

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

City of Davenport, Iowa

CITY OF DAVENPORT, IOWA
COMPREHENSIVE ANNUAL FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:
Finance Department
Accounting Division

Front Cover: Designed by Helen Boyd, Engineering Division

INTRODUCTORY SECTION

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|---|------|
| Table of Contents | i |
| Letter of Transmittal | iii |
| GFOA Certificate of Achievement | viii |
| Organizational Chart | ix |
| List of Elected and Appointed Officials | x |

FINANCIAL SECTION

| | |
|--------------------------------------|---|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 3 |

Basic Financial Statements

| | |
|--|----|
| Government-wide Financial Statements | |
| Statement of Net Position | 14 |
| Statement of Activities | 16 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds | 22 |
| Reconciliation of the Statement of Revenue, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities | 25 |
| Statement of Net Position - Proprietary Funds | 26 |
| Reconciliation of Enterprise Funds Net Position to the Statement of Net Position | 29 |
| Statement of Revenue, Expenses, and Changes in Fund Net Position - Proprietary Funds | 30 |
| Reconciliation of the Change in Net Position of Enterprise Funds to the Statement of Net Activities | 33 |
| Statement of Cash Flows - Proprietary Funds | 34 |
| Statement of Fiduciary Net Position-Fiduciary Funds | 38 |
| Notes to the Financial Statements | 39 |

Required Supplementary Information

| | |
|---|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - Governmental and Proprietary Funds | 66 |
| Notes to Required Supplementary Information - Budgetary Reporting | 68 |
| Other Postemployment Benefit Plan | 69 |

Combining and Individual Fund Statements and Schedules

| | |
|--|----|
| Combining Balance Sheet - Non-Major Governmental Funds | 72 |
| Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds | 74 |
| Combining Statement of Net Position - Non-Major Enterprise Funds | 78 |
| Combining Statement of Revenue, Expenses and Changes in Fund Net Position - Non-Major Enterprise Funds | 80 |
| Combining Statement of Cash Flows - Non-Major Enterprise Funds | 82 |
| Combining Statement of Net Position - Internal Service Funds | 88 |
| Combining Statement of Revenue, Expenses, and Changes in Fund Net Position - Internal Service Funds | 89 |

FINANCIAL SECTION (continued)

| | |
|---|----|
| Combining Statement of Cash Flows -Internal Service Funds | 90 |
| Combining Statement of Changes in Assets and Liabilities - All Agency Funds | 93 |
| Schedule of Expenditures of Federal Awards | 94 |

STATISTICAL SECTION

| | |
|---|-----|
| Net Position by Component | 98 |
| Changes in Net Position | 100 |
| Fund Balances, Governmental Funds | 102 |
| Changes in Fund Balances, Governmental Funds | 104 |
| Assessed and Taxable Value of Taxable Property | 106 |
| Direct and Overlapping Property Tax Rates | 108 |
| Property Tax Levies and Collections | 110 |
| Principal Property Taxpayers | 111 |
| Ratios of Outstanding Debt by Type | 112 |
| Ratios of General Bonded Debt Outstanding | 113 |
| Direct and Overlapping Governmental Activities Debt | 114 |
| Legal Debt Margin Information | 116 |
| Demographic and Economic Statistics | 118 |
| Principal Employers | 119 |
| Full-time and Part-time Employees by Function | 120 |
| Operating Indicators by Function | 122 |
| Capital Asset Statistics by Function | 124 |

December 12, 2014

Honorable Mayor and Members of the City Council and the citizens of 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, 2014.

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 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, 2014 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2014 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, 2014 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 City 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 2014 unemployment rate (through nine months) was 6.4%. The total number of jobs in the MSA has grown the past two years, and of the 199,500 persons in the labor force in 2014, 186,732 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 55% residential, 39% commercial, 2% utility and 4% industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 7.2% of total value and the remaining nine leading taxpayers account for just 5.4% 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 Figge 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 added 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 recently completed renovations to the historic Renwick building and developed 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, administration and finance.

The City's General Fund receives approximately 75% 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. Growth limitations are imposed on the City's property tax base by the state, including the residential property rollback. Despite other revenue challenges imposed by the State, including the 1995 phase out of machinery and equipment property taxes and the exemption of gas and electric utilities, the City's taxable property tax base has grown moderately, an average of 3.6% annually over the last ten fiscal years. For the upcoming FY 2015, total assessed value increased by 1.3%, while taxable values decreased 1.6% due to state legislation, described below.

In 2013, the Iowa Legislature passed Senate File 295, which included a number of components that will continue to challenge the ability of Iowa municipalities to present balanced budgets. The largest components include a 10% rollback for all commercial properties and the creation of a new multi-residential property class with a rollback that will be equivalent to the residential rollback. The impact of SF 295 to the City of Davenport is estimated at \$40 million through FY 2024.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 5.58% over the last ten years. State-mandated contributions to the statewide fire and police pension system have continued to rise sharply through FY 2015. The contribution rate increased from 17% in FY 2010 to 19.9% in FY 2011 (\$800,000 in added costs) to 24.76% in FY 2012 (\$1 million in added costs) to 26.12% in FY 2013 (\$400,000 in added costs) to 30.12% in FY 2014 (\$400,000

in added costs). In order to fully fund projected increases in the state-mandated MFPRSI system, the City Council approved a \$0.96 increase in the trust & agency property tax levy in FY 2013. The levy increase also funds increases in the City's self-funded health insurance costs.

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 and has been successful in signing agreements to move the City's gaming operation onto land. These non-property-tax revenues are two options 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. Debt service payments have been made with a combination of property taxes received from the debt service levy, local option sales tax revenue, and enterprise fund fees dedicated to this purpose. The City Council increased the debt service property tax levy to \$2.05 in FY 2013, an increase from \$1.76/\$1,000 which had been the rate since 2007.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2015 include:

- Sanitary sewer lining construction and repair \$9.6 million
- Forest Grove Paving \$2 million
- Street resurfacing, full depth patching and reconstruction \$3.6 million
- Veteran's Memorial Parkway I74 to Utica Ridge \$6.8 million (project total \$17 million)
- Fire truck \$1.1 million
- Police department classroom/auditorium \$0.5million

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, 2013. This was the 31st 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 FY 2015 budget document. This is the 20th 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,



Craig Malin
City Administrator



Brandon Wright
Finance Director



Government Finance Officers Association

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

Presented to

**City of Davenport
Iowa**

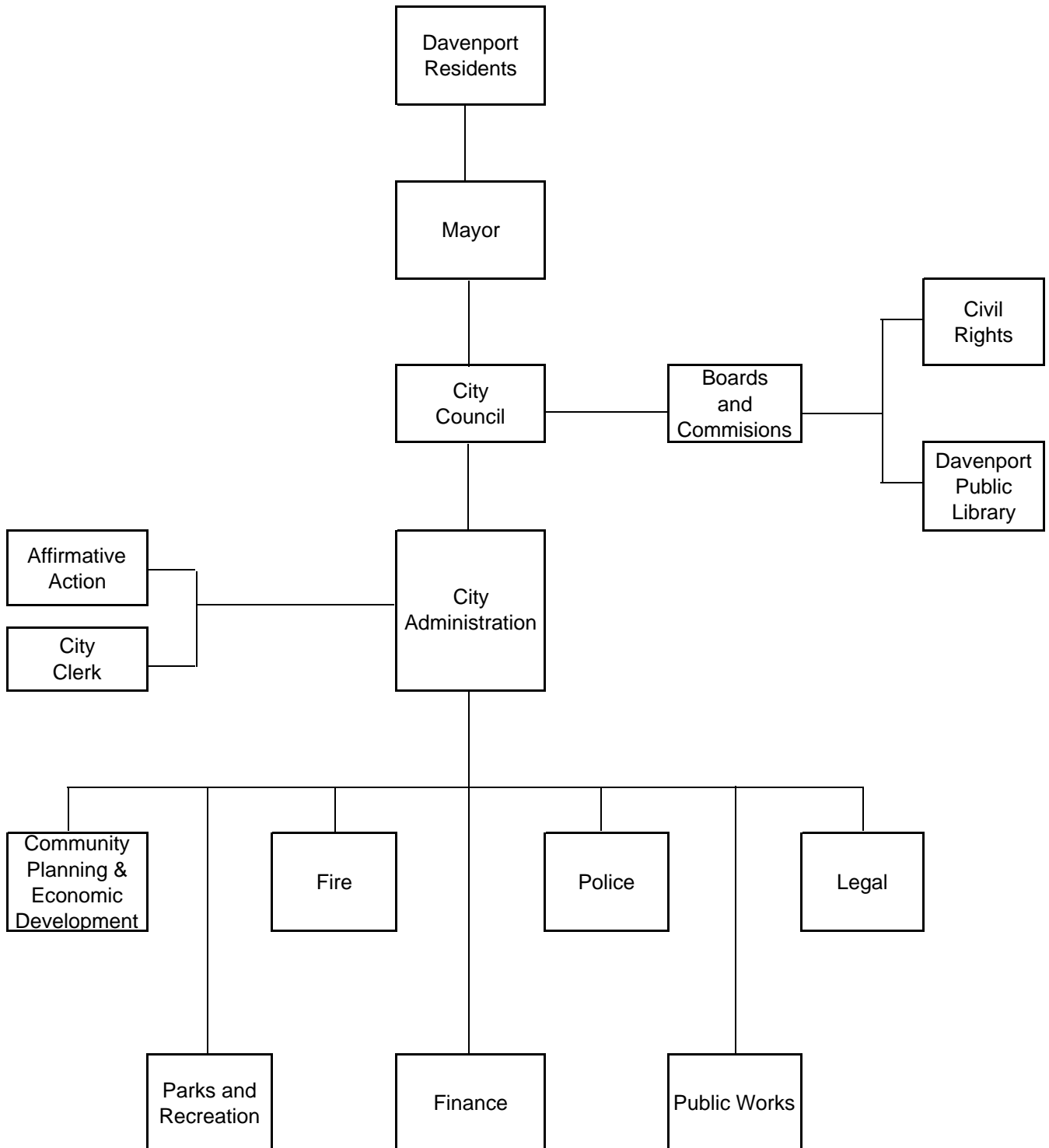
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF DAVENPORT

**ORGANIZATIONAL CHART
JUNE 30, 2014**



CITY OF DAVENPORT

CITY OFFICIALS

June 30, 2014

| <u>OFFICIAL TITLE</u> | <u>OFFICIAL</u> | <u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u> |
|--------------------------|--------------------|--|
| <u>Elected Officials</u> | | |
| Mayor | William E. Gluba | 1/16 |
| Alderman at Large | Gene Meeker | 1/16 |
| Alderman at Large | Jason Gordon | 1/16 |
| Alderman First Ward | Richard L. Dunn | 1/16 |
| Alderman Second Ward | Bill Edmond | 1/16 |
| Alderman Third Ward | William J. Boom | 1/16 |
| Alderman Fourth Ward | Raymond A. Ambrose | 1/16 |
| Alderman Fifth Ward | Morris D. Barnhill | 1/16 |
| Alderman Sixth Ward | Jeffrey W. Justin | 1/16 |
| Alderman Seventh Ward | Mike Matson | 1/16 |
| Alderman Eighth Ward | Kerri K. Tompkins | 1/16 |

Administration

City Administrator Craig Malin

Departments

| | |
|--|--------------------------|
| Civil Rights | Judith Morrell |
| Community Planning and Economic Development | Bruce E. Berger |
| Finance | Brandon E. Wright |
| Fire | Lynn Washburn-Livingston |
| Human Resources | Dawn M. Sherman |
| Information Technology | Rob Henry |
| Legal | Thomas D. Warner |
| Parks and Recreation | Scott M. Hock |
| Library | KennethWayne Thompson |
| Police | Francis R. Donchez |
| Public Works | Michael F. Clarke |

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13, Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Government and Proprietary Funds, and Other Postemployment Benefit Plan – on pages 66 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

McGladrey LLP

Davenport, Iowa
December 11, 2014

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, 2014. 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, 2014 by \$302,034 (net position). Current assets exceeded current liabilities by \$70,127.
- The government's total net position increased by \$15,696 during fiscal year (FY) 2014.
- At June 30, 2014, unassigned fund balance for the General Fund was \$8,537, or 12.8 percent of total General Fund expenditures, while total fund balance represents 23.0 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 position presents information on all of the City of Davenport's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position 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 position changed during FY 2014. All changes in net position 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 14 through 17 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 18 through 25 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 26 through 37 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 38 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 65 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 93 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. Comparative data from fiscal year 2013 and 2014 are presented below. In Davenport, assets exceeded liabilities and deferred inflows of resources by \$302,034, an increase of 5.5%, at the close of the fiscal year ended June 30, 2014.

City of Davenport’s Net Position

| | Governmental Activities | | Business-type activities | | Total | |
|------------------------------------|-------------------------|-------------|--------------------------|-------------|-------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Current and other assets | \$ 162,309 | \$ 151,366 | \$ 31,882 | \$ 25,844 | \$ 194,191 | \$ 177,210 |
| Capital assets | 269,943 | 274,522 | 175,902 | 169,322 | 445,845 | 443,844 |
| Total assets | 432,252 | 425,888 | 207,784 | 195,166 | 640,036 | 621,054 |
| Noncurrent liabilities outstanding | 150,420 | 157,274 | 61,384 | 52,320 | 211,804 | 209,594 |
| Other liabilities | 45,354 | 45,294 | 7,827 | 6,785 | 53,181 | 52,079 |
| Total liabilities | 195,774 | 202,568 | 69,211 | 59,105 | 264,985 | 261,673 |
| Deferred inflows of resources | 69,303 | 69,279 | 3,713 | 3,765 | 73,016 | 73,044 |
| Net position: | | | | | | |
| Net investment in capital assets | 145,746 | 140,160 | 124,953 | 124,902 | 270,699 | 265,062 |
| Restricted | 29,555 | 32,607 | 4,610 | 4,904 | 34,165 | 37,511 |
| Unrestricted(deficit) | (8,126) | (18,726) | 5,296 | 2,491 | (2,830) | (16,235) |
| Total net position | \$ 167,175 | \$ 154,041 | \$ 134,859 | \$ 132,297 | \$ 302,034 | \$ 286,338 |

By far the largest portion of the City of Davenport’s net position (90 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 position (11 percent) represents resources that are subject to external restrictions on how they may be used. Current assets exceed current liabilities 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 \$70,127, \$66,987 and \$3,140, respectively.

In the governmental activities, the \$4,579 decrease in capital assets is due to results of a capital asset inventory performed on a rotating schedule and expensing items previously in construction in progress that we thought would be capitalized.

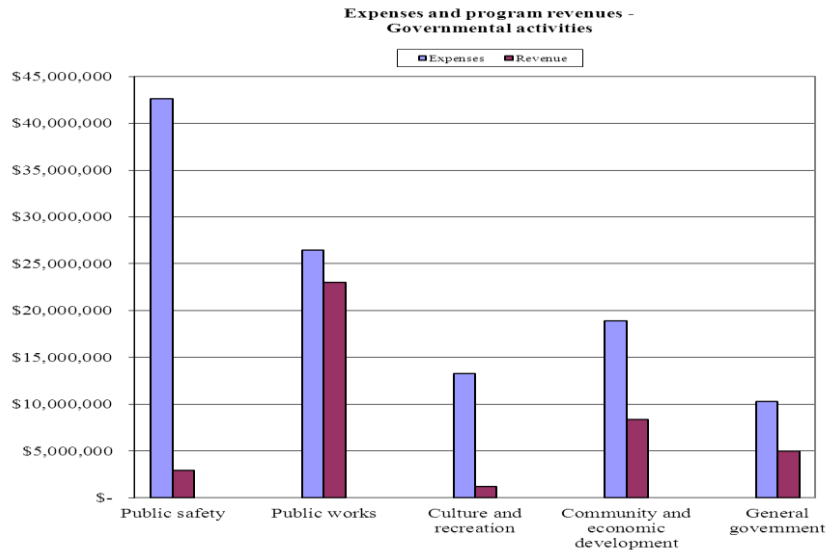
City of Davenport's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 12,467 | \$ 13,116 | \$ 31,475 | \$ 30,060 | \$ 43,942 | \$ 43,176 |
| Operating grants and contributions | 19,667 | 16,301 | 3,378 | 1,726 | 23,045 | 18,027 |
| Capital grants and contributions | 8,410 | 5,828 | 3,038 | 311 | 11,448 | 6,139 |
| General revenues: | | | | | | |
| Property taxes | 69,609 | 68,023 | 3,647 | 3,580 | 73,256 | 71,603 |
| Other taxes | 21,057 | 20,459 | - | - | 21,057 | 20,459 |
| Other | 1,246 | 2,706 | 1,225 | 2,735 | 2,471 | 5,441 |
| Total revenues | <u>132,456</u> | <u>126,433</u> | <u>42,763</u> | <u>38,412</u> | <u>175,219</u> | <u>164,845</u> |
| Expenses: | | | | | | |
| Public safety | 42,650 | 40,632 | - | - | 42,650 | 40,632 |
| Public works | 26,440 | 25,909 | - | - | 26,440 | 25,909 |
| Culture and recreation | 13,286 | 11,671 | - | - | 13,286 | 11,671 |
| Community and economic development | 18,877 | 13,491 | - | - | 18,877 | 13,491 |
| General government | 10,261 | 10,870 | - | - | 10,261 | 10,870 |
| Interest on long-term debt | 6,101 | 6,866 | - | - | 6,101 | 6,866 |
| Parking system | - | - | 1,936 | 1,947 | 1,936 | 1,947 |
| Sewer operations | - | - | 17,700 | 17,751 | 17,700 | 17,751 |
| RiverCenter | - | - | 3,032 | 2,684 | 3,032 | 2,684 |
| Public transit | - | - | 6,509 | 6,223 | 6,509 | 6,223 |
| Public housing | - | - | 1,315 | 1,202 | 1,315 | 1,202 |
| Golf courses | - | - | 1,792 | 1,844 | 1,792 | 1,844 |
| Airport | - | - | 612 | 785 | 612 | 785 |
| Curbside recycling | - | - | 5,389 | 5,187 | 5,389 | 5,187 |
| Clean water | - | - | 2,817 | 2,807 | 2,817 | 2,807 |
| Rivers Edge | - | - | 806 | 747 | 806 | 747 |
| Total expenses | <u>117,615</u> | <u>109,439</u> | <u>41,908</u> | <u>41,177</u> | <u>159,523</u> | <u>150,616</u> |
| Increase/(decrease) in net position before transfers | 14,841 | 16,994 | 855 | (2,765) | 15,696 | 14,229 |
| Transfers | (1,707) | (502) | 1,707 | 502 | - | - |
| Increase/(decrease) in net position | 13,134 | 16,492 | 2,562 | (2,263) | 15,696 | 14,229 |
| Net position-beginning, as restated | <u>154,041</u> | <u>137,549</u> | <u>132,297</u> | <u>134,560</u> | <u>286,338</u> | <u>272,109</u> |
| Net position-ending | \$ 167,175 | \$ 154,041 | \$ 134,859 | \$ 132,297 | \$ 302,034 | \$ 286,338 |

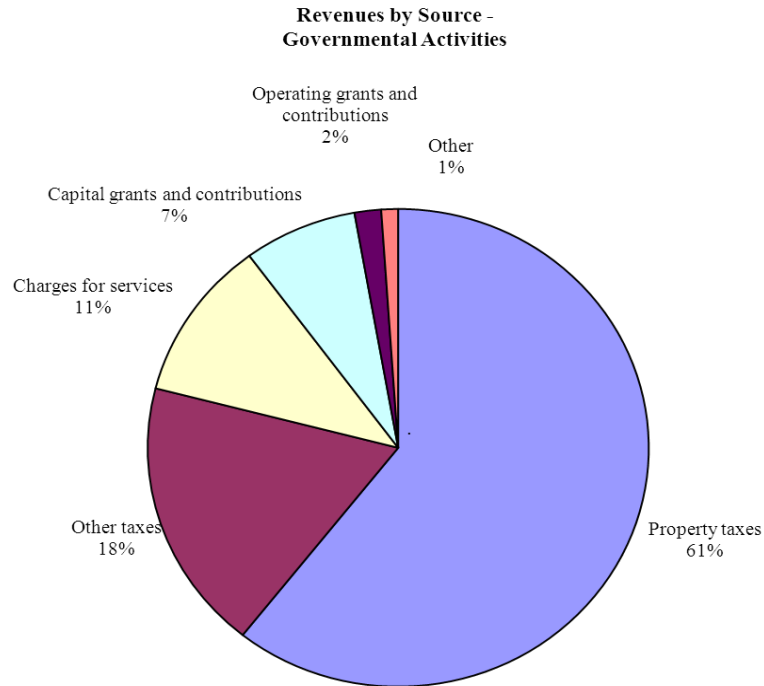
Governmental activities. Governmental activities increased the City's net position by \$14,841, before transfers. This is an increase of \$2,153 from 2013, due in part to the grant related activity described below.

Certain revenues are generated that are specific to governmental program activities. These totaled \$40,544. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities. There was an increase in both operating grants and contributions and capital grants and contributions. The operating grant revenue increased in the HUD Section 8 fund by \$275. The city received \$2,359 of a supplemental Community Development Block Grant passed thru the State of Iowa to rehabilitate a building that was previously home to a tire company and has been renovated into 37 units of mixed

income rental housing. Capital grants and contributions increased \$2,040 due to the progress of the Transload Facility project that is partially funded by the U.S. Department of Commerce and the Iowa Department of Transportation.



