th</sup> Avenue, Rock Island, IL 61201.

##### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements, other than interfund services provided and used. Any direct expenses have not been eliminated and interfund services provided and used are shown as program revenue (for example, charges for services in the sewer fund by all other funds). Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**C. Fund Accounting**

The accounts of the City are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances/net assets, revenues and expenditures or expenses, as appropriate. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as non-major governmental and proprietary funds. The City has the following funds:

**(1) Governmental Fund Types**

Governmental fund types are those funds through which most governmental functions of the city are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

**(a) General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required legally or by sound financial management to be accounted for in another fund.

**(b) Local Option Sales Tax Fund**

The Local Option Sales Tax Fund is a special revenue fund, which accounts for revenue received from a 1% sales tax, to be used for property tax relief and public improvements.

**(c) General Debt Service Fund**

The General Debt Service Fund is a debt service fund which accounts for the accumulation of resources for and the payment of principal and interest on general obligation long-term debt from governmental resources and principal and interest on special assessment debt with governmental commitment from special assessment levies. The City levies an annual property tax, which is unlimited by law, to finance the debt service requirements not abated by special assessments.

**(d) Capital Projects Fund**

The Capital Projects Fund is used to account for the resources used for the acquisition and construction of major capital facilities, except those financed by Proprietary Funds.

## CITY OF DAVENPORT

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)**

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#### **(2) Proprietary Fund Types**

Proprietary fund types are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The City applies only the applicable Financial Accounting Board guidance issued prior to November 30, 1989, which do not conflict with Governmental Accounting Standards Board statements, in accounting and reporting its enterprise operations.

**Enterprise funds** are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services, which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- (a) **Parking System Fund** – Accounts for revenue and expenses associated with the City's parking system, which provides both on-street and off-street parking.
- (b) **Sewer Operations Fund** – Accounts for revenue and expenses of the system responsible for collecting and treating the wastewater of the Cities of Davenport, Bettendorf, Riverdale, and Panorama Park. Davenport accumulates the costs of operations, construction, and equipment replacement, and bills the other cities monthly for their portion of such costs based on an actual usage percentage calculated annually.
- (c) **RiverCenter Fund** – Accounts for rental income and expenses associated with the operation of a 57,000 square foot conference, convention and trade show facility. This fund is a nonmajor fund but the City has elected to report it as a major fund for public interest purposes.
- (d) **Clean Water Fund** – Accounts for revenue and expenses related to the operation and maintenance of the storm water collection system including inspections, mapping, drainage maintenance, street sweeping and other activities related to clean water activities. This fund is a nonmajor fund but the City has elected to report it as a major fund for public interest purposes.

**Internal service funds** are used to finance and account for, employee insurance, risk management, and information management services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

#### **(3) Fiduciary Fund Types**

Fiduciary fund types are used to account for assets held by the City in a trustee capacity under a formal trust agreement or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the City's fiduciary fund type:

##### **(a) Agency Funds**

Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations. The agency funds function primarily as a clearing mechanism for cash resources, which are collected, held as such for brief period, and then disbursed to authorized recipients.

The City has 3 agency funds: Riverfront Task Force that accounts for donations toward the formulation of a plan for riverfront development; Library Gift that accounts for donations to the Davenport Public Library and disbursements as authorized by the Library Board of Trustees and M.D. Petersen Memorial that accounts for annual contributions from the Petersen estate and disbursements designated by the Davenport Levee Improvement Commission.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds do not have a measurement focus, as they record only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post employment benefits and claims and judgments, are recorded only when payment is due.

Property tax, local option sales tax, intergovernmental revenues and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Licenses and permits, fines and forfeits, charges for services, and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of monies and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services. The principal operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses and include interest earnings and interest payments

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Cash and Pooled Cash Investments**

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Fund cash deficits, which represent current loans between funds, have been reported as interfund loans receivable/payable.



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**F. Investments**

Investments in government agency securities are stated at fair value. Investments in the Iowa Public Agency Investment Trust are stated at amortized cost.

**G. Statement of Cash Flows**

For the purpose of the statement of cash flows, the City considers all liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents.

**H. Property Tax Receivable**

Property taxes, including tax increment financing, in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2011 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 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 have been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2010.

The City is permitted by the Code of Iowa to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, \$.95 per \$1,000 of assessed valuation for a mass transportation program and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, trust and agency accounts for pension and related employee benefits funds, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2011 was \$15.53 per \$1,000 of assessed valuation.

**I. Loans Receivable**

Loans receivable consist of \$11,113,413 of short-term financing provided to companies that are beginning operations. The remaining \$11,509,397 of loans receivable are low- and no-interest loans. The City receives federal funds from the U.S. Department of Housing and Urban Development as part of the Community Development Block Grant, which allows the City to provide loans at below-market-rates to eligible corporations and individuals to finance urban and community development. Loans are carried at the amount of unpaid principal. Management records allowances for estimated uncollectible amounts based on historic information and review of outstanding amounts.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**J. Restricted Assets**

If the use of monies received is limited by City ordinance and/or contract provisions, they are reported as restricted assets. Also, liabilities which are payable from restricted assets are reported as such. The following assets are reported as restricted at June 30, 2011: unexpended general obligation bond proceeds and other funds restricted to capital outlay of \$14,892,311, deposits and equipment replacements of \$4,514,367 in the Sewer Enterprise Fund, \$638,528 of unexpended bond proceeds in the Clean Water Enterprise Fund; security deposits of \$32,421 in the Public Housing Fund, and loan escrow payments of \$45,011 in the Community Development Act Special Revenue Fund. In governmental activities, there is also \$15,870,851 of unexpended general obligation proceeds restricted to capital outlay.

**K. Capital Assets**

Capital assets, including land, buildings, improvements, infrastructure, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statement and proprietary fund financial statements. In the governmental funds capital assets (capital outlay) is reported as expenditures and no depreciation is recognized. Generally, capital assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of one year or greater. Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings	40-50 years
Improvements	10-20 years
Equipment and vehicles	3-15 years
Sanitary sewers	40 years
Streets and roads	10-30 years
Storm sewers	30 years
Traffic signals	20-40 years

The City's collection of works of art, 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 a City policy that requires proceeds from sale of these items to be used to acquire other collection items.

**L. Deferred and Unearned Revenues**

In the governmental funds, unearned revenues represent amounts due, which are measurable, but not available, or grants and similar items received, but for which the City has not met all eligibility requirements imposed by the provider. Unearned revenue consists of delinquent property tax receivable and other receivables not collected within sixty days after year end. In the statement of net assets, government funds financial statements and proprietary funds financial statements, unearned revenues and deferred revenues, respectively, represent the deferral of property tax receivables which are levied for a future period and unearned grants.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**M. Interfund Transactions**

Interfund transactions that would be treated as revenue and expenditures or expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. Major transactions that fall into this category include payments to the Sewer Fund for fees and payments to the Internal Service Funds for costs of the City's insurance programs and data processing system.

Transfers from funds receiving revenue to funds through which the resources are to be expended and operating loss subsidies are classified as transfers. Major transactions that fall into this category include transfers from the Local Option Sales Tax Fund to the General Debt Service Fund and the Capital Projects Fund and a transfer from the General Fund to subsidize the operating loss of the RiverCenter Enterprise Fund.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "interfund payables/receivables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**N. Compensated Absences**

City employees earn vacation and sick leave based upon union contracts or City policy on an annual basis and are credited with vacation and sick leave hours each payroll period. Vacation leave is fully vested when earned. In general, except for Police and Fire personnel, 75% of accumulated sick leave in excess of 720 hours earned prior to July 1, 1987 is vested using the employees' hourly rate at July 1, 1987. For Police and Fire personnel hired before July 1, 1988, 75% of accumulated sick leave earned in excess of 720 hours is vested using the employees' hourly rate at the time of termination. Employees are offered the option of accumulating overtime hours to be taken as compensatory time off rather than being paid for them on a current basis; any amounts unused at time of termination are also paid.

For government-wide financial statements and proprietary fund types, these accumulations are recorded as expenses and liabilities in the fiscal year earned. For governmental fund types, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**O. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets are reported as unrestricted when they do not meet the definition of the two preceding categories. Deficits will require future funding. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**P. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received and principal payments are reported as debt service expenditures.

**Q. Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**R. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**2. CONTINGENCIES**

**A. Litigation**

The City records liabilities resulting from claims and legal actions only when they become probable and estimatable. There are several lawsuits pending against the City for various reasons. Liability insurance covers many of the lawsuits for personal injury, property damage and civil rights violations presently pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

**B. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government.

Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although City management and counsel expect such amounts, if any, to be immaterial.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**3. DEPOSITS AND INVESTMENTS**

**A. Deposits**

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$34,225,028 and the bank balances were \$36,101,867. As of June 30, 2011, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

**B. Investments**

The City is authorized by 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 Iowa institutions approved by the City Council; prime eligible bankers acceptances, certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and state and local securities.

Interest rate risk – the City's investment policy limits the investment of operating funds in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk – The City's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. However, the City's policy limits them from investing in prime bankers' acceptances, commercial paper, other short-term corporate debt, open-end management investment company or Iowa Public Agency Investment Trust of more than 10 percent of the investment portfolio or perfected repurchase agreements of more than 25 percent of the investment portfolio and more than 5 percent of the investment portfolio with a single issuer. In addition, no more than 5 percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. More than 5 percent of the City's investments are in FHLB, FHLMC, FNMA and IPAIT. These securities represent 25 percent, 51 percent, 17 percent and 7 percent of the City's total investments, respectively.

Custodial credit risk – for an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City's investments were not insured but were held by a custodian in the name of the City and not exposed to custodial credit risk.

At June 30, 2011, the interest rate risk and credit risk of the City's investments are as follows:

Type	Fair Value	Maturities	Credit Ratings
Federal Home Loan Bank (FHLB)	\$1,500,000	July 8, 2011	AAA
Federal Home Loan Mortgage Corp (FHLMC)	1,499,955	August 16, 2011	AAA
Federal Home Loan Mortgage Corp (FHLMC)	1,499,820	October 17, 2011	AAA
Federal National Mortgage Association (FNMA)	999,940	September 6, 2011	AAA

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) with maturity of 1 day, which are valued at an amortized cost of \$414,153 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

**4. FUND TRANSFER RECONCILIATION**

The following is a schedule of transfers in and out as included in the financial statements of the City.

	Transfer in:					Total transfer
	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major governmental funds	RiverCenter Fund	
<b>Transfer out:</b>						
General Fund	\$ -	\$ -	\$ 275,947	\$ -	\$ 630,965	\$ 906,912
Local Option Sales Tax Fund	500,000	8,960,462	4,030,211	75,000	-	13,565,673
Other non-major governmental funds	34,631	-	396,206	-	-	430,837
Capital Projects Fund		320,908	-	-	-	320,908
Sewer Fund	576,486	-	-	-	-	576,486
Internal Service Employee Health Fund	680,000	-	-	-	-	680,000
Clean Water Fund	528,114	-	-	75,000	-	603,114
Other non-major enterprise funds	-	-	-	570,810	-	570,810
<b>Total transfer</b>	<b>\$2,319,231</b>	<b>\$ 9,281,370</b>	<b>\$ 4,702,364</b>	<b>\$ 720,810</b>	<b>\$ 630,965</b>	<b>\$ 17,654,740</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other governmental and proprietary funds in accordance with budgetary authorizations. The governmental activities contributed capital to the Parking System Fund, Sewer Operations Fund, RiverCenter Fund, Clean Water Fund, Public Housing Fund, Golf Courses Fund, Airport Fund, Public Transit Fund, Solid Waste Fund and River's Edge Fund.

**5. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2011, interfund receivables and payables are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Local Option Sales Tax Fund	\$ 392,847
	General Debt Service Fund	2,614,669
	Non-major Governmental Funds	1,444,620
	Sewer Fund	4,462,021
	RiverCenter Fund	166,998
	Parking System Fund	16,327
	Non-major Proprietary Funds	1,658,775
General Debt Service	Local Option Sales Tax Fund	1,426,468
	General	8,245,000
Capital Projects	Sewer Fund	36,977
	Clean Water Fund	2,001
	Non-major Governmental Funds	14,820
	Local Option Sales Tax Fund	448,209
	General Debt Service Fund	4,144,735
		<u>\$ 25,074,467</u>

Interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

**6. Changes in Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2011:

	BEGINNING BALANCE 06/30/10	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 06/30/11
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets, not being depreciated:					
Land	\$ 16,547,885	\$ 2,217,547	\$ -	\$ (41,000)	\$ 18,724,432
Construction in progress	9,970,356	15,204,648	-	(10,921,855)	14,253,149
Total capital assets, not being depreciated	<u>26,521,241</u>	<u>17,422,195</u>	<u>-</u>	<u>(10,962,855)</u>	<u>32,977,581</u>
Capital assets being depreciated					
Buildings	100,259,273	932,221	-	(1,582,352)	99,609,142
Improvements other than buildings	23,102,147	3,585,822	10,265	(8,872)	26,689,362
Equipment and vehicles	36,655,911	3,845,057	(100,261)	(3,635,327)	36,765,380
Bridges	4,474,397	-	501,593	-	4,975,990
Traffic Signals	7,403,608	147,414	223,237	-	7,774,259
Streets and roads	170,265,202	9,385,786	(735,095)	(6,237)	178,909,656
Seawalls	622,467	-	-	-	622,467
Tunnels	54,326	-	-	-	54,326
Total capital assets being depreciated	<u>342,837,331</u>	<u>17,896,300</u>	<u>(100,261)</u>	<u>(5,232,788)</u>	<u>355,400,582</u>
Less accumulated depreciation for:					
Buildings	26,569,717	2,429,658	-	(1,389,885)	27,609,490
Improvements other than buildings	6,374,619	1,268,043	314	(4,631)	7,638,345
Equipment and vehicles	23,481,966	2,671,182	(120,096)	(3,490,882)	22,542,170
Bridges	2,081,817	113,403	21,945	-	2,217,164
Traffic signals	4,997,337	287,452	(65,602)	-	5,219,186
Streets and roads	51,889,924	6,064,928	54,361	(520)	58,008,693
Seawalls	50,576	15,562	-	-	66,138
Tunnels	10,185	2,716	-	-	12,901
Total accumulated depreciation	<u>115,456,141</u>	<u>12,852,945</u>	<u>(109,080)</u>	<u>(4,885,918)</u>	<u>123,314,087</u>
Total capital assets being depreciated, net	<u>227,381,190</u>	<u>5,043,355</u>	<u>8,819</u>	<u>(346,870)</u>	<u>232,086,495</u>
Governmental activities capital assets, net	<u>\$ 253,902,431</u>	<u>\$ 22,465,550</u>	<u>\$ 8,819</u>	<u>\$ (11,309,725)</u>	<u>\$ 265,064,076</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital assets, not being depreciated:					
Land	\$ 11,190,268	\$ -	\$ -	\$ -	\$ 11,190,268
Construction in progress	10,503,032	13,073,514	-	(5,172,964)	18,403,582
Total capital assets not being depreciated	<u>21,693,300</u>	<u>13,073,514</u>	<u>-</u>	<u>(5,172,964)</u>	<u>29,593,850</u>
Capital assets, being depreciated:					
Buildings	91,579,665	4,553,508	(268,106)	-	95,865,067
Improvements other than buildings	10,444,370	870,598	268,106	-	11,583,074
Equipment and vehicles	30,465,341	1,180,005	100,261	(703,068)	31,042,540
Sanitary sewer	64,556,816	2,093,100	-	-	66,649,916
Storm Sewer	18,983,507	485,087	-	-	19,468,594
Streets and roads	222,172	-	-	-	222,172
Total capital assets being depreciated	<u>216,251,871</u>	<u>9,182,298</u>	<u>100,261</u>	<u>(703,068)</u>	<u>224,831,363</u>
Less accumulated depreciation for:					
Buildings	40,769,552	2,447,978	(447)	-	43,217,083
Improvements other than buildings	6,297,321	439,622	447	-	6,737,390
Equipment and vehicles	20,318,516	1,894,325	109,080	(614,574)	21,707,348
Sanitary sewer	31,202,953	1,569,253	-	-	32,772,206
Storm sewer	7,914,540	623,583	-	-	8,538,123
Streets and roads	27,432	8,357	-	-	35,789
Total accumulated depreciation	<u>106,530,314</u>	<u>6,983,118</u>	<u>109,080</u>	<u>(614,574)</u>	<u>113,007,939</u>
Total capital assets, being depreciated, net	<u>109,721,557</u>	<u>2,199,180</u>	<u>(8,819)</u>	<u>(88,494)</u>	<u>111,823,424</u>
Business-type activities capital assets, net	<u>\$ 131,414,857</u>	<u>\$ 15,272,694</u>	<u>\$ (8,819)</u>	<u>\$ (5,261,458)</u>	<u>\$ 141,417,274</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:	
General government	\$582,253
Community & economic development	23,537
Public works	7,667,170
Public safety	1,659,853
Culture & recreation	2,515,376
Internal service assets are charged to the various functions based on their usage of the assets	404,756
Total depreciation expense-governmental activities	<u>\$12,852,945</u>
Business-type activities:	
Parking systems	\$716,422
Sewer operations	3,253,355
RiverCenter	507,529
Public transit	372,600
Public housing	263,026
Golf courses	221,225
Airport	335,085
Solid Waste	453,293
Clean Water	759,424
River's Edge	101,159
Total depreciation expense-business-type activities	<u>\$6,983,118</u>

The government has active construction projects as of June 30, 2011. The projects include street construction and improvements, sanitary sewer and water pollution control plant improvements, parks, city wide beautification, and public buildings. At the year end the government's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
Streets/Improvements	\$ 6,344,511	\$ 2,138,009
Sanitary Sewer/WPCP	5,259,153	4,585,649
Parks	3,149,833	839,155
Public Safety	1,052,942	281,958
Public Buildings	1,694,334	268,658
Total	<u>\$ 17,500,773</u>	<u>\$ 8,113,429</u>

The streets and improvements are being financed with state and federal grants along with general obligation bonds, local option sales tax, and road use tax. The sanitary sewers and water pollution control plant improvements are being funded by general obligation bonds being serviced by the Sewer Operations Fund.

The government has significant encumbrances as of June 30, 2011. The encumbrances are in various funds, mostly for vehicles. At year end the government's significant encumbrances are as follows:

Fund	Amount
Local Option Sales Tax – restricted	\$ 399,617
Capital Projects – restricted	<u>2,156,700</u>
	\$ 2,556,317



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**7. EMPLOYEE RETIREMENT SYSTEMS**

The City participates in two statewide retirement plans. The Iowa Public Employees Retirement System (IPERS) covers all employees (excluding firefighters and sworn police officers) earning in excess of \$300 per quarter. The Municipal Fire and Police Retirement System of Iowa covers firefighters and sworn police officers.

The City also makes contributions to specific employee groups' Section 457 deferred compensation plans as described in Section C following.

**A. Iowa Public Employees Retirement System**

The City of Davenport contributes to IPERS which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$2,113,864, \$1,954,483, and \$1,788,596 respectively, equal to the required contributions for each year.

**B. Municipal Fire and Police Retirement System of Iowa**

The City of Davenport contributes to MFPRSI which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees. The plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Urbandale, Iowa 50322.

MFPRSI Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rates for the years ended June 30, 2011, 2010 and 2009 were 19.90%, 17.00%, and 18.75%. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2011, 2010 and 2009 were \$5,923,940, \$3,816,047, and \$3,543,297, respectively, which met the required contributions for each year.

**C. 457 Deferred Compensation Contributions**

The City of Davenport contributes 1% to 8% matches to Police and Fire, Teamsters, Non-bargaining Management and department director's 457 deferred compensation plans. The City's contributions for the years ended June 30, 2011, 2010 and 2009 were \$1,758,704, \$1,653,299, and \$1,557,385 respectively.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**8. JOINT VENTURE**

The City of Davenport, Iowa and the Board of Trustees of the Rock Island County Metropolitan Mass Transit District (MetroLink), Illinois entered into an agreement in July 1979, which was amended in June 1982, which designates the Quad-City Garage Policy Group (QCGPG) to oversee and operate a joint maintenance and storage facility for transit vehicles and related equipment owned and/or operated by the two parties. Davenport's authority to enter into this agreement arises from powers granted by Chapter 28E of the Code of Iowa.

The City of Davenport and MetroLink have jointly constructed a maintenance facility. The City contributed \$542,196 and the MetroLink contributed \$362,523. The remainder of the funding was provided by grants from the Federal Transit Administration and the State of Illinois in the amount of \$5,495,205. The maintenance facility is recorded as an asset of MetroLink, and not by the QCGPG. The City's share of the facility is \$275,503 as of June 30, 2011.

The QCGPG consists of six (6) members, three (3) each representing the City of Davenport and MetroLink. Two members and an alternate are appointed by the Mayor of Davenport, subject to the approval of the Davenport City Council. Two members and alternate are appointed by the Chairman of the MetroLink Board of Trustees, subject to the approval of the Board of Trustees of the MetroLink. Officers are chosen from the above six (6) members, and there are two voting members each representing the City of Davenport and MetroLink. The facility supervisor, appointed by the parties, prepares an annual budget, which is presented to the parties, or to the QCGPG for their approval. Expenses incurred by the QCGPG are allocated either (a) on the basis of ownership of the facility, or (b) on the basis of the number of buses that the respective parties have in service. The City's investment as of June 30, 2011 was \$198,407.

A summary of the latest available financial information for the QCGPG as of June 30, 2011, and for the year then ended is as follows:

Total assets	<u>\$841,680</u>
Total liabilities	<u>\$370,477</u>
Total equity	<u>\$471,203</u>
Total revenue	\$5,171,589
Total expenses	<u>\$5,189,678</u>
Net change in fund equity	<u>\$(18,089)</u>

The City uses the equity method of accounting for these investments. At June 30, 2011, this amounted to \$473,910 which includes the City's share of both the maintenance facility and the fund equity of the QCGPG.

Additional information concerning the QCGPG is available in its separately issued annual report, which may be obtained from the entity's administrative office 2929 5<sup>th</sup> Avenue, Rock Island, IL 61201.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

**9. LONG-TERM DEBT**

The following is a summary of changes in long-term debt, net of the deferred portion of issuance costs, for the year ended June 30, 2011 (numbers shown in thousands):

<b>Governmental Activities:</b>	<b>Balance June 30,2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30,2011</b>	<b>Due Within One Year</b>
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 143,332	\$ 29,179	\$ (20,891)	\$ 151,620	\$ 16,184
Special Assessment Debt	1,156	-	(61)	1,095	-
<b>Less deferred costs:</b>					
Discounts	(195)	36	(252)	(411)	-
refunding issuance	(70)	16	(50)	(104)	-
refunding gain/loss	(222)	193	57	28	-
premium on issuance	-	1,377	(116)	1,261	-
<b>Total Bonds Payable</b>	<b>144,001</b>	<b>30,801</b>	<b>(21,313)</b>	<b>153,489</b>	<b>16,184</b>
Other post employment benefits	481	1,019	-	1,500	-
Compensated Absences	4,998	4,939	(4,924)	5,013	4,321
	<b>\$ 149,480</b>	<b>\$ 36,759</b>	<b>\$ (26,237)</b>	<b>\$ 160,002</b>	<b>\$ 20,505</b>
<b>Business-type Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 18,647	\$ 10,570	\$ (4,833)	\$ 24,384	\$ 2,296
<b>Less deferred costs:</b>					
Discounts	(6)	(90)	18	(78)	-
refunding issuance	(52)	8	(31)	(75)	-
refunding gain/loss	67	122	10	199	-
premium on issuance	-	524	(24)	500	-
<b>Total Bonds Payable</b>	<b>18,656</b>	<b>11,134</b>	<b>(4,860)</b>	<b>24,930</b>	<b>2,296</b>
Compensated Absences	611	1,095	(1,030)	676	582
Other post employment benefits	105	229	-	334	-
Note Payable	1,669	8,331	-	10,000	202
	<b>\$ 21,041</b>	<b>\$ 20,789</b>	<b>\$ (5,890)</b>	<b>\$ 35,940</b>	<b>\$ 3,080</b>

The City is obligated for the Special Assessment Debt with governmental commitment debt service payments.

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end \$126,768 of internal service funds compensated absences and \$40,781 of other post employment benefits are included in the above amounts. Also, for the governmental activities, compensated absences and other post employment benefits are generally liquidated by the fund incurring the expense.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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General obligation bonds payable (balance outstanding in thousands of dollars) at June 30, 2011, is comprised of the following individual issues:

A.	Matured bonds not presented for payment.	\$ 20
B.	\$2,755,000 2001 Refunding of 1994B Economic Development serial bonds due in annual installments of \$10,000 to \$365,000 through June 1, 2014; interest at 4.0 to 6.0 percent (\$2,179,940 and \$170,018 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Levee Improvement Commission Special Revenue Fund, respectively).	465
C.	\$12,160,000 2003 Stadium serial bonds due in annual installments of \$390,000 to \$1,140,000 through June 1, 2018; interest at 2.0 to 5.2 percent.	4,410
D.	\$9,390,000 2003 Streets, Sewers, Golf, and Equipment serial bonds due in annual installments of \$235,000 to \$1,315,000 through June 1, 2018; interest at 2.5 to 4.1 percent (\$735,000 and \$330,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Golf Courses Enterprise Fund, respectively).	6,580
E.	\$9,685,000 2003 advance refunding of 1996 Building, Streets, Sewers and Equipment serial bonds due in annual installments of \$40,000 to \$1,015,000 through June 1, 2016; interest at 2.0 to 4.0 percent (\$130,000 and \$138,250 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Sewer Enterprise Fund, respectively).	3,790
F.	\$3,150,000 2004 Economic Development serial bonds due in annual installments of \$130,000 to \$265,000 through June 1, 2023; interest at 4.5 to 5.1 percent (\$3,150,000 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund).	2,450
G.	\$4,535,000 2004 Streets, Sewers and River Renaissance serial bonds due in annual installments of \$195,000 to \$400,000 through June 1, 2019; interest at 2.0 to 4.0 percent (\$695,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund).	2,200
H.	\$11,690,000 2004 Streets, Buildings, Sewers, Airport and Equipment serial bonds due in annual installments of \$680,000 to \$900,000 through June 1, 2019; interest at 3.2 to 4.25 percent (\$1,130,000, \$255,000 and \$205,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Tax Increment Financing District Debt Service Fund and the Airport Enterprise Fund, respectively.)	6,390
I.	\$36,115,000 2005 Buildings, Streets, Sewers and Equipment serial bonds due in annual installments of \$1,160,000 to \$2,490,000 through June 1, 2025; interest at 4.0 to 4.5 percent (\$455,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	24,210
J.	\$3,615,000 2006A Refunding of 1997A Streets, Sewers, Building and Parks serial bonds due in annual installments of \$115,000 to \$530,000 through June 1, 2017; interest at 3.6 to 3.7 percent (\$119,800 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	1,165

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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<b>K.</b>	\$1,330,000 2006B Refunding of 1997 Economic Development serial bonds due in annual installments of \$95,000 to \$150,000 through June 1, 2017; interest at 5.0 percent (\$60,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund.)	790
<b>L.</b>	\$14,400,000 2007A Streets, Equipment and Parks serial bonds due in annual installments of \$810,000 to \$1,280,000 through June 1, 2021; interest at 4.0 to 4.125 percent (\$460,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	9,285
<b>M.</b>	\$6,400,000 2007B Refunding of 1998A Streets, Sewers, Buildings and Equipment serial bonds and refunding of 1998 Streets, Sewers, Buildings, Parks and Equipment serial bonds due in annual installments of \$495,000 to \$1,285,000 through June 1, 2013; interest at 4.0 to 4.25 percent (\$669,300 and \$265,575 in principal and interest thereon are being serviced by the Tax Increment Districts Debt Service Fund and Sewer Enterprise Fund, respectively.)	1,780
<b>N.</b>	\$2,915,000 2008A Refunding of 1999 Streets, Sewers, Buildings, Housing and Equipment serial bonds due in annual installments of \$460,000 to \$520,000 through June 1, 2014; interest at 2.25 to 3.0 percent (\$795,000, \$540,000 and \$55,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Public Housing Enterprise Fund and Tax Increment Financing Districts Debt Service Fund, respectively).	1,500
<b>O.</b>	\$3,690,000 2008B Refunding of 2001 Taxable Economic Development, Sewers, Buildings, Equipment and Public Improvements serial bonds due in annual installments of \$570,000 to \$660,000 through June 1, 2015; interest at 3.0 to 3.5 percent (\$890,000 and \$60,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and Tax Increment Financing Districts Debt Service Fund, respectively.)	2,505
<b>P.</b>	\$11,230,000 2008C Streets, Sewer, Buildings, Equipment and Park serial bonds due in annual installments of \$595,000 to \$910,000 through June 1, 2023; interest at 4.0 to 4.5 percent \$1,320,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund.	8,795
<b>Q.</b>	\$3,530,000 2008 General Obligation Economic Development serial bonds due in annual installments of \$205,000 to \$400,000 through June 1, 2021; interest at 3.5 to 6.2 percent (\$3,530,000 principal and interest thereon is being serviced by the TIF increment Financing District Debt Service Fund.)	3,105
<b>R.</b>	\$16,530,000 2009 General Obligation Streets, Buildings, Sewer and Equipment serial bonds due in annual installments of \$695,000 to \$1,190,000 through June 1, 2024; interest at 3.0 to 4.0 percent (\$275,000 principal and interest thereon is being serviced by the Sewer Enterprise Fund.)	14,115

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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S.	\$7,035,000 2009 General Obligation Economic Development Serial bonds due in annual installments of \$865,000 to \$1,350,000 through June 1, 2028; interest at 4.0 to 6.0 percent (\$7,035,000 principal and interest thereon is being serviced by the TIF Increment Financing District Debt Service Fund.)	6,725
T.	\$10,125,000 2009C General Obligation Communication Building serial bonds, (Build America Bonds) due in annual installments of \$350,000 to \$795,000 through June 1, 2029; interest at 2.0 to 5.8 percent.	9,775
U.	\$20,650,000 2010A General Obligation Streets, Sewer, Equipment and Economic Development serial bonds (Build American Bonds) due in annual installments of \$1,110,000 to \$1,865,000 through June 1, 2024; interest at .50 to 5.0 percent (\$2,099,000 and \$1,012,000 principal and interest thereon is being serviced by the Sewer Enterprise Fund and Tax Increment Financing District Debt Service Fund, respectively.)	17,360
V.	\$10,845,000 2010B Refunding of 2001 Streets, Signals, Parks, Equipment, Golf and Parking serial bonds due in annual installments of \$645,000 to \$1,155,000 through June 1, 2021; interest at 2.0 to 3.37 percent (\$1,762,650, \$4,298,600 and \$666,600 principal and interest thereon is being serviced by the Tax Increment Financing District Debt Service Fund, Parking Enterprise Fund and Municipal Districts Special Revenue Fund, respectively.)	9,690
W.	\$3,870,000 2010C Refunding of 2001 Taxable Parking serial bonds due in annual installments of \$275,000 to \$435,000 through June 1, 2021; interest at 2.0 to 4.3 percent (\$3,870,000 principal and interest thereon is being serviced by the Parking Enterprise Fund.)	3,595
X.	\$33,745,000 2010D General Obligation Streets, Sewer, Cleanwater, Airport, Equipment and Economic Development serial bonds due in annual installments of \$1,815,000 to \$3,350,000 through June 1, 2025; interest at 2.0 to 4.0 percent (\$7,049,000, \$692,000, \$512,000 and \$1,010,000 principal and interest thereon is being serviced by the Sewer Enterprise Fund, Cleanwater Enterprise Fund, Airport Enterprise Fund and Tax Increment Financing District Debt Service Fund, respectively.)	30,394
Y.	\$6,005,000 2011A Refunding of 2002 Streets, Buildings, Parks, Equipment and Sewer serial bonds due in annual installments of \$875,000 to \$1,100,000 through June 1, 2017; interest at 2.0 to 4.0 percent (\$2,317,750 principal and interest thereon is being serviced by the Sewer Enterprise Fund.)	6,005
	Total general obligation bonds	177,099
	General obligation bonds serviced by Enterprise Funds	(24,384)
	Matured bonds	(20)
	General obligation bonds reported in Governmental Activities	<u>\$152,695</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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The City of Davenport's Capital Improvement Program has been funded in part from general obligation bonds which are intended to be abated by user fees, special assessment collections, municipal improvement district taxes, and levee rents. The debt to be abated by user fees is accounted for in the Enterprise Funds in the amount of \$24,384,300. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,095,233. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$616,650. These abated bonds, including interest thereon, are included in the above schedule and represent a contingent liability against the City's full faith and credit. The general credit of the City is obligated only to the extent that user fees, special assessment collections or liens foreclosed against properties involved in the special assessment projects, municipal improvement district taxes, and levee rents are insufficient to retire outstanding bonds.

In order to limit the liability of taxpayers, the State Constitution of Iowa imposes a limit on the amount of debt local governments may incur. Davenport's debt limitation is five (5) percent of its gross assessed valuation. This limitation applies to general obligation indebtedness and Tax Increment Financing agreements entered in to rebate taxes paid over time. At June 30, 2011, the statutory limit for the City was \$297,663,843 providing a debt margin of \$107,716,318.

The City has entered into an agreement with the Iowa Finance Authority to borrow ten million dollars in the form of the proceeds of the Iowa Finance Authority Taxable Sewer Revenue Build America Bonds Series 2010. The City draws funds from the Iowa Finance Authority as needed for construction of the Westside Diversion Sewer Tunnel project. The note bears interest at 3% with interest payments payable semi annually commencing December 1, 2010. Principal repayment is annually each June 1 commencing June 1, 2012. As of 6/30/11, the City had drawn \$10,000,000 and deposited the proceeds into an escrow account. The escrow account is structured to have varying maturities to match the city's requirements of the project. The note is payable solely from the net revenues of the sewer utility. Annual principal and interest payments on the note is expected to require less than 20% of net revenue of the Sewer Utility Fund. The note requires several covenants including maintaining net revenues of the sewer operating of at least 110% of the amount of principal and interest due in revenue bonds in the same year and the completion and issuance of the City's annual audit within 180 days of year end.

The note is expected to be paid as follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 202,000	\$ 300,000
2013	208,000	293,940
2014	215,000	287,700
2015	222,000	281,250
2016	229,000	274,590
2017 - 2021	1,263,000	1,265,250
2022 - 2026	1,483,000	1,063,020
2027 - 2031	1,741,000	825,600
2032 - 2036	2,042,000	546,930
2037 - 2041	2,395,000	220,140
	<u>\$ 10,000,000</u>	<u>\$ 5,358,420</u>

On December 8, 2010 the City issued \$6,005,000 of its General Corporate Purpose Refunding Bonds with an average coupon rate of 3.15% to refund \$6,320,000 of its General Obligation Bonds dated November 6, 2002 with an average coupon rate of 4.25%. The City refunded these bonds to reduce its total debt service payments over the next 6 years by \$447,460 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of \$418,832.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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Changes in reported liabilities for the fiscal years ended June 30, 2010 and 2011 are summarized as follows:

	<u>Employee Insurance Fund</u>	<u>Risk Management Fund</u>	<u>Total</u>
Liabilities at June 30, 2009	\$ 1,286,759	\$ 3,584,963	\$ 4,871,722
Claims and changes in estimates during fiscal year 2010	10,809,596	3,223,433	14,033,029
Claim payments	<u>(10,324,017)</u>	<u>(2,171,273)</u>	<u>(12,495,290)</u>
Liabilities at June 30, 2010	\$1,772,338	\$4,637,123	\$6,409,461
Claims and changes in estimates during fiscal year 2011	9,769,169	3,021,711	12,790,880
Claim payments	<u>(10,841,439)</u>	<u>(2,337,620)</u>	<u>(13,179,059)</u>
Liabilities at June 30, 2011	<u>\$ 700,068</u>	<u>\$ 5,321,214</u>	<u>\$ 6,021,282</u>

**11. INDIVIDUAL FUND DISCLOSURES**

The Risk Management internal service fund has a deficit unrestricted net asset balance of \$2,358,550 as of June 30, 2011. The non major proprietary golf course fund, public transit fund, and river's edge fund have deficit unrestricted net asset balances of \$508,381, \$842,150 and \$318,402, respectively as of June 30, 2011. The Parking and Sewer proprietary funds have deficit unrestricted net asset balances of \$69,382 and \$2,371,186 respectively. The Road Use Tax, American Recovery and Reinvestment grant and Miscellaneous grant non-major governmental funds have deficit balances of \$189,364, \$63,155 and \$782,995 as of June 30, 2011, respectively, due to deferred revenue.

**12. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan description:** The City sponsors a single-employer health care plan that provides a continuation option to retirees to purchase health benefits under the City's group health plan. The plan does not issue a stand alone financial report. Employees who have attained age 55 and have fifteen or more years of service with the City, or qualify for normal retirement as defined by IPERS, or qualify for normal retirement as defined by MFPRSI or are granted retiree status pursuant to a separation agreement with the City are eligible for retiree benefits. Eligible retirees and their dependents may purchase medical, prescription drug and dental insurance through the City's self-insured plan.

Retirees pay 100% of the group rate calculated on the expected costs based on the entire group of actives, COBRA participants, and retirees.

**Funding Policy:** The current funding policy of the City is to pay health claims as they occur. This arrangement does not qualify as other post employment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting. The City establishes and amends contributions requirements annually.

The required contribution is based on projected pay-as-you-go financing. The source of payment is the fund that pays the benefits for the current employees; either the General Fund or a proprietary fund. For fiscal year 2011, the City contributed \$590,251. Retirees receiving benefits contributed \$450,255 through their required contribution of \$577.30 per month for single health coverage and \$1,292.07 per month for family health coverage.



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

Since 1976, the City has authorized the issuance of \$269,190,000 of industrial development revenue bonds under the provision of Chapter 419 of the Code of Iowa. There have not been any industrial development revenue bonds since 1993. The bonds and related interest are the sole responsibility of the issuers, and the bond principal and interest do not constitute liabilities of the City.

The annual requirements including interest (in thousands of dollars), to service long-term debt are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General Obligation Bonds</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$16,164	\$6,110	\$2,296	\$889
2013	15,496	5,543	2,314	804
2014	15,194	5,009	2,356	736
2015	14,000	4,487	2,155	665
2016	13,015	3,969	2,060	591
2017-2021	50,222	12,746	9,868	1,802
2022-2026	25,439	3,774	3,335	330
2027-2029	3,165	346	-	-
Totals	152,695	41,984	24,384	5,817
Matured	20	2	-	-
	<u>\$152,715</u>	<u>\$41,986</u>	<u>\$24,384</u>	<u>\$5,817</u>

**10. RISK MANAGEMENT**

The City is self-insured for the following types of risk exposures:

Health Benefits – The City has established an Employee Insurance Fund for insurance benefits provided to City employees and covered dependents, which is included in the Internal Service Fund type. Health benefits were self-insured up to a specific annual stop loss amount of \$150,000 per member, and an aggregate annual stop loss amount of approximately \$11,178,000 for 2011. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims lag report provided by the third party administrator. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

General and Auto Liability, Property, and Workers' Compensation – The City has established a Risk Management Fund for self-insurance related to general and automobile liability, property, and workers' compensation claims which is included in the Internal Service Fund type. Self-insurance was in effect up to individual stop loss amounts per occurrence of \$500,000 for general and auto liability, \$100,000 for property and \$2,000,000 for workers' compensation for 2011. Coverage from private insurers is maintained for losses in excess of the individual stop loss amounts. All claims handling procedures are performed by the risk management division of the finance department. Additionally, workers' compensation claims are sent to a Third Party Administrator (TPA) for review as part of the initial set up of the claim. A private attorney specializing in workers' compensation law is retained to defend workers' compensation claims filed with the state Workers' Compensation Commissioner by claimants. Incurred but not reported claims have been accrued as a liability based upon an independent actuarial study. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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Annual OPEB Cost and Net OPEB obligation: The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the 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 thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the City's annual OPEB obligation.