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

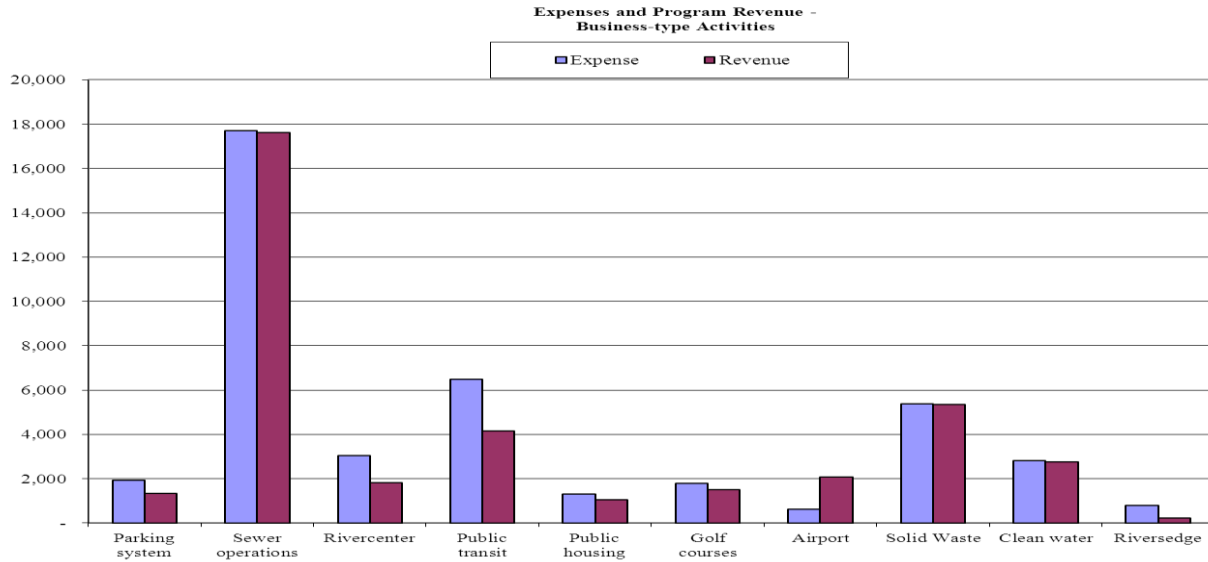


Total governmental activities' revenues for FY 2014 were \$132,456, an increase of \$6,023 from FY 2013. This is primarily due to the increase in operating and capital grants in FY 2014 as described above. The largest single revenue source was property taxes of \$69,609, which increased by \$1,586 (2.3 percent) during FY 2014. This increase resulted from an increase in the tax base of 1.7 percent.

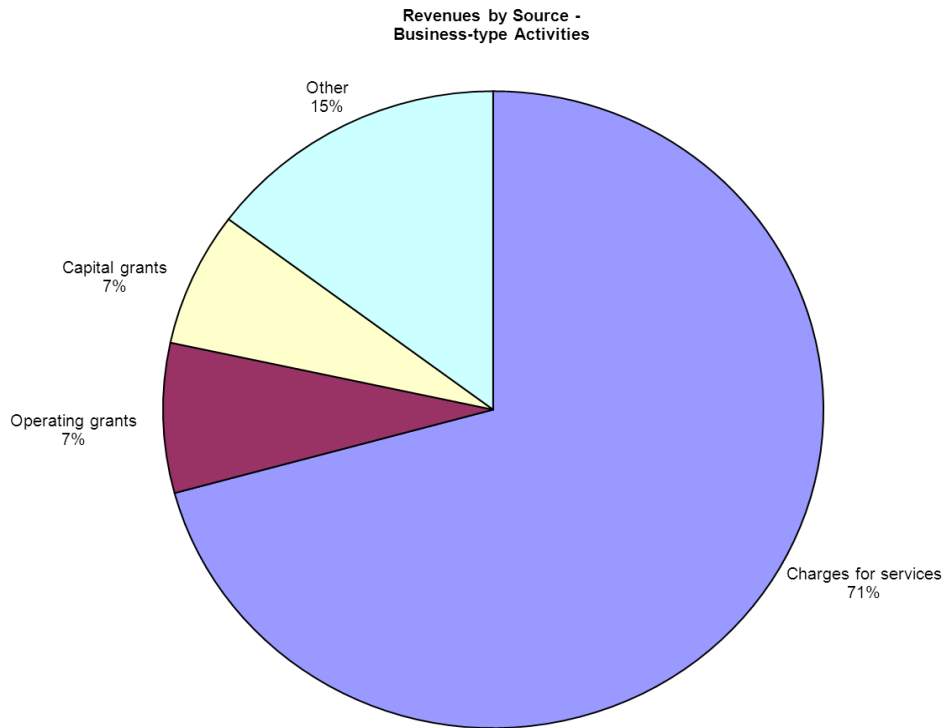
Business-type activities. Business-type activities increased City of Davenport’s net position by \$855. This is primarily due to the increased Transit Grants received as a result of carry over Federal Transit amounts that were due to expire of \$761.

Total business-type activities revenue for the fiscal year was \$42,763.

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 2014, the City of Davenport's governmental funds reported combined ending fund balances of \$53,697, an increase of \$6,891 in comparison with the prior year. The increase is attributable to an increase in the Capital Project Fund and the Local Option Sales Tax Fund of \$8,506 and \$2,142, respectively, due to the timing of progress on projects. There was a \$6,312 decrease in the General Debt Service Fund, due to the timing of a crossover refunding. Without the crossover refunding, the General Debt Service fund balance would have increased \$2,088. There was an increase of \$1,703 in the general fund due to planned fund balance growth. Approximately 16.0 percent of this total amount, \$8,193, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) \$11; restricted by grantors and other legal restrictions \$43,530; committed by the City Council for revolving loans and the levee improvement commission \$1,184; and assigned by the Finance Director for future projects \$779.

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, administration, and finance. 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 2014, unassigned fund balance of the General Fund was \$8,537, while total fund balance was \$15,321. 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 12.8 percent of total General Fund expenditures, 19.2 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 23.0 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$1,703 during the current fiscal year and the unassigned fund balance increased by \$953. 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, was recently revised to have unassigned fund balance maintained at 15 to 20 percent of 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 \$13,385, 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 decrease in fund balance during the current year in the General Debt Service Fund was \$6,312 as explained above. 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 \$4,466. 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 increase in fund balance during the current year was \$2,142, due to the completion of capital projects.

The Capital Projects Fund has a fund balance of \$15,164, due to unspent bond proceeds. The net increase in fund balance during the current year in the Capital Projects Fund was \$8,506.

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 68 and 69.

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

- The total original revenue budget of \$250,435 was increased to \$318,835, an increase of \$68,400. 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 \$37,837. There were special revenue grant rollovers and new grants amounting to \$7,603 and \$18,560 budgeted for a bond refunding.
- The total original expenditure budget of \$207,179 was increased to \$286,248, an increase of \$79,069. In the community and economic development category, \$7,603 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, \$49,240 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects. In the debt service category an additional \$18,560 was budgeted to reflect three 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 \$38,373 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 \$6,957 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, \$5,795 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$69,954 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$4,285 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 \$67,483 was increased to \$68,656, an increase of \$1,173. In the intergovernmental revenue category, federal grants in the amount of \$244, and state grants in the amount of \$76, subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$67,762 was increased to \$69,236, an increase of \$1,474. Police forfeiture and seizure monies of \$686 held as reserved General Fund balance at June 30, 2013 were included in amendments in order to authorize the expenditure during FY 2014. Public works expenditures were increased in amendments by \$95 as a result of the carry forward of the monies collected from developers and reserved for reforestation. Public works budget also increased for flood related expenses by \$49. Culture and recreation expenditures were amended to include grants carried forward of \$356 and new grants received as noted under the revenue discussion.

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 2014 was \$1,703, a positive variance from the budgeted change (\$952) of \$751.
- Revenue items that came in under budget included gaming taxes from the casino and the cable television franchise tax.
- All 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 \$873 were a part of the favorable variance and a reservation of General Fund balance at June 30, 2014.

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, 2014, amounts to \$445,845 (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 City of Davenport's investment in capital assets almost stayed identical to last year. Business type activities accounted for the entire net increase. At June 30, 2014, and June 30, 2013 the depreciable capital assets of the City were 43% and 44%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2014 include the following:

Governmental activities

- Street and road work completed by the City of \$10,220 including \$1,041 of full-depth patching, \$4,181 of Veteran's Memorial Parkway extension, \$3,230 East River Drive resurfacing, and \$1,038 Tremont Avenue extension.
- Ferris Wheel at Modern Woodmen Stadium \$1,708

Business-type activities

- Sanitary sewers built by City of Davenport \$2,395
- Storm sewers built by City of Davenport \$220
- Littig Area Detention Basin \$877
- Digital Radio System \$704
- Sewer TV Van \$508

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>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Land | \$ 20,003 | \$ 20,003 | \$ 11,250 | \$ 11,250 | \$ 31,253 | \$ 31,253 |
| Buildings | 105,711 | 106,172 | 97,334 | 96,925 | 203,045 | 203,097 |
| Improvements other than buildings | 28,255 | 28,145 | 13,788 | 13,788 | 42,043 | 41,933 |
| Sanitary sewers | - | - | 117,543 | 69,306 | 117,543 | 69,306 |
| Equipment and vehicles | 41,403 | 38,749 | 34,030 | 34,161 | 75,433 | 72,910 |
| Bridges | 9,461 | 9,515 | - | - | 9,461 | 9,515 |
| Traffic signals | 8,503 | 8,503 | - | - | 8,503 | 8,503 |
| Storm sewers | - | - | 23,766 | 22,670 | 23,766 | 22,670 |
| Paving | 205,407 | 194,722 | 1,374 | 1,374 | 206,781 | 196,096 |
| Seawalls | 2,685 | 2,685 | - | - | 2,685 | 2,685 |
| Tunnels | 54 | 54 | - | - | 54 | 54 |
| Construction in progress | 11,617 | 15,529 | 11,513 | 46,393 | 23,130 | 61,922 |
| Accumulated depreciation | (163,155) | (149,554) | (134,697) | (126,545) | (297,852) | (276,099) |
| Total | \$ 269,944 | \$ 274,523 | \$ 175,901 | \$ 169,322 | \$ 445,845 | \$ 443,845 |

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$200,100. Of this amount, \$135,701 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 municipal improvement districts fund, the sewer operations enterprise fund, the public housing enterprise fund, solid waste enterprise, clean water enterprise 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

| | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Total</u> | |
|--------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| General obligation Bonds | \$151,885 | \$161,460 | \$48,215 | \$43,605 | \$200,100 | \$205,065 |

The City of Davenport's total debt decreased by \$4,965 during the current fiscal year. New debt issuance of \$34,075 during the year was less than the debt retired of \$39,040. There was a crossover refunding issues in FY 2014 and the City has investments in escrow accounts that will retire \$11,785 of debt when it is callable in FY 2015. 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 85 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 \$307,269, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$200,100, and other debt subject to the debt limitation of \$5,487.

The City of Davenport maintains an AA- rating from Standard & Poor's, and an Aa3 rating from Moody's Investors Service for general obligation debt. This reflects an upgrade by Standard & Poor's from A. The upgrade by Standard & Poor's reflects an improvement of the city's liquidity position and the removal of potential enterprise risk in FY 2013. The downgrade by Moody's reflects the limited reserves and liquidity across all city funds, as well as their new local government obligation methodology.

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

The City's General Fund receives approximately 75% 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. Growth limitations are imposed on the City's property tax base by the state, including the residential property rollback. Despite other revenue challenges imposed by the State, including the 1995 phase out of machinery and equipment property taxes and the exemption of gas and electric utilities, the City's taxable property tax base has grown moderately, an average of 3.6% annually over the last ten fiscal years. For FY 2014, taxable assessed valuations increased 1.7%. This was due to the addition of \$112 million in residential property values and a decrease of \$28 million in commercial and industrial values. This is exclusive of changes in utility values. The residential rollback increased from 50.7518% to 52.8166%.

In 2013, the Iowa Legislature passed Senate File 295, which included a number of components that will continue to challenge the ability of Iowa municipalities to present balanced budgets. The largest components include a 10% rollback for all commercial properties and the creation of a new multi-residential property class with a rollback that will be equivalent to the residential rollback. The impact of SF 295 to the City of Davenport is estimated at \$40 million through FY 2024.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 5.58% over the last ten years. State-mandated contributions to the statewide fire and police pension system continue to rise sharply. The contribution rate increased from 17% in FY 2010 to 19.9% in FY 2011 (\$800,000 in added costs) to 24.76% in FY 2012 (\$1 million in added costs) to 26.12% in FY 2013 (\$400,000 in added costs) to 30.12% in FY 2014 (\$400,000 in added costs) to 30.41% in FY 2015. In order to fully fund projected increases in the state-mandated MFPRSI system, the City Council approved a \$0.96 increase in the trust & agency property tax levy in FY 2013. The levy increase also funds increases in the City's self-funded health insurance costs, which on average increase 5% each year.

The City's six bargaining groups and non-bargaining employees all went without a general wage increase in FY 2013 in order to reduce costs. General wage increases were 1% in FY 2014 and will be an effectual increase of 2.25% in FY 2015. To better manage costs, investments in labor-saving technology continue to be supported, methods to reduce health care claims are ongoing, and intergovernmental partnerships are pursued where practicable. Revenue sources continue to be diversified (resulting in the reallocation of personnel costs to other funds) with incremental increases in the sewer fee, clean water fee, solid waste fee, and building permit fees to provide for the services related to each of these functions.

For the future, plans to enable the City to continue to adopt balanced budgets include: continued evaluation 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; and moving the city's gaming operation onto land. The City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets.

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: Brandon Wright, Finance Director, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.

CITY OF DAVENPORT

STATEMENT OF NET POSITION
June 30, 2014

| <u>ASSETS</u> | <u>GOVERNMENTAL ACTIVITIES</u> | <u>BUSINESS-TYPE ACTIVITIES</u> | <u>TOTAL</u> |
|--|------------------------------------|-------------------------------------|-----------------------|
| Current assets: | | | |
| Unrestricted current assets: | | | |
| Cash and investments | \$ 20,157,197 | \$ 1,412,718 | \$ 21,569,915 |
| Delinquent property taxes receivable | 1,180,373 | 63,204 | 1,243,577 |
| Succeeding year property taxes receivable | 68,937,239 | 3,605,618 | 72,542,857 |
| Other taxes receivable | 3,433,123 | - | 3,433,123 |
| Special assessments | 1,140,451 | - | 1,140,451 |
| Accounts receivable | 1,527,260 | 9,430,653 | 10,957,913 |
| Accrued interest receivable | 26,053 | 5,060 | 31,113 |
| Internal balances | 4,778,617 | (4,778,617) | - |
| Due from other governments | 9,000,990 | 1,101,183 | 10,102,173 |
| Inventory | - | 119,242 | 119,242 |
| Prepaid items | 331,560 | 7,693 | 339,253 |
| Loans receivable - net | 1,770,800 | - | 1,770,800 |
| Total unrestricted current assets | <u>112,283,663</u> | <u>10,966,754</u> | <u>123,250,417</u> |
| Restricted current assets: | | | |
| Cash and cash equivalents | 58,827 | - | 58,827 |
| Total current assets | <u>112,342,490</u> | <u>10,966,754</u> | <u>123,309,244</u> |
| Noncurrent assets: | | | |
| Investment in joint venture | - | 434,151 | 434,151 |
| Loans receivable - net | 15,937,200 | - | 15,937,200 |
| Restricted cash and cash equivalents | 22,708,213 | 19,408,957 | 42,117,170 |
| Restricted cash and investments - held in escrow | 11,321,223 | 1,072,410 | 12,393,633 |
| Capital assets: | | | |
| Land | 20,002,931 | 11,250,241 | 31,253,172 |
| Buildings | 105,710,810 | 97,333,863 | 203,044,673 |
| Improvements other than buildings | 28,254,710 | 13,788,021 | 42,042,731 |
| Sanitary sewers | - | 117,542,619 | 117,542,619 |
| Equipment and vehicles | 41,403,457 | 34,029,798 | 75,433,255 |
| Bridges | 9,461,243 | - | 9,461,243 |
| Traffic signals | 8,502,673 | - | 8,502,673 |
| Storm sewers | - | 23,766,442 | 23,766,442 |
| Streets and roads | 205,406,879 | 1,374,009 | 206,780,888 |
| Seawalls | 2,685,289 | - | 2,685,289 |
| Tunnels | 54,326 | - | 54,326 |
| Construction in progress | 11,616,606 | 11,513,039 | 23,129,645 |
| Accumulated depreciation | (163,155,630) | (134,696,703) | (297,852,333) |
| Total capital assets | <u>269,943,294</u> | <u>175,901,329</u> | <u>445,844,623</u> |
| Total noncurrent assets | <u>319,909,930</u> | <u>196,816,847</u> | <u>516,726,777</u> |
| Total assets | <u>\$ 432,252,420</u> | <u>\$ 207,783,601</u> | <u>\$ 640,036,021</u> |

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|----------------------------|-----------------------------|-----------------------|
| LIABILITIES | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 7,741,822 | \$ 798,047 | \$ 8,539,869 |
| Contracts payable | 848,839 | - | 848,839 |
| Accrued wages payable | 1,366,331 | 292,026 | 1,658,357 |
| Accrued compensated absences | 4,224,672 | 601,271 | 4,825,943 |
| Claims and judgments | 4,121,719 | - | 4,121,719 |
| Due to other governments | 529 | - | 529 |
| Accrued interest payable | 524,389 | 190,034 | 714,423 |
| General obligation bonds payable | 15,862,260 | 4,437,740 | 20,300,000 |
| Unearned revenue - other | 10,591,856 | 89,491 | 10,681,347 |
| Capital Lease Payable | - | 91,025 | 91,025 |
| Total | 45,282,417 | 6,499,634 | 51,782,051 |
| Current liabilities payable from restricted assets: | | | |
| Accounts payable | 58,827 | - | 58,827 |
| Deposits payable | - | 813,669 | 813,669 |
| Notes payable | 13,440 | 514,000 | 527,440 |
| Total current liabilities payable from restricted assets | 72,267 | 1,327,669 | 1,399,936 |
| Total current liabilities | 45,354,684 | 7,827,303 | 53,181,987 |
| Noncurrent liabilities: | | | |
| Accrued compensated absences | 553,288 | 78,746 | 632,034 |
| Claims and judgments | 3,195,783 | - | 3,195,783 |
| Other postemployment benefits | 4,628,642 | 1,023,559 | 5,652,201 |
| Note payable | 297,351 | 13,693,982 | 13,991,333 |
| General obligation bonds payable | 140,604,200 | 46,398,521 | 187,002,721 |
| Special assessment with government commitment | 1,140,451 | - | 1,140,451 |
| Capital Lease Payable | - | 189,352 | 189,352 |
| Total noncurrent liabilities | 150,419,715 | 61,384,160 | 211,803,875 |
| Total liabilities | 195,774,399 | 69,211,463 | 264,985,862 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Succeeding year property tax | 68,937,239 | 3,605,618 | 72,542,857 |
| Deferred amount on refunding | 328,875 | 107,108 | 435,983 |
| Other deferred inflows of resources | 36,998 | - | 36,998 |
| Total deferred inflows of resources | 69,303,112 | 3,712,726 | 73,015,838 |
| NET POSITION | | | |
| Net investment in capital assets | 145,746,153 | 124,953,410 | 270,699,563 |
| Restricted: | | | |
| Employee benefits | 2,719,630 | - | 2,719,630 |
| Tort Liability | 1,433,279 | - | 1,433,279 |
| Local option sales tax | 4,466,397 | - | 4,466,397 |
| Library | 873,040 | - | 873,040 |
| Police seizure | 973,492 | - | 973,492 |
| Debt retirement | 16,614,527 | - | 16,614,527 |
| Road use tax | 496,696 | - | 496,696 |
| Community development act | 146,664 | - | 146,664 |
| Municipal improvement districts | 478,048 | - | 478,048 |
| Revolving loans | 1,041,456 | - | 1,041,456 |
| Section 8 | 169,222 | - | 169,222 |
| Home investment partnership projects | 5 | - | 5 |
| Levee improvement commission projects | 142,953 | - | 142,953 |
| Equipment replacement | - | 4,610,003 | 4,610,003 |
| Unrestricted (deficit) | (8,126,653) | 5,295,999 | (2,830,654) |
| Total net position | \$ 167,174,909 | \$ 134,859,412 | \$ 302,034,321 |

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

CITY OF DAVENPORT

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2014

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | |
|------------------------------------|-----------------------|--------------------------------------|--|--|
| | | CHARGES FOR SALES AND SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| Governmental activities: | | | | |
| Public safety | \$ 42,649,971 | \$ 2,780,989 | \$ 83,732 | \$ 68,000 |
| Public works | 26,439,948 | 4,089,579 | 10,612,749 | 8,332,393 |
| Culture and recreation | 13,285,572 | 593,369 | 603,762 | 9,567 |
| Community and economic development | 18,877,119 | 457,258 | 7,906,317 | - |
| General government | 10,261,218 | 4,546,069 | 459,838 | - |
| Interest on long-term debt | 6,101,313 | - | - | - |
| Total governmental activities | <u>117,615,141</u> | <u>12,467,264</u> | <u>19,666,398</u> | <u>8,409,960</u> |
| Business-type activities: | | | | |
| Parking system | 1,935,914 | 1,418,539 | - | (90,123) |
| Sewer operations | 17,700,417 | 17,485,142 | - | 121,846 |
| RiverCenter | 3,031,575 | 1,823,924 | - | - |
| Public transit | 6,508,558 | 533,804 | 2,758,015 | 859,106 |
| Public housing | 1,314,883 | 424,386 | 620,196 | - |
| Golf courses | 1,791,523 | 1,517,159 | - | - |
| Airport | 611,884 | 187,444 | - | 1,895,900 |
| Solid waste | 5,388,789 | 5,349,669 | - | - |
| Clean water | 2,817,230 | 2,497,339 | - | 251,204 |
| River's Edge | 806,140 | 237,388 | - | - |
| Total business-type activities | <u>41,906,913</u> | <u>31,474,794</u> | <u>3,378,211</u> | <u>3,037,933</u> |
| Total government | <u>\$ 159,522,054</u> | <u>\$ 43,942,058</u> | <u>\$ 23,044,609</u> | <u>\$ 11,447,893</u> |