Annual required contribution	\$ 1,843,438
Interest on net OPEB obligation	26,380
Adjustment to annual required contribution	<u>(31,600)</u>
Annual OPEB cost (expense)	1,838,218
Contributions made	<u>(590,251)</u>
Increase (decrease) in net OPEB obligation	1,247,968
Net OPEB obligation - July 1, 2010	<u>586,221</u>
Net OPEB obligation - June 30, 2011	<u>\$ 1,834,188</u>

Fiscal year 2009 was the initial year that GASB Statement No. 45 was adopted by the City. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 thru 2011 are presented in the following table:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 580,962	162.57 %	\$ (363,520)
6/30/2010	\$ 1,846,562	48.57 %	\$ 586,221
6/30/2011	\$ 1,838,218	32.18 %	\$ 1,834,188

Funding status and funding progress: The funded status of the plan as of July 1, 2009, the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$ 16,953,953
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 16,953,953</u>
Covered payroll (active employees)	45,639,232
UAAL as a percentage of covered payroll	37.15 %

Actuarial valuations reflect a long-term perspective that involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the 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 information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## CITY OF DAVENPORT

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 (CONTINUED)**

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Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included 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. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The actuarial calculations were performed in accordance with the entry age normal cost method as of the July 1, 2009 valuation date. The actuarial assumptions included a 4.5 percent discount rate, an annual health care cost trend rate of 10 percent reduced by decrements of .50 percent annually to an ultimate rate of 4.5 percent. The UAAL is amortized over the maximum acceptable period of 30 years as a level percentage of projected payroll on an open basis.

#### **13. FUND BALANCE**

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. In fiscal year 2010, the City of Davenport categorized fund balances in the Balance Sheet-Governmental Funds as reserved and unreserved. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of constraints imposed on the use of funds. The City of Davenport evaluated each of its funds at June 30, 2011 and classified fund balances into the following five categories:

**Nonspendable** – items that cannot be spent because they are not in spendable form, such as prepaid items.

**Restricted** – items that are restricted by external parties such as creditors or imposed by grants, laws or enabling legislation. The city has legal restrictions on amounts collected by property tax levies, on forfeiture/seizure collections and on unspent bond proceeds. The City has restrictions by grantors for the balance of program income.

**Committed** – items that have been committed by formal action by the entity's "highest level of decision-making authority", which are City Council resolutions. The commitment of fund balances took place on May 18, 2011.

**Assigned** – items the Chief Financial Officer assigns as specific projects or purposes have been identified. This power was granted by the City Council on May 18, 2011.

**Unassigned** – any balances that have no restrictions on them. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

The City of Davenport spends restricted fund balance first, followed by committed, assigned and unassigned fund balance.

The City's policy on fund balance of the general fund, excluding the other specific-use funds, is that the unassigned fund balance will be maintained at 10 to 15 percent of the operating requirements. The current fund balance is within policy guidelines.

#### **Special Revenue Funds:**

The City of Davenport has one major special revenue fund. The Local Option Sales Tax Fund accounts for the proceeds of a one-cent local option sales tax. In addition to the local option sales tax collections, a minimal amount of charges for services, use of monies and property, and miscellaneous revenue are reported. Loan repayments are reported in this fund as a result of an economic development loan made in early 2011.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

<b>Fund Balances:</b>	<b>General Fund</b>	<b>Major Special Revenue Local Option Sales Tax Fund</b>	<b>Major Debt Service Fund</b>	<b>Major Capital Projects Fund</b>	<b>Non Major Special Revenue Funds</b>	<b>Non Major Debt Service Fund</b>	<b>Total</b>
<b>Nonspendable:</b>							
Prepays	\$ 17,069	-	-	-	-	-	\$ 17,069
<b>Restricted for:</b>							
Tort	1,649,892	-	-	-	-	-	1,649,892
Debt Service	-	-	\$ 3,139,566	-	-	\$ 719,249	3,858,815
Capital Projects	-	-	-	\$ 6,469,735	-	-	6,469,735
Police							
Forfeits/Seizure	351,122	-	-	-	-	-	351,122
Library	676,788	-	-	-	-	-	676,788
Employee Benefits	1,206,132	-	-	-	-	-	1,206,132
Community Development Block Grant							
Projects	-	-	-	-	\$ 77,215	-	77,215
HUD Section 8 Rents	-	-	-	-	334,933	-	334,933
Municipal Improvement Projects	-	-	-	-	752,125	-	752,125
Home Investment Partnership Projects	-	-	-	-	4,322	-	4,322
Local Option Sales Tax	-	\$2,769,353	-	-	-	-	2,769,353
<b>Committed for:</b>							
Levee Improvement Commission							
Projects	-	-	-	-	494,928	-	494,928
Revolving Loans	-	-	-	-	563,827	-	563,827
<b>Assigned for:</b>							
Library projects	161,861	-	-	-	-	-	161,861
Police projects	23,273	-	-	-	-	-	23,273
Parks projects	32,493	-	-	-	-	-	32,493
Reforestation	98,842	-	-	-	-	-	98,842
RiverCenter projects	201,506	-	-	-	-	-	201,506
Parks Special Needs Program	33,861	-	-	-	-	-	33,861
<b>Unassigned:</b>	5,392,141	-	-	-	(1,035,514)	-	4,356,627
<b>Total Fund Balances:</b>	<b>\$ 9,844,980</b>	<b>\$2,769,353</b>	<b>\$ 3,139,566</b>	<b>\$ 6,469,735</b>	<b>\$ 1,191,836</b>	<b>\$ 719,249</b>	<b>\$ 24,134,719</b>

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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**14. RECENTLY ISSUED PRONOUNCEMENTS**

The Governmental Accounting Standard Board (GASB) has issued six statements not yet implemented by the City of Davenport. The statements, which might impact the City of Davenport, are as follows:

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued January 2010, will be effective for the City beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. GASB 57 amends GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 (CONTINUED)**

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GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.*

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the City beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectability of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

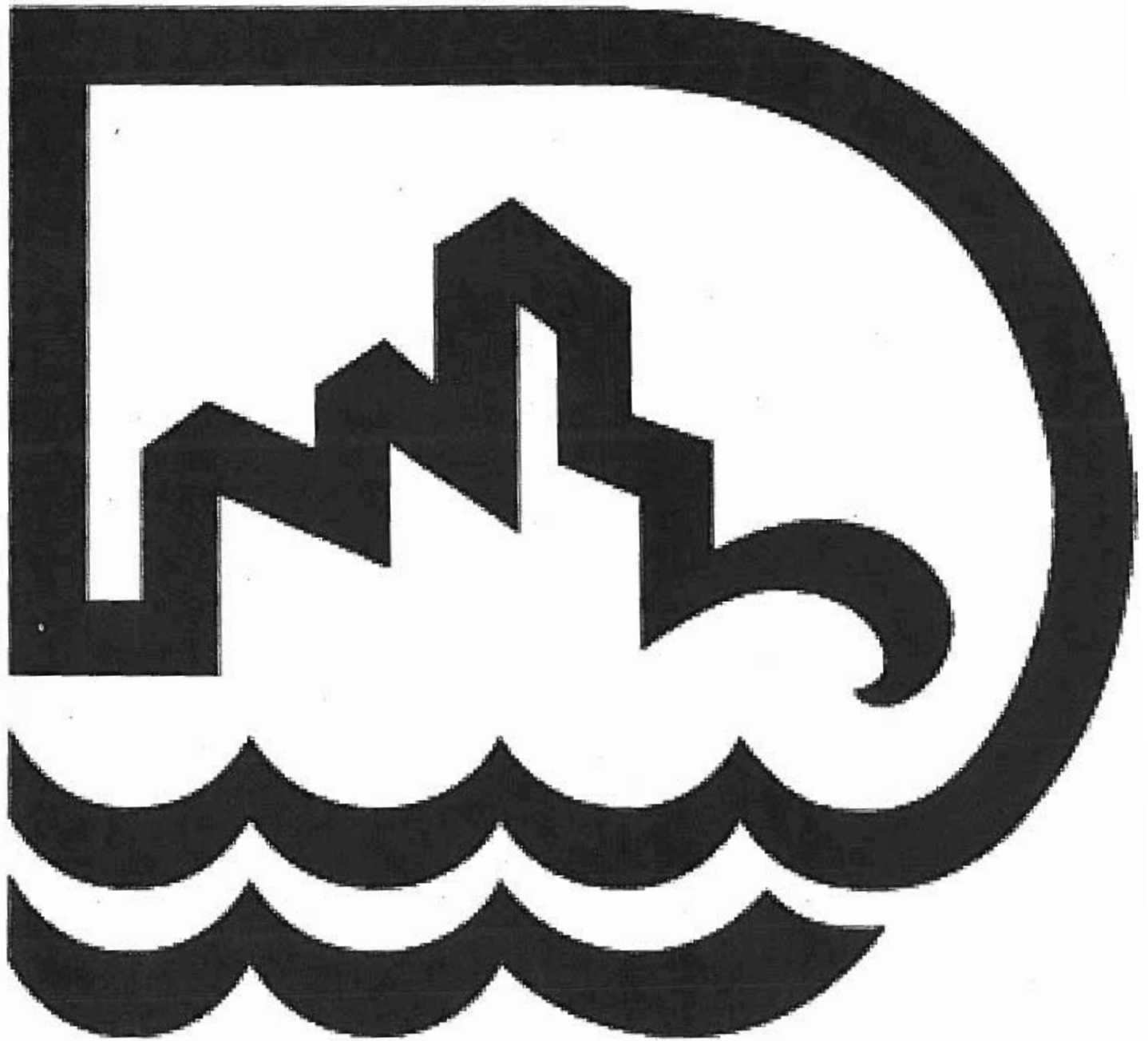
The City's management has not yet determined the effect these statements will have on the City's financial statements.

**15. RESTATEMENT OF BEGINNING FUND BALANCE AND NET ASSETS**

The City restated the following fund balance/net assets balances previously reported:

	<u>General Debt Service Fund</u>	<u>Governmental Activities</u>
Fund balance/net assets, June 30, 2010 as previously reported	\$ 2,965,394	\$ 129,854,258
Plus expenditures that should not have been recorded	<u>2,720,850</u>	<u>2,720,850</u>
Fund balance/net assets, July 1, 2010, As restated	<u>\$ 5,686,244</u>	<u>\$ 132,575,108</u>

The restatement of the governmental activities net assets and General Debt Service Fund balance was to correct the recording of a loan expenditure for financing and the related deferred revenue in the amount of \$2,720,850.



**CITY OF DAVENPORT****GOVERNMENTAL AND PROPRIETARY FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL (BUDGETARY BASIS)****Required Supplementary Information****For the Fiscal Year Ended June 30, 2011**

	GOVERNMENTAL FUNDS ACTUAL	PROPRIETARY FUNDS ACTUAL	TOTAL ACTUAL
<b>REVENUES:</b>			
Taxes	\$ 78,730,720	\$ 3,376,227	\$ 82,106,947
Special assessments	157,683	-	157,683
Licenses and permits	1,238,659	-	1,238,659
Intergovernmental	31,332,008	1,654,119	32,986,127
Charges for services	4,146,542	43,658,621	47,805,163
Use of monies and property	1,014,156	677,139	1,691,295
Fines and forfeits	1,967,004	134,169	2,101,173
Loan repayments	839,699	-	839,699
Other	4,519,410	1,505,428	6,024,838
Total Revenues	<u>123,945,881</u>	<u>51,005,703</u>	<u>174,951,584</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Public safety	39,137,701	-	39,137,701
Public works	17,073,051	-	17,073,051
Culture and recreation	11,485,665	-	11,485,665
Community and economic development	13,823,997	-	13,823,997
General government	8,178,030	-	8,178,030
Capital outlay	35,710,271	-	35,710,271
<b>Debt service:</b>			
Principal retirement	17,071,575	-	17,071,575
Interest	6,233,849	-	6,233,849
Bond issuance costs	150,055	-	150,055
Business type activities	-	49,007,435	49,007,435
Total Expenditures	<u>148,864,194</u>	<u>49,007,435</u>	<u>197,871,629</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(24,918,313)</u>	<u>1,998,268</u>	<u>(22,920,045)</u>
<b>OTHER FINANCING SOURCES (USES), NET</b>	<u>29,011,633</u>	<u>(1,799,445)</u>	<u>27,212,188</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	4,093,320	198,823	4,292,143
<b>BALANCES BEGINNING OF YEAR, AS RESTATED</b>	<u>20,041,399</u>	<u>9,466,338</u>	<u>29,507,737</u>
<b>BALANCES END OF YEAR</b>	<u>\$ 24,134,719</u>	<u>\$ 9,665,161</u>	<u>\$ 33,799,880</u>

See note to Required Supplementary Information



BUDGETED AMOUNTS		
ORIGINAL	FINAL	FINAL TO ACTUAL VARIANCE OVER(UNDER)
\$ 81,126,083	\$ 81,369,774	\$ 737,173
25,000	25,000	132,683
1,216,555	1,256,555	(17,896)
56,618,949	108,965,958	(75,979,831)
57,280,561	49,441,397	(1,636,234)
915,530	3,149,802	(1,458,507)
1,172,887	1,172,887	928,286
791,500	9,036,500	(8,196,801)
74,721,458	124,026,390	(118,001,552)
<u>273,868,523</u>	<u>378,444,263</u>	<u>(203,492,679)</u>
37,629,413	39,642,574	504,873
15,252,570	17,643,946	570,895
10,957,183	12,589,441	1,103,776
13,167,959	24,779,132	10,955,135
8,993,181	9,400,307	1,222,277
79,286,200	153,320,079	117,609,808
14,922,672	20,951,575	3,880,000
5,737,264	6,233,849	-
-	-	(150,055)
66,389,717	58,203,645	9,196,210
<u>252,336,159</u>	<u>342,764,548</u>	<u>144,892,919</u>
<u>21,532,364</u>	<u>35,679,715</u>	<u>(58,599,760)</u>
<u>(33,421,772)</u>	<u>(58,830,107)</u>	<u>86,042,295</u>
(11,889,408)	(23,150,392)	27,442,535
<u>29,507,737</u>	<u>29,507,737</u>	<u>-</u>
<u>\$ 17,618,329</u>	<u>\$ 6,357,345</u>	<u>\$ 27,442,535</u>

CITY OF DAVENPORT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING**  
**JUNE 30, 2011**

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In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds. The City's governmental fund types are budgeted on a modified accrual basis of accounting in conformance with the accounting principles generally accepted in the United States of America (GAAP). Proprietary fund types are budgeted on full accrual basis, except bond proceeds, which are budgeted on a modified accrual basis, and depreciation, incurred but not reported insurance claims, loss on disposal, joint venture adjustment and capital contributions which are not budgeted. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Budget amendments are reflected in the final budgeted amounts.

Formal and legal budgetary control is based upon 8 major classes of expenditures known as functions, not by fund or fund type. These 8 functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function expenditures required to be budgeted include expenditures for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service and Enterprise Funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund. Expenditures for the bond issuance costs in the debt service function exceeded budget by \$150,055, due to the budgeting of the expenditure in the general governmental function. During the year a budget amendment increased budgeted expenditures by \$90,428,389. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 174,951,584	-	\$ 174,951,584
Expenses	<u>197,871,629</u>	<u>7,387,873</u>	<u>205,259,502</u>
Net	(22,920,045)	(7,387,873)	(30,307,918)
Other financing sources, net	27,212,188	11,674,128	38,886,316
Beginning net assets, as restated	<u>29,507,737</u>	<u>114,965,824</u>	<u>144,473,561</u>
Ending net assets	\$ <u>33,799,880</u>	\$ <u>119,252,079</u>	\$ <u>153,051,959</u>

**CITY OF DAVENPORT**

**OTHER POSTEMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

**Required Supplementary Information**

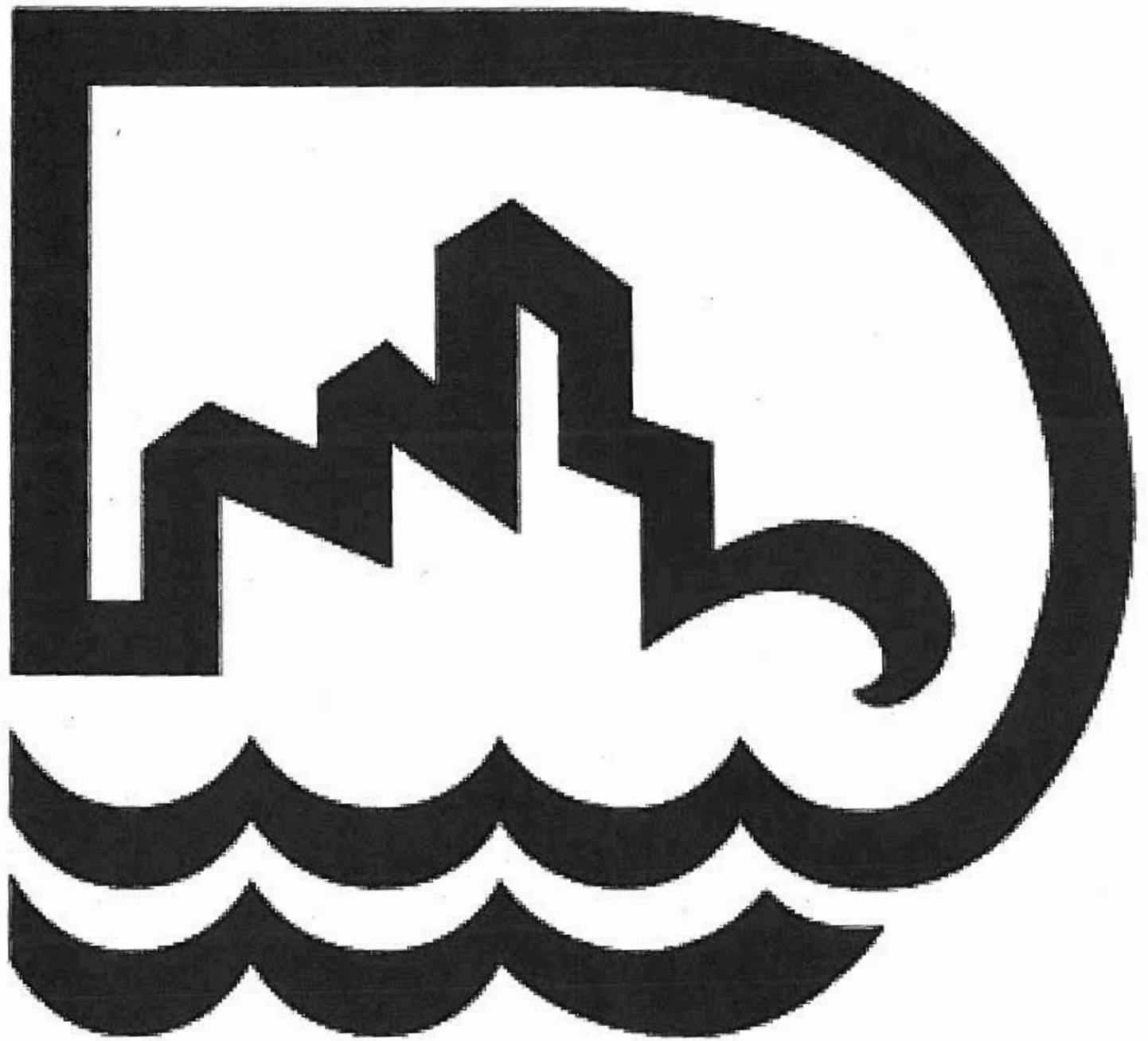
**For the Fiscal Year Ended June 30, 2011**

<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded UAAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-a)/c)</b>
2009	7/1/2007	\$ -	\$ 6,918,112	\$6,918,112	-	\$ 43,083,844	16.06%
2010	7/1/2009	-	16,953,953	16,953,953	-	42,686,340	39.72%
2011	7/1/2009	-	16,953,953	16,953,953	-	45,639,232	37.15%

Note: Fiscal Year 2009 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2009. Additional information follows:

- a. The cost method used to determine the ARC is the entry age normal cost method.
- b. There are no plan assets.
- c. Economic assumptions are as follows: health care cost trend rates of 4.5-9.0 percent; discount rate 4.5 percent.
- d. The amortization method is open basis as a level percentage of projected payroll.