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 position

Net position, beginning

Net position, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

| <u>GOVERNMENTAL ACTIVITIES</u> | <u>BUSINESS-TYPE ACTIVITIES</u> | <u>TOTAL</u> |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (39,717,250) | \$ - | \$ (39,717,250) |
| (3,405,227) | - | (3,405,227) |
| (12,078,874) | - | (12,078,874) |
| (10,513,544) | - | (10,513,544) |
| (5,255,311) | - | (5,255,311) |
| (6,101,313) | - | (6,101,313) |
| <u>(77,071,519)</u> | <u>-</u> | <u>(77,071,519)</u> |
| - | (607,498) | (607,498) |
| - | (93,429) | (93,429) |
| - | (1,207,651) | (1,207,651) |
| - | (2,357,633) | (2,357,633) |
| - | (270,301) | (270,301) |
| - | (274,364) | (274,364) |
| - | 1,471,460 | 1,471,460 |
| - | (39,120) | (39,120) |
| - | (68,687) | (68,687) |
| - | (568,752) | (568,752) |
| <u>-</u> | <u>(4,015,975)</u> | <u>(4,015,975)</u> |
| <u>(77,071,519)</u> | <u>(4,015,975)</u> | <u>(81,087,494)</u> |
| 61,120,041 | - | 61,120,041 |
| 8,489,044 | - | 8,489,044 |
| - | 3,646,576 | 3,646,576 |
| 15,840,748 | - | 15,840,748 |
| 2,277,032 | - | 2,277,032 |
| 2,938,969 | - | 2,938,969 |
| 1,176,460 | 618,220 | 1,794,680 |
| 17,355 | 61,731 | 79,086 |
| 52,581 | 545,287 | 597,868 |
| (1,706,916) | 1,706,916 | - |
| <u>90,205,314</u> | <u>6,578,730</u> | <u>96,784,044</u> |
| 13,133,795 | 2,562,755 | 15,696,550 |
| <u>154,041,114</u> | <u>132,296,657</u> | <u>286,337,771</u> |
| <u>\$ 167,174,909</u> | <u>\$ 134,859,412</u> | <u>\$ 302,034,321</u> |

CITY OF DAVENPORT**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2014**

| ASSETS | GENERAL FUND | LOCAL OPTION SALES TAX FUND |
|---|-------------------------|--|
| Cash and investments | \$ 10,516,041 | \$ 1,680,011 |
| Receivables: | | |
| Property taxes: | | |
| Delinquent | 960,927 | - |
| Succeeding year | 54,751,959 | - |
| Other taxes | 919,725 | 2,513,398 |
| Accounts | 666,939 | 21,267 |
| Special assessments | - | 34,196 |
| Loans | - | 2,417,847 |
| Interest | 4,158 | - |
| Interfund receivable | 4,886,446 | - |
| Due from other governments | 266,693 | 68,000 |
| Prepays | 5,440 | - |
| Restricted assets-cash and investments | - | - |
| Restricted investments - held in escrow | - | - |
| TOTAL ASSETS | \$ 72,978,328 | \$ 6,734,719 |
| LIABILITIES | | |
| Wages payable | \$ 1,121,478 | \$ 31,591 |
| Accounts payable | 1,576,143 | 132,944 |
| Contracts payable | - | - |
| Payable from restricted assets | - | - |
| Interfund payable | 4,969 | 2,070,551 |
| Due to other governments | - | - |
| Unearned revenue | - | - |
| Note payable | - | - |
| Matured bonds payable | - | - |
| Matured interest payable | - | - |
| TOTAL LIABILITIES | 2,702,590 | 2,235,086 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - succeeding year property tax | 54,751,959 | - |
| Unavailable revenue - intergovernmental and special assessments | 203,264 | 33,236 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 54,955,223 | 33,236 |
| FUND BALANCES | | |
| Nonspendable | \$ 5,440 | \$ - |
| Restricted | 5,999,441 | 4,466,397 |
| Committed | - | - |
| Assigned | 778,856 | - |
| Unassigned | 8,536,778 | - |
| TOTAL FUND BALANCES | 15,320,515 | 4,466,397 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 72,978,328 | \$ 6,734,719 |

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

| GENERAL DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTAL NON-MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---------------------------------|-----------------------------|---|--------------------------------|
| \$ 267,461 | \$ 18,046,379 | \$ 3,861,520 | \$ 34,371,412 |
| 146,095 | - | 73,351 | 1,180,373 |
| 8,418,523 | - | 5,766,757 | 68,937,239 |
| - | - | - | 3,433,123 |
| 152,995 | 646,662 | 20,562 | 1,508,425 |
| 1,106,255 | - | - | 1,140,451 |
| - | - | 15,290,153 | 17,708,000 |
| 13,461 | - | 3,351 | 20,970 |
| 1,508,038 | 1,395,506 | - | 7,789,990 |
| - | 6,946,623 | 1,719,674 | 9,000,990 |
| - | - | 5,868 | 11,308 |
| - | - | 58,827 | 58,827 |
| 11,321,223 | - | - | 11,321,223 |
| <u>\$ 22,934,051</u> | <u>\$ 27,035,170</u> | <u>\$ 26,800,063</u> | <u>\$ 156,482,331</u> |
| \$ - | \$ 5,066 | \$ 170,868 | \$ 1,329,003 |
| - | 4,812,285 | 1,099,295 | 7,620,667 |
| - | 848,839 | - | 848,839 |
| - | - | 58,827 | 58,827 |
| - | - | 421,902 | 2,497,422 |
| - | - | 529 | 529 |
| - | - | 10,591,856 | 10,591,856 |
| - | 310,791 | - | 310,791 |
| 20,000 | - | - | 20,000 |
| 3,381 | - | - | 3,381 |
| <u>23,381</u> | <u>5,976,981</u> | <u>12,343,277</u> | <u>23,281,315</u> |
| 8,418,523 | - | 5,766,757 | 68,937,239 |
| <u>1,107,392</u> | <u>5,893,795</u> | <u>3,329,374</u> | <u>10,567,061</u> |
| <u>9,525,915</u> | <u>5,893,795</u> | <u>9,096,131</u> | <u>79,504,300</u> |
| \$ - | \$ - | 5,868 | \$ 11,308 |
| 13,384,755 | 15,164,394 | 4,514,539 | 43,529,526 |
| - | - | 1,184,409 | 1,184,409 |
| - | - | - | 778,856 |
| - | - | (344,161) | 8,192,617 |
| <u>13,384,755</u> | <u>15,164,394</u> | <u>5,360,655</u> | <u>53,696,716</u> |
| <u>\$ 22,934,051</u> | <u>\$ 27,035,170</u> | <u>\$ 26,800,063</u> | <u>\$ 156,482,331</u> |

**CITY OF DAVENPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

| | |
|---|-----------------------|
| Total governmental fund balances | \$ 53,696,716 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 266,005,494 |
| Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds. | 10,530,063 |
| 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 position. | 5,039,006 |
| Internal service funds activities allocated to business-type activities | (513,951) |
| 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 | (4,644,153) |
| Accrued interest payable | (521,008) |
| General Obligation bonds payable and special assessments | (157,915,786) |
| Other post employment benefits | (4,501,472) |
| | <u>(167,582,419)</u> |
| Net position of governmental activities | <u>\$ 167,174,909</u> |

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

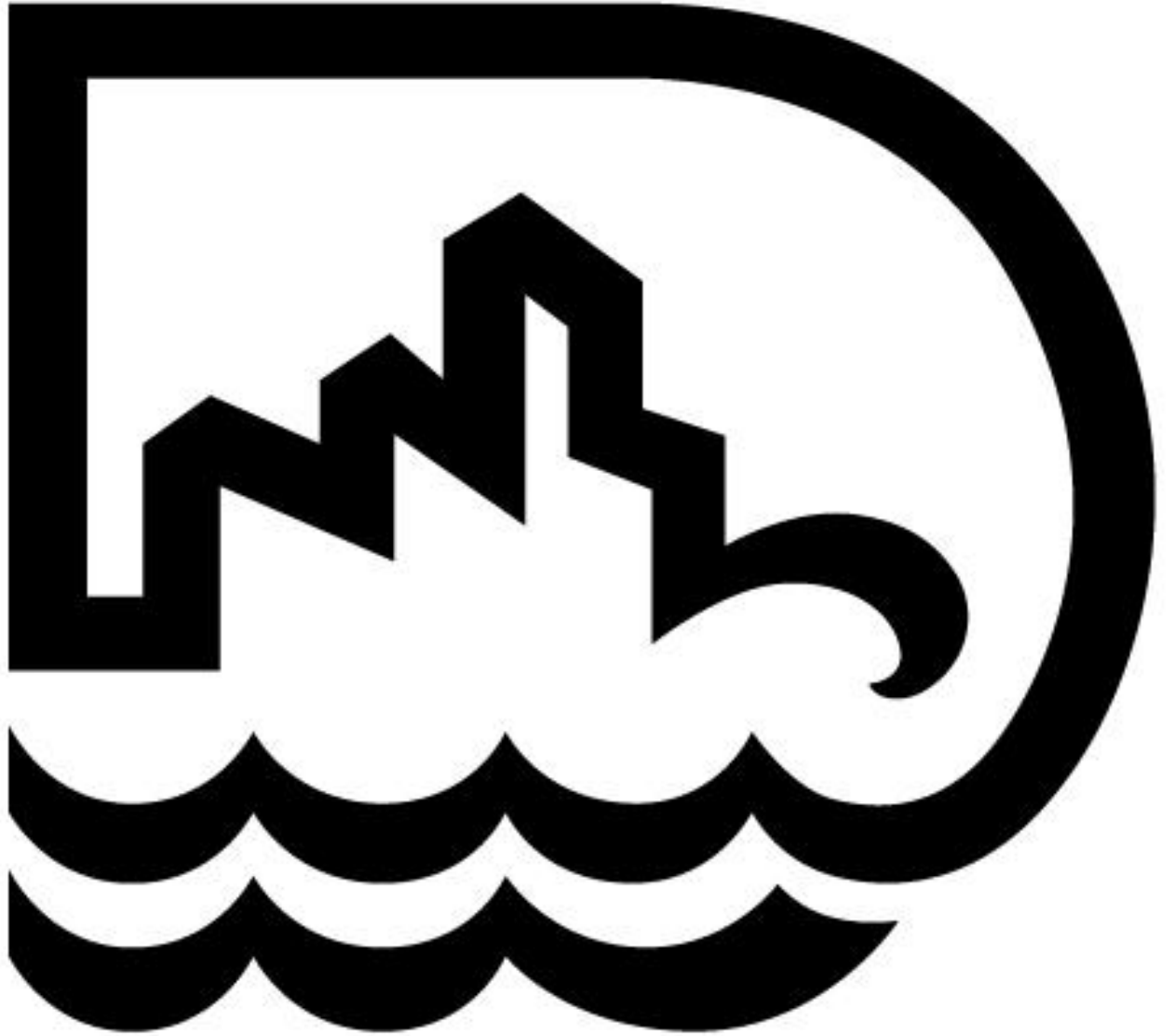
CITY OF DAVENPORT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014**

| | GENERAL FUND | LOCAL OPTION SALES TAX FUND | GENERAL DEBT SERVICE FUND | CAPITAL PROJECTS FUND |
|--|----------------------|--------------------------------------|------------------------------------|-----------------------------|
| REVENUES: | | | | |
| Taxes | \$ 60,207,114 | \$ 15,840,749 | \$ 8,483,333 | \$ - |
| Special assessments | - | 7,473 | 40,580 | 48,192 |
| Licenses and permits | 1,679,731 | - | - | - |
| Intergovernmental | 1,159,513 | 68,000 | - | 6,093,323 |
| Charges for services | 3,951,785 | 99,834 | - | - |
| Use of monies and property | 308,668 | 162,167 | 291,212 | 40,194 |
| Fines and forfeits | 1,931,967 | - | - | - |
| Loan repayments | - | - | - | 86,240 |
| Other | 396,986 | - | 1,001,538 | 1,093,761 |
| Total Revenues | 69,635,764 | 16,178,223 | 9,816,663 | 7,361,710 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 40,772,552 | 375,150 | - | - |
| Public works | 4,758,575 | 1,538,462 | - | - |
| Culture and recreation | 11,213,507 | 68,206 | - | - |
| Community and economic development | 1,310,626 | 236,023 | - | - |
| General government | 8,639,508 | 77,685 | 6,300 | - |
| Capital outlay | - | - | - | 15,247,456 |
| Debt service: | | | | |
| Principal retirement | - | - | 32,885,160 | - |
| Interest | - | - | 5,374,352 | - |
| Bond issuance costs | - | - | 72,385 | 177,273 |
| Total Expenditures | 66,694,768 | 2,295,526 | 38,338,197 | 15,424,729 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,940,996 | 13,882,697 | (28,521,534) | (8,063,019) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Bond issuance | - | - | - | 14,850,000 |
| Premium on debt issued | - | - | 2,370,295 | - |
| Sale of capital assets | - | 17,355 | - | - |
| Transfers in | 341,650 | - | 9,504,449 | 1,819,063 |
| Transfers out | (1,579,236) | (11,758,352) | - | (100,224) |
| Refunding bond issuance | - | - | 10,335,000 | - |
| Total Other Financing Sources (Uses) | (1,237,586) | (11,740,997) | 22,209,744 | 16,568,839 |
| NET CHANGE IN FUND BALANCES | 1,703,410 | 2,141,700 | (6,311,790) | 8,505,820 |
| FUND BALANCES -BEGINNING | 13,617,105 | 2,324,697 | 19,696,545 | 6,658,574 |
| FUND BALANCES - ENDING | \$ 15,320,515 | \$ 4,466,397 | \$ 13,384,755 | \$ 15,164,394 |

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

| TOTAL NON-MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|--------------------------------|
| \$ 5,890,751 | \$ 90,421,947 |
| - | 96,245 |
| 70,021 | 1,749,752 |
| 18,209,976 | 25,530,812 |
| - | 4,051,619 |
| 374,219 | 1,176,460 |
| - | 1,931,967 |
| 979,050 | 1,065,290 |
| 1,616,143 | 4,108,428 |
| <u>27,140,160</u> | <u>130,132,520</u> |
| 69,148 | 41,216,850 |
| 11,260,754 | 17,557,791 |
| - | 11,281,713 |
| 12,307,014 | 13,853,663 |
| 97,226 | 8,820,719 |
| - | 15,247,456 |
| 1,874,625 | 34,759,785 |
| 726,961 | 6,101,313 |
| - | 249,658 |
| <u>26,335,728</u> | <u>149,088,948</u> |
| <u>804,432</u> | <u>(18,956,428)</u> |
| - | 14,850,000 |
| 35,301 | 2,405,596 |
| - | 17,355 |
| 361,393 | 12,026,555 |
| (349,602) | (13,787,414) |
| - | 10,335,000 |
| <u>47,092</u> | <u>25,847,092</u> |
| 851,524 | 6,890,664 |
| <u>4,509,131</u> | <u>46,806,052</u> |
| <u>\$ 5,360,655</u> | <u>\$ 53,696,716</u> |



**CITY OF DAVENPORT
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, 2014**

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

Net change in fund balances: total governmental funds \$ 6,890,664

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 | 9,553,526 |
| Depreciation | <u>(14,178,643)</u> |
| | <u>(4,625,117)</u> |

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

| | |
|--------------------------------------|------------------|
| Loss on disposal of capital assets | (384,062) |
| Proceeds from sale of capital assets | <u>(17,355)</u> |
| | <u>(401,417)</u> |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,305,977

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 position. Also, governmental funds report the effect of premiums, 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, premiums and other deferred costs on bonds (additions and amortization) | (8,043,928) |
| Repayment of bond principal | 16,024,785 |
| Interest | <u>(4,082)</u> |
| | <u>7,976,775</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. (921,766)

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. 1,908,679

Change in net position of governmental activities \$ 13,133,795

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

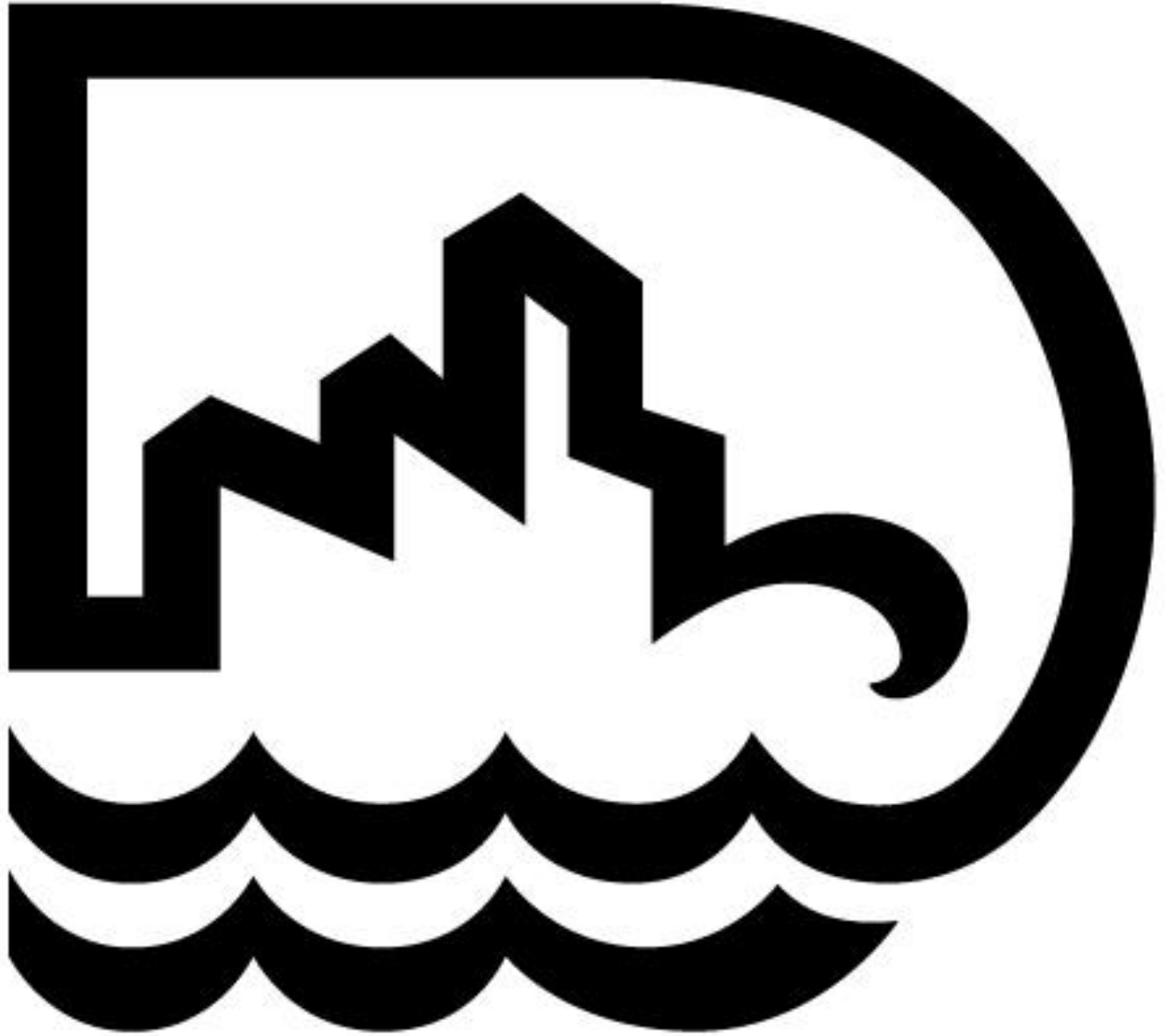
CITY OF DAVENPORT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2014**

| | BUSINESS-TYPE ACTIVITIES - | |
|---|-----------------------------------|-----------------------------|
| ASSETS | PARKING SYSTEM | SEWER OPERATIONS |
| Current assets: | | |
| Cash and cash equivalents | \$ - | \$ - |
| Receivables: | | |
| Property taxes: | | |
| Delinquent | - | - |
| Succeeding year | - | - |
| Accounts | 94,751 | 5,333,702 |
| Interest | - | 4,472 |
| Due from other governments | - | 248,336 |
| Inventory | - | - |
| Prepays | - | 2,264 |
| Total current assets | <u>94,751</u> | <u>5,588,774</u> |
| Noncurrent assets: | | |
| Investment in joint venture | - | - |
| Restricted cash and cash equivalents | - | 15,936,506 |
| Restricted investments - held in escrow | - | 1,072,410 |
| Capital assets: | | |
| Land | 3,647,368 | 779,435 |
| Buildings | 26,238,949 | 35,458,767 |
| Improvements other than buildings | 189,547 | 141,111 |
| Sanitary sewers | - | 117,542,619 |
| Paving | 1,140,885 | - |
| Equipment and vehicles | 707,848 | 19,386,509 |
| Storm sewers | - | - |
| Less accumulated depreciation | (10,404,587) | (75,175,759) |
| Construction in progress | 28,461 | 7,557,661 |
| Total noncurrent assets | <u>21,548,471</u> | <u>122,699,259</u> |
| Total assets | <u>21,643,222</u> | <u>128,288,033</u> |
| | | |
| LIABILITIES | | |
| LIABILITIES: | | |
| Current liabilities: | | |
| Wages payable | 8,377 | 111,010 |
| Accounts payable | 40,212 | 181,973 |
| Capital leases payable | - | 91,025 |
| Accrued interest payable | 16,713 | 158,349 |
| Compensated absences | 10,360 | 318,511 |
| Claims and judgments | - | - |
| Interfund loans payable | 347,398 | 2,200,129 |
| Unearned revenue | - | - |
| Note payable - current | - | 514,000 |
| General obligation bonds - current | 636,850 | 3,177,450 |
| Deposits payable | - | 778,953 |
| Total current liabilities | <u>1,059,910</u> | <u>7,531,400</u> |
| Noncurrent liabilities: | | |
| Capital leases payable | - | 189,352 |
| Compensated absences | 1,357 | 41,714 |
| Claims and judgments | - | - |
| Other postemployment benefits | 31,467 | 435,723 |
| Note payable | - | 13,693,982 |
| General obligation bonds -long term | 5,150,950 | 36,972,508 |
| Total noncurrent liabilities | <u>5,183,774</u> | <u>51,333,279</u> |
| Total liabilities | <u>6,243,684</u> | <u>58,864,679</u> |
| | | |
| DEFERRED INFLOWS OF RESOURCES | | |
| Succeeding year property tax | - | - |
| Deferred amount on refunding | 69,991 | 34,525 |
| Total deferred inflows of resources | <u>69,991</u> | <u>34,525</u> |
| | | |
| NET POSITION | | |
| Net investment in capital assets | 15,690,680 | 62,063,575 |
| Restricted for equipment replacement | - | 4,610,003 |
| Unrestricted (deficit) | (361,133) | 2,715,251 |
| Total net position | <u>\$ 15,329,547</u> | <u>\$ 69,388,829</u> |

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

| ENTERPRISE FUNDS | | | | |
|-------------------------|----------------------|---|-------------------------------|---|
| RIVERCENTER | CLEAN WATER | TOTAL NON-MAJOR ENTERPRISE FUNDS | TOTAL ENTERPRISE FUNDS | GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS |
| \$ - | \$ 690,164 | \$ 722,554 | \$ 1,412,718 | \$ 8,493,998 |
| - | - | 63,204 | 63,204 | - |
| - | - | 3,605,618 | 3,605,618 | - |
| 810,970 | 816,531 | 2,374,699 | 9,430,653 | 18,835 |
| - | 245 | 343 | 5,060 | 5,083 |
| - | - | - | 248,336 | - |
| 22,239 | - | 97,003 | 119,242 | - |
| 2,633 | 2,796 | 852,847 | 860,540 | 320,252 |
| <u>835,842</u> | <u>1,509,736</u> | <u>7,716,268</u> | <u>15,745,371</u> | <u>8,838,168</u> |
| - | - | 434,151 | 434,151 | - |
| - | 1,229,060 | 2,243,391 | 19,408,957 | - |
| - | - | - | 1,072,410 | - |
| 2,472,550 | 204,051 | 4,146,837 | 11,250,241 | - |
| 18,891,978 | - | 16,744,169 | 97,333,863 | - |
| 59,147 | 316,520 | 13,081,696 | 13,788,021 | 2,601,753 |
| - | - | - | 117,542,619 | - |
| 84,121 | - | 149,003 | 1,374,009 | - |
| 696,573 | 1,095,077 | 12,143,791 | 34,029,798 | 4,586,317 |
| - | 23,766,442 | - | 23,766,442 | - |
| (10,999,901) | (11,606,124) | (26,510,332) | (134,696,703) | (3,299,760) |
| - | 640,772 | 3,286,145 | 11,513,039 | 49,490 |
| <u>11,204,468</u> | <u>15,645,798</u> | <u>25,718,851</u> | <u>196,816,847</u> | <u>3,937,800</u> |
| <u>12,040,310</u> | <u>17,155,534</u> | <u>33,435,119</u> | <u>212,562,218</u> | <u>12,775,968</u> |
| 1,032 | 22,099 | 149,508 | 292,026 | 37,328 |
| 153,435 | 19,426 | 403,001 | 798,047 | 121,155 |
| - | - | - | 91,025 | - |
| - | 6,461 | 8,511 | 190,034 | - |
| 980 | 55,515 | 215,905 | 601,271 | 118,312 |
| - | - | - | - | 4,121,719 |
| 166,542 | 4,555 | 2,573,944 | 5,292,568 | - |
| 73,720 | - | 15,771 | 89,491 | - |
| - | - | - | 514,000 | - |
| - | 153,000 | 470,440 | 4,437,740 | - |
| - | - | 34,716 | 813,669 | - |
| <u>395,709</u> | <u>261,056</u> | <u>3,871,796</u> | <u>13,119,871</u> | <u>4,398,514</u> |
| - | - | - | 189,352 | - |
| 128 | 7,270 | 28,277 | 78,746 | 15,495 |
| - | - | - | - | 3,195,783 |
| 3,721 | 71,773 | 480,875 | 1,023,559 | 127,170 |
| - | - | - | 13,693,982 | - |
| - | 2,212,947 | 2,062,116 | 46,398,521 | - |
| <u>3,849</u> | <u>2,291,990</u> | <u>2,571,268</u> | <u>61,384,160</u> | <u>3,338,448</u> |
| <u>399,558</u> | <u>2,553,046</u> | <u>6,443,064</u> | <u>74,504,031</u> | <u>7,736,962</u> |
| - | - | 3,605,618 | 3,605,618 | - |
| - | - | 2,592 | 107,108 | - |
| - | - | 3,608,210 | 3,712,726 | - |
| 11,204,468 | 13,279,851 | 22,714,836 | 124,953,410 | 3,937,800 |
| - | - | - | 4,610,003 | - |
| 436,284 | 1,322,637 | 669,009 | 4,782,048 | 1,101,206 |
| <u>\$ 11,640,752</u> | <u>\$ 14,602,488</u> | <u>\$ 23,383,845</u> | <u>\$ 134,345,461</u> | <u>\$ 5,039,006</u> |



**CITY OF DAVENPORT
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

| | |
|--|------------------------------|
| Total enterprise funds net position | \$ 134,345,461 |
| Amounts reported for enterprise activities in the statement of net position 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. | 536,061 |
| Adjustments fo reflect the consolidation of prior years internal service fund activities related to enterprise funds. | <u>(22,110)</u> |
| Net position of business-type activities | <u><u>\$ 134,859,412</u></u> |

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

CITY OF DAVENPORT

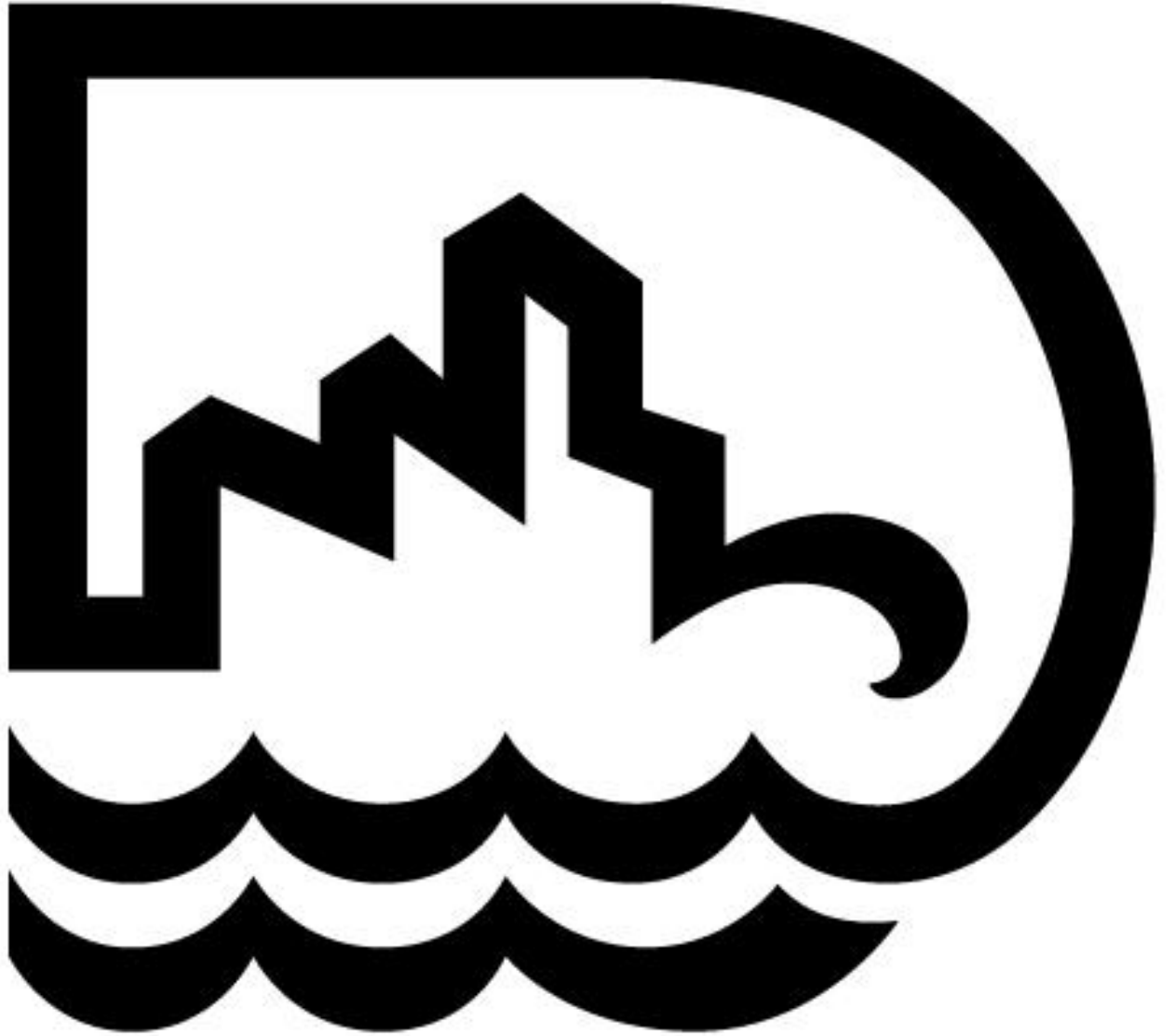
**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014**

| | BUSINESS-TYPE ACTIVITIES - | | |
|---|-----------------------------------|-----------------------------|----------------------|
| | PARKING SYSTEM | SEWER OPERATIONS | RIVERCENTER |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 1,342,889 | \$ 17,485,142 | \$ 1,823,924 |
| Fines and forfeits | 75,650 | - | - |
| Other | 826 | 333,515 | 72,694 |
| Total Operating Revenues | <u>1,419,365</u> | <u>17,818,657</u> | <u>1,896,618</u> |
| OPERATING EXPENSES: | | | |
| Employee expenses | 376,312 | 6,155,493 | 52,799 |
| Supplies and services | 627,681 | 6,550,565 | 2,441,841 |
| Depreciation | 753,777 | 4,945,163 | 548,171 |
| Total Operating Expenses | <u>1,757,770</u> | <u>17,651,221</u> | <u>3,042,811</u> |
| OPERATING INCOME (LOSS) | <u>(338,405)</u> | <u>167,436</u> | <u>(1,146,193)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Taxes | - | - | - |
| Non-operating grants | - | - | - |
| Use of monies and property | 20,237 | 74,306 | - |
| Interest expense | (206,012) | (264,129) | - |
| Gain (loss) on disposition of capital assets | - | 14,778 | - |
| Joint venture adjustment | - | - | - |
| Total Non-operating Revenues (Expenses) | <u>(185,775)</u> | <u>(175,045)</u> | <u>-</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | <u>(524,180)</u> | <u>(7,609)</u> | <u>(1,146,193)</u> |
| Capital contributions | - | (90,123) | 121,846 |
| Transfers in | 500,000 | - | 607,178 |
| Transfers out | - | (220,524) | - |
| Change in net position | <u>(24,180)</u> | <u>(318,256)</u> | <u>(417,169)</u> |
| Total net position - beginning | <u>15,353,727</u> | <u>69,707,085</u> | <u>12,057,921</u> |
| Total net position - ending | <u>\$ 15,329,547</u> | <u>\$ 69,388,829</u> | <u>\$ 11,640,752</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> |
|----------------------|---|-------------------------------|--|
| \$ 2,497,339 | \$ 8,249,850 | \$ 31,399,144 | \$ 19,917,238 |
| - | - | 75,650 | - |
| 32,631 | 105,621 | 545,287 | 1,405,207 |
| <u>2,529,970</u> | <u>8,355,471</u> | <u>32,020,081</u> | <u>21,322,445</u> |
| 1,212,596 | 6,724,541 | 14,521,741 | 1,892,829 |
| 645,726 | 7,891,661 | 18,157,474 | 17,451,042 |
| 931,623 | 2,007,163 | 9,185,897 | 451,206 |
| <u>2,789,945</u> | <u>16,623,365</u> | <u>41,865,112</u> | <u>19,795,077</u> |
| <u>(259,975)</u> | <u>(8,267,894)</u> | <u>(9,845,031)</u> | <u>1,527,368</u> |
| - | 3,646,576 | 3,646,576 | - |
| - | 3,378,211 | 3,378,211 | - |
| 7,294 | 516,383 | 618,220 | 16,645 |
| (57,713) | (40,958) | (568,812) | - |
| 45,278 | 1,675 | 61,731 | - |
| - | (9,050) | (9,050) | - |
| <u>(5,141)</u> | <u>7,492,837</u> | <u>7,126,876</u> | <u>16,645</u> |
| (265,116) | (775,057) | (2,718,155) | 1,544,013 |
| 251,204 | 2,755,006 | 3,037,933 | 846,784 |
| - | 820,262 | 1,927,440 | 220,524 |
| <u>(13,912)</u> | <u>-</u> | <u>(220,524)</u> | <u>(166,581)</u> |
| | 2,800,211 | 2,026,694 | 2,444,740 |
| <u>14,616,400</u> | <u>20,583,634</u> | <u>132,318,767</u> | <u>2,594,266</u> |
| <u>\$ 14,602,488</u> | <u>\$ 23,383,845</u> | <u>\$ 134,345,461</u> | <u>\$ 5,039,006</u> |



**CITY OF DAVENPORT
RECONCILIATION OF THE CHANGE IN NET POSITION OF
ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014**

Net change in net position in enterprise funds \$ 2,026,694

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.

536,061

Change in net position of business-type activities

\$ 2,562,755

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, 2014**

| | BUSINESS-TYPE ACTIVITIES - | |
|--|-----------------------------------|-----------------------------|
| | PARKING SYSTEM | SEWER OPERATIONS |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from users | \$ 1,389,627 | \$ 17,210,978 |
| Cash paid to suppliers for goods and services | (599,648) | (6,240,650) |
| Cash paid to employees for services | (371,626) | (6,009,162) |
| Other operating revenue | 826 | 333,515 |
| Net Cash Provided by (Used for) Operating Activities | <u>419,179</u> | <u>5,294,681</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Repayments to other funds | (448,592) | (1,537,580) |
| Advances from other funds | 347,398 | 2,200,129 |
| Grants | - | - |
| Property tax | - | - |
| Transfers in | 500,000 | - |
| Transfers out | - | (220,524) |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | <u>398,806</u> | <u>442,025</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from general obligation bonds | - | 6,830,000 |
| Proceeds from loan | - | 4,624,820 |
| Refunding discount/issue costs and premiums | (8,882) | (31,600) |
| Proceeds from the sale of capital assets | - | 28,900 |
| Acquisition and construction of capital assets | - | (11,237,142) |
| Principal paid on long-term debt | (622,025) | (3,193,365) |
| Interest paid on long-term debt | (207,315) | (1,247,491) |
| Deposits-other municipalities | - | (91,179) |
| Refunding bond proceeds | - | 615,000 |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>(838,222)</u> | <u>(3,702,057)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale of investments | - | (908,280) |
| Interest and other investment income | 20,237 | 69,834 |
| Net Cash provided by (used for) Investing Activities | <u>20,237</u> | <u>(838,446)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | - | 1,196,203 |
| CASH AND CASH EQUIVALENTS-BEGINNING | <u>-</u> | <u>14,740,303</u> |
| CASH AND CASH EQUIVALENTS-ENDING | <u>\$ -</u> | <u>\$ 15,936,506</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> |
|--------------------|---------------------|---|-----------------------------------|--|
| \$ 1,767,790 | \$ 2,425,592 | \$ 7,457,967 | \$ 30,251,954 | \$ 20,515,248 |
| (2,357,515) | (647,399) | (7,873,204) | (17,718,416) | (17,582,036) |
| (52,362) | (1,179,760) | (6,576,388) | (14,189,298) | (1,857,578) |
| 72,694 | 32,631 | 105,621 | 545,287 | 1,405,207 |
| <u>(569,393)</u> | <u>631,064</u> | <u>(6,886,004)</u> | <u>(1,110,473)</u> | <u>2,480,841</u> |
| (194,323) | (113,671) | (3,441,190) | (5,735,356) | (6,536) |
| 166,543 | 4,555 | 2,573,943 | 5,292,568 | - |
| - | - | 3,378,211 | 3,378,211 | - |
| - | - | 3,646,576 | 3,646,576 | - |
| 607,178 | - | 820,262 | 1,927,440 | 220,524 |
| - | - | - | (220,524) | (166,581) |
| <u>579,398</u> | <u>(109,116)</u> | <u>6,977,802</u> | <u>8,288,915</u> | <u>47,407</u> |
| - | - | 1,445,000 | 8,275,000 | - |
| - | - | - | 4,624,820 | - |
| - | (21,967) | 103,058 | 40,609 | - |
| - | 50,600 | 1,675 | 81,175 | - |
| (10,005) | (283,553) | (199,646) | (11,730,346) | (51,638) |
| - | (155,000) | (314,825) | (4,285,215) | - |
| - | (63,407) | (35,836) | (1,554,049) | - |
| - | - | - | (91,179) | - |
| - | - | - | 615,000 | - |
| <u>(10,005)</u> | <u>(473,327)</u> | <u>999,426</u> | <u>(4,024,185)</u> | <u>(51,638)</u> |
| - | - | - | (908,280) | - |
| - | 7,049 | 516,040 | 613,160 | 11,562 |
| - | 7,049 | 516,040 | (295,120) | 11,562 |
| - | 55,670 | 1,607,264 | 2,859,137 | 2,488,172 |
| - | 1,863,554 | 1,358,681 | 17,962,538 | 6,005,826 |
| <u>\$ -</u> | <u>\$ 1,919,224</u> | <u>\$ 2,965,945</u> | <u>\$ 20,821,675</u> | <u>\$ 8,493,998</u> |

(continued)

CITY OF DAVENPORT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2014**

| | <u>BUSINESS-TYPE ACTIVITIES -</u> | |
|---|--|------------------------------------|
| | <u>PARKING SYSTEM</u> | <u>SEWER OPERATIONS</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u> | | |
| Operating Income (Loss) | \$ (338,405) | \$ 167,436 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | |
| Depreciation | 753,777 | 4,945,163 |
| Change in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | (28,912) | (302,324) |
| Decrease in due from other governments | - | 28,160 |
| Decrease (increase) in inventory and prepaids | - | (2,264) |
| Increase (decrease) in accounts payable | 28,033 | 312,179 |
| Increase in other accrued liabilities | 4,686 | 146,331 |
| Increase (decrease) in unearned revenue | - | - |
| Total Adjustments | <u>757,584</u> | <u>5,127,245</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ 419,179</u> | <u>\$ 5,294,681</u> |
| <u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u> | | |
| Acquisition of capital assets through capital contributions | \$ - | \$ (90,123) |
| Contribution of capital assets by municipality | - | 549,706 |
| Contribution of capital assets by state and federal governments | - | (459,583) |
| Capitalized interest | - | 1,011,127 |

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> |
|--------------------|-------------------|---|-----------------------------------|--|
| \$ (1,146,193) | \$ (259,975) | \$ (8,267,894) | \$ (9,845,031) | \$ 1,527,368 |
| 548,171 | 931,623 | 2,007,163 | 9,185,897 | 451,206 |
| (46,711) | (71,747) | (130,096) | (579,790) | 598,010 |
| - | - | (663,801) | (635,641) | - |
| 11,047 | (2,796) | (97,003) | (91,016) | (23,184) |
| 73,279 | 1,123 | 115,460 | 530,074 | (107,810) |
| 437 | 32,836 | 148,153 | 332,443 | 35,251 |
| (9,423) | - | 2,014 | (7,409) | - |
| <u>576,800</u> | <u>891,039</u> | <u>1,381,890</u> | <u>8,734,558</u> | <u>953,473</u> |
| \$ (569,393) | \$ 631,064 | \$ (6,886,004) | \$ (1,110,473) | \$ 2,480,841 |
| \$ 121,846 | \$ 251,204 | \$ 2,755,006 | \$ 3,037,933 | \$ 846,784 |
| (121,846) | (221,204) | (633,833) | (427,177) | (846,784) |
| - | (30,000) | (2,121,173) | (2,610,756) | - |
| - | 4,783 | - | 1,015,910 | - |

CITY OF DAVENPORT

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014**

| | <u>AGENCY FUNDS</u> |
|---------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash and investments | \$ 431,329 |
| Interest receivable | 267 |
| Total assets | <u>\$ 431,596</u> |
| <u>LIABILITIES</u> | |
| Accounts payable | \$ 10,343 |
| Due to other governments | 421,253 |
| Total liabilities | <u>\$ 431,596</u> |

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. 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 (U.S. GAAP) that apply to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard – setting body for establishing governmental accounting and financial reporting principles. 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 \$1,374,453 in maintenance fees during the fiscal year ended June 30, 2014. 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 5th Avenue, Rock Island, IL 61201.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 position presents the City's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

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, proprietary 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, 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, 2014 (CONTINUED)

(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.

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, 2014 (CONTINUED)

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 and budgeted for. 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 when levied, 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.

F. Investments

Investments in government agency securities are stated at fair value based on quoted market prices. Investments in the Iowa Public Agency Investment Trust are stated at amortized cost.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 (CONTINUED)

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, 2014 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 treated as a deferred inflow in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied and budgeted for.

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2013.

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, 2014 was \$16.78 per \$1,000 of assessed valuation.

I. Loans Receivable

Loans receivable consist of \$4,237,973 of financing provided to companies that are beginning operations. The remaining \$13,470,027 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 of \$3,641,196 based on historic information and review of outstanding amounts.