**COMBINING STATEMENTS, AND SCHEDULES**

### Non-Major Governmental Funds

Road Use Tax Fund – Accounts for the revenue received from the State of Iowa Road Use Tax Fund, which is collected from motor vehicle registration, fuel tax and use tax, and related expenditures, which must relate to the construction, maintenance and supervision of public streets.

Community Development Act Fund – Accounts for expenditures relating to neighborhood improvements benefiting low and moderate income persons and economic development activities, which are reimbursed by the Federal Government under the Community Development Block Grant Program.

HUD Section 8 Fund – Accounts for expenditures to landlords under a federally funded rent subsidy program.

Levee Improvement Commission Fund – Accounts for the expenditure of rents received for the use of the Mississippi Riverfront property.

Municipal Improvement Districts Fund – Accounts for revenue generated by Self-supported Municipal Improvement Districts.

Revolving Loans Fund – Accounts for various Community and Economic Development revolving loans.

Home Investment Partnership Fund – Accounts for expenditures related to the rehabilitation or new construction of rental units, and the rehabilitation of first time homebuyer owner/occupied residential units.

American Recovery and Reinvestment Act Fund – Accounts for expenditures related to the American Recovery and Reinvestment Act.

Miscellaneous Grants – Accounts for the expenditures of U.S. Department of Housing and Urban Development cooperative agreement awarded for the purpose of educating and promoting fair housing practices, lead based paint removal and education , and expenditures of Economic Development Initiatives-Special Projects Grant. Also accounts for the expenditures of a Department of Justice Weed and Seed Grant.

Environmental Protection Agency – Accounts for the expenditures of an Environmental Protection Agency grant for Brownfields.

Tax Increment Financing (TIF) Districts Debt Service Fund – Accounts for the accumulation of resources for and the payment of principal and interest on general obligation debt representing the financing source for the City's various tax increment financing districts. Property tax revenue generated on increased assessed valuation within the TIF Districts are the resources accounted for in this fund.

**CITY OF DAVENPORT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2011**

<u>ASSETS</u>	<u>ROAD USE TAX</u>	<u>COMMUNITY DEVELOPMENT ACT</u>	<u>HUD SECTION 8</u>	<u>LEVEE IMPROVEMENT COMMISSION</u>	<u>MUNICIPAL IMPROVEMENT DISTRICTS</u>
Cash and investments	\$ -	\$ -	\$ 345,382	\$ 521,652	\$ 743,883
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	27,480
Succeeding year	-	-	-	-	833,774
Accounts	6,249	-	8,345	2,316	-
Loans	-	2,523,271	-	-	-
Due from other governments	774,645	301,725	-	1,350	-
Restricted assets-cash and investments	-	45,011	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 780,894</b>	<b>\$ 2,870,007</b>	<b>\$ 353,727</b>	<b>\$ 525,318</b>	<b>\$ 1,605,137</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Wages payable	\$ 255,098	\$ 25,150	\$ 16,767	\$ 2,055	\$ -
Accounts payable	298,999	93,791	2,027	9,012	2,688
Payable from restricted assets	-	45,011	-	-	-
Interfund loans payable	416,161	105,174	-	14,820	-
Due to other governments	-	395	-	-	-
Deferred/unearned revenue:					
Succeeding year property tax	-	-	-	-	833,774
Other	-	2,523,271	-	4,503	16,550
<b>Total Liabilities</b>	<b>970,258</b>	<b>2,792,792</b>	<b>18,794</b>	<b>30,390</b>	<b>853,012</b>
<b>FUND BALANCES (DEFICITS):</b>					
Restricted fund balance	-	77,215	334,933	-	752,125
Committed fund balance	-	-	-	494,928	-
Unassigned fund balance	(189,364)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>(189,364)</b>	<b>77,215</b>	<b>334,933</b>	<b>494,928</b>	<b>752,125</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 780,894</b>	<b>\$ 2,870,007</b>	<b>\$ 353,727</b>	<b>\$ 525,318</b>	<b>\$ 1,605,137</b>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	AMERICAN RECOVERY AND REINVESTMENT ACT	MISCELLANEOUS GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 563,827	\$ 4,205	\$ -	\$ -	\$ -	\$ 686,249	\$ 2,865,198
-	-	-	-	-	57,564	85,044
-	-	-	-	-	3,611,526	4,445,300
-	-	-	-	-	-	16,910
1,257,053	7,729,073	-	-	-	-	11,509,397
-	6,116	214,870	704,798	-	-	2,003,504
-	-	-	-	-	-	45,011
<u>\$ 1,820,880</u>	<u>\$ 7,739,394</u>	<u>\$ 214,870</u>	<u>\$ 704,798</u>	<u>\$ -</u>	<u>\$ 4,355,339</u>	<u>\$ 20,970,364</u>
\$ -	\$ 2,669	\$ 20,105	\$ 11,085	\$ -	\$ -	\$ 332,929
-	3,330	85,242	63,852	-	-	558,941
-	-	-	-	-	-	45,011
-	-	109,523	813,762	-	-	1,459,440
-	-	-	-	-	-	395
-	-	-	-	-	3,611,526	4,445,300
1,257,053	7,729,073	63,155	599,094	-	24,564	12,217,263
<u>1,257,053</u>	<u>7,735,072</u>	<u>278,025</u>	<u>1,487,793</u>	<u>-</u>	<u>3,636,090</u>	<u>19,059,279</u>
-	4,322	-	-	-	719,249	1,887,844
563,827	-	-	-	-	-	1,058,755
-	-	(63,155)	(782,995)	-	-	(1,035,514)
<u>563,827</u>	<u>4,322</u>	<u>(63,155)</u>	<u>(782,995)</u>	<u>-</u>	<u>719,249</u>	<u>1,911,085</u>
<u>\$ 1,820,880</u>	<u>\$ 7,739,394</u>	<u>\$ 214,870</u>	<u>\$ 704,798</u>	<u>\$ -</u>	<u>\$ 4,355,339</u>	<u>\$ 20,970,364</u>



**CITY OF DAVENPORT**

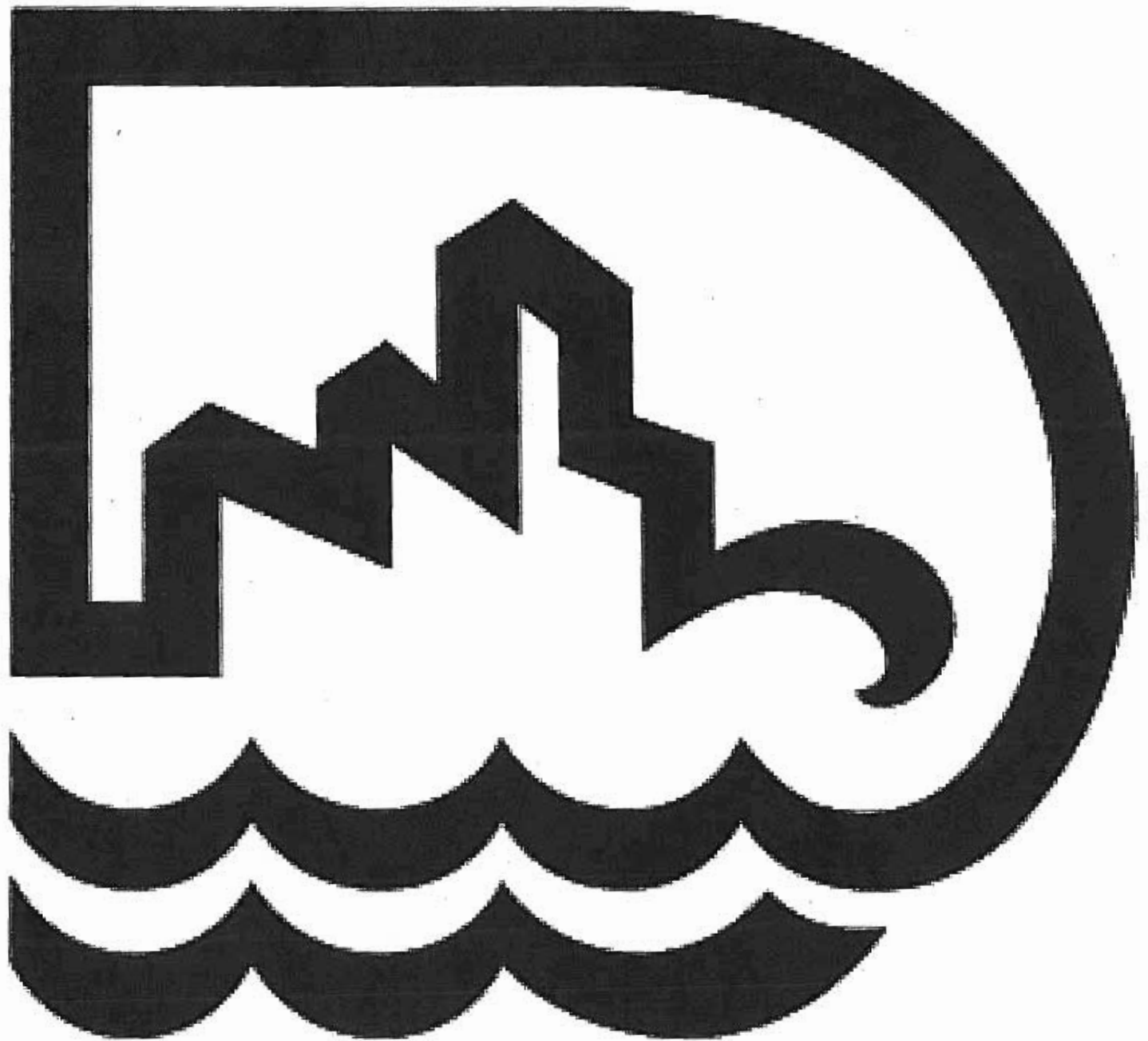
**NON-MAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)**

**For the Fiscal Year Ended June 30, 2011**

	<u>ROAD USE TAX</u>	<u>COMMUNITY DEVELOPMENT ACT</u>	<u>HUD SECTION 8</u>	<u>LEVEE IMPROVEMENT COMMISSION</u>	<u>MUNICIPAL IMPROVEMENT DISTRICTS</u>
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,205,325
Licenses and permits	48,330	-	-	-	-
Intergovernmental	9,216,687	1,753,442	3,071,002	3,600	-
Use of monies and property	-	65,848	-	93,498	2,626
Loan repayments	-	382,105	-	-	-
Other	1,072,670	572	17,105	9,559	-
Total Revenues	<u>10,337,687</u>	<u>2,201,967</u>	<u>3,088,107</u>	<u>106,657</u>	<u>1,207,951</u>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	-
Public works	9,947,843	-	-	-	-
Culture and recreation	-	-	-	81,376	-
Community and economic development	-	2,196,574	3,261,259	249,497	1,081,833
General government	-	5,000	-	-	-
Debt service:					
Principal retirement	-	-	-	-	49,950
Interest	-	-	-	-	13,519
Total Expenditures	<u>9,947,843</u>	<u>2,201,574</u>	<u>3,261,259</u>	<u>330,873</u>	<u>1,145,302</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>389,844</u>	<u>393</u>	<u>(173,152)</u>	<u>(224,216)</u>	<u>62,649</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium on debt issued	-	-	-	-	-
Sale of capital assets	13,800	-	-	-	-
Transfers in	75,000	-	507,982	75,000	-
Transfers out	(147,302)	-	-	(138,824)	-
Total Other Financing Sources (Uses)	<u>(58,502)</u>	<u>-</u>	<u>507,982</u>	<u>(63,824)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>331,342</u>	<u>393</u>	<u>334,830</u>	<u>(288,040)</u>	<u>62,649</u>
<b>FUND BALANCES (DEFICITS) - BEGINNING</b>	<u>(520,706)</u>	<u>76,822</u>	<u>103</u>	<u>782,968</u>	<u>689,476</u>
<b>FUND BALANCES (DEFICITS) - ENDING</b>	<u>\$ (189,364)</u>	<u>\$ 77,215</u>	<u>\$ 334,933</u>	<u>\$ 494,928</u>	<u>\$ 752,125</u>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	AMERICAN RECOVERY AND REINVESTMENT ACT	MISCELLANEOUS GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,723,706	\$ 4,929,031
214,423	654,024	2,207,345	2,258,237	-	-	48,330
44,431	106,776	-	-	-	4,783	19,378,760
258,715	112,639	-	-	-	-	317,962
-	-	-	-	-	9,494	753,459
517,569	873,439	2,207,345	2,258,237	-	3,737,983	1,109,400
-	-	385,555	23,072	-	-	408,627
-	-	690,715	-	-	-	10,638,558
-	-	-	-	-	-	81,376
349,307	1,000,337	409,974	2,273,853	1,944	755,075	11,579,653
-	-	-	124,866	-	-	129,866
-	-	-	-	-	1,768,650	1,818,600
-	-	-	-	-	887,251	900,770
349,307	1,000,337	1,486,244	2,421,791	1,944	3,410,976	25,557,450
168,262	(126,898)	721,101	(163,554)	(1,944)	327,007	979,492
-	-	-	-	-	62,441	62,441
-	-	-	-	-	-	13,800
-	-	-	62,828	-	-	720,810
-	-	(85,580)	(27,679)	-	(31,452)	(430,837)
-	-	(85,580)	35,149	-	30,989	366,214
168,262	(126,898)	635,521	(128,405)	(1,944)	357,996	1,345,706
395,565	131,220	(698,676)	(654,590)	1,944	361,253	565,379
\$ 563,827	\$ 4,322	\$ (63,155)	\$ (782,995)	\$ -	\$ 719,249	\$ 1,911,085



### Non-Major Enterprise Funds

Public Housing Fund – Accounts for revenue and expenses associated with the Heritage High-Rise housing facility for the elderly, handicapped and disabled and for the Public Housing units for the low-income families. A Federal Housing and Urban Development (HUD) subsidy provides support for the Heritage High-Rise.

Golf Course Fund – Accounts for revenue and expenses associated with operation of the City's four golf courses, Duck Creek, Emeis, Credit Island and Red Hawk.

Airport Fund – Accounts for revenue and expenses associated with operation of the Davenport Airport, a reliever airport for the Quad City Airport. Rental income is obtained from the leasing of surrounding farmland, as well as hangar spaces at the airport.

Public Transit Fund – Accounts for revenue and expenses associated with the City's fixed route transit system, demand response transit and the ground transportation terminal, known as the TransitCenter. Revenue is generated mainly from a transit property tax, federal and state operating and capital grants, user fees, and miscellaneous rentals at the TransitCenter.

Solid Waste Fund – Accounts for revenue and expenses associated with the City's collection of solid waste, bulky waste, yard waste and curbside recycling programs.

River's Edge Fund – Accounts for revenue and expenses associated with operating an indoor sports facility that offers both an indoor ice rink and soccer field.

**CITY OF DAVENPORT**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
June 30, 2011**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 246,611	\$ -	\$ 92,987
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	8,769	11,824	4,622
Due from other governments	48,552	-	-
Total current assets	<u>303,932</u>	<u>11,824</u>	<u>97,609</u>
Noncurrent assets:			
Deferred charges	2,030	-	4,334
Investment in joint venture	-	-	-
Restricted cash and cash equivalents	32,421	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	7,733,629	417,800	2,533,964
Improvements other than buildings	-	2,840,900	7,275,241
Equipment and vehicles	275,639	1,435,851	187,248
Streets and roads	131,163	-	-
Storm sewers	-	-	-
Less accumulated depreciation	(5,289,944)	(3,221,830)	(5,916,824)
Construction in progress	371,733	-	1,597,341
Total noncurrent assets	<u>3,782,742</u>	<u>2,744,843</u>	<u>6,430,660</u>
Total assets	<u>4,086,674</u>	<u>2,756,667</u>	<u>6,528,269</u>
<b>LIABILITIES</b>			
LIABILITIES:			
Current liabilities:			
Wages payable	5,823	62,416	4,545
Accounts payable	23,584	43,002	1,053
Accrued interest payable	685	-	2,463
Compensated absences	5,505	44,330	2,635
Interfund loans payable	-	338,766	-
Deferred/unearned revenue:			
Succeeding year property tax	-	-	-
Other	2,385	-	-
General obligation bonds - current	90,500	-	55,000
Total current liabilities	<u>128,482</u>	<u>488,514</u>	<u>65,696</u>
Current liabilities payable from restricted assets:			
Deposits payable	32,421	-	-
Noncurrent liabilities:			
Compensated absences	881	7,097	422
Other postemployment benefits	2,897	24,594	1,379
General obligation bonds - long term	192,500	-	550,410
Total noncurrent liabilities	<u>196,278</u>	<u>31,691</u>	<u>552,211</u>
Total liabilities	<u>357,181</u>	<u>520,205</u>	<u>617,907</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,465,291	2,744,843	5,820,916
Unrestricted	264,202	(508,381)	89,446
Total net assets	<u>\$ 3,729,493</u>	<u>\$ 2,236,462</u>	<u>\$ 5,910,362</u>

**ENTERPRISE FUNDS**

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ -	\$ 52,223	\$ -	\$ 391,821
45,028	-	-	45,028
3,482,643	-	-	3,482,643
7,888	1,879,217	-	1,912,320
138,161	-	-	186,713
<u>3,673,720</u>	<u>1,931,440</u>	<u>-</u>	<u>6,018,525</u>
-	-	-	6,364
473,910	-	-	473,910
-	-	-	32,421
1,599,288	-	-	4,146,837
3,929,427	24,888	1,214,291	15,853,999
179,929	-	848,853	11,144,923
4,695,480	4,000,174	342,205	10,936,597
6,888	-	-	138,051
-	-	-	-
(6,044,773)	(1,822,248)	(116,888)	(22,412,507)
53,430	-	-	2,022,504
<u>4,893,579</u>	<u>2,202,814</u>	<u>2,288,461</u>	<u>22,343,099</u>
<u>8,567,299</u>	<u>4,134,254</u>	<u>2,288,461</u>	<u>28,361,624</u>
125,072	105,824	22,270	325,950
178,977	79,272	34,915	360,803
-	-	-	3,148
54,910	90,930	6,837	205,147
1,076,295	-	243,714	1,658,775
3,482,643	-	-	3,482,643
-	-	-	2,385
-	-	-	145,500
<u>4,917,897</u>	<u>276,026</u>	<u>307,736</u>	<u>6,184,351</u>
-	-	-	32,421
8,791	14,557	1,095	32,843
63,092	57,956	9,571	159,489
-	-	-	742,910
<u>71,883</u>	<u>72,513</u>	<u>10,666</u>	<u>935,242</u>
<u>4,989,780</u>	<u>348,539</u>	<u>318,402</u>	<u>7,152,014</u>
4,419,669	2,202,814	2,288,461	20,941,994
(842,150)	1,582,901	(318,402)	267,616
<u>\$3,577,519</u>	<u>\$ 3,785,715</u>	<u>\$ 1,970,059</u>	<u>\$ 21,209,610</u>