J. Special Assessments Receivable

Special assessments are levied against certain property owners benefited by various street projects. Special assessments receivable consists of assessments due over the next ten years in relation to these projects.

K. 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, 2014: unexpended general obligation bond proceeds and other funds

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

restricted to capital outlay of \$9,699,287, deposits and equipment replacements of \$6,237,219 in the Sewer Enterprise Fund, \$1,229,060 of unexpended bond proceeds in the Clean Water Enterprise Fund; \$1,958,675 of unexpended bond proceeds in the Solid Waste Enterprise Fund; \$250,000 of unexpended bond proceeds in the Public Housing Fund, security deposits of \$34,716 in the Public Housing Fund, and loan escrow payments of \$58,827 in the Community Development Act Special Revenue Fund. In governmental activities, there is also \$22,708,213 of unexpended general obligation proceeds restricted to capital outlay. In addition, \$11,321,223 is held in escrow related to the crossover refunding of bonds.

L. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest was \$1,011,127 in the Sewer Operations Fund and \$4,783 in the Clean Water Fund.

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 |
| Bridges | 25-50 years |
| Seawalls | 30-50 years |
| Tunnels | 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.

M. Unearned Revenues

Unearned revenues represent grants and similar items received, but for which the City has not met all eligibility requirements imposed by the provider.

N. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities and enterprise funds report deferred inflows from several sources: property taxes and deferred amount on refunding. The governmental funds also include unavailable revenues from special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, only the property tax revenues remain under the modified accrual basis of accounting. The property tax revenues will become a revenue in the year they are levied and budgeted for.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

O. 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."

P. 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.

Q. Net Position

Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds for the Sewer Operations, Clean Water, Solid Waste and Public Housing Funds were \$9,699,287, \$1,958,675, \$1,229,060 and \$250,000 respectively. Unspent debt proceeds for the Capital Projects Fund were \$22,708,213. Net position is 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 position restricted through enabling legislation consists of \$2,719,630 for employee benefits; \$1,433,279 for tort liability; \$4,466,397 for local option sales tax; \$873,040 for library; \$16,614,527 for debt service; \$496,696 for road use tax and \$478,048 for municipal improvement districts. Net position is reported as unrestricted when it does not meet the definition of the two preceding categories. Deficits will require future funding. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

R. Long-term Obligations

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

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.

S. 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. The prepaid items reflect the consumption method.

T. 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 position 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 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.

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 \$63,863,005 and the bank balances were \$65,047,388. As of June 30, 2014, the City's deposits with financial institutions were entirely

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

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. The City's investments in State and Local Government Securities exceed the 397 day investment period, but the maturities match the crossover refundings.

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 SLGS. The majority of these securities represent the crossover refunding proceeds.

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. The City does not have a formal deposit policy for custodial credit risk.

At June 30, 2014, the interest rate risk and credit risk of the City's investments are as follows:

| Type | Fair Value | Maturities | Credit Ratings |
|--|---------------|-------------------|----------------|
| State and Local Government Securities (SLGS) | \$ 128,084 | November 30, 2014 | AA+ |
| State and Local Government Securities (SLGS) | \$ 12,132,037 | May 31, 2015 | AA+ |

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 \$414,301 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (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:

| | General Fund | General Debt Service Fund | Capital Projects Fund | Non-major governmental Funds | Parking Fund | RiverCenter Fund | Non-major proprietary Funds | Risk Internal Service Fund | Total transfer |
|------------------------------------|------------------|---------------------------|-----------------------|------------------------------|------------------|-------------------|-----------------------------|----------------------------|---------------------|
| Transfer out: | | | | | | | | | |
| General Fund | \$ - | \$ - | \$ 36,627 | \$ 215,169 | \$ - | \$ 607,178 | \$ 720,262 | \$ - | \$ 1,579,236 |
| Local Option Sales Tax Fund | - | 9,504,449 | 1,607,903 | 46,000 | 500,000 | - | 100,000 | - | 11,758,352 |
| Capital Project Fund | - | - | - | 100,224 | - | - | - | - | 100,224 |
| Sewer Fund | - | - | - | - | - | - | - | 220,524 | 220,524 |
| Risk Internal Service Fund | 14,150 | - | 152,431 | - | - | - | - | - | 166,581 |
| Other non-major governmental funds | 327,500 | - | 22,102 | - | - | - | - | - | 349,602 |
| Total Transfer | \$341,650 | \$9,504,449 | \$1,819,063 | \$ 361,393 | \$500,000 | \$ 607,178 | \$ 820,262 | \$220,524 | \$14,174,519 |

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 also 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, 2014, interfund receivables and payables are summarized as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------------|---------------------|
| General | Non-major Governmental Funds | \$ 421,902 |
| | Sewer Fund | 1,376,660 |
| | RiverCenter Fund | 166,542 |
| | Parking Fund | 347,398 |
| | Non-major Proprietary Funds | 2,573,944 |
| General Debt Service | Local Option Sales Tax Fund | 1,508,038 |
| Capital Projects | Clean Water Fund | 4,555 |
| | Sewer Fund | 823,469 |
| | General Fund | 4,969 |
| | Local Option Sales Tax Fund | 562,513 |
| | | <u>\$ 7,789,990</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, 2014 (CONTINUED)**

6. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30,2014:

| | BEGINNING BALANCE 06/30/13 | ADDITIONS | DELETIONS | ENDING BALANCE 06/30/14 |
|--|---|----------------------|------------------------|--|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 20,002,931 | \$ - | \$ - | \$ 20,002,931 |
| Construction in progress | 15,529,290 | 8,048,422 | (11,961,106) | 11,616,606 |
| Total capital assets, not being depreciated | <u>35,532,221</u> | <u>8,048,422</u> | <u>(11,961,106)</u> | <u>31,619,537</u> |
| Capital assets being depreciated | | | | |
| Buildings | 106,171,714 | 322,685 | (783,589) | 105,710,810 |
| Improvements other than buildings | 28,144,924 | 109,786 | - | 28,254,710 |
| Equipment and vehicles | 38,748,879 | 3,300,929 | (646,351) | 41,403,457 |
| Bridges | 9,515,356 | 240,520 | (294,633) | 9,461,243 |
| Traffic Signals | 8,502,673 | - | - | 8,502,673 |
| Streets and roads | 194,721,534 | 10,390,712 | 294,633 | 205,406,879 |
| Seawalls | 2,685,289 | - | - | 2,685,289 |
| Tunnels | 54,326 | - | - | 54,326 |
| Total capital assets being depreciated | <u>388,544,695</u> | <u>14,364,632</u> | <u>(1,429,940)</u> | <u>401,479,387</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 32,783,291 | 2,707,934 | (571,767) | 34,919,458 |
| Improvements other than buildings | 10,508,197 | 1,487,825 | 11,351 | 12,007,373 |
| Equipment and vehicles | 26,546,381 | 2,734,360 | (468,107) | 28,812,634 |
| Bridges | 2,564,522 | 257,454 | (12,432) | 2,809,544 |
| Traffic signals | 5,682,214 | 247,755 | - | 5,929,969 |
| Streets and roads | 71,250,964 | 7,107,483 | 12,432 | 78,370,879 |
| Seawalls | 200,402 | 84,322 | - | 284,724 |
| Tunnels | 18,333 | 2,716 | - | 21,049 |
| Total accumulated depreciation | <u>149,554,304</u> | <u>14,629,849</u> | <u>(1,028,523)</u> | <u>163,155,630</u> |
| Total capital assets being depreciated, net | <u>238,990,391</u> | <u>(265,217)</u> | <u>(401,417)</u> | <u>238,323,757</u> |
| Governmental activities capital assets, net | <u>\$ 274,522,612</u> | <u>\$ 7,783,205</u> | <u>\$ (12,362,523)</u> | <u>\$ 269,943,294</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 11,250,241 | \$ - | \$ - | \$ 11,250,241 |
| Construction in progress | 46,392,719 | 12,346,649 | (47,226,329) | 11,513,039 |
| Total capital assets not being depreciated | <u>57,642,960</u> | <u>12,346,649</u> | <u>(47,226,329)</u> | <u>22,763,280</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 96,925,051 | 408,812 | - | 97,333,863 |
| Improvements other than buildings | 13,788,021 | - | - | 13,788,021 |
| Equipment and vehicles | 34,161,392 | 922,104 | (1,053,698) | 34,029,798 |
| Sanitary sewer | 69,306,285 | 48,236,334 | - | 117,542,619 |
| Storm Sewer | 22,669,823 | 1,096,619 | - | 23,766,442 |
| Streets and roads | 1,374,009 | - | - | 1,374,009 |
| Total capital assets being depreciated | <u>238,224,581</u> | <u>50,663,869</u> | <u>(1,053,698)</u> | <u>287,834,752</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 48,569,870 | 2,784,569 | - | 51,354,439 |
| Improvements other than buildings | 7,753,334 | 526,032 | - | 8,279,366 |
| Equipment and vehicles | 23,884,727 | 2,089,275 | (1,034,255) | 24,939,747 |
| Sanitary sewer | 36,246,337 | 2,978,261 | - | 39,224,598 |
| Storm sewer | 9,971,645 | 760,277 | - | 10,731,922 |
| Streets and roads | 119,148 | 47,483 | - | 166,631 |
| Total accumulated depreciation | <u>126,545,061</u> | <u>9,185,897</u> | <u>(1,034,255)</u> | <u>134,696,703</u> |
| Total capital assets,being depreciated, net | <u>111,679,520</u> | <u>41,477,972</u> | <u>(19,443)</u> | <u>153,138,049</u> |
| Business-type activities capital assets, net | <u>\$ 169,322,480</u> | <u>\$ 53,824,621</u> | <u>\$ (47,245,772)</u> | <u>\$ 175,901,329</u> |

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

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

| | |
|---|----------------------------|
| Governmental activities: | |
| General government | \$ 647,989 |
| Community & economic development | 25,980 |
| Public works | 8,817,034 |
| Public safety | 1,797,232 |
| Culture & recreation | 2,890,408 |
| Internal service assets are charged to the various functions based on their usage of the assets | <u>451,206</u> |
| Total depreciation expense-governmental activities | <u><u>\$14,629,849</u></u> |
| Business-type activities: | |
| Parking systems | \$ 753,777 |
| Sewer operations | 4,945,163 |
| RiverCenter | 548,171 |
| Public transit | 567,449 |
| Public housing | 316,697 |
| Golf courses | 194,378 |
| Airport | 359,767 |
| Solid Waste | 461,379 |
| Clean Water Utility | 931,623 |
| Rivers Edge | <u>107,493</u> |
| Total depreciation expense-business-type activities | <u><u>\$ 9,185,897</u></u> |

The City has active construction projects as of June 30, 2014. 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 City's commitments with contractors are as follows:

| <u>Projects</u> | Spent-to-Date | Remaining Commitment |
|----------------------|-----------------------------|-----------------------------|
| Streets/Improvements | \$ 12,608,919 | \$ 5,784,923 |
| Sanitary Sewer/WPCP | 12,018,416 | 2,986,470 |
| Parks | 596,301 | 265,267 |
| Public Buildings | <u>2,329,607</u> | <u>7,608,401</u> |
| Total | <u><u>\$ 27,553,243</u></u> | <u><u>\$ 16,645,061</u></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 City had no significant encumbrances as of June 30, 2014.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

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 5.95% of their annual covered salary and the City is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$2,667,158, \$2,567,903, and \$2,514,056 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 of the MFPRSI. 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 104th 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, 2014, 2013 and 2012 were 30.12%, 26.12%, and 24.76%. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2014, 2013 and 2012 were \$6,291,856, \$5,329,969, and \$5,320,594, 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 directors' 457 deferred compensation plans. The City's contributions for the years ended June 30, 2014, 2013 and 2012 were \$1,912,655, \$1,901,498, and \$1,811,869 respectively.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

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 \$248,629 as of June 30, 2014.

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 an 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, 2014 was \$185,522.

A summary of the latest available financial information for the QCGPG as of June 30, 2014, and for the year then ended is as follows:

| | |
|---------------------------|--------------------|
| Total assets | <u>\$920,273</u> |
| Total liabilities | <u>\$479,142</u> |
| Total equity | <u>\$441,131</u> |
| Total revenue | \$5,320,962 |
| Total expenses | <u>\$5,321,112</u> |
| Net change in fund equity | <u>\$(150)</u> |

The City uses the equity method of accounting for these investments. At June 30, 2014, this amounted to \$434,151 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 5th Avenue, Rock Island, IL 61201.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

9. LONG-TERM DEBT

The following is a summary of changes in long-term debt, including premiums, for the year ended June 30, 2014 (numbers shown in thousands):

| Governmental Activities: | Balance June 30,2013 | Additions | Retirements | Balance June 30,2014 | Due Within One Year |
|---|-------------------------|------------------|--------------------|-------------------------|------------------------|
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 160,261 | \$ 25,185 | \$ (34,701) | \$ 150,745 | \$ 15,862 |
| Special Assessment Debt | 1,199 | - | (59) | 1,140 | - |
| Premium on issuance | 4,025 | 2,405 | (709) | 5,721 | - |
| Total Bonds Payable | 165,485 | 27,590 | (35,469) | 157,606 | 15,862 |
| Other post employment benefits payable | 3,564 | 1,065 | - | 4,629 | - |
| Compensated Absences | 4,894 | 4,831 | (4,947) | 4,778 | 4,225 |
| Note Payable | 311 | - | - | 311 | 13 |
| | <u>\$ 174,254</u> | <u>\$ 33,486</u> | <u>\$ (40,416)</u> | <u>\$ 167,324</u> | <u>\$ 20,100</u> |
| Business-type Activities: | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 43,605 | \$ 8,890 | \$ (4,280) | \$ 48,215 | \$ 4,438 |
| Premium on issuance | 2,329 | 641 | (348) | 2,622 | - |
| Total Bonds Payable | 45,934 | 9,531 | (4,628) | 50,837 | 4,438 |
| Compensated Absences | 635 | 1,270 | (1,225) | 680 | 601 |
| Other post employment benefits payable | 790 | 233 | - | 1,023 | - |
| Capital lease | - | 508 | (228) | 280 | 91 |
| Note Payable | 9,798 | 4,625 | (215) | 14,208 | 514 |
| | <u>\$ 57,157</u> | <u>\$ 16,167</u> | <u>\$ (6,296)</u> | <u>\$ 67,028</u> | <u>\$ 5,644</u> |

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 \$133,807 of internal service funds compensated absences and \$127,170 of other post-employment benefits are included in the above amounts. The governmental activities, compensated absences and other post employment benefits are generally liquidated by the fund incurring the expense. The General Fund of the city includes a trust and agency fund that is used to levy taxes to pay for and liquidate benefit obligations.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

General obligation bonds payable at June 30, 2014, is comprised of the following individual issues:

| | | Outstanding Balance June 30, 2014 (in thousands of dollars) |
|-----------|---|---|
| A. | Matured bonds not presented for payment. | \$ 20 |
| 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). | 425 |
| C. | \$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). | 6,860 |
| D. | \$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). | 660 |
| E. | \$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. | 6,410 |
| F. | \$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). | 2,365 |
| G. | \$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). | 10,165 |

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

| | | |
|-----------|---|--------|
| H. | \$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). | 5,730 |
| I. | \$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. | 8,645 |
| J. | \$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). | 12,860 |
| K. | \$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). | 5,980 |
| L. | \$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). | 2,660 |
| M. | \$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). | 22,875 |
| N. | \$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). | 3,175 |
| O. | \$31,250,000 2012 General Obligation Streets, Sewers, Buildings, Solid Waste, Clean Water and Equipment serial bonds due in annual installments of \$565,000 to \$2,700,000 through June 1, 2031; interest at 2.0 to 4.0 percent (\$2,034,000, \$17,454,000, \$406,000 and \$1,473,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund, Solid Waste Enterprise Fund and Clean Water Fund, respectively). | 24,520 |

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

| | | |
|-----------|--|-------------------|
| P. | \$4,460,000 2012B Crossover Refunding of \$2,195,000 of 2003A Taxable General Obligation Stadium Bonds maturing June 1, 2014 through 2018 and \$2,135,000 of Taxable General Obligation Economic Development bonds, Series 2004A maturing June 1, 2014 through 2023 due in annual installments of \$245,000 to \$685,000 through June 1, 2023; interest at .7 to 3.1 percent (\$2,152,715 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund). | 3,820 |
| Q. | \$11,720,000 2012C Crossover Refunding of \$6,050,000 of General Obligation Bonds, Series 2003 maturing June 1, 2014 through 2018, \$1,445,000 of General Obligation Bonds, Series 2004B, maturing June 1, 2014 through 2019, and \$4,915,000 of General Obligation Bonds, Series 2004C maturing June 1, 2014 through 2019 due in annual installments of \$1,060,000 to \$2,240,000 through June 1, 2019; interest at 3.0 to 4.0 percent (\$1,055,965 and \$90,240 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Airport Enterprise Fund, respectively). | 9,535 |
| R. | \$18,745,000 Crossover Refunding of \$18,560,000 of General Obligation Bonds, Series 2005A maturing June 1, 2015 through 2025 due in annual installments of \$1,215,000 to \$2,220,000 through June 1, 2025; interest at 3.0 percent (\$140,905 in principal and interest thereon is being serviced by the Sewer Enterprise Fund). | 18,745 |
| S. | \$2,310,000 2013 Current Refunding of \$2,195,000 of 2003B General Obligation Stadium Bonds due in annual installments of \$705,000 to \$805,000 maturing June 1, 2014 through 2016; interest at 2.0 percent | 1,605 |
| T. | \$19,560,000 2013A General Obligation Streets, Sewers, Buildings, Solid Waste, Clean Water, Tax Increment Financing and Equipment serial bonds due in annual payments of \$575,000 to \$2,830,000 through June 1, 2032; interest at 2.0 to 3.25 percent (\$1,930,000, \$6,320,000, \$330,000 and \$528,000 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund, Sewer Enterprise Fund, Solid Waste Enterprise Fund and Clean Water Fund, respectively). | 18,970 |
| U. | \$23,125,000 2014A General Obligation Streets, Sewers, Buildings, Solid Waste, Public Housing, Tax Increment Financing, Equipment and Refunding serial bonds due in annual installments of \$1,030,000 to \$1,825,000 through June 1, 2029; interest at 3.0 to 5.0 percent (\$330,000, \$6,465,000, \$1,315,000 and \$130,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund, Solid Waste Enterprise Fund and Public Housing Enterprise Fund, respectively). | 23,125 |
| V. | \$10,950,000 Crossover Refunding of \$5,990,000 of General Obligation Bonds, Series 2007A maturing June 1, 2016 through 2023, \$5,795,000 of General Obligation Bonds, Series 2008C maturing June 1, 2016 through 2023 due in annual installments of \$765,000 to \$1,755,000 through June 1, 2023; interest at 3.0% to 5.0% (\$980,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund). | 10,950 |
| | Total general obligation bonds and special assessment debt | 200,100 |
| | General obligation bonds serviced by Enterprise Funds | (48,215) |
| | General obligation bonds and special assessment debt reported in Governmental Activities | <u>\$ 151,885</u> |

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

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 \$48,214,720. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,258,511. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$456,225. 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. The City of 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, 2014, the statutory limit for the City was \$307,269,293 providing a debt margin of \$101,681,943.

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 June 30, 2014, the City has drawn all of the loan, except for the final \$6,000 that is held until completion 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> |
|---------------------------|---------------------|---------------------|
| 2015 | 222,000 | 281,250 |
| 2016 | 229,000 | 274,590 |
| 2017 | 237,000 | 267,720 |
| 2018 | 244,000 | 260,610 |
| 2019 | 252,000 | 253,290 |
| 2020 – 2024 | 1,391,000 | 1,147,830 |
| 2025 – 2029 | 1,633,000 | 925,170 |
| 2030 – 2034 | 1,916,000 | 663,750 |
| 2035 – 2039 | 2,247,000 | 357,150 |
| 2040 – 2041 | 1,004,000 | 45,420 |
| | <u>\$ 9,375,000</u> | <u>\$ 4,476,780</u> |

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

The City has entered into a second agreement with the Iowa Finance Authority to borrow \$7,085,000 in the form of the proceeds of the Iowa Finance Authority Taxable Sewer Revenue Bond Series 2013. 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 1.75% with interest payments payable semiannually commencing December 1, 2013. Principal repayment is annually each June 1 commencing June 1, 2015. As of 6/30/14, the City had drawn \$4,832,982. The note is payable solely from the net revenues of the sewer utility and has the same covenants as the other Iowa Finance Authority note.

The note is expected to be paid as follows:

| <u>Year ended June 30</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------|---------------------|---------------------|
| 2015 | 292,000 | 122,686 |
| 2016 | 297,000 | 118,877 |
| 2017 | 303,000 | 113,680 |
| 2018 | 309,000 | 108,377 |
| 2019 | 316,000 | 102,970 |
| 2020-2024 | 1,676,000 | 429,730 |
| 2025-2029 | 1,850,000 | 277,095 |
| 2030-2034 | 2,042,000 | 108,658 |
| | <u>\$ 7,085,000</u> | <u>\$ 1,382,073</u> |

The City has entered into an agreement with the Iowa Department of Transportation to borrow \$310,791 from the Railroad Revolving Loan Program. The City drew the funds from the Iowa Department of Transportation for construction of a new rail spur line to serve the Eastern Iowa Industrial Center. The loan bears interest at 3% with principal and interest payments payable semiannually originally commencing in June 2013. However, the loan agreement is being reworked due to a change in the completion date of the project. The City is not in default and below is an estimated revised debt schedule.

The estimated payment schedule is:

| <u>Year ended June 30</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------|-------------------|------------------|
| 2015 | \$ 13,440 | \$ 4,662 |
| 2016 | 27,489 | 8,716 |
| 2017 | 28,320 | 7,885 |
| 2018 | 29,175 | 7,029 |
| 2019 | 30,057 | 6,147 |
| 2020-2023 | 182,310 | 16,815 |
| | <u>\$ 310,791</u> | <u>\$ 51,254</u> |

On March 5, 2014 the City issued \$10,950,000 of its General Obligation Refunding Bonds with an average coupon rate of 4.54% to crossover refund \$5,990,000 of its General Obligation Bonds dated 2007 with an average coupon rate of 4% and \$5,795,000 of its General Obligation Bonds dated 2008 with an average coupon rate of 4.20% . These proceeds are for the future debt service payments of the 2014B Bonds until the crossover date of June 1, 2015. The transactions, balances and liabilities of the escrow account are recorded by the City since the refunded debt Series 2007A and 2008C are not considered extinguished as of June 30, 2014. The City refunded these bonds to reduce its total debt service payments through 2023 by \$823,519 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of \$752,378.

Also on March 5, 2014, the city issued a current refunding of \$365,000 with an average coupon rate of 3% to refund \$385,000 of its General Obligation Bonds dated 12/28/2006 with an average coupon rate of 3.65%. The City refunded these bonds to reduce its total debt service payments over the next 3 years by \$24,041 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new) of \$22,743.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (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 issued 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 bonds payable are as follows:

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|---------------------------|---|------------------|--------------------------|------------------|
| | General Obligation Bonds and Special Assessments | | General Obligation Bonds | |
| | Principal | Interest | Principal | Interest |
| 2015 | 15,842 | 6,004 | 4,438 | 1,798 |
| 2016 | 17,360 | 5,271 | 4,560 | 1,590 |
| 2017 | 15,497 | 4,693 | 4,608 | 1,449 |
| 2018 | 14,846 | 4,131 | 4,314 | 1,302 |
| 2019 | 13,826 | 3,576 | 4,234 | 1,159 |
| 2020-2024 | 52,399 | 10,316 | 17,746 | 3,445 |
| 2025-2029 | 19,140 | 2,657 | 8,315 | 638 |
| 2030-2032 | 2,955 | 187 | - | - |
| Totals | 151,865 | 36,835 | 48,215 | 11,381 |
| Matured | 20 | 2 | - | - |
| | <u>\$ 151,885</u> | <u>\$ 36,837</u> | <u>\$ 48,215</u> | <u>\$ 11,381</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 \$175,000 per member, and an aggregate annual stop loss amount of approximately \$10,726,262 for 2014. 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. Based on experience, the claims payable balance of \$1,171,766 as of June 30, 2014 is considered current and due within one 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 2014. 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. 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. Based on experience, \$2,949,953 of the claims payable as of June 30, 2014 is considered current and due within one year.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

Changes in reported liabilities for the fiscal years ended June 30, 2013 and 2014 are summarized as follows:

| | <u>Employee Insurance Fund</u> | <u>Risk Management Fund</u> | <u>Total</u> |
|--|--|-------------------------------------|---------------------|
| Liabilities at June 30, 2012 | \$ 1,187,852 | \$ 6,024,139 | \$ 7,211,991 |
| Claims and changes in estimates during fiscal year 2013 | 10,635,835 | 1,802,519 | 12,438,354 |
| Claim payments | <u>(11,015,712)</u> | <u>(1,535,163)</u> | <u>(12,550,875)</u> |
| Liabilities at June 30, 2013 | \$ 807,975 | \$ 6,291,495 | \$ 7,099,470 |
| Claims and changes in estimates during fiscal year 2014 | 10,799,635 | 2,559,413 | 13,359,048 |
| Claim payments | <u>(10,435,844)</u> | <u>(2,705,172)</u> | <u>(13,141,016)</u> |
| Liabilities at June 30, 2014 | <u>1,171,766</u> | <u>\$ 6,145,736</u> | <u>\$ 7,317,502</u> |

11. INDIVIDUAL FUND DISCLOSURES

The Risk Management internal service fund has a deficit unrestricted net position balance of \$994,582 as of June 30, 2014. The Miscellaneous grant non-major governmental fund has a deficit balance of \$344,161 as of June 30, 2014, due to deferred inflows of resources. Deficits in the internal service fund will be addressed through future premiums and charges for services. Deficits in the non-major governmental fund will be addressed through future grant 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 2014, the City contributed \$118,728. Retirees receiving benefits contributed \$557,557 through their required contribution of \$703.09 per month for single health coverage and \$1,559.49 per month for family health coverage.

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 (CONTINUED)

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 | \$1,376,470 |
| Interest on net OPEB obligation | 195,929 |
| Adjustment to annual required contribution | <u>(155,452)</u> |
| Annual OPEB cost (expense) | 1,416,947 |
| Contributions made | <u>(118,728)</u> |
| Increase (decrease) in net OPEB obligation | 1,298,219 |
| Net OPEB obligation - July 1, 2013 | <u>4,353,982</u> |
| Net OPEB obligation - June 30, 2014 | <u>\$5,652,201</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012 thru 2014 are presented in the following table:

| Fiscal year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 06/30/2012 | \$ 1,560,259 | 25.30% | \$ 2,999,688 |
| 06/30/2013 | \$ 1,626,339 | 16.73% | \$ 4,353,982 |
| 06/30/2014 | \$ 1,416,948 | 8.38% | \$ 5,652,201 |

Funding status and funding progress: The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date is as follows:

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$ 14,965,645 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 14,965,645</u> |
| Covered payroll (active employees) | 45,742,482 |
| UAAL as a percentage of covered payroll | 32.72% |

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.

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.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

The actuarial calculations were performed in accordance with the entry age normal cost method as of the July 1, 2013 valuation date. The actuarial assumptions included a 4.5 percent discount rate, a wage inflation component of 4.0%, an annual health care cost trend rate of 8.0 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. The Statement 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, 2014 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. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – items the Chief Financial Officer assigns as specific projects or purposes have been identified, as the City’s fund balance policy states. 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. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 (CONTINUED)**

| Fund Balances: | General Fund | Major Special Revenue Local Option Sales Tax Fund | Major Debt Service Fund | Major Capital Projects Fund | Non Major Special Revenue Funds | Non Major Debt Service Fund | Total |
|--------------------------------------|---------------------|--|--------------------------------|------------------------------------|--|------------------------------------|----------------------|
| Nonspendable: | | | | | | | |
| Prepays | \$ 5,440 | \$ - | \$ - | \$ - | \$ 5,868 | \$ - | \$ 11,308 |
| Restricted for: | | | | | | | |
| Tort | 1,433,279 | - | - | - | - | - | 1,433,279 |
| Debt Service | - | - | 13,384,755 | - | - | 3,229,772 | 16,614,527 |
| Capital Projects | - | - | - | 15,164,394 | - | - | 15,164,394 |
| Police | | | | | | | |
| Non-recurring | 973,492 | - | - | - | - | - | 973,492 |
| Library | 873,040 | - | - | - | - | - | 873,040 |
| Employee Benefits | 2,719,630 | - | - | - | - | - | 2,719,630 |
| Community Development Block Grant | | | | | | | |
| Projects | - | - | - | - | 146,664 | - | 146,664 |
| HUD Section 8 Rents | - | - | - | - | 169,222 | - | 169,222 |
| Municipal Improvement Projects | - | - | - | - | 478,048 | - | 478,048 |
| Home Investment Partnership Projects | - | - | - | - | 5 | - | 5 |
| Road Use Tax project | - | - | - | - | 490,828 | - | 490,828 |
| Local Option Sales Tax | - | 4,466,397 | - | - | - | - | 4,466,397 |
| Committed for: | | | | | | | |
| Levee Improvement Commission | | | | | | | |
| Projects | - | - | - | - | 142,953 | - | 142,953 |
| Revolving Loans | - | - | - | - | 1,041,456 | - | 1,041,456 |
| Assigned for: | | | | | | | |
| Library projects | 176,323 | - | - | - | - | - | 176,323 |
| Police projects | 18,738 | - | - | - | - | - | 18,738 |
| Parks projects | 4,313 | - | - | - | - | - | 4,313 |
| Reforestation | 80,622 | - | - | - | - | - | 80,622 |
| RiverCenter projects | 218,104 | - | - | - | - | - | 218,104 |
| Flood Project | 246,660 | - | - | - | - | - | 246,660 |
| Parks Special Needs Program | 34,096 | - | - | - | - | - | 34,096 |
| Unassigned: | 8,536,778 | - | - | - | (344,161) | - | 8,192,617 |
| Total Fund Balances: | \$15,320,515 | \$ 4,466,397 | \$13,384,755 | \$15,164,394 | \$ 2,130,883 | \$ 3,229,772 | \$ 53,696,716 |

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 (CONTINUED)

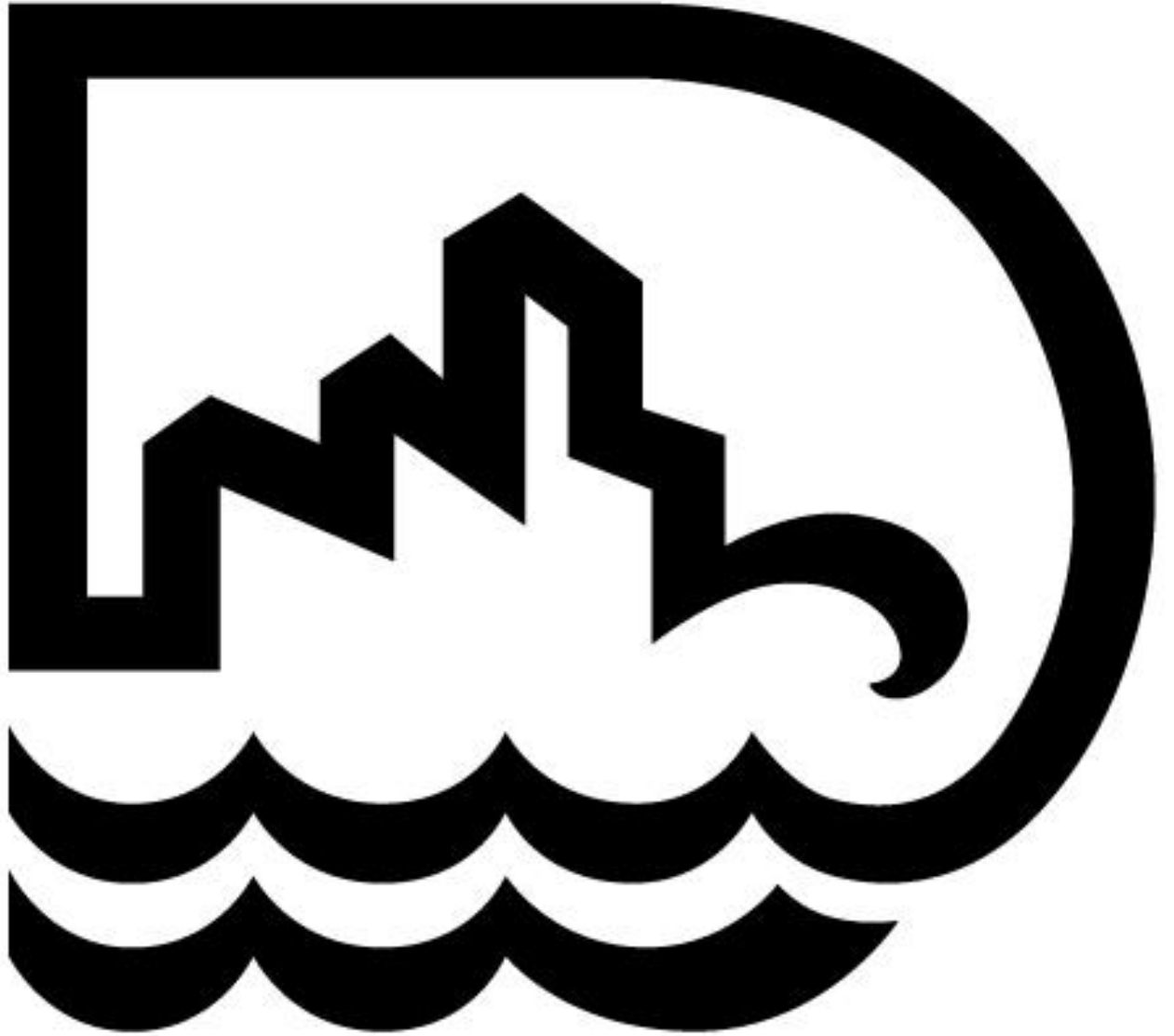
14. RECENTLY ISSUED PRONOUNCEMENTS

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the City beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement provides guidance for: determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, issued November 2013, will be effective for the City beginning with its year ending June 30, 2015. This Statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.



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, 2014

| | GOVERNMENTAL FUNDS ACTUAL | PROPRIETARY FUNDS ACTUAL | TOTAL ACTUAL |
|--|------------------------------|--------------------------------|----------------------|
| REVENUES: | | | |
| Taxes | \$ 90,421,947 | \$ 3,646,576 | \$ 94,068,523 |
| Special assessments | 96,245 | - | 96,245 |
| Licenses and permits | 1,749,752 | - | 1,749,752 |
| Intergovernmental | 25,530,812 | 3,378,211 | 28,909,023 |
| Charges for services | 4,051,619 | 51,316,382 | 55,368,001 |
| Use of monies and property | 1,176,460 | 634,865 | 1,811,325 |
| Fines and forfeits | 1,931,967 | 75,650 | 2,007,617 |
| Loan repayments | 1,065,290 | - | 1,065,290 |
| Other | 4,108,428 | 1,950,494 | 6,058,922 |
| Total Revenues | <u>130,132,520</u> | <u>61,002,178</u> | <u>191,134,698</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Public safety | 41,216,850 | - | 41,216,850 |
| Public works | 17,557,791 | - | 17,557,791 |
| Culture and recreation | 11,281,713 | - | 11,281,713 |
| Community and economic development | 13,853,663 | - | 13,853,663 |
| General government | 8,820,719 | - | 8,820,719 |
| Capital outlay | 15,247,456 | - | 15,247,456 |
| Debt service: | | | |
| Principal retirement | 16,024,785 | - | 16,024,785 |
| Interest | 6,101,313 | - | 6,101,313 |
| Bond issuance costs | 249,658 | - | 249,658 |
| Business type activities | - | 52,591,898 | 52,591,898 |
| | <u>130,353,948</u> | <u>52,591,898</u> | <u>182,945,846</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(221,428)</u> | <u>8,410,280</u> | <u>8,188,852</u> |
| OTHER FINANCING SOURCES (USES), NET | <u>7,112,092</u> | <u>1,760,859</u> | <u>8,872,951</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES | 6,890,664 | 10,171,139 | 17,061,803 |
| BALANCES BEGINNING OF YEAR, | <u>46,806,052</u> | <u>19,490,592</u> | <u>66,296,644</u> |
| BALANCES END OF YEAR | <u>\$ 53,696,716</u> | <u>\$ 29,661,731</u> | <u>\$ 83,358,447</u> |

See note to Required Supplementary Information

| <u>BUDGETED AMOUNTS</u> | | | |
|-------------------------|----------------------|-----------|---|
| <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL TO ACTUAL VARIANCE</u> |
| \$ 92,643,484 | \$ 92,634,580 | \$ | 1,433,943 |
| 53,500 | 53,500 | | 42,745 |
| 1,395,200 | 1,395,200 | | 354,552 |
| 21,785,536 | 67,281,832 | | (38,372,809) |
| 56,606,192 | 56,895,192 | | (1,527,191) |
| 1,247,040 | 1,294,190 | | 517,135 |
| 1,655,000 | 1,655,000 | | 352,617 |
| 1,157,275 | 1,157,275 | | (91,985) |
| 73,891,364 | 96,468,110 | | (90,409,188) |
| <u>250,434,591</u> | <u>318,834,879</u> | | <u>(127,700,181)</u> |
| 42,215,051 | 42,957,558 | | 1,740,708 |
| 18,934,442 | 19,286,207 | | 1,728,416 |
| 11,336,272 | 11,871,322 | | 589,609 |
| 12,045,835 | 19,648,964 | | 5,795,301 |
| 9,268,307 | 9,435,289 | | 614,570 |
| 31,960,770 | 81,201,019 | | 65,953,563 |
| 21,549,669 | 34,374,785 | | 18,350,000 |
| 688,131 | 6,101,312 | | (1) |
| - | 249,658 | | - |
| 59,180,590 | 61,121,407 | | 8,529,509 |
| <u>207,179,067</u> | <u>286,247,521</u> | | <u>103,301,675</u> |
| <u>43,255,524</u> | <u>32,587,358</u> | | <u>(24,398,506)</u> |
| <u>(43,038,232)</u> | <u>(48,710,374)</u> | | <u>57,583,325</u> |
| 217,292 | (16,123,016) | | 33,184,819 |
| <u>59,741,672</u> | <u>66,296,642</u> | | <u>2</u> |
| <u>\$ 59,958,964</u> | <u>\$ 50,173,626</u> | <u>\$</u> | <u>33,184,821</u> |

CITY OF DAVENPORT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
JUNE 30, 2014**

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. During the year a budget amendment increased budgeted expenditures by \$79,068,454. The budget amendment is reflected in the final budgeted amounts.

| | Budgetary Basis | Adjustments | Adjusted Basis |
|--------------------------------------|----------------------|-----------------------|-----------------------|
| Revenues | \$ 191,134,698 | - | \$ 191,134,698 |
| Expenditures/expenses | <u>182,945,846</u> | <u>9,637,103</u> | <u>192,582,949</u> |
| Net | 8,188,852 | (9,637,103) | (1,448,251) |
| Other financing sources, net | 8,872,951 | 3,937,398 | 12,810,349 |
| Beginning fund balance/ net position | <u>66,296,643</u> | <u>115,422,442</u> | <u>181,719,085</u> |
| Ending fund balance/ net position | \$ <u>83,358,446</u> | \$ <u>109,722,737</u> | \$ <u>193,081,183</u> |

CITY OF DAVENPORT

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

Required Supplementary Information

For the Fiscal Year Ended June 30, 2014

| Fiscal Year Ended | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded UAAL (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((B-a)/c) |
|-------------------|--------------------------|-------------------------------|---------------------------------|---------------------|--------------------|-----------------------|---|
| 2011 | 7/1/2009 | - | 16,953,953 | 16,953,953 | - | 45,639,232 | 37.15% |
| 2012 | 7/1/2011 | - | 13,492,482 | 13,492,482 | - | 47,559,240 | 28.37% |
| 2013 | 7/1/2011 | - | 13,492,482 | 13,492,482 | - | 45,228,587 | 29.83% |
| 2014 | 7/1/2013 | - | 14,965,645 | 14,965,645 | - | 45,742,482 | 32.72% |

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2013. 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 4.5-8.0 percent; discount rate 4.5 percent, wage inflation component of 4.0%.
- 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.

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, a Neighborhood Stabilization grant, lead based paint removal and education, a supplemental Community Development Block Grant from the Iowa Department of Economic Development and a Staffing for Adequate Fire and Emergency Response Grant.