**CITY OF DAVENPORT**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
For the Fiscal Year Ended June 30, 2011**

	<b><u>BUSINESS-TYPE ACTIVITIES -</u></b>		
	<b><u>PUBLIC HOUSING</u></b>	<b><u>GOLF COURSES</u></b>	<b><u>AIRPORT</u></b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 415,874	\$ 1,875,245	\$ 179,002
Other	48,546	26,250	25,456
Total Operating Revenues	<u>464,420</u>	<u>1,901,495</u>	<u>204,458</u>
<b>OPERATING EXPENSES:</b>			
Employee expenses	116,586	982,654	59,314
Supplies and services	655,326	871,240	165,043
Depreciation	263,026	221,225	335,085
Total Operating Expenses	<u>1,034,938</u>	<u>2,075,119</u>	<u>559,442</u>
<b>OPERATING (LOSS)</b>	<u>(570,518)</u>	<u>(173,624)</u>	<u>(354,984)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Operating grants	630,567	-	5,556
Use of monies and property	2,879	14,454	55,816
Interest expense	(11,625)	-	(17,858)
Gain (loss) on disposition of capital assets	-	330	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues	<u>621,821</u>	<u>14,784</u>	<u>43,514</u>
<b>LOSS BEFORE CONTRIBUTIONS AND TRANSFERS</b>	51,303	(158,840)	(311,470)
Capital contributions	61,936	5,161	1,491,564
Transfers out	(570,810)	-	-
Change in net assets	<u>(457,571)</u>	<u>(153,679)</u>	<u>1,180,094</u>
Total net assets - beginning	<u>4,187,064</u>	<u>2,390,141</u>	<u>4,730,268</u>
Total net assets - ending	<u>\$ 3,729,493</u>	<u>\$ 2,236,462</u>	<u>\$ 5,910,362</u>

**ENTERPRISE FUNDS**

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 506,706	\$ 4,591,018	\$ 255,061	\$ 7,822,906
1,946	282	6,234	108,714
<u>508,652</u>	<u>4,591,300</u>	<u>261,295</u>	<u>7,931,620</u>
2,610,721	2,420,074	520,283	6,709,632
2,884,783	2,199,779	387,832	7,164,003
372,600	453,293	101,159	1,746,388
<u>5,868,104</u>	<u>5,073,146</u>	<u>1,009,274</u>	<u>15,620,023</u>
<u>(5,359,452)</u>	<u>(481,846)</u>	<u>(747,979)</u>	<u>(7,688,403)</u>
3,376,227	-	-	3,376,227
1,017,996	-	-	1,654,119
12,360	44,347	391,594	521,450
-	-	-	(29,483)
-	1,776	(80,462)	(78,356)
(14,582)	-	-	(14,582)
<u>4,392,001</u>	<u>46,123</u>	<u>311,132</u>	<u>5,429,375</u>
(967,451)	(435,723)	(436,847)	(2,259,028)
3,800	682,139	315,045	2,559,645
-	-	-	(570,810)
<u>(963,651)</u>	<u>246,416</u>	<u>(121,802)</u>	<u>(270,193)</u>
<u>4,541,170</u>	<u>3,539,299</u>	<u>2,091,861</u>	<u>21,479,803</u>
<u>\$ 3,577,519</u>	<u>\$ 3,785,715</u>	<u>\$ 1,970,059</u>	<u>\$ 21,209,610</u>



**CITY OF DAVENPORT**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2011**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<b>PUBLIC HOUSING</b>	<b>GOLF COURSES</b>	<b>AIRPORT</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from users	\$ 371,017	\$ 1,883,297	\$ 181,282
Cash paid to suppliers for goods and services	(641,124)	(904,541)	(170,316)
Cash paid to employees for services	(113,278)	(965,037)	(59,483)
Other operating revenue	48,546	26,250	25,456
Net Cash Provided by (Used for) Operating Activities	<u>(334,839)</u>	<u>39,969</u>	<u>(23,061)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Repayments to other funds	-	(225,320)	-
Advances from other funds	-	338,766	-
Operating grants	630,567	-	5,556
Property tax	-	-	-
Transfers out	(570,810)	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>59,757</u>	<u>113,446</u>	<u>5,556</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from general obligation bonds	-	-	512,000
Refunding discount/issue costs	1,290	-	14,292
Proceeds from the sale of capital assets	-	330	-
Acquisition and construction of capital assets	-	(168,204)	(504,999)
Principal paid on long-term debt	(89,000)	-	(62,000)
Interest paid on long-term debt	(11,818)	-	(15,864)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(99,528)</u>	<u>(167,874)</u>	<u>(56,571)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and other investment income	2,936	14,459	55,825
Net decrease in Cash and Cash Equivalents	(371,674)	-	(18,251)
<b>CASH AND CASH EQUIVALENTS-BEGINNING</b>	<u>650,706</u>	<u>-</u>	<u>111,238</u>
<b>CASH AND CASH EQUIVALENTS-ENDING</b>	<u>\$ 279,032</u>	<u>\$ -</u>	<u>\$ 92,987</u>

**ENTERPRISE FUNDS**

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ 1,079,084	\$ 4,533,136	\$ 255,061	\$ 8,302,877
(2,826,335)	(2,218,079)	(379,607)	(7,140,002)
(2,547,279)	(2,351,126)	(505,993)	(6,542,196)
1,946	282	6,234	108,714
<u>(4,292,584)</u>	<u>(35,787)</u>	<u>(624,305)</u>	<u>(5,270,607)</u>
(1,190,294)	-	(14,802)	(1,430,416)
1,076,295	-	243,714	1,658,775
1,017,996	-	-	1,654,119
3,376,227	-	-	3,376,227
-	-	-	(570,810)
<u>4,280,224</u>	<u>-</u>	<u>228,912</u>	<u>4,687,895</u>
-	-	-	512,000
-	-	-	15,582
-	4,074	3,799	8,203
-	(34,777)	-	(707,980)
-	-	-	(151,000)
-	-	-	(27,682)
<u>-</u>	<u>(30,703)</u>	<u>3,799</u>	<u>(350,877)</u>
12,360	44,347	391,594	521,521
-	(22,143)	-	(412,068)
<u>-</u>	<u>74,366</u>	<u>-</u>	<u>836,310</u>
<u>\$ -</u>	<u>\$ 52,223</u>	<u>\$ -</u>	<u>\$ 424,242</u>

(continued)

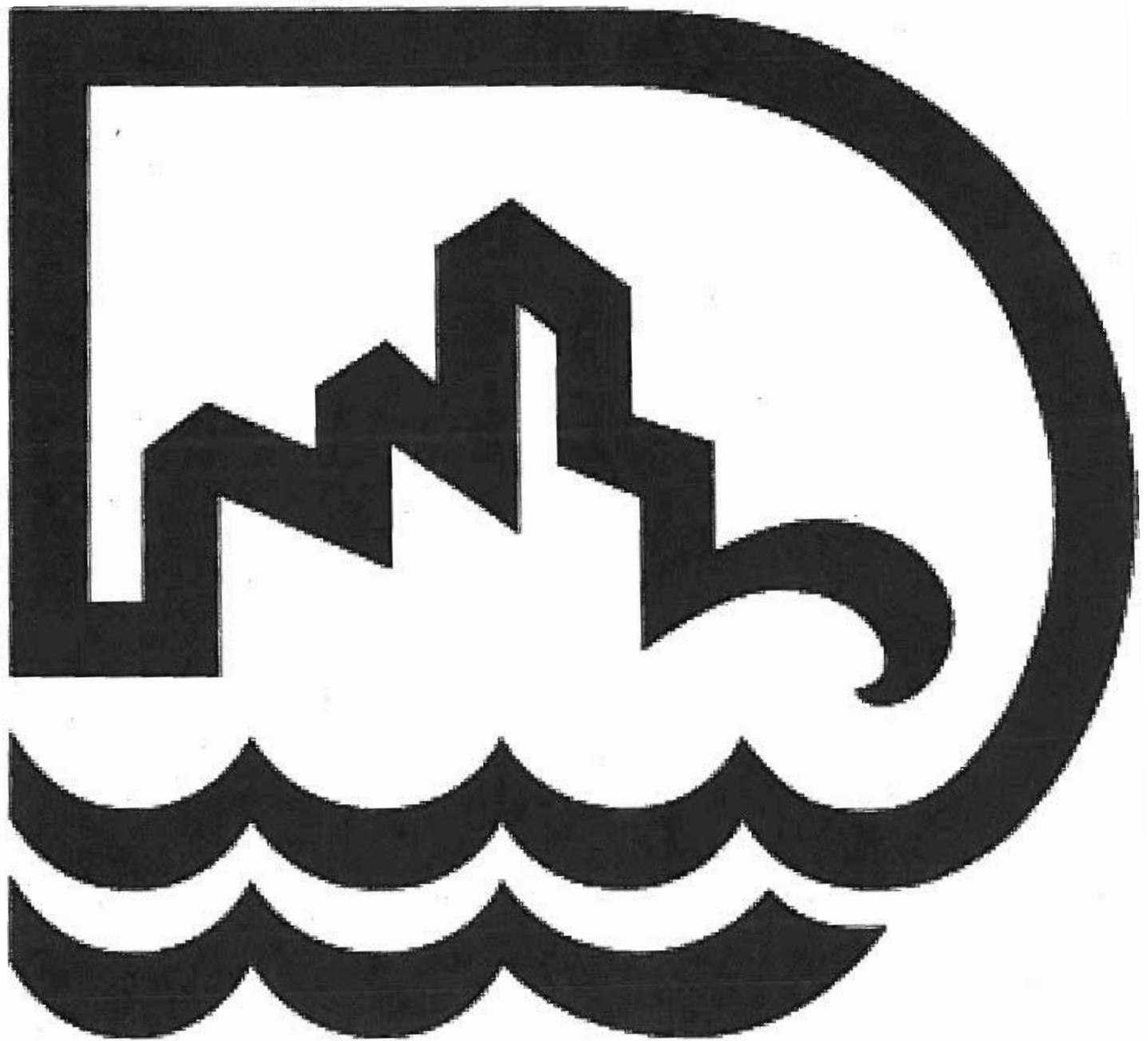
CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating loss	<u>\$ (570,518)</u>	<u>\$ (173,624)</u>	<u>\$ (354,984)</u>
Adjustments to Reconcile Operating loss to Net Cash			
Provided by (Used for) Operating Activities:			
Depreciation	263,026	221,225	335,085
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(5,713)	8,052	2,280
Decrease (increase) in due from other governments	(39,144)	-	-
Increase (decrease) in accounts payable	14,202	(33,301)	(5,273)
Increase (decrease) in other accrued liabilities	3,308	17,617	(169)
Total Adjustments	<u>235,679</u>	<u>213,593</u>	<u>331,923</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (334,839)</u>	<u>\$ 39,969</u>	<u>\$ (23,061)</u>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Acquisition of capital assets	\$ 61,936	\$ 5,161	\$ 1,491,564
Contribution of capital assets by subdividers	(61,936)	(5,161)	(1,445,992)
Contribution of capital assets by municipality	-	-	-
Contribution of capital assets by state and federal governments	-	-	(45,572)

**ENTERPRISE FUNDS**

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
<u>\$ (5,359,452)</u>	<u>\$ (481,846)</u>	<u>\$ (747,979)</u>	<u>\$ (7,688,403)</u>
372,600	453,293	101,159	1,746,388
6,835	(57,882)	-	(46,428)
565,543	-	-	526,399
58,448	(18,300)	8,225	24,001
63,442	68,948	14,290	167,436
<u>1,066,868</u>	<u>446,059</u>	<u>123,674</u>	<u>2,417,796</u>
<u>\$ (4,292,584)</u>	<u>\$ (35,787)</u>	<u>\$ (624,305)</u>	<u>\$ (5,270,607)</u>
\$ 3,800	\$ 682,139	\$ 315,045	\$ 2,559,645
-	(682,139)	(315,045)	(2,510,273)
(3,800)	-	-	(3,800)
-	-	-	(45,572)



### **Internal Service Funds**

**Employee Insurance Fund** – Accounts for the revenue received from employee and employer contributions and expenses for insurance premiums, administrative fees, and health claims related to the City's protected employee benefit program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

**Risk Management Fund** – Accounts for liability, property and worker's compensation insurance premiums, claims and administrative fees of the City's protected self-insurance program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

**Information Management Services Fund** – Accounts for the accumulation and allocation of costs associated with information technology.

**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
June 30, 2011**

<u>ASSETS</u>	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 745,362	\$ 2,481,194	\$ 30,475	\$ 3,257,031
Accounts receivable	561,689	614,295	-	1,175,984
Prepays	-	34,533	181,134	215,667
Total current assets	<u>1,307,051</u>	<u>3,130,022</u>	<u>211,609</u>	<u>4,648,682</u>
Noncurrent assets:				
Capital assets:				
Improvements other than buildings	-	-	2,429,564	2,429,564
Equipment and vehicles	-	-	3,769,586	3,769,586
Less accumulated depreciation	-	-	(2,166,955)	(2,166,955)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>4,032,195</u>	<u>4,032,195</u>
Total assets	<u>1,307,051</u>	<u>3,130,022</u>	<u>4,243,804</u>	<u>8,680,877</u>
<b><u>LIABILITIES</u></b>				
LIABILITIES:				
Current liabilities:				
Wages payable	1,821	34,428	38,342	74,591
Accounts payable	2,572	59,786	12,113	74,471
Compensated absences	528	47,876	60,870	109,274
Claims and judgments	700,068	5,321,214	-	6,021,282
Total current liabilities	<u>704,989</u>	<u>5,463,304</u>	<u>111,325</u>	<u>6,279,618</u>
Noncurrent liabilities:				
Compensated absences	84	7,665	9,745	17,494
Other postemployment benefits	951	17,603	22,227	40,781
Total noncurrent liabilities	<u>1,035</u>	<u>25,268</u>	<u>31,972</u>	<u>58,275</u>
Total liabilities	<u>706,024</u>	<u>5,488,572</u>	<u>143,297</u>	<u>6,337,893</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	4,032,195	4,032,195
Unrestricted	601,027	(2,358,550)	68,312	(1,689,211)
Total net assets	<u>\$ 601,027</u>	<u>\$ (2,358,550)</u>	<u>\$ 4,100,507</u>	<u>\$ 2,342,984</u>

**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)**

**For the Fiscal Year Ended June 30, 2011**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 11,550,246	\$ 3,918,073	\$ 1,809,136	\$ 17,277,455
Other	530,291	612,185	300	1,142,776
Total Operating Revenues	<u>12,080,537</u>	<u>4,530,258</u>	<u>1,809,436</u>	<u>18,420,231</u>
<b>OPERATING EXPENSES:</b>				
Employee expenses	38,672	889,715	857,327	1,785,714
Supplies and services	10,940,362	3,982,832	1,117,096	16,040,290
Depreciation	-	-	404,755	404,755
Total Operating Expenses	<u>10,979,034</u>	<u>4,872,547</u>	<u>2,379,178</u>	<u>18,230,759</u>
<b>OPERATING INCOME (LOSS)</b>	1,101,503	(342,289)	(569,742)	189,472
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Use of monies and property	<u>3,634</u>	<u>15,348</u>	<u>-</u>	<u>18,982</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	1,105,137	(326,941)	(569,742)	208,454
Capital contributions	-	-	1,122,716	1,122,716
Transfers out	(680,000)	-	-	(680,000)
Change in net assets	<u>425,137</u>	<u>(326,941)</u>	<u>552,974</u>	<u>651,170</u>
Total net assets (deficit) - beginning	<u>175,890</u>	<u>(2,031,609)</u>	<u>3,547,533</u>	<u>1,691,814</u>
Total net assets (deficit) - ending	<u>\$ 601,027</u>	<u>\$ (2,358,550)</u>	<u>\$ 4,100,507</u>	<u>\$ 2,342,984</u>



**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2011**

	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from users	\$ 11,107,667	\$ 3,304,546	\$ 1,810,446	\$ 16,222,659
Cash paid to suppliers for goods and services	(12,092,298)	(3,268,223)	(1,154,890)	(16,515,411)
Cash paid to employees for services	(37,866)	(851,675)	(861,248)	(1,750,789)
Other operating revenue	530,291	612,185	300	1,142,776
Net Cash used for Operating Activities	<u>(492,206)</u>	<u>(203,167)</u>	<u>(205,392)</u>	<u>(900,765)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers out	(680,000)	-	-	(680,000)
Net Cash used for Non-Capital Financing Activities	<u>(680,000)</u>	<u>-</u>	<u>-</u>	<u>(680,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and investment income	3,789	15,727		19,516
Net decrease in Cash and Cash Equivalents	(1,168,417)	(187,440)	(205,392)	(1,561,249)
<b>CASH AND CASH EQUIVALENTS- BEGINNING</b>	<u>1,913,779</u>	<u>2,668,634</u>	<u>235,867</u>	<u>4,818,280</u>
<b>CASH AND CASH EQUIVALENTS- ENDING</b>	<u>\$ 745,362</u>	<u>\$ 2,481,194</u>	<u>\$ 30,475</u>	<u>\$ 3,257,031</u>

**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2011**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 1,101,503	\$ (342,289)	\$ (569,742)	\$ 189,472
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:				
Depreciation	-	-	404,755	404,755
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(442,579)	(613,527)	1,310	(1,054,796)
Decrease in prepaids	-	2,609	9,102	11,711
Increase (decrease) in accounts payable	(1,151,936)	712,000	(46,896)	(486,832)
Increase (decrease) in other accrued liabilities	806	38,040	(3,921)	34,925
Total Adjustments	<u>(1,593,709)</u>	<u>139,122</u>	<u>364,350</u>	<u>(1,090,237)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>\$ (492,206)</u>	<u>\$ (203,167)</u>	<u>\$ (205,392)</u>	<u>\$ (900,765)</u>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Acquisition of capital assets	\$ -	\$ -	\$ 1,122,716	\$ 1,122,716
Contribution of capital assets by municipality	-	-	(1,122,716)	(1,122,716)

### Fiduciary Fund Types

Riverfront Task Force Fund – Accounts for receipts of donations to be used toward the formation of a plan for riverfront development.

Library Gift Fund – Accounts for donations to the Davenport Library and disbursements, which include the purchase of books, periodicals and equipment as authorized by the Library Board of Directors.

M.D. Petersen Memorial Fund – Accounts for an annual contribution from the Petersen estate and the disbursement for improvements designated by the Davenport Levee Improvement Commission.