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, 2014**

| ASSETS | ROAD USE TAX | COMMUNITY DEVELOPMENT ACT | HUD SECTION 8 | LEVEE IMPROVEMENT COMMISSION | MUNICIPAL IMPROVEMENT DISTRICTS |
|--|-------------------|---------------------------------|-------------------|------------------------------------|---------------------------------------|
| Cash and investments | \$ 84,866 | \$ 139,023 | \$ 192,496 | \$ 139,818 | \$ 826,521 |
| Receivables: | | | | | |
| Property taxes: | | | | | |
| Delinquent | - | - | - | - | 7,201 |
| Succeeding year | - | - | - | - | 715,865 |
| Accounts | 3,649 | - | 3,857 | 13,056 | - |
| Loans | - | 2,882,765 | - | - | - |
| Interest | - | 162 | - | 78 | 633 |
| Due from other governments | 769,106 | 149,078 | - | 8,898 | - |
| Prepays | 5,868 | - | - | - | - |
| Restricted assets-cash and investments | - | 58,827 | - | - | - |
| TOTAL ASSETS | \$ 863,489 | \$ 3,229,855 | \$ 196,353 | \$ 161,850 | \$ 1,550,220 |
| LIABILITIES | | | | | |
| Wages payable | 131,647 | 9,578 | 18,585 | 1,413 | - |
| Accounts payable | 235,146 | 131,492 | 8,546 | 12,889 | 355,668 |
| Payable from restricted assets | - | 58,827 | - | - | - |
| Interfund loans payable | - | - | - | - | - |
| Due to other governments | - | 529 | - | - | - |
| Unearned revenue | - | - | - | 4,595 | - |
| TOTAL LIABILITIES | 366,793 | 200,426 | 27,131 | 18,897 | 355,668 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Succeeding year property tax | - | - | - | - | 715,865 |
| Unavailable revenue | - | 2,882,765 | - | - | 639 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | 2,882,765 | - | - | 716,504 |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable fund balance | 5,868 | - | - | - | - |
| Restricted fund balance | \$ 490,828 | \$ 146,664 | \$ 169,222 | \$ - | \$ 478,048 |
| Committed fund balance | - | - | - | 142,953 | - |
| Unassigned fund balance | - | - | - | - | - |
| TOTAL FUND BALANCES(DEFICITS) | 496,696 | 146,664 | 169,222 | 142,953 | 478,048 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS) | | | | | |
| | \$ 863,489 | \$ 3,229,855 | \$ 196,353 | \$ 161,850 | \$ 1,550,220 |

| REVOLVING LOANS | HOME INVESTMENT PARTNERSHIP | MISCELLANEOUS GRANTS | TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE | TOTAL NON-MAJOR GOVERNMENTAL FUNDS |
|---------------------|-----------------------------------|-------------------------|--|---|
| \$ 1,106,274 | \$ - | \$ 30,809 | \$ 1,341,713 | \$ 3,861,520 |
| - | - | - | 66,150 | 73,351 |
| - | - | - | 5,050,892 | 5,766,757 |
| - | - | - | - | 20,562 |
| 1,364,801 | 9,000,311 | 222,150 | 1,820,126 | 15,290,153 |
| 612 | - | - | 1,866 | 3,351 |
| - | 47,353 | 745,239 | - | 1,719,674 |
| - | - | - | - | 5,868 |
| - | - | - | - | 58,827 |
| <u>\$ 2,471,687</u> | <u>\$ 9,047,664</u> | <u>\$ 998,198</u> | <u>\$ 8,280,747</u> | <u>\$ 26,800,063</u> |
| - | 484 | 9,161 | - | 170,868 |
| 65,430 | 810 | 289,314 | - | 1,099,295 |
| - | - | - | - | 58,827 |
| - | 46,055 | 375,847 | - | 421,902 |
| - | - | - | - | 529 |
| 1,364,801 | 9,000,310 | 222,150 | - | 10,591,856 |
| <u>1,430,231</u> | <u>9,047,659</u> | <u>896,472</u> | <u>-</u> | <u>12,343,277</u> |
| - | - | - | 5,050,892 | 5,766,757 |
| - | - | 445,887 | 83 | 3,329,374 |
| - | - | <u>445,887</u> | <u>5,050,975</u> | <u>9,096,131</u> |
| - | - | - | - | 5,868 |
| \$ - | \$ 5 | - | \$ 3,229,772 | \$ 4,514,539 |
| 1,041,456 | - | - | - | 1,184,409 |
| - | - | (344,161) | - | (344,161) |
| <u>1,041,456</u> | <u>5</u> | <u>(344,161)</u> | <u>3,229,772</u> | <u>5,360,655</u> |
| <u>\$ 2,471,687</u> | <u>\$ 9,047,664</u> | <u>\$ 998,198</u> | <u>\$ 8,280,747</u> | <u>\$ 26,800,063</u> |

CITY OF DAVENPORT

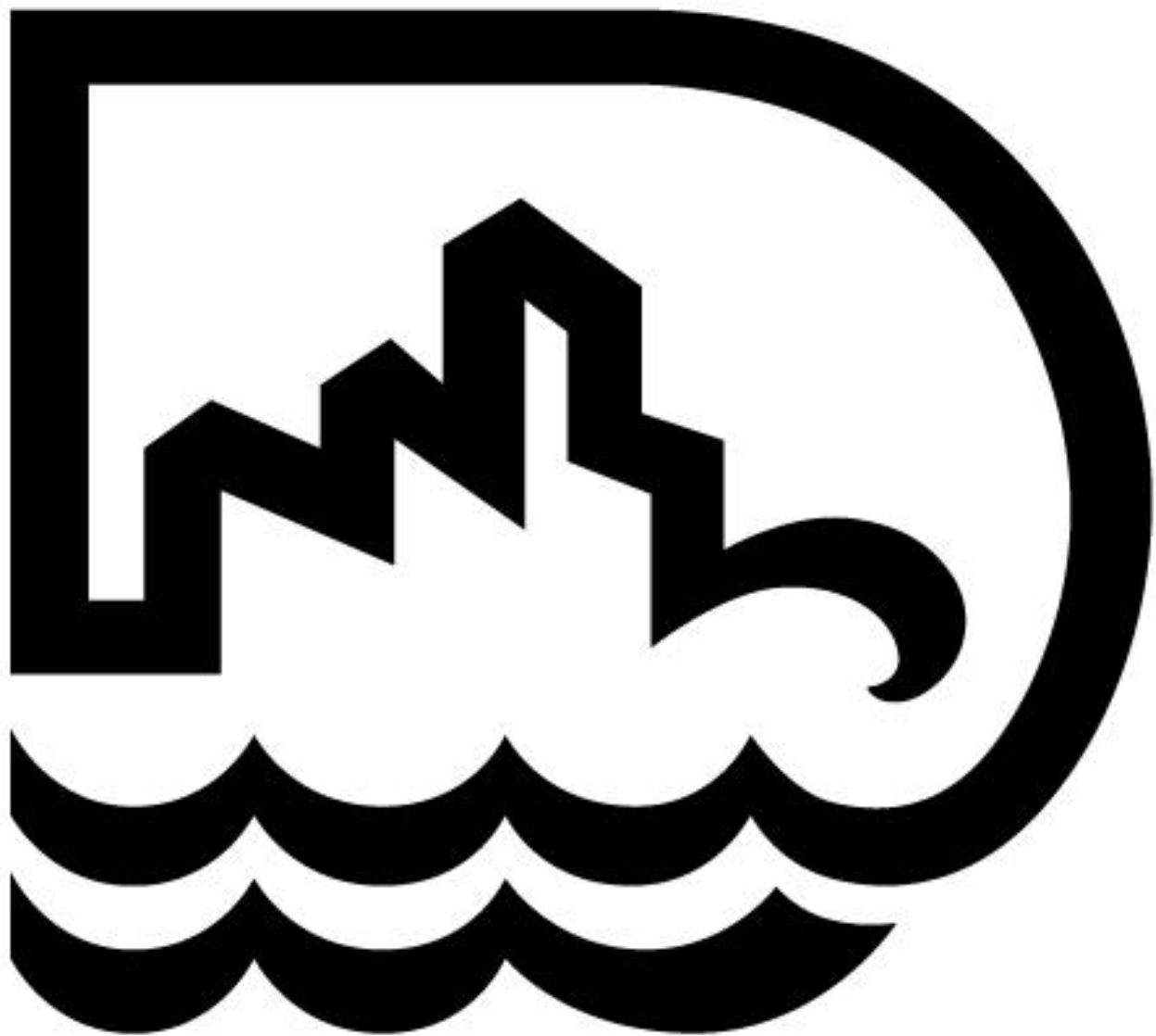
NON-MAJOR GOVERNMENTAL FUNDS

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

For the Fiscal Year Ended June 30, 2014

| | <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> |
|--|---------------------|--|----------------------|---|--|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 1,347,801 |
| Licenses and permits | 70,021 | - | - | - | - |
| Intergovernmental | 9,906,674 | 1,049,367 | 3,492,502 | 44,555 | - |
| Use of monies and property | - | 57,209 | - | 208,677 | 2,069 |
| Loan repayments | - | 455,239 | - | - | - |
| Other | 1,293,441 | - | 10,568 | 144,976 | - |
| Total Revenues | <u>11,270,136</u> | <u>1,561,815</u> | <u>3,503,070</u> | <u>398,208</u> | <u>1,349,870</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Public safety | - | - | - | - | - |
| Public works | 11,260,754 | - | - | - | - |
| Community and economic development | - | 1,618,389 | 3,583,589 | 353,768 | 1,653,010 |
| General government | - | - | - | - | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | 54,275 |
| Interest | - | - | - | - | 14,277 |
| Total Expenditures | <u>11,260,754</u> | <u>1,618,389</u> | <u>3,583,589</u> | <u>353,768</u> | <u>1,721,562</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>9,382</u> | <u>(56,574)</u> | <u>(80,519)</u> | <u>44,440</u> | <u>(371,692)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Premium on debt issued | - | - | - | - | - |
| Transfers in | - | - | 215,169 | 46,000 | - |
| Transfers out | (22,102) | - | - | (52,500) | - |
| Total Other Financing Sources (Uses) | <u>(22,102)</u> | <u>-</u> | <u>215,169</u> | <u>(6,500)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (12,720) | (56,574) | 134,650 | 37,940 | (371,692) |
| FUND BALANCES (DEFICITS) - BEGINNING | <u>509,416</u> | <u>203,238</u> | <u>34,572</u> | <u>105,013</u> | <u>849,740</u> |
| FUND BALANCES (DEFICITS) - ENDING | <u>\$ 496,696</u> | <u>\$ 146,664</u> | <u>\$ 169,222</u> | <u>\$ 142,953</u> | <u>\$ 478,048</u> |

| <u>REVOLVING LOANS</u> | <u>HOME INVESTMENT PARTNERSHIP</u> | <u>MISCELLANEOUS GRANTS</u> | <u>TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE</u> | <u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u> |
|----------------------------|--|---------------------------------|---|---|
| \$ - | \$ - | \$ - | \$ 4,542,950 | \$ 5,890,751 |
| - | - | - | - | 70,021 |
| - | 172,434 | 3,544,444 | - | 18,209,976 |
| 13,424 | 75,787 | 6,239 | 10,814 | 374,219 |
| 62,218 | 366,460 | 95,133 | - | 979,050 |
| 156,732 | 3,000 | - | 7,426 | 1,616,143 |
| <u>232,374</u> | <u>3,000</u> | <u>3,645,816</u> | <u>4,561,190</u> | <u>27,140,160</u> |
| - | - | 69,148 | - | 69,148 |
| - | - | - | - | 11,260,754 |
| 188,937 | 646,572 | 3,223,354 | 1,039,395 | 12,307,014 |
| - | - | 97,226 | - | 97,226 |
| - | - | - | 1,820,350 | 1,874,625 |
| - | - | - | 712,684 | 726,961 |
| <u>188,937</u> | <u>646,572</u> | <u>3,389,728</u> | <u>3,572,429</u> | <u>26,335,728</u> |
| <u>43,437</u> | <u>(28,891)</u> | <u>256,088</u> | <u>988,761</u> | <u>804,432</u> |
| - | - | - | 35,301 | 35,301 |
| - | - | - | 100,224 | 361,393 |
| - | - | - | (275,000) | (349,602) |
| - | - | - | (139,475) | 47,092 |
| 43,437 | (28,891) | 256,088 | 849,286 | 851,524 |
| 998,019 | 28,896 | (600,249) | 2,380,486 | 4,509,131 |
| <u>\$ 1,041,456</u> | <u>\$ 5</u> | <u>\$ (344,161)</u> | <u>\$ 3,229,772</u> | <u>\$ 5,360,655</u> |



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 three golf courses, Duck Creek, Emeis, 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 POSITION
June 30, 2014**

| | BUSINESS-TYPE ACTIVITIES - | | |
|---|-----------------------------------|-------------------------|---------------------|
| ASSETS | PUBLIC HOUSING | GOLF COURSES | AIRPORT |
| Current assets: | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 20,433 |
| Receivables: | | | |
| Property taxes: | | | |
| Delinquent | - | - | - |
| Succeeding year | - | - | - |
| Accounts | 18,302 | 12,926 | - |
| Inventory | - | - | - |
| Interest | - | - | 26 |
| Due from other governments | 11,341 | - | - |
| Total current assets | <u>29,643</u> | <u>12,926</u> | <u>20,459</u> |
| Noncurrent assets: | | | |
| Investment in joint venture | - | - | - |
| Restricted cash and cash equivalents | 284,716 | - | - |
| Capital assets: | | | |
| Land | 526,071 | 1,272,122 | 749,356 |
| Buildings | 8,340,628 | 413,246 | 2,591,697 |
| Improvements other than buildings | 183,111 | 2,983,341 | 8,886,462 |
| Paving | 131,163 | 10,952 | - |
| Equipment and vehicles | 267,284 | 1,507,752 | 200,226 |
| Less accumulated depreciation | (6,041,878) | (3,484,258) | (6,993,205) |
| Construction in progress | - | - | 2,325,808 |
| Total noncurrent assets | <u>3,691,095</u> | <u>2,703,155</u> | <u>7,760,344</u> |
| Total assets | <u>3,720,738</u> | <u>2,716,081</u> | <u>7,780,803</u> |
| | | | |
| LIABILITIES | | | |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Wages payable | 4,110 | 25,230 | 1,974 |
| Accounts payable | 25,118 | 40,493 | 22,593 |
| Accrued interest payable | 716 | - | 1,430 |
| Compensated absences | 3,562 | 22,344 | 5,542 |
| Interfund loans payable | 46,038 | 707,599 | - |
| Unearned revenue | 2,385 | - | - |
| General obligation bonds - current | 35,000 | - | 45,440 |
| Total current liabilities | <u>116,929</u> | <u>795,666</u> | <u>76,979</u> |
| Current liabilities payable from restricted assets: | | | |
| Deposits payable | <u>34,716</u> | - | - |
| Noncurrent liabilities: | | | |
| Compensated absences | 467 | 2,926 | 726 |
| Other postemployment benefits | 10,093 | 67,417 | 5,042 |
| General obligation bonds - long term | 163,128 | - | 412,205 |
| Total noncurrent liabilities | <u>173,688</u> | <u>70,343</u> | <u>417,973</u> |
| Total liabilities | <u>325,333</u> | <u>866,009</u> | <u>494,952</u> |
| | | | |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Succeeding year property tax | - | - | - |
| Deferred charge on refunding | - | - | 2,592 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>2,592</u> |
| | | | |
| NET POSITION | | | |
| Net investment in capital assets | 3,458,251 | 2,703,155 | 7,300,107 |
| Unrestricted | (62,846) | (853,083) | (16,848) |
| Total net position | <u>\$ 3,395,405</u> | <u>\$ 1,850,072</u> | <u>\$ 7,283,259</u> |

ENTERPRISE FUNDS

| <u>PUBLIC TRANSIT</u> | <u>SOLID WASTE</u> | <u>RIVER'S EDGE</u> | <u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u> |
|---------------------------|------------------------|-------------------------|---|
| \$ - | \$ 699,496 | \$ 2,625 | \$ 722,554 |
| 63,204 | - | - | 63,204 |
| 3,605,618 | - | - | 3,605,618 |
| 20,505 | 2,322,966 | - | 2,374,699 |
| 97,003 | - | - | 97,003 |
| - | 317 | - | 343 |
| 841,506 | - | - | 852,847 |
| <u>4,627,836</u> | <u>3,022,779</u> | <u>2,625</u> | <u>7,716,268</u> |
| 434,151 | - | - | 434,151 |
| - | 1,958,675 | - | 2,243,391 |
| 1,599,288 | - | - | 4,146,837 |
| 4,120,577 | 24,888 | 1,253,133 | 16,744,169 |
| 179,929 | - | 848,853 | 13,081,696 |
| 6,888 | - | - | 149,003 |
| 5,853,717 | 3,979,307 | 335,505 | 12,143,791 |
| (6,559,965) | (2,991,539) | (439,487) | (26,510,332) |
| 960,337 | - | - | 3,286,145 |
| <u>6,594,922</u> | <u>2,971,331</u> | <u>1,998,004</u> | <u>25,718,851</u> |
| <u>11,222,758</u> | <u>5,994,110</u> | <u>2,000,629</u> | <u>33,435,119</u> |
| 63,626 | 48,191 | 6,377 | 149,508 |
| 223,990 | 74,610 | 16,197 | 403,001 |
| - | 6,365 | - | 8,511 |
| 62,545 | 114,524 | 7,388 | 215,905 |
| 1,820,307 | - | - | 2,573,944 |
| 13,386 | - | - | 15,771 |
| - | 390,000 | - | 470,440 |
| <u>2,183,854</u> | <u>633,690</u> | <u>29,962</u> | <u>3,837,080</u> |
| - | - | - | 34,716 |
| 8,191 | 14,999 | 968 | 28,277 |
| 192,297 | 179,332 | 26,694 | 480,875 |
| - | 1,486,783 | - | 2,062,116 |
| <u>200,488</u> | <u>1,681,114</u> | <u>27,662</u> | <u>2,571,268</u> |
| <u>2,384,342</u> | <u>2,314,804</u> | <u>57,624</u> | <u>6,443,064</u> |
| 3,605,618 | - | - | 3,605,618 |
| - | - | - | 2,592 |
| <u>3,605,618</u> | <u>-</u> | <u>-</u> | <u>3,608,210</u> |
| 6,160,771 | 1,094,548 | 1,998,004 | 22,714,836 |
| (927,973) | 2,584,758 | (54,999) | 669,009 |
| <u>\$5,232,798</u> | <u>\$ 3,679,306</u> | <u>\$ 1,943,005</u> | <u>\$ 23,383,845</u> |

CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014**

| | BUSINESS-TYPE ACTIVITIES - | | |
|--|-----------------------------------|-------------------------|---------------------|
| | PUBLIC HOUSING | GOLF COURSES | AIRPORT |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 424,386 | \$ 1,517,159 | \$ 187,444 |
| Other | 51,303 | 12,920 | 39,862 |
| Total Operating Revenues | <u>475,689</u> | <u>1,530,079</u> | <u>227,306</u> |
| OPERATING EXPENSES: | | | |
| Employee expenses | 178,447 | 830,275 | 58,762 |
| Supplies and services | 832,106 | 793,105 | 186,620 |
| Depreciation | 316,697 | 194,378 | 359,767 |
| Total Operating Expenses | <u>1,327,250</u> | <u>1,817,758</u> | <u>605,149</u> |
| OPERATING (LOSS) | <u>(851,561)</u> | <u>(287,679)</u> | <u>(377,843)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Taxes | - | - | - |
| Operating grants | 620,196 | - | - |
| Use of monies and property | - | - | 76,051 |
| Interest expense | (3,946) | - | (12,982) |
| Gain (loss) on disposition of capital assets | - | - | - |
| Joint venture adjustment | - | - | - |
| Total Non-operating Revenues | <u>616,250</u> | <u>-</u> | <u>63,069</u> |
| LOSS BEFORE CONTRIBUTIONS AND TRANSFERS | <u>(235,311)</u> | <u>(287,679)</u> | <u>(314,774)</u> |
| Capital contributions | - | - | 1,895,900 |
| Transfers in | - | 260,000 | - |
| Change in net position | (235,311) | (27,679) | 1,581,126 |
| Total net position - beginning | <u>3,630,716</u> | <u>1,877,751</u> | <u>5,702,133</u> |
| Total net position - ending | <u>\$ 3,395,405</u> | <u>\$ 1,850,072</u> | <u>\$ 7,283,259</u> |

ENTERPRISE FUNDS

| <u>PUBLIC TRANSIT</u> | <u>SOLID WASTE</u> | <u>RIVER'S EDGE</u> | <u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u> |
|---------------------------|------------------------|---------------------|---|
| \$ 533,804 | \$ 5,349,669 | \$ 237,388 | \$ 8,249,850 |
| 61 | 183 | 1,292 | 105,621 |
| <u>533,865</u> | <u>5,349,852</u> | <u>238,680</u> | <u>8,355,471</u> |
| 2,752,309 | 2,566,751 | 337,997 | 6,724,541 |
| 3,277,876 | 2,429,988 | 371,966 | 7,891,661 |
| 567,449 | 461,379 | 107,493 | 2,007,163 |
| <u>6,597,634</u> | <u>5,458,118</u> | <u>817,456</u> | <u>16,623,365</u> |
| <u>(6,063,769)</u> | <u>(108,266)</u> | <u>(578,776)</u> | <u>(8,267,894)</u> |
| 3,646,576 | - | - | 3,646,576 |
| 2,758,015 | - | - | 3,378,211 |
| 14,400 | 42,440 | 383,492 | 516,383 |
| - | (24,030) | - | (40,958) |
| 1,675 | - | - | 1,675 |
| (9,050) | - | - | (9,050) |
| <u>6,411,616</u> | <u>18,410</u> | <u>383,492</u> | <u>7,492,837</u> |
| 347,847 | (89,856) | (195,284) | (775,057) |
| 859,106 | - | - | 2,755,006 |
| - | - | 560,262 | 820,262 |
| 1,206,953 | (89,856) | 364,978 | 2,800,211 |
| <u>4,025,845</u> | <u>3,769,162</u> | <u>1,578,027</u> | <u>20,583,634</u> |
| <u>\$ 5,232,798</u> | <u>\$ 3,679,306</u> | <u>\$ 1,943,005</u> | <u>\$ 23,383,845</u> |

CITY OF DAVENPORT**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014**

| | BUSINESS-TYPE ACTIVITIES - | | |
|--|-----------------------------------|-------------------------|------------------|
| | PUBLIC HOUSING | GOLF COURSES | AIRPORT |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from users | \$ 439,131 | \$ 1,517,067 | \$ 189,780 |
| Cash paid to suppliers for goods and services | (826,593) | (799,125) | (166,338) |
| Cash paid to employees for services | (177,118) | (819,459) | (57,705) |
| Other operating revenue | 51,303 | 12,920 | 39,862 |
| Net Cash Provided by (Used for) Operating Activities | <u>(513,277)</u> | <u>(88,597)</u> | <u>5,599</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | |
| Repayments to other funds | (35,155) | (820,906) | - |
| Advances from other funds | 46,038 | 707,598 | - |
| Grants | 620,196 | - | - |
| Property tax | - | - | - |
| Transfers in | - | 260,000 | - |
| Net Cash Provided by Non-Capital Financing Activities | <u>631,079</u> | <u>146,692</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Proceeds from general obligation bonds | 130,000 | - | - |
| Refunding discount/issue costs | 5,367 | - | (5,464) |
| Proceeds from the sale of capital assets | - | - | - |
| Acquisition and construction of capital assets | - | (58,095) | (16,759) |
| Principal paid on long-term debt | (123,000) | - | (46,825) |
| Interest paid on long-term debt | (3,653) | - | (13,099) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>8,714</u> | <u>(58,095)</u> | <u>(82,147)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest and other investment income | - | - | 76,025 |
| Net Cash provided by (used for) Investing Activities | <u>-</u> | <u>-</u> | <u>76,025</u> |
| Net increase (decrease) in Cash and Cash Equivalents | 126,516 | - | (523) |
| CASH AND CASH EQUIVALENTS-BEGINNING | <u>158,200</u> | <u>-</u> | <u>20,956</u> |
| CASH AND CASH EQUIVALENTS-ENDING | <u>\$ 284,716</u> | <u>\$ -</u> | <u>\$ 20,433</u> |