**CITY OF DAVENPORT**

**ALL AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2011**

	BALANCE JUNE 30,2010	ADDITIONS	DELETIONS	BALANCE JUNE 30,2011
<b><u>RIVERFRONT TASK FORCE</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 3,614	\$ 14	\$ -	\$ 3,628
Interest receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,614</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 3,628</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 3,614	\$ 14	\$ -	\$ 3,628
 <b><u>LIBRARY GIFT</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 206,823	\$ 255,953	\$ 115,897	\$ 346,879
Interest receivable	21	-	21	-
<b>TOTAL ASSETS</b>	<b>\$ 206,844</b>	<b>\$ 255,953</b>	<b>\$ 115,918</b>	<b>\$ 346,879</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 5,352	\$ 74,278	\$ 74,762	\$ 4,868
Due to other governments	201,492	181,675	41,156	342,011
<b>TOTAL LIABILITIES</b>	<b>\$ 206,844</b>	<b>\$ 255,953</b>	<b>\$ 115,918</b>	<b>\$ 346,879</b>
 <b><u>M.D. PETERSEN MEMORIAL</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 213	\$ 1,087	\$ -	\$ 1,300
Interest receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 213</b>	<b>\$ 1,087</b>	<b>\$ -</b>	<b>\$ 1,300</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	213	1,087	-	1,300
<b>TOTAL LIABILITIES</b>	<b>\$ 213</b>	<b>\$ 1,087</b>	<b>\$ -</b>	<b>\$ 1,300</b>
 <b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 210,650	\$ 257,054	\$ 115,897	\$ 351,807
Interest receivable	21	-	21	-
<b>TOTAL ASSETS</b>	<b>\$ 210,671</b>	<b>\$ 257,054</b>	<b>\$ 115,918</b>	<b>\$ 351,807</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 5,352	\$ 74,278	\$ 74,762	\$ 4,868
Due to other governments	205,319	182,776	41,156	346,939
<b>TOTAL LIABILITIES</b>	<b>\$ 210,671</b>	<b>\$ 257,054</b>	<b>\$ 115,918</b>	<b>\$ 351,807</b>

**CITY OF DAVENPORT**

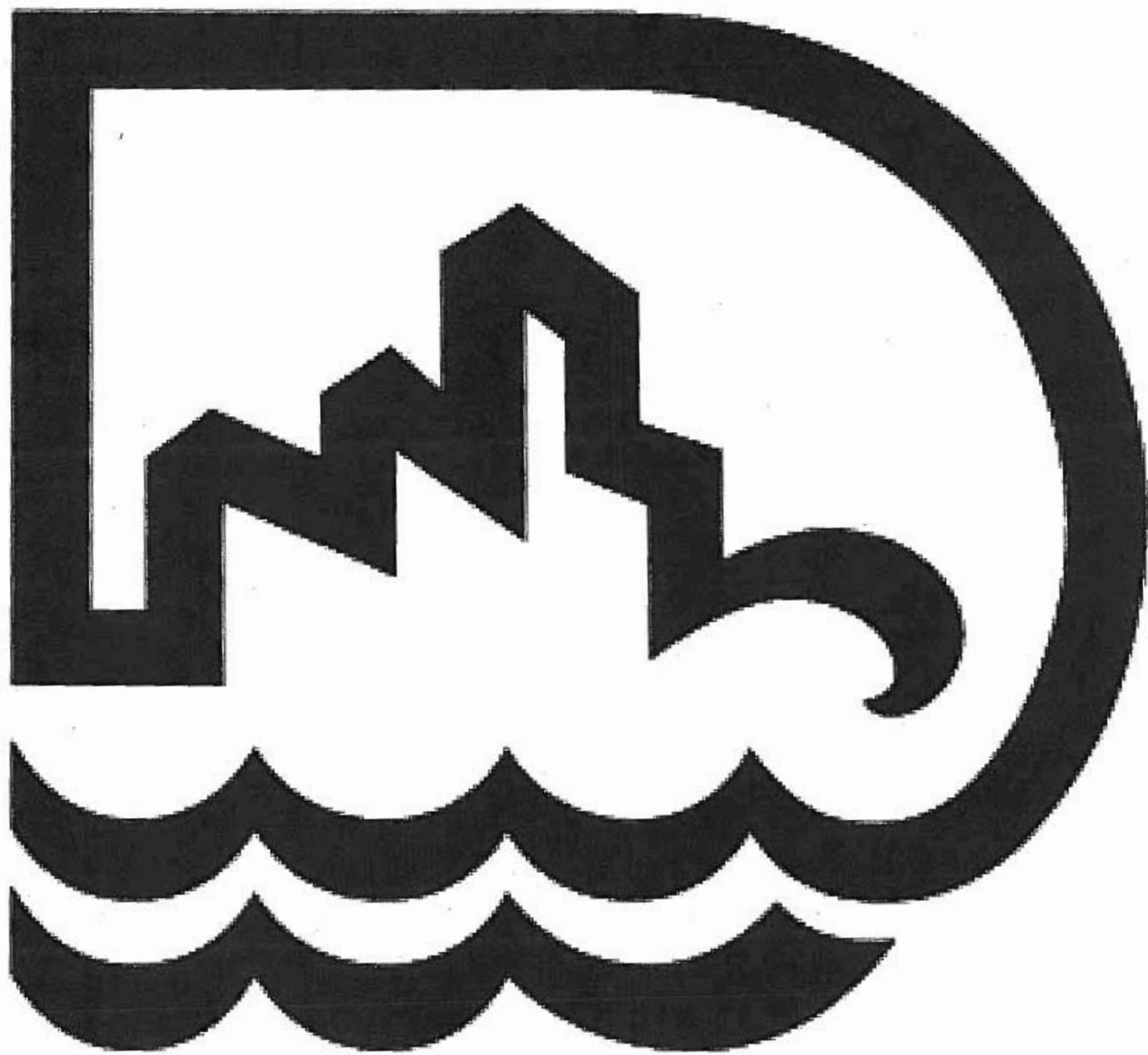
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
<b>Direct:</b>			
<b><u>Department of Housing and Urban Development (HUD)</u></b>			
N/C S/R Section 8 Programs	14.182	KC76237	\$ 374,569
Community Development Block Grants/Entitlement Grants	14.218	B 10 MC 19 0002	2,201,574
HERA - Neighborhood Stabilization Program	14.228		555,264
HOME Investment Partnerships Program	14.239	M 10 MC 190200	1,000,337
ARRA CDBG-R	14.253	B09 MY 190002	315,565
Jump Start HUD Program	14.256		247,953
ARRA Homeless Prevention and Rapid Rehousing	14.257	S09 MY 190003	387,499
Fair Housing Assistance Program	14.401	FF 207 K0 77015	49,688
Public and Indian Housing	14.850	KC 914 8	60,216
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	3,071,002
Public Housing - Capital Fund Program	14.872	KC 914 8	195,781
ARRA Capital Funds	14.885	IA 0550 4550 109	75,889
Lead Based Paint Grant	14.900	IA LHB 0349 07	949,193
			<u>9,484,530</u>
<b>Equal Employment Opportunity Commission</b>			
Equal Employment Opportunity Commission	30.001	EE CCN 1001 14	<u>55,000</u>
<b><u>Department of Transportation</u></b>			
Taxiway Reconstruction/Hanger	20.205	319 00 24 15	820,530
Davenport Municipal Airport	20.205	319 00 24 14	45,572
Pier and Bank Stabilization	20.208	STPU 1827 (655) 8R 82	276,004
Fairmont Bridge Replacement	20.205	BRM 1827(640) 8N 82	198,017
67th Street Paving Project	20.205	STPU 1827(663) 70 82	179,775
65th and Brady Signal	20.205	CS TSF 1827 (639) 85 82	530,000
2nd and Warren Signal	20.205	CS TSF 1827 (652) 85 82	84,822
Kimberly and Marquette	20.205	STPU 1827(637) 70 82	7,683
49th Street Paving	20.205	STPU 1827(632) 70 83	12,614
Rail for Eastern Iowa	20.205	FE06 (01) 49 82	576,483
Federal Transit - Formula Grants	20.507	IA 90 X 362 00	299,323
Federal Transit - Formula Grants	20.507	IA 90 X 350 00	325,685
			<u>3,356,508</u>
<b><u>Environmental Protection Agency</u></b>			
Surveys, Studies, Investigations and Special Purpose Grants	66.606	XP 98 7584 01	<u>1,202,960</u>
<b><u>Department of Energy</u></b>			
ARRA Energy and Efficiency Block Grant	81.128	SC 000 3271	375,150
ARRA Energy and Renewable Energy	81.122	OE0000416	13,204
			<u>388,354</u>

**CITY OF DAVENPORT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
<b><u>Department of Homeland Security</u></b>			
Assistance to Firefighters	97.044	EMW 2009 F0 02503	47,179
Assistance to Firefighters	97.044	EMW-2010-FO-04002	127,600
Port Security Rescue Boat	97.056	2010-PU-T0-0059	178,899
Hazmat Training	97.067		43,319
			<u>396,997</u>
<b><u>Iowa Department of Homeland Security</u></b>			
Hazard Mitigation Grant Program	97.039	DR-1763 0028 01	<u>218,797</u>
<b><u>Department of Justice</u></b>			
Weed and Seed	16.595	2009 WS QX 0109	175,668
Bulletproof Vest Partnership Program	16.607	UG 06 2XG	3,512
Office of Community Oriented Policing Services	16.710	2005 IN WX 0025	207,617
	16.710	2007 CK WX 0031	481,031
ARRA Cops Hiring	16.710	2009 RK WX 0305	385,555
Organized Crime Drug Enforcement Task Force	N/A		8,788
			<u>1,262,171</u>
<b><u>National Recreation and Park Association</u></b>			
Parks Take Me Fishing	15.653	F 125 E 20	<u>5,000</u>
<b><u>Department of Interior National Park Service</u></b>			
CPED MAPS	15.406		<u>9,360</u>
<b>Total Direct</b>			<b><u>16,379,677</u></b>
<b>Indirect:</b>			
<b><u>Department of Justice</u></b>			
Alcohol, Tobacco and Firearms Training Assistance	16.012		1,997
Enforcing Underage Drinking Laws (EUDL)	16.727	JUV 07 JD07 F08	17,032
ARRA Governor's Office of Drug Control Policy:	16.803	09 JAG ARRA 265	79,999
ARRA Byrne JAG Law Enforcement	16.804	2009 SB B9 05 49	300,000
Drug Enforcement	N/A		2,144
HIDTA	N/A	09 G09 MW 000 9A	5,137
			<u>406,309</u>
<b><u>Department of Transportation</u></b>			
<b><u>Iowa Department of Transportation</u></b>			
ARRA Full Depth Patching	20.205	ESL 1827 (660) 7S 82	238,516
ARRA Front Porch Parkway	20.205	ESL 1827 (662) 7S 82	192,327
			<u>430,843</u>
<b><u>Iowa Department of Natrural Resources</u></b>			
ARRA Reduce Iowa Diesel Exhaust (RIDE I)	66.039	ESD 7270 CLAIMS 100144	98,036
ARRA Reduce Iowa Diesel Exhaust (RIDE II)	66.039	ESD 7270 CLAIMS 110148	125,000
			<u>223,036</u>
<b><u>National Highway Traffic Safety Administration</u></b>			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 11-04 Task 10	<u>13,648</u>
<b>Total Indirect</b>			<b><u>1,073,836</u></b>
<b>Total</b>			<b><u>17,453,513</u></b>



**STATISTICAL SECTION**

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### Statistical Section

This part of the City of Davenport's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Davenport's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how Davenport's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess Davenport's most significant local revenue source, the property tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of Davenport's current levels of outstanding debt and our ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which Davenport's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in Davenport's financial report relates to the services we provide and the activities we perform.

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

CITY OF DAVENPORT

NET ASSETS BY COMPONENT,  
LAST NINE FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year			
	2011	2010	2009	2008
Governmental activities				
Invested in capital assets, net of related debt	126,691,668	\$ 125,751,423	\$ 105,380,683	\$ 107,377,588
Restricted	12,739,452	26,268,566	37,923,794	34,634,008
Unrestricted	(3,483,506)	(22,165,731)	2,694,253	3,975,550
Total governmental activities net assets	<u>135,947,614</u>	<u>\$ 129,854,258</u>	<u>\$ 145,998,730</u>	<u>\$ 145,987,146</u>
Business-type activities				
Invested in capital assets, net of related debt	123,757,219	\$ 113,558,845	\$ 106,460,687	\$ 109,164,803
Restricted	3,849,157	4,414,849	-	-
Unrestricted	(1,280,067)	4,336,900	13,226,200	12,464,481
Total business-type activities net assets	<u>126,326,309</u>	<u>\$ 122,310,594</u>	<u>\$ 119,686,887</u>	<u>\$ 121,629,284</u>
Primary government				
Invested in capital assets, net of related debt	\$ 250,448,887	\$ 239,310,268	\$ 211,841,370	\$ 216,542,391
Restricted	16,588,609	30,683,415	37,923,794	34,634,008
Unrestricted	(4,763,573)	(17,828,831)	15,920,453	16,440,031
Total primary government net assets	<u>\$ 262,273,923</u>	<u>\$ 252,164,852</u>	<u>\$ 265,685,617</u>	<u>\$ 267,616,430</u>

						Fiscal Year				
2007		2006		2005		2004		2003		
\$	89,441,418	\$	68,823,065	\$	88,164,547	\$	77,077,585	\$	72,111,446	
	43,140,165		52,997,137		35,494,223		40,472,202		41,416,734	
	5,039,462		6,977,388		5,903,723		5,574,170		4,568,399	
\$	137,621,045	\$	128,797,590	\$	129,562,493	\$	123,123,957	\$	118,096,579	
\$	109,968,802	\$	114,960,736	\$	100,497,072	\$	91,650,821	\$	93,049,920	
	12,747,591		14,110,629		13,644,118		21,741,675		18,449,449	
\$	122,716,393	\$	129,071,365	\$	114,141,190	\$	113,392,496	\$	111,499,369	
\$	199,410,220	\$	183,783,801	\$	188,661,619	\$	168,728,406	\$	165,161,366	
	43,140,165		52,997,137		35,494,223		40,472,202		41,416,734	
	17,787,053		21,088,017		19,547,841		27,315,845		23,017,848	
\$	260,337,438	\$	257,868,955	\$	243,703,683	\$	236,516,453	\$	229,595,948	

**CITY OF DAVENPORT**

**CHANGES IN NET ASSETS,  
LAST NINE FISCAL YEARS  
(accrual basis of accounting)**

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>									
<b>Governmental activities:</b>									
General government	\$ 9,914,196	\$ 9,385,078	\$ 10,026,526	\$ 8,523,359	\$ 8,710,088	\$ 6,413,439	\$ 10,445,510	\$ 8,480,484	\$ 6,685,470
Public safety	42,049,042	54,618,260	37,946,102	37,929,524	37,866,348	35,330,398	32,069,077	29,072,920	23,906,370
Public works	43,599,123	45,177,539	22,727,385	21,653,523	18,514,994	19,152,943	18,288,161	25,266,595	27,612,830
Culture and recreation	13,674,184	19,395,592	13,924,558	11,663,190	11,831,207	15,989,106	15,273,271	14,720,304	9,793,268
Community and economic development	14,880,835	24,923,932	17,884,887	10,083,864	10,485,046	10,892,810	12,540,036	14,016,808	20,548,796
Interest on long-term debt	6,489,039	6,232,307	5,159,660	5,352,084	5,437,269	4,977,495	4,697,555	4,088,608	4,307,208
<b>Total governmental activities expenses</b>	<b>130,606,419</b>	<b>159,732,708</b>	<b>107,669,118</b>	<b>95,205,544</b>	<b>92,844,952</b>	<b>92,756,191</b>	<b>93,313,610</b>	<b>95,645,719</b>	<b>92,853,942</b>
<b>Business-type activities:</b>									
Sewer operations	15,506,121	14,614,261	13,661,231	12,933,042	13,275,949	12,359,594	12,336,175	11,612,949	12,072,674
Parking system	2,080,257	2,293,309	2,130,548	2,214,256	2,297,589	2,223,058	1,987,325	2,089,879	1,625,843
Rivercenter	2,616,467	2,029,591	2,273,405	2,075,251	2,044,864	2,287,829	3,856,510	3,976,124	3,220,654
Public transit	5,866,989	5,555,580	5,243,812	5,108,767	5,200,408	4,781,823	4,464,738	4,343,827	4,443,687
Public housing	1,045,905	1,130,451	1,024,289	1,088,723	1,056,560	984,783	956,687	906,413	960,487
Golf courses	2,072,059	2,305,035	2,215,155	2,360,114	2,388,785	2,206,089	2,651,694	2,142,641	2,105,937
Airport	578,765	555,304	536,281	564,139	533,995	492,146	446,777	469,150	403,870
Solid waste	5,049,222	4,835,236	4,424,452	4,426,700	4,584,023	4,148,895	4,255,444	1,256,114	1,194,442
Clean water (1)	2,185,141	2,231,978	1,803,626	1,747,692	1,684,045	1,608,951	-	-	-
Riversedge	1,087,614	166,168	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>38,088,540</b>	<b>35,716,913</b>	<b>33,312,799</b>	<b>32,518,684</b>	<b>33,066,218</b>	<b>31,091,168</b>	<b>30,955,350</b>	<b>26,797,097</b>	<b>26,027,594</b>
<b>Total primary government expenses</b>	<b>\$ 168,694,959</b>	<b>\$ 195,449,621</b>	<b>\$ 140,981,917</b>	<b>\$ 127,724,228</b>	<b>\$ 125,911,170</b>	<b>\$ 123,847,359</b>	<b>\$ 124,268,960</b>	<b>\$ 122,442,816</b>	<b>\$ 118,881,536</b>
<b>Program revenues</b>									
<b>Governmental activities:</b>									
<b>Charges for services:</b>									
General government	\$ 3,401,763	\$ 3,802,966	\$ 1,906,531	\$ 2,492,146	\$ 2,185,830	\$ 1,807,942	\$ 1,677,053	\$ 1,547,685	\$ 1,599,974
Public safety	4,272,343	2,433,034	1,991,648	1,769,379	1,772,612	2,175,988	1,577,554	1,464,648	1,175,217
Public works	2,938,022	6,200,604	1,891,001	2,212,146	1,486,492	1,941,969	1,753,160	2,058,239	2,059,079
Culture and recreation	1,698,503	1,420,156	1,255,539	1,110,907	1,774,460	3,820,105	499,872	579,825	635,603
Community and economic development	630,293	2,134,740	762,264	842,579	872,306	955,624	1,066,391	1,028,891	951,787
Operating grants and contributions	19,069,548	22,362,460	17,583,390	14,562,005	14,410,329	15,244,322	18,165,499	18,263,762	17,819,204
Capital grant and contributions	20,033,057	27,041,539	5,315,374	3,851,299	4,409,902	6,043,958	8,999,263	15,163,936	13,963,733
<b>Total governmental activities program revenues</b>	<b>52,043,529</b>	<b>65,395,499</b>	<b>30,705,747</b>	<b>26,840,461</b>	<b>26,911,931</b>	<b>31,989,908</b>	<b>32,838,792</b>	<b>40,106,987</b>	<b>38,204,597</b>
<b>Business-type activities:</b>									
<b>Charges for services:</b>									
Sewer operations	14,177,170	11,693,354	11,769,322	10,863,016	10,151,322	10,348,088	10,207,702	10,455,763	10,662,507
Parking system	1,399,623	1,454,569	1,675,828	1,699,437	1,765,985	1,657,506	1,630,981	1,779,026	1,261,027
Rivercenter	1,327,314	863,707	1,151,073	988,216	918,739	1,153,477	2,693,539	2,464,777	1,792,285
Public transit	506,706	479,090	479,056	451,139	455,216	453,792	593,905	411,253	356,238
Public housing	415,874	369,711	388,302	388,640	344,286	334,919	327,173	330,757	327,964
Golf courses	1,875,575	2,125,590	2,237,644	2,236,252	2,510,782	2,358,403	2,404,051	2,246,411	2,221,928
Airport	179,002	188,984	181,104	185,644	175,622	173,624	154,581	147,081	142,965
Solid waste (1)	4,592,794	4,494,879	4,481,816	4,577,669	4,451,864	3,777,700	3,729,191	1,610,426	1,255,136
Clean water (2)	1,788,322	1,730,883	1,740,483	1,765,014	1,718,423	1,609,030	-	-	-
River's Edge (3)	255,061	36,618	-	-	-	-	-	-	-
Operating grants and contributions	1,654,119	1,752,126	1,537,994	1,792,100	1,463,558	1,669,214	1,363,461	1,655,812	1,442,654
Capital grant and contributions	10,663,923	8,929,787	1,603,113	2,169,889	4,192,000	7,466,146	4,340,112	4,158,826	9,392,192
<b>Total business-type activities program revenues</b>	<b>38,835,483</b>	<b>34,169,298</b>	<b>27,265,735</b>	<b>27,117,016</b>	<b>27,947,797</b>	<b>31,001,889</b>	<b>27,444,696</b>	<b>25,260,132</b>	<b>28,854,896</b>
<b>Total primary government program revenues</b>	<b>\$ 90,879,012</b>	<b>\$ 99,564,797</b>	<b>\$ 57,971,482</b>	<b>\$ 53,957,477</b>	<b>\$ 54,859,728</b>	<b>\$ 62,991,797</b>	<b>\$ 60,283,488</b>	<b>\$ 65,367,119</b>	<b>\$ 67,059,493</b>

	Fiscal Year								
	2,011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (78,562,890)	\$ (94,337,209)	\$ (76,963,371)	\$ (68,365,083)	\$ (65,933,021)	\$ (60,766,283)	\$ (60,474,818)	\$ (55,538,732)	\$ (54,649,345)
Business-type activities	746,943	(1,547,615)	(6,047,064)	(5,401,668)	(5,118,421)	(89,279)	(3,510,654)	(1,336,965)	2,827,302
<b>Total primary government net expense</b>	<b>\$ (77,815,947)</b>	<b>\$ (95,884,824)</b>	<b>\$ (83,010,435)</b>	<b>\$ (73,766,751)</b>	<b>\$ (71,051,442)</b>	<b>\$ (60,855,562)</b>	<b>\$ (63,985,472)</b>	<b>\$ (57,075,697)</b>	<b>\$ (51,822,043)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
<b>Governmental activities:</b>									
<b>Taxes</b>									
Property taxes	59,359,397	\$ 58,524,411	\$ 56,602,349	\$ 54,216,032	\$ 52,302,784	\$ 49,714,718	\$ 47,050,918	\$ 43,784,134	\$ 41,751,259
Local option sales tax	14,934,103	14,061,501	14,268,556	14,925,248	14,408,214	13,071,274	12,556,556	12,892,682	12,695,189
Hotel/motel tax	1,834,327	1,636,626	1,745,523	1,687,454	1,586,261	1,611,777	1,395,028	1,453,268	1,439,259
Franchise tax	2,878,172	3,264,313	3,213,249	3,337,590	3,355,323	3,212,235	3,293,130	3,082,228	2,680,182
Investment earnings	1,014,156	1,035,244	1,390,993	2,953,986	3,839,767	3,010,775	1,943,966	1,542,997	1,546,216
Gain on sale of capital assets	728,558	65,547	4,905	51,385	78,176	367,546	-	-	-
Miscellaneous	58,419	53,761	96,087	62,432	41,118	362,904	295,533	291,640	333,941
Transfers	1,128,264	(448,666)	(346,707)	(501,515)	(784,469)	(11,349,849)	(970,101)	(383,019)	(611,958)
<b>Total governmental activities</b>	<b>81,935,396</b>	<b>78,192,737</b>	<b>76,974,955</b>	<b>76,732,612</b>	<b>74,827,174</b>	<b>60,001,380</b>	<b>65,565,030</b>	<b>62,663,930</b>	<b>59,834,088</b>
<b>Business-type activities:</b>									
Property taxes (public transit)	3,376,227	3,323,301	3,248,353	3,097,575	3,017,365	2,905,895	2,769,893	2,628,096	2,552,247
Investment earnings	638,157	259,257	400,305	649,905	790,290	698,124	462,890	344,863	444,436
Loss on donation of capital assets	-	-	-	-	(5,894,826)	-	-	-	-
Miscellaneous	362,652	140,098	109,302	65,564	66,151	65,586	56,464	74,114	5,537
Transfers	(1,128,264)	448,666	346,707	501,515	784,469	11,349,849	970,101	383,019	611,958
<b>Total business-type activities</b>	<b>3,268,772</b>	<b>4,171,322</b>	<b>4,104,667</b>	<b>4,314,559</b>	<b>(1,236,551)</b>	<b>15,019,454</b>	<b>4,259,348</b>	<b>3,430,092</b>	<b>3,614,178</b>
<b>Total primary government</b>	<b>85,204,168</b>	<b>\$ 82,364,059</b>	<b>\$ 81,079,622</b>	<b>\$ 81,047,171</b>	<b>\$ 73,590,623</b>	<b>\$ 75,020,834</b>	<b>\$ 69,824,378</b>	<b>\$ 66,094,022</b>	<b>\$ 63,448,266</b>
<b>Change in Net Assets</b>									
Governmental activities	\$ 3,372,506	\$ (16,144,472)	\$ 11,584	\$ 8,367,529	\$ 8,894,153	\$ (764,903)	\$ 5,090,212	\$ 7,125,198	\$ 5,184,743
Business-type activities	4,015,715	2,623,707	(1,942,397)	(1,087,109)	(6,354,972)	14,930,175	748,694	1,893,127	6,441,480
<b>Total primary government</b>	<b>\$ 7,388,221</b>	<b>\$ (13,520,765)</b>	<b>\$ (1,930,813)</b>	<b>\$ 7,280,420</b>	<b>\$ 2,539,181</b>	<b>\$ 14,165,272</b>	<b>\$ 5,838,906</b>	<b>\$ 9,018,325</b>	<b>\$ 11,626,223</b>

(1) In fiscal year 2005, the city moved the solid waste division from governmental activities, public works to join the existing recycling division and made a combined solid waste business-type activity.

(2) In fiscal year 2006, the city split the clean water division from governmental activities, public works to a business-type activity.

(3) Newly acquired facility in fiscal year 2010

**CITY OF DAVENPORT**

**FUND BALANCES(DEFICITS), GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2011	2010	2009	2008	2007
General Fund					
Nonspendable	\$ 17,069	\$ -	\$ -	\$ -	\$ -
Restricted	3,883,934	-	-	-	-
Committed	-	-	-	-	-
Assigned	551,836	-	-	-	-
Unassigned	5,392,141	-	-	-	-
Reserved	-	4,781,365	5,837,263	5,468,328	5,897,658
Unreserved	-	5,640,835	4,961,376	5,057,016	6,658,196
Total General Fund	<u>9,844,980</u>	<u>10,422,200</u>	<u>10,798,639</u>	<u>10,525,344</u>	<u>12,555,854</u>
All Other Governmental funds					
Nonspendable	-	-	-	-	-
Restricted	14,266,498	-	-	-	-
Committed	1,058,755	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(1,035,514)	-	-	-	-
Reserved	-	8,558,420	32,666,636	27,199,618	32,790,103
Unreserved, reported in special revenue funds	-	(1,956,132)	980,072	3,754,094	6,527,897
Capital project funds	-	(503,939)	-	-	-
Total All Other Governmental funds	<u>\$ 14,289,739</u>	<u>\$ 6,098,349</u>	<u>\$ 33,646,708</u>	<u>\$ 30,953,712</u>	<u>\$ 39,318,000</u>

The City implemented GASB Statement No. 54, (*Fund Balance Reporting and Governmental Fund Type Definitions*), in fiscal year 2011.

					Fiscal Year				
2006		2005		2004		2003		2002	
\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	6,466,266		5,932,616		5,050,104		5,060,818		6,283,879
	7,561,989		7,173,392		7,520,660		6,607,063		6,473,599
	<u>14,028,255</u>		<u>13,106,008</u>		<u>12,570,764</u>		<u>11,667,881</u>		<u>12,757,478</u>
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	41,987,883		33,277,257		33,305,150		35,191,771		36,656,434
	6,116,563		5,554,019		6,186,458		5,269,271		5,283,533
	(710,670)		(7,430,722)		(3,067,709)		(3,267,011)		(4,575,568)
\$	<u>47,393,776</u>	\$	<u>31,400,554</u>	\$	<u>36,423,899</u>	\$	<u>37,194,031</u>	\$	<u>37,364,399</u>

**CITY OF DAVENPORT**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year				
	2011	2010	2009	2008	2007
<b>Revenues</b>					
Taxes	78,730,720	\$ 77,168,031	\$ 75,503,579	\$ 73,900,380	\$ 71,440,755
Special assessments	157,683	37,717	6,806	139,517	50,982
Licenses and permits	1,238,659	1,275,935	1,154,269	1,496,632	1,395,934
Intergovernmental	31,332,008	29,024,273	22,579,386	17,417,503	17,053,854
Charges for services	4,146,542	3,926,869	4,081,012	3,616,388	2,798,325
Use of monies and property	1,014,156	1,035,244	1,390,993	2,953,986	3,839,767
Fines and forfeits	1,967,004	1,314,564	938,544	554,937	873,092
Loan repayments	839,699	648,896	611,113	584,230	663,341
Other	4,519,410	4,362,836	1,257,734	2,106,748	2,105,786
<b>Total revenues</b>	<b>123,945,881</b>	<b>118,794,365</b>	<b>107,523,436</b>	<b>102,770,321</b>	<b>100,221,836</b>
<b>Expenditures (1)</b>					
General government	8,178,030	8,370,902	7,849,694	7,908,979	7,215,792
Public safety	39,137,701	38,211,590	37,719,742	37,817,252	36,215,539
Public works	17,073,051	17,169,622	15,838,441	15,316,163	11,812,816
Culture and recreation	11,485,665	12,738,612	11,113,692	10,182,468	9,406,214
Community and economic development	13,823,997	20,305,456	17,030,912	9,930,122	8,960,280
Policy and administration	-	-	-	-	-
Community protection	-	-	-	-	-
Human development	-	-	-	-	-
Home and community environment	-	-	-	-	-
Capital outlay	35,710,271	56,227,626	25,959,860	24,969,390	30,935,403
Debt service					
Principal	17,071,575	14,912,225	12,125,079	12,466,632	13,256,573
Interest	6,233,849	6,078,034	5,030,293	5,151,715	5,238,443
Bond issuance expense	150,055	153,704	285,250	84,386	68,526
<b>Total expenditures</b>	<b>148,864,194</b>	<b>174,167,771</b>	<b>132,952,963</b>	<b>123,827,107</b>	<b>123,109,586</b>
Excess of revenues over (under) expenditures	(24,918,313)	(55,373,406)	(25,429,527)	(21,056,786)	(22,887,750)
<b>Other Financing Sources (Uses)</b>					
Bond issuance	25,299,250	28,676,000	26,820,000	9,910,000	13,940,000
Discount on debt issued	-	(66,902)	56,945	155,453	(51,222)
Premium on debt issued	1,377,130	30,668	-	-	-
Refunding bonds issued	3,687,250	6,546,400	-	4,380,000	10,959,625
Payment to refunded bond escrow agent	(3,880,000)	(6,555,500)	-	(4,354,806)	(11,005,000)
Sale of capital assets	728,558	66,608	4,905	51,385	78,176
Transfers in	17,023,775	16,951,068	17,244,760	14,574,161	14,210,513
Transfers out	(15,224,330)	(17,399,734)	(15,730,792)	(14,052,777)	(14,721,821)
<b>Total other financing sources (uses)</b>	<b>29,011,633</b>	<b>28,248,608</b>	<b>28,395,818</b>	<b>10,663,416</b>	<b>13,410,271</b>
<b>Net change in fund balances</b>	<b>4,093,320</b>	<b>\$ (27,124,798)</b>	<b>\$ 2,966,291</b>	<b>\$ (10,393,370)</b>	<b>\$ (9,477,479)</b>
Debt service as a percentage of noncapital expenditures	17.28%	12.92%	15.26%	17.72%	19.48%

(1) In fiscal year 2003 the state changed the expenditure reporting categories.



Fiscal Year				
2006	2005	2004	2003	2002
\$ 67,238,905	\$ 63,519,997	\$ 60,657,581	\$ 58,580,723	\$ 56,129,537
40,535	55,964	18,098	95,885	109,613
1,623,543	1,600,302	1,556,959	1,474,719	1,350,200
19,729,182	21,801,090	28,447,769	27,433,000	22,009,253
3,490,189	3,334,847	3,594,151	3,462,165	2,931,111
3,010,775	1,943,966	1,542,997	1,546,216	2,185,533
997,004	604,751	533,863	481,059	565,819
594,829	978,166	976,217	907,832	981,357
4,308,377	3,052,499	2,820,598	1,805,786	1,429,359
<u>101,033,339</u>	<u>96,891,582</u>	<u>100,148,233</u>	<u>95,787,385</u>	<u>87,691,782</u>
7,242,260	6,878,912	6,661,912	6,032,938	-
33,930,920	31,539,164	29,666,713	19,230,179	-
11,789,864	11,829,081	19,305,594	32,558,630	-
8,632,061	7,878,176	15,270,977	12,098,168	-
10,016,894	10,937,442	13,964,776	12,526,841	-
				6,885,044
				28,937,272
				8,052,451
				19,252,381
31,196,883	26,981,978	26,820,496	9,802,681	16,867,400
13,049,158	10,809,309	11,095,495	9,971,020	9,237,935
4,816,787	4,549,030	4,144,917	4,267,994	4,294,564
105,731	35,791	230,021	47,565	-
<u>120,780,558</u>	<u>111,438,883</u>	<u>127,160,901</u>	<u>106,536,016</u>	<u>93,527,047</u>
<u>(19,747,219)</u>	<u>(14,547,301)</u>	<u>(27,012,668)</u>	<u>(10,748,631)</u>	<u>(5,835,265)</u>
35,660,000	10,355,000	27,475,000	10,140,000	13,967,750
(148,544)	(18,161)	(154,069)	(51,468)	-
-	-	11,337,000	-	5,885,000
-	-	(11,199,276)	-	(5,816,841)
1,643,684	95,946	69,783	12,092	17,762
14,507,366	11,876,152	12,028,025	12,158,543	12,882,356
<u>(14,999,818)</u>	<u>(12,249,737)</u>	<u>(12,411,044)</u>	<u>(12,770,501)</u>	<u>(13,323,818)</u>
<u>36,662,688</u>	<u>10,059,200</u>	<u>27,145,419</u>	<u>9,488,666</u>	<u>13,612,209</u>
<u>\$ 16,915,469</u>	<u>\$ (4,488,101)</u>	<u>\$ 132,751</u>	<u>\$ (1,259,965)</u>	<u>\$ 7,776,944</u>
19.94%	18.18%	15.19%	14.72%	17.65%

**CITY OF DAVENPORT**

**ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**IN THOUSANDS OF DOLLARS**

Levy Year	Fiscal Year	ACTUAL VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
2000	2002	2,332,603	997,859	183,034	17,461	197,345	32,952
2001	2003	2,583,593	1,144,674	173,102	17,933	202,306	12,730
2002	2004	2,631,773	1,166,494	171,056	18,107	209,260	979
2003	2005	2,912,339	1,296,665	167,366	14,088	221,476	602
2004	2006	3,126,797	1,317,790	165,524	14,030	230,234	919
2005	2007	3,361,503	1,437,813	162,735	14,715	233,767	1,123
2006	2008	3,531,282	1,451,082	158,288	14,580	247,982	1,418
2007	2009	3,747,601	1,562,748	171,687	14,782	239,523	2,317
2008	2010	3,784,782	1,579,002	163,691	14,589	262,718	3,076
2009	2011	3,838,410	1,569,003	154,658	20,246	272,575	3,088

Levy Year	Fiscal Year	TAXABLE VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
2000	2002	1,311,263	994,595	178,421	17,274	197,344	32,952
2001	2003	1,334,571	1,118,462	173,102	17,933	202,135	12,720
2002	2004	1,351,999	1,166,494	171,056	18,107	208,836	979
2003	2005	1,410,066	1,286,675	167,366	14,088	225,060	598
2004	2006	1,498,414	1,317,790	165,524	14,030	215,864	919
2005	2007	1,545,096	1,425,136	162,735	14,715	206,783	1,113
2006	2008	1,607,643	1,451,082	158,288	14,580	203,541	1,418
2007	2009	1,650,821	1,558,379	171,687	13,319	208,017	2,311
2008	2010	1,721,872	1,579,002	163,691	13,693	209,530	3,077
2009	2011	1,797,306	1,569,003	154,658	13,417	205,383	3,088

Notes: By state law all property subject to taxation is valued every 2 years subject to an equalization action of the State Department of Revenue. The Assessor establishes actual valuation (100%) as of January 1 in a calendar year for taxes payable in the succeeding fiscal year. The actual value of property is provided by the assessor to the County Auditor who then determines the taxable value. The taxable value is computed by adjusting the actual value of various classes of property by percentages (roll back rates) determined by the State Department of Revenue. The roll back rates are applied to classes of property on a state-wide basis so that the increase in actual valuations of property in the State will not exceed 4% annually. For property values as of January 1, 2005, the roll back rate was 45.996% for residential property and .85% for commercial and other. For the remaining classes of property, the taxable value was equal to 100% of actual value.

Source: Levy rate sheet and valuation from Scott County.

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<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>	<u>Total direct tax rate</u>
3,761,254	(11,716)	3,749,538	14.63%
4,134,338	(11,692)	4,122,646	14.63%
4,197,669	(11,356)	4,186,313	14.96%
4,612,536	(11,066)	4,601,470	15.24%
4,855,294	(10,756)	4,844,538	15.24%
5,211,656	(10,733)	5,200,923	15.58%
5,404,632	(10,496)	5,394,136	15.58%
5,738,658	(10,515)	5,728,143	15.58%
5,807,858	(10,350)	5,797,508	15.58%
5,857,980	(10,216)	5,847,764	15.53%

<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>
2,731,849	(11,716)	2,720,133
2,858,923	(11,692)	2,847,231
2,917,471	(11,356)	2,906,115
3,103,853	(11,066)	3,092,787
3,212,541	(10,756)	3,201,785
3,355,578	(10,735)	3,344,843
3,436,552	(10,496)	3,426,056
3,604,534	(10,515)	3,594,019
3,690,865	(10,350)	3,680,515
3,742,855	(10,216)	3,732,639

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CITY OF DAVENPORT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$1,000 of assessed value)

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Fiscal Year	City Direct Rates							Total
	General	Tort Liability	Trust & Agency	Library (1)	Transit	Emergency	Debt Service	
2002	8.10	0.36	4.00	-	0.91	0.27	0.99	14.63
2003	8.10	0.00	4.36	-	0.91	0.27	0.99	14.63
2004	8.10	0.34	4.36	-	0.91	0.27	0.99	14.97
2005	8.10	0.34	4.36	0.27	0.91	0.27	0.99	15.24
2006	8.10	0.30	4.40	0.27	0.91	0.27	0.99	15.24
2007	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58
2008	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58
2009	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58
2010	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58
2011	8.10	0.25	3.97	0.27	0.91	0.27	1.76	15.53

(1) First year for voter approved Library Levy was fiscal year 2005.

Source: City of Davenport Finance Department

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Overlapping Rates

<u>Scott County</u>	<u>Davenport Schools</u>	<u>Area IX College</u>	<u>Other</u>	<u>Total</u>
4.17	15.47	0.60	0.38	35.25
4.48	16.96	0.62	0.44	37.13
4.81	17.08	0.62	0.38	37.86
4.76	17.10	0.59	0.34	38.03
5.57	17.10	0.59	0.33	38.83
5.51	17.11	0.61	0.36	39.17
5.54	17.11	0.61	0.37	39.21
5.34	17.08	0.61	0.35	38.96
5.47	17.09	0.88	0.33	39.35
6.38	17.11	0.92	0.31	40.25

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CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Current Collections</u>	<u>Percentage of Levy</u>
2002	43,159,271	42,499,603	98.47%
2003	44,910,592	44,143,261	98.29%
2004	46,532,163	45,815,344	98.46%
2005	50,180,308	49,586,833	98.82%
2006	53,083,691	52,441,378	98.79%
2007	55,616,871	55,351,006	99.52%
2008	57,327,443	57,218,872	99.81%
2009	60,026,971	59,657,908	99.39%
2010	61,880,687	61,684,773	99.68%
2011	62,430,924	62,382,970	99.92%

Source: Levy rate sheet from Scott County, current collections per monthly tax allocation reports.  
Information not available on delinquent collections by levy year.

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CITY OF DAVENPORT

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Name of Property	Property type	2011			2002		
		Taxable Valuation	Rank	% of taxable value	Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	\$ 142,084,580	1	3.82%	\$ 145,492,880	1	5.35%
SDG Macerich Properties	Shopping Center	63,972,785	2	1.72%	65,105,400	2	2.39%
Iowa-American Water Co.	Utility	46,024,803	3	1.24%	43,899,662	3	1.61%
Gulf Investments LLC	Utility	24,522,800	4	0.66%	-	-	-
Decre & Company	Manufacturing	22,330,004	5	0.60%	26,262,293	4	0.97%
Davenport-Duhler Family Trust	Commercial	20,554,200	6	0.55%	-	-	-
EPT Ninteen Inc.	Theatre Complexes	17,363,359	7	0.47%	-	-	-
QWEST	Utility	17,105,700	8	0.46%	-	-	-
Oscar Mayer & Co.	Meat Packing	15,370,986	9	0.41%	19,808,907	7	0.73%
Quanex	Manufacturing	14,990,863	10	0.40%	21,461,244	5	0.79%
Peterson Properties LC	Industrial Center	-	-	-	20,772,321	6	0.76%
National Amusement Inc.	Theatre Complexes	-	-	-	18,322,700	8	0.67%
Bradley Operation	Shopping Center	-	-	-	15,587,000	9	0.57%
Ralston Purina Co.	Grain Milling	-	-	-	15,089,944	10	0.55%
Total		<u>\$ 384,320,080</u>		<u>10.33%</u>	<u>\$ 391,802,351</u>		<u>14.40%</u>

Source: Scott County Auditor's Office.

**CITY OF DAVENPORT**

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(dollars in thousands, except per capita)**

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Fiscal Year	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Other General Obligation Debt	Other Long-term Debt	General Obligation Bonds	Total Primary Government		
2002	77,018	801	716	22,547	101,082	3.82%	1,031
2003	77,287	715	703	25,648	104,353	3.82%	1,066
2004	94,701	620	407	25,109	120,837	4.36%	1,237
2005	94,549	517	206	24,186	119,458	4.25%	1,226
2006	117,445	404	33	22,280	140,162	4.16%	1,439
2007	118,219	281	20	20,606	139,126	3.93%	1,424
2008	115,865	147	7	19,810	135,829	3.66%	1,372
2009	130,713	-	-	18,392	149,105	3.88%	1,479
2010	144,488	-	-	18,647	163,135	4.04%	1,610
2011	152,715	-	-	24,384	177,099	unavailable	1,777

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Demographic and economic statistics schedule for personal income and population data.

The personal income and population data is not yet available.

Source: City of Davenport Finance Department and U.S. Department of Commerce "Survey of Current Business: for Davenport, Rock Island, Moline SMSA."

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**CITY OF DAVENPORT**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**  
**(dollars in thousands, except per capita)**

Fiscal Year	General Obligation Debt	Percentage of Taxable Value of Property (1)	Per Capita
2002	100,366	3.69%	1,024
2003	103,650	3.64%	1,059
2004	120,430	4.14%	1,233
2005	119,252	3.86%	1,224
2006	140,129	4.38%	1,439
2007	139,106	4.16%	1,424
2008	135,822	3.96%	1,372
2009	149,105	4.15%	1,479
2010	163,135	4.43%	1,610
2011	177,099	4.76%	1,777

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Assessed and Taxable Value table for property value data.

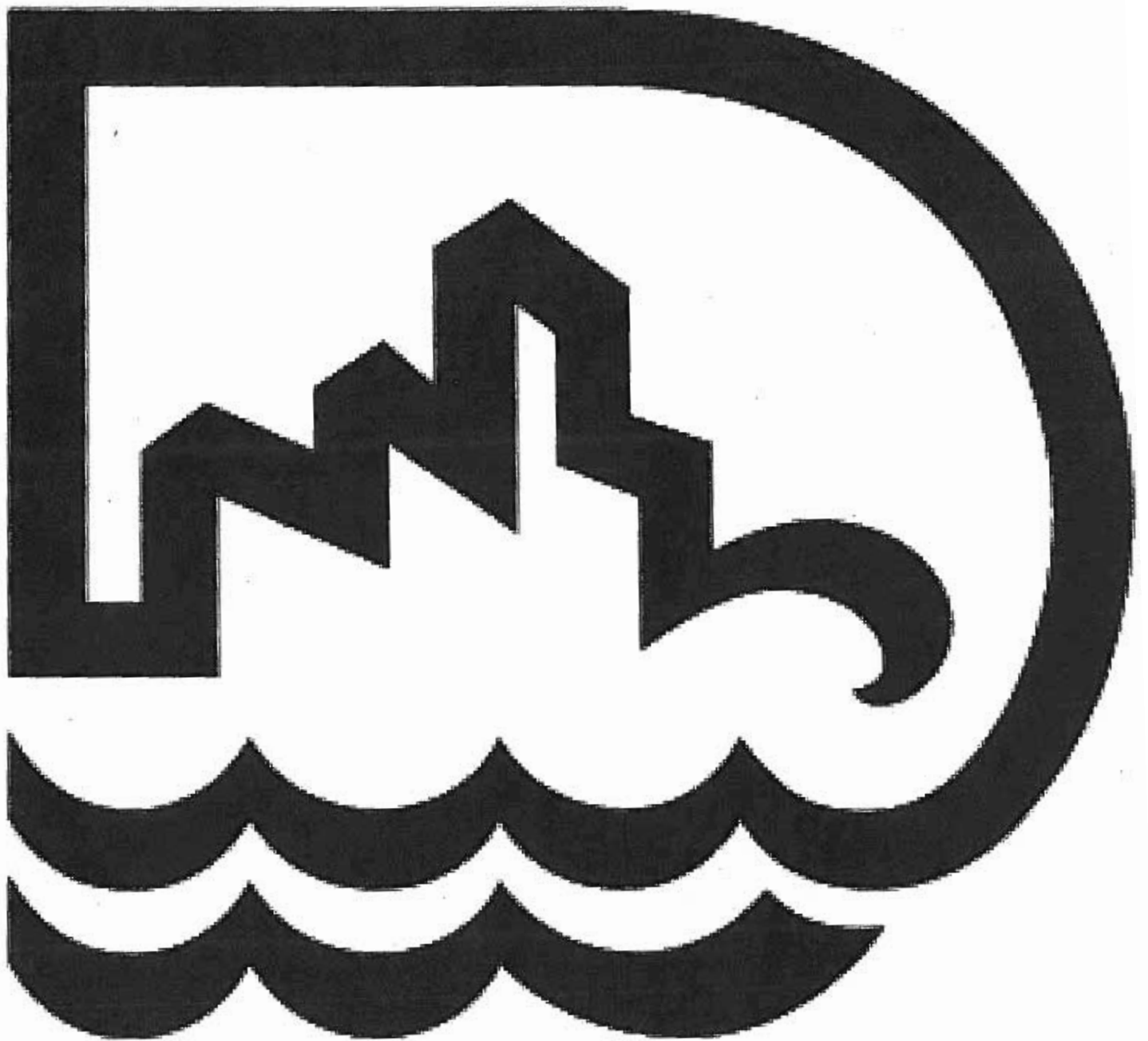
Source: City of Davenport Finance Department and Scott County Auditor's Office.

CITY OF DAVENPORT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2011  
(dollars in thousands)

Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	15,660,000	53.59%	8,392,194
Eastern Iowa Community College	69,525,000	31.63%	21,990,758
Subtotal, overlapping debt			<u>30,382,952</u>
City direct debt			<u>177,099,000</u>
Total direct and overlapping debt			<u>\$ 207,481,952</u>

Sources: Debt outstanding data provided by each governmental unit. Percent applicable to city provided by Scott County.



**CITY OF DAVENPORT**

**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

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Fiscal year	2002	2003	2004	2005
Debt limit	\$ 190,875,662	\$ 208,925,388	\$ 211,734,034	\$ 232,991,693
Total net debt applicable to limit	100,366,235	103,649,548	129,560,074	128,381,797
Legal debt margin	\$ 90,509,427	\$ 105,275,840	\$ 82,173,960	\$ 104,609,896
Total net debt applicable to the limit as a percentage of debt limit	52.58%	49.61%	61.19%	55.10%

**Note:** Iowa State law limits local governments debt to 5% of its gross assessed valuation.

**Source:** City of Davenport Finance Department.

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**Legal debt margin calculation for Fiscal Year 2010**

Assessed valuation		\$ 5,953,276,851	
Debt limit (5% of assessed value)			\$ 297,663,843
Debt applicable to limit:			
General Obligation Bonds		177,099,000	
Tax Increment Financing Rebate Agreements		12,867,525	
Total G.O. Indebtedness			<u>189,966,525</u>
Legal debt margin			<u><u>\$ 107,697,318</u></u>

2006	2007	2008	2009	2010	2011
\$ 246,426,202	\$ 263,977,950	\$ 274,332,381	\$ 290,703,247	\$ 295,219,101	297,663,843
148,929,153	148,364,852	148,501,164	159,957,382	176,092,605	\$ 189,966,525
\$ 97,497,049	\$ 115,613,098	\$ 125,831,217	\$ 130,745,865	\$ 119,126,496	\$ 107,697,318
60.44%	56.20%	54.13%	55.02%	59.65%	63.82%

**CITY OF DAVENPORT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

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Year	Population (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2001	98,900	2,589,795,400	26,186	16,831	2.9%
2002	98,000	2,646,490,000	27,005	17,210	3.7%
2003	97,900	2,729,354,100	27,879	16,544	4.7%
2004	97,700	2,773,116,800	28,384	16,077	4.5%
2005	97,400	2,811,840,600	28,869	15,543	4.8%
2006	97,400	3,366,046,600	34,559	15,674	4.3%
2007	97,682	3,536,869,856	36,208	15,365	4.3%
2008	98,975	3,715,026,625	37,535	15,967	4.2%
2009	101,335	3,837,979,755	38,065	15,405	6.9%
2010	99,685	4,041,341,135	39,881	15,407	7.0%

Sources:

- (1) Sales and Marketing Management, Survey of Buying Power, September issues.
  - (2) BEA website-AMSA04-Advance Metropolitan Statistical Area Income Summary for Davenport, Rock Island, Moline SMSA as of calendar year end.
  - (3) Davenport Community School District based on census at start of school year.
  - (4) Iowa Workforce Development, for Davenport as of calendar year end
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CITY OF DAVENPORT

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO (1)**

Employer	12/31/2001			12/31/2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	3,200	1	6.17%	4,900	1	9.85%
Northpark Mall	3,000	2	5.78%	-		
Davenport Community Schools	2,323	3	4.48%	2,096	2	4.21%
ALCOA	-			2,030	3	4.08%
Kraft Foods/Oscar Mayer	1,700	4	3.28%	1,650	4	3.32%
Eastern Iowa Community College	1,045	5	2.01%	1,005	7	2.02%
City of Davenport	932	6	1.80%	1,059	5	2.13%
MidAmerican Energy Company	-			1,025	6	2.06%
John Deere Davenport Works	892	7	1.72%	-		
President/Rhythm City Casino	724	8	1.39%	600	11	1.21%
APAC Teleservices	600	9	1.16%	900	8	1.81%
United Parcel Service	584	10	1.13%	590	13	1.19%
St. Ambrose University	550	11	1.06%	636	9	1.28%
Sears Manufacturing	484	12	0.93%	600	11	1.21%
Von Maur	449	13	0.87%	560	14	1.13%
Scott County	425	14	0.82%	455	15	0.91%
Quad City Times	340	15	0.66%	-		
AT&T	-			610	10	1.23%
	<u>17,248</u>		<u>33.23%</u>	<u>18,716</u>		<u>37.62%</u>

Source: Quad City Development Group, Direct staff contact with Company

(1) Information not available as of 6/30/11, therefore information is presented as of calendar year.

**CITY OF DAVENPORT**

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION  
LAST TEN CALENDAR YEARS  
June 30, 2011**

FUNCTION/PROGRAM	2010		2009		2008		2007		2006	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
<b>PUBLIC SAFETY</b>										
Police	194	35	217	29	209	27	212	23	209	24
Fire	149	-	153	2	155	-	153	1	149	2
<b>PUBLIC WORKS</b>	281	31	284	34	278	30	278	29	280	26
<b>CULTURE &amp; RECREATION</b>										
Leisure Facilities and Services	34	131	34	129	32	76	35	23	38	32
Library	43	44	41	37	39	35	38	34	43	32
Museum of Art	-	-	-	-	-	-	-	-	-	-
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>	32	12	39	13	37	12	37	11	33	11
<b>GENERAL GOVERNMENT</b>										
Mayor	2	-	2	-	2	-	2	-	2	-
Council	1	10	0	11	1	11	1	10	1	10
Finance	26	2	22	5	23	2	23	-	22	2
Information Technology	8	2	10	-	10	-	11	-	9	1
Administration	6	-	7	-	7	-	7	-	7	-
Legal	4	-	4	-	4	-	4	-	5	-
Human Resources	5	2	5	2	5	3	6	4	6	6
Civil Rights	4	1	4	2	4	1	4	2	4	3
<b>Total</b>	<b>789</b>	<b>270</b>	<b>822</b>	<b>264</b>	<b>806</b>	<b>197</b>	<b>811</b>	<b>137</b>	<b>808</b>	<b>149</b>

(1) In 2004 the Museum of Art became a stand alone entity whereas in prior years the employees were City employees.

(2) In 2005 Information Technology became a stand alone department. It had previously been reported with Finance.

Source: City of Davenport Department of Human Resources.



2005		2004		2003		2002		2001	
FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
203	24	198	24	203	24	203	25	202	28
143	-	140	-	144	-	146	-	148	-
295	18	293	18	310	21	311	22	303	22
33	45	36	45	43	40	44	33	46	39
42	22	35	22	36	24	34	27	37	25
-	-	(1)	-	9	4	10	3	16	8
46	6	46	6	43	-	40	1	38	-
2	-	2	-	2	-	2	-	2	-
1	10	1	10	1	10	1	10	1	10
23	-	28	-	28	-	31	-	33	-
(2) 7	1								
5	-	5	-	5	-	5	-	4	-
5	-	5	-	6	-	7	-	6	-
6	1	7	1	5	-	6	-	7	-
4	4	4	4	4	1	5	-	4	1
<u>815</u>	<u>131</u>	<u>800</u>	<u>130</u>	<u>839</u>	<u>124</u>	<u>845</u>	<u>121</u>	<u>847</u>	<u>133</u>

**CITY OF DAVENPORT**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
June 30, 2011**

FUNCTION/PROGRAM	FISCAL YEAR				
	2011	2010	2009	2008	2007
<b>PUBLIC SAFETY</b>					
Fire calls answered	14,965	14,399	13,842	13,188	13,257
Police-arrests (1)	7,151	7,529	8,526	8,960	9,813
Construction permits issued	2,510	2,426	2,196	2,135	2,051
<b>PUBLIC WORKS</b>					
Refuse collected (cu yds per year)	25,604	25,737 tons	26,789 tons	71,000	74,185
Gallons of wastewater processed (in millions) (1)	10,877	11,607	10,038	10,731	7,884
Yard waste composted (cu yds)	103,379	102,176	109,800	98,030	107,361
Citibus ridership	1,202,929	1,180,383	1,125,000	1,088,000	1,045,550
Utility service customers	40,000	40,000	40,000	40,000	40,000
<b>CULTURE &amp; RECREATION</b>					
Rounds of golf played	71,243	80,113	101,813	136,386	113,128
Swimming pools attendance	40,874	30,830	27,708	28,000	31,000
Recreation programs available	910	549	636	1,061	554
Recreation program enrollment	57,600	42,500	38,844	30,396	48,301
Library - walk-in patrons served	578,957	511,259	449,218	395,498	390,394
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>					
Planning & zoning-final development review	5	2	5	8	15
Households assisted with rental assistance	768	750	716	701	680

(1) Amounts for FY 08 and prior have been changed to fiscal year amounts from calendar year amounts

Source: Various City of Davenport departments.

FISCAL YEAR					
2006	2005	2004	2003	2002	2001
12,294	11,729	11,420	11,177	11,248	10,926
8,919	7,740	7,608	7,472	7,178	7,223
2,328	2,659	2,690	2,918	3,352	4,020
71,627	71,324	70,878	71,481	73,206	74,224
6,424	6,972	8,821	7,406	8,818	9,846
68,739	90,226	92,042	100,904	95,850	98,834
982,663	940,046	881,947	866,001	unavailable	unavailable
40,000	38,340	38,000	38,000	38,000	38,000
111,329	109,499	112,712	110,158	89,892	90,830
27,373	33,064	27,063	33,729	61,790	42,893
410	305	298	unavailable	unavailable	unavailable
53,517	37,097	4,433	unavailable	unavailable	unavailable
307,330	279,751	295,963	311,733	309,693	310,531
15	23	10	23	20	23
672	711	725	747	617	616

**CITY OF DAVENPORT**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

June 30, 2011

FUNCTION/PROGRAM	FISCAL YEAR				
	2011	2010	2009	2008	2007
<b>PUBLIC SAFETY</b>					
Police cars	83	74	64	67	94
Fire stations	7	7	7	7	7
Fire trucks	16	16	16	16	14
<b>PUBLIC WORKS</b>					
Streets (miles)	695	695	695	692	692
Traffic signals	156	153	153	152	151
Street lights	9,691	9,680	9,632	9,558	9,456
Refuse collection trucks	31	31	34	30	36
Buses	21	21	21	20	20
<b>CULTURE &amp; RECREATION</b>					
Golf courses	3	3	3	4	4
Acres of parks	1,700	1,700	1,700	1,700	1,700
Swimming pools	3	3	3	4	4
Libraries	3	3	2	2	2

Note: No capital asset indicators are available for General Government and Community & Economic Development functions.

Source: City of Davenport Summary of Fixed Assets Report.

FISCAL YEAR					
2006	2005	2004	2003	2002	2001
77	68	62	72	61	63
7	7	7	7	7	7
13	13	13	14	14	14
690	684	684	581	581	581
150	146	144	138	134	125
9,237	9,263	9,174	8,947	8,815	8,766
48	40	42	37	36	35
20	20	25	30	19	19
4	4	4	3	3	3
1,700	1,700	1,700	1,700	1,700	1,700
4	4	4	4	4	3
2	1	1	1	1	1