ENTERPRISE FUNDS

| <u>PUBLIC TRANSIT</u> | <u>SOLID WASTE</u> | <u>RIVER'S EDGE</u> | <u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u> |
|---------------------------|------------------------|-------------------------|---|
| \$ (142,864) | \$ 5,216,465 | \$ 238,388 | \$ 7,457,967 |
| (3,269,177) | (2,440,277) | (371,694) | (7,873,204) |
| (2,687,385) | (2,507,594) | (327,127) | (6,576,388) |
| <u>61</u> | <u>183</u> | <u>1,292</u> | <u>105,621</u> |
| <u>(6,099,365)</u> | <u>268,777</u> | <u>(459,141)</u> | <u>(6,886,004)</u> |
| | | | |
| (2,132,608) | - | (452,521) | (3,441,190) |
| 1,820,307 | - | - | 2,573,943 |
| 2,758,015 | - | - | 3,378,211 |
| 3,646,576 | - | - | 3,646,576 |
| <u>-</u> | <u>-</u> | <u>560,262</u> | <u>820,262</u> |
| <u>6,092,290</u> | <u>-</u> | <u>107,741</u> | <u>6,977,802</u> |
| | | | |
| - | 1,315,000 | - | 1,445,000 |
| - | 103,155 | - | 103,058 |
| 1,675 | - | - | 1,675 |
| (9,000) | (86,325) | (29,467) | (199,646) |
| - | (145,000) | - | (314,825) |
| <u>-</u> | <u>(19,084)</u> | <u>-</u> | <u>(35,836)</u> |
| <u>(7,325)</u> | <u>1,167,746</u> | <u>(29,467)</u> | <u>999,426</u> |
| | | | |
| <u>14,400</u> | <u>42,123</u> | <u>383,492</u> | <u>516,040</u> |
| <u>14,400</u> | <u>42,123</u> | <u>383,492</u> | <u>516,040</u> |
| - | 1,478,646 | 2,625 | 1,607,264 |
| <u>-</u> | <u>1,179,525</u> | <u>-</u> | <u>1,358,681</u> |
| <u>\$ -</u> | <u>\$ 2,658,171</u> | <u>\$ 2,625</u> | <u>\$ 2,965,945</u> |

(continued)

CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2014**

| | <u>BUSINESS-TYPE ACTIVITIES -</u> | | |
|---|--|--------------------------------|-----------------------|
| | <u>PUBLIC HOUSING</u> | <u>GOLF COURSES</u> | <u>AIRPORT</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u> | | | |
| Operating loss | <u>\$ (851,561)</u> | <u>\$ (287,679)</u> | <u>\$ (377,843)</u> |
| Adjustments to Reconcile Operating loss to Net Cash | | | |
| Provided by (Used for) Operating Activities: | | | |
| Depreciation | 316,697 | 194,378 | 359,767 |
| Change in assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | (6,170) | (92) | 2,336 |
| Decrease (increase) in due from other governments | 20,915 | - | - |
| Decrease (increase) in prepaids | - | - | - |
| Increase (decrease) in accounts payable | 5,513 | (6,020) | 20,282 |
| Increase (decrease) in other accrued liabilities | 1,329 | 10,816 | 1,057 |
| Increase (decrease) in other deferred revenue | - | - | - |
| Total Adjustments | <u>338,284</u> | <u>199,082</u> | <u>383,442</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ (513,277)</u> | <u>\$ (88,597)</u> | <u>\$ 5,599</u> |
| <u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u> | | | |
| Acquisition of capital assets through capital contributions | \$ - | \$ - | \$ 1,895,900 |
| Contribution of capital assets by municipality | - | - | (249,831) |
| Contribution of capital assets by state and federal governments | - | - | (1,646,069) |

| ENTERPRISE FUNDS | | | |
|---------------------------|------------------------|-------------------------|---|
| <u>PUBLIC TRANSIT</u> | <u>SOLID WASTE</u> | <u>RIVER'S EDGE</u> | <u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u> |
| <u>\$ (6,063,769)</u> | <u>\$ (108,266)</u> | <u>\$ (578,776)</u> | <u>\$ (8,267,894)</u> |
| 567,449 | 461,379 | 107,493 | 2,007,163 |
| 6,034 | (133,204) | 1,000 | (130,096) |
| (684,716) | - | - | (663,801) |
| (97,003) | - | - | (97,003) |
| 105,702 | (10,289) | 272 | 115,460 |
| 64,924 | 59,157 | 10,870 | 148,153 |
| 2,014 | - | - | 2,014 |
| <u>(35,596)</u> | <u>377,043</u> | <u>119,635</u> | <u>1,381,890</u> |
| <u>\$ (6,099,365)</u> | <u>\$ 268,777</u> | <u>\$ (459,141)</u> | <u>\$ (6,886,004)</u> |
| \$ 859,106 | \$ - | \$ - | \$ 2,755,006 |
| (384,002) | - | - | (633,833) |
| (475,104) | - | - | (2,121,173) |

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 POSITION
June 30, 2014**

| ASSETS | EMPLOYEE INSURANCE | RISK MANAGEMENT | INFORMATION MANAGEMENT SERVICES | TOTAL INTERNAL SERVICE FUNDS |
|-----------------------------------|-------------------------------|----------------------------|--|---|
| Current assets: | | | | |
| Cash and cash equivalents | \$ 3,152,973 | \$ 5,307,537 | \$ 33,488 | \$ 8,493,998 |
| Accounts receivable | 18,651 | - | 184 | 18,835 |
| Interest receivable | 1,313 | 3,770 | - | 5,083 |
| Prepays | - | 47,269 | 272,983 | 320,252 |
| Total current assets | <u>3,172,937</u> | <u>5,358,576</u> | <u>306,655</u> | <u>8,838,168</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Improvements other than buildings | - | - | 2,601,753 | 2,601,753 |
| Equipment and vehicles | - | - | 4,586,317 | 4,586,317 |
| Less accumulated depreciation | - | - | (3,299,760) | (3,299,760) |
| Construction in progress | - | - | 49,490 | 49,490 |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>3,937,800</u> | <u>3,937,800</u> |
| Total assets | <u>3,172,937</u> | <u>5,358,576</u> | <u>4,244,455</u> | <u>12,775,968</u> |
| LIABILITIES | | | | |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Wages payable | 1,767 | 17,454 | 18,107 | 37,328 |
| Accounts payable | 9,450 | 67,263 | 44,442 | 121,155 |
| Compensated absences | 843 | 55,385 | 62,084 | 118,312 |
| Claims and judgments | 1,171,766 | 2,949,953 | - | 4,121,719 |
| Total current liabilities | <u>1,183,826</u> | <u>3,090,055</u> | <u>124,633</u> | <u>4,398,514</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | 110 | 7,254 | 8,131 | 15,495 |
| Claims and judgments | - | 3,195,783 | - | 3,195,783 |
| Other postemployment benefits | 4,652 | 60,066 | 62,452 | 127,170 |
| Total noncurrent liabilities | <u>4,762</u> | <u>3,263,103</u> | <u>70,583</u> | <u>3,338,448</u> |
| Total liabilities | <u>1,188,588</u> | <u>6,353,158</u> | <u>195,216</u> | <u>7,736,962</u> |
| NET POSITION | | | | |
| Investment in capital assets | - | - | 3,937,800 | 3,937,800 |
| Unrestricted | 1,984,349 | (994,582) | 111,439 | 1,101,206 |
| Total net position | <u>\$ 1,984,349</u> | <u>\$ (994,582)</u> | <u>\$ 4,049,239</u> | <u>\$ 5,039,006</u> |

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2014

| | <u>EMPLOYEE INSURANCE</u> | <u>RISK MANAGEMENT</u> | <u>INFORMATION MANAGEMENT SERVICES</u> | <u>TOTAL INTERNAL SERVICE FUNDS</u> |
|---|-------------------------------|----------------------------|--|---|
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 13,801,820 | \$ 4,200,820 | \$ 1,914,598 | \$ 19,917,238 |
| Other | 172,946 | 1,229,461 | 2,800 | 1,405,207 |
| Total Operating Revenues | <u>13,974,766</u> | <u>5,430,281</u> | <u>1,917,398</u> | <u>21,322,445</u> |
| OPERATING EXPENSES: | | | | |
| Employee expenses | 94,078 | 896,533 | 902,218 | 1,892,829 |
| Supplies and services | 12,407,667 | 4,057,436 | 985,939 | 17,451,042 |
| Depreciation | - | - | 451,206 | 451,206 |
| Total Operating Expenses | <u>12,501,745</u> | <u>4,953,969</u> | <u>2,339,363</u> | <u>19,795,077</u> |
| OPERATING INCOME (LOSS) | 1,473,021 | 476,312 | (421,965) | 1,527,368 |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Use of monies and property | 4,301 | 12,344 | - | 16,645 |
| Total Non-operating Revenues (Expenses) | <u>4,301</u> | <u>12,344</u> | <u>-</u> | <u>16,645</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | 1,477,322 | 488,656 | (421,965) | 1,544,013 |
| Capital contributions | - | - | 846,784 | 846,784 |
| Transfers in | - | 220,524 | - | 220,524 |
| Transfers out | - | (166,581) | - | (166,581) |
| Change in net position | <u>1,477,322</u> | <u>542,599</u> | <u>424,819</u> | <u>2,444,740</u> |
| Total net position - beginning | <u>507,027</u> | <u>(1,537,181)</u> | <u>3,624,420</u> | <u>2,594,266</u> |
| Total net position - ending | <u>\$ 1,984,349</u> | <u>\$ (994,582)</u> | <u>\$ 4,049,239</u> | <u>\$ 5,039,006</u> |

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014**

| | <u>EMPLOYEE INSURANCE</u> | <u>RISK MANAGEMENT</u> | <u>INFORMATION MANAGEMENT SERVICES</u> | <u>TOTAL INTERNAL SERVICE FUNDS</u> |
|---|-------------------------------|----------------------------|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from users | \$ 13,793,726 | \$ 4,806,924 | \$ 1,914,598 | \$ 20,515,248 |
| Cash paid to suppliers for goods and services | (12,364,410) | (4,226,507) | (991,119) | (17,582,036) |
| Cash paid to employees for services | (90,952) | (889,166) | (877,460) | (1,857,578) |
| Other operating revenue | 172,946 | 1,229,461 | 2,800 | 1,405,207 |
| Net Cash provided by (used for) Operating Activities | <u>1,511,310</u> | <u>920,712</u> | <u>48,819</u> | <u>2,480,841</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | |
| Repayments to other funds | - | (6,536) | - | (6,536) |
| Transfers in | - | 220,524 | - | 220,524 |
| Transfers out | - | (166,581) | - | (166,581) |
| Net Cash used for Non-Capital Financing Activities | <u>-</u> | <u>47,407</u> | <u>-</u> | <u>47,407</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition and construction of capital assets | - | - | (51,638) | (51,638) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>-</u> | <u>-</u> | <u>(51,638)</u> | <u>(51,638)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest and investment income | <u>2,988</u> | <u>8,574</u> | <u>-</u> | <u>11,562</u> |
| Net increase (decrease) in Cash and Cash Equivalents | 1,514,298 | 976,693 | (2,819) | 2,488,172 |
| CASH AND CASH EQUIVALENTS- BEGINNING | <u>1,638,675</u> | <u>4,330,844</u> | <u>36,307</u> | <u>6,005,826</u> |
| CASH AND CASH EQUIVALENTS- ENDING | <u>\$ 3,152,973</u> | <u>\$ 5,307,537</u> | <u>\$ 33,488</u> | <u>\$ 8,493,998</u> |

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2014**

| | <u>EMPLOYEE INSURANCE</u> | <u>RISK MANAGEMENT</u> | <u>INFORMATION MANAGEMENT SERVICES</u> | <u>TOTAL INTERNAL SERVICE FUNDS</u> |
|--|-------------------------------|----------------------------|--|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ 1,473,021 | \$ 476,312 | \$ (421,965) | \$ 1,527,368 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | |
| Depreciation | - | - | 451,206 | 451,206 |
| Change in assets and liabilities: | | | | |
| Decrease in accounts receivable | (8,094) | 606,104 | - | 598,010 |
| Decrease (increase) in prepaids | - | (6,070) | (17,114) | (23,184) |
| Increase in accounts payable | 43,257 | (163,001) | 11,934 | (107,810) |
| Increase (decrease) in other accrued liabilities | 3,126 | 7,367 | 24,758 | 35,251 |
| Total Adjustments | <u>38,289</u> | <u>444,400</u> | <u>470,784</u> | <u>953,473</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ 1,511,310</u> | <u>\$ 920,712</u> | <u>\$ 48,819</u> | <u>\$ 2,480,841</u> |
| SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets through capital contributions | \$ - | \$ - | \$ 846,784 | \$ 846,784 |
| Contribution of capital assets by municipality | - | - | (846,784) | (846,784) |

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

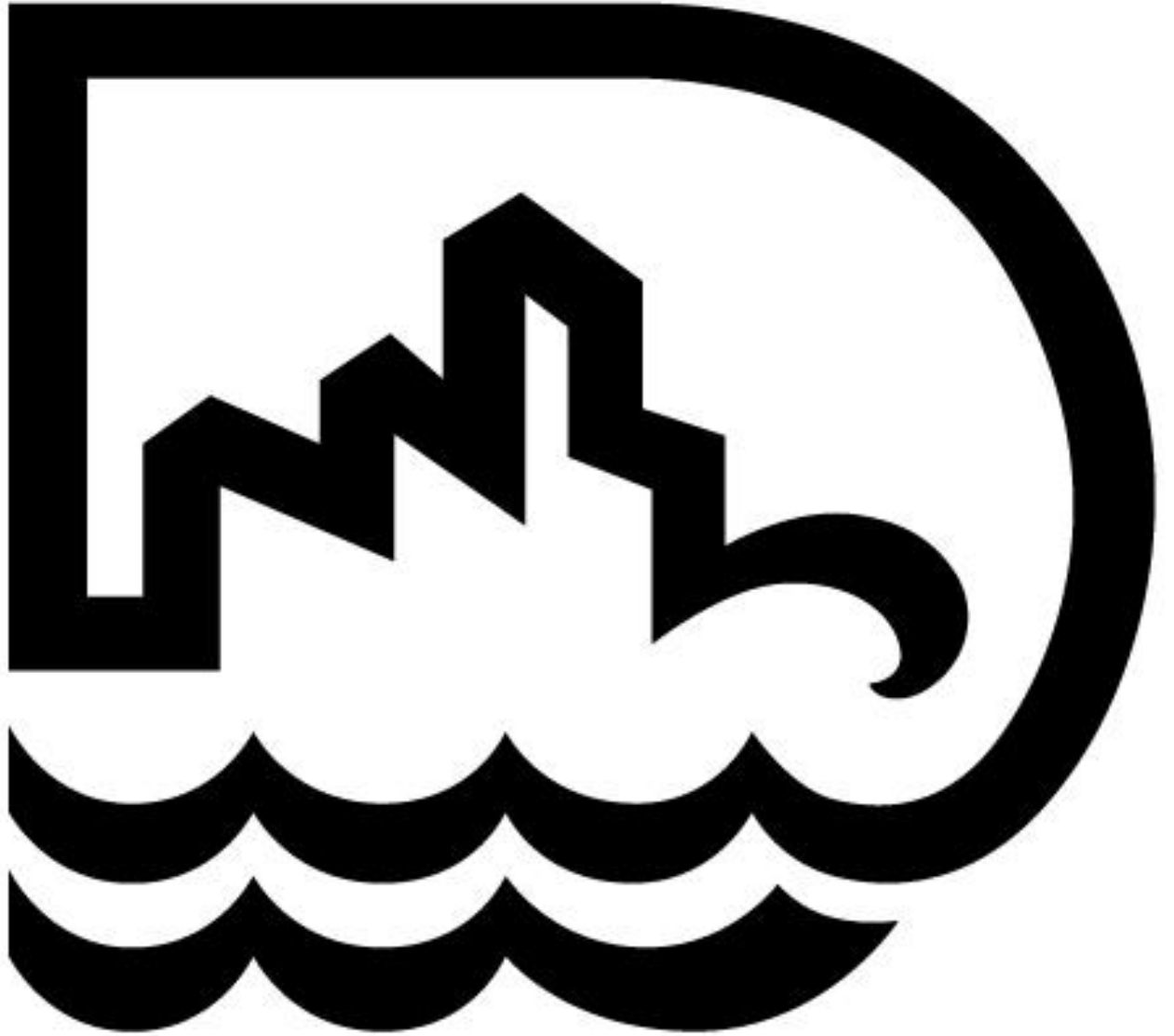
**ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2014**

| | BALANCE JUNE 30, 2013 | ADDITIONS | DELETIONS | BALANCE JUNE 30, 2014 |
|----------------------------------|--------------------------|-------------------|-------------------|--------------------------|
| RIVERFRONT TASK FORCE | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 3,645 | \$ 5 | \$ - | \$ 3,650 |
| TOTAL ASSETS | <u>\$ 3,645</u> | <u>\$ 5</u> | <u>\$ -</u> | <u>\$ 3,650</u> |
| LIABILITIES: | | | | |
| Due to other governments | \$ 3,645 | \$ 5 | \$ - | \$ 3,650 |
| | <u>\$ 3,645</u> | <u>\$ 5</u> | <u>\$ -</u> | <u>\$ 3,650</u> |
| LIBRARY GIFT | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 386,700 | \$ 171,543 | \$ 132,734 | \$ 425,509 |
| Interest receivable | - | 267 | - | 267 |
| TOTAL ASSETS | <u>\$ 386,700</u> | <u>\$ 171,810</u> | <u>\$ 132,734</u> | <u>\$ 425,776</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 11,164 | \$ 95,108 | \$ 95,929 | \$ 10,343 |
| Due to other governments | 375,536 | 39,897 | - | 415,433 |
| TOTAL LIABILITIES | <u>\$ 386,700</u> | <u>\$ 135,005</u> | <u>\$ 95,929</u> | <u>\$ 425,776</u> |
| M.D. PETERSEN MEMORIAL | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 2,167 | \$ 3 | \$ - | \$ 2,170 |
| TOTAL ASSETS | <u>\$ 2,167</u> | <u>\$ 3</u> | <u>\$ -</u> | <u>\$ 2,170</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Due to other governments | 2,167 | 3 | - | 2,170 |
| TOTAL LIABILITIES | <u>\$ 2,167</u> | <u>\$ 3</u> | <u>\$ -</u> | <u>\$ 2,170</u> |
| TOTALS - ALL AGENCY FUNDS | | | | |
| ASSETS: | | | | |
| Cash and investments | \$ 392,512 | \$ 171,551 | \$ 132,734 | \$ 431,329 |
| Interest receivable | - | 267 | - | 267 |
| TOTAL ASSETS | <u>\$ 392,512</u> | <u>\$ 171,818</u> | <u>\$ 132,734</u> | <u>\$ 431,596</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 11,164 | \$ 95,108 | \$ 95,929 | \$ 10,343 |
| Due to other governments | 381,348 | 39,905 | - | 421,253 |
| TOTAL LIABILITIES | <u>\$ 392,512</u> | <u>\$ 135,013</u> | <u>\$ 95,929</u> | <u>\$ 431,596</u> |

CITY OF DAVENPORT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

| GRANTOR/PROGRAM | CFDA NUMBER | GRANT NUMBER | PROGRAM EXPENDITURES |
|---|----------------|-----------------------|-------------------------|
| Direct: | | | |
| <u>Department of Housing and Urban Development (HUD)</u> | | | |
| N/C S/R Section 8 Programs | 14.182 | IA05 0002 0001 | 378,066 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B 12 MC 19 0002 | 1,594,386 |
| HOME Investment Partnerships Program | 14.239 | M 12 MC 190200 | 646,572 |
| Fair Housing Assistance Program | 14.401 | FF 207 K0 77015 | 66,446 |
| Public and Indian Housing | 14.850 | IA 05 S04 5501 | 120,290 |
| Section 8 Housing Choice Vouchers | 14.871 | KC 902 7V | 3,349,712 |
| Public Housing - Capital Fund Program | 14.872 | KC 914 8 | 121,839 |
| Lead Based Paint Grant | 14.900 | IA LHB 0349 07 | 357,007 |
| | | | <u>6,634,318</u> |
| <u>Equal Employment Opportunity Commission</u> | | | |
| Equal Employment Opportunity Commission | 30.001 | EE CCN 1001 14 | <u>27,000</u> |
| <u>Department of Transportation</u> | | | |
| Airport Rehabilitate Taxiway (T-Hanger Access) | 20.205 | 319 00 24 15 | 105,207 |
| Runway 3/21 Reconstruction | 20.205 | 319 00 24 18 | 1,525,219 |
| Recreational Trails | 20.205 | STPE 1827 (666) 8V 82 | 32,295 |
| Credit Island Bridge | 20.205 | EDP 1827(002) 7Y 82 | 103,297 |
| Jackson School Signal | 20.205 | SRTS 1827 (647) 8U 82 | 4,586 |
| Division Street | 20.205 | STPU 1827 (648) 70 82 | 90,337 |
| Forest Grove Avenue | 20.205 | STPU 1827 (665) 70 82 | 312,575 |
| Kimberly and Forest Street | 20.205 | STPU 1827 9(79) 70 82 | 699,045 |
| Pine Street Reconstruction | 20.205 | STPU 1827 (662) 70 82 | 340,600 |
| Veteran's Memorial Parkway | 20.205 | STPU 1827 (633) 70 82 | 1,407,199 |
| Kimberly and Division | 20.205 | STPU 1827 (667) 70 82 | 102,317 |
| 49th Street Paving | 20.205 | STPU 1827 (632) 70 83 | 4,000 |
| Rail For Eastern Iowa | 20.205 | FE 06 (01) 49 82 | 131,404 |
| Federal Transit - Formula Grants | 20.507 | IA 90 X 362 00 | 89,298 |
| Federal Transit - Formula Grants | 20.507 | IA 90 X 399 00 | 1,292,167 |
| Federal Transit - Formula Grants | 20.507 | IA 90 X 411 00 | 760,572 |
| Federal Transit - Formula Grants | 20.507 | IA 90 X 372 00 | 236,437 |
| | | | <u>7,236,555</u> |
| <u>Environmental Protection Agency</u> | | | |
| Clean Water State Revolving Funds | 66.458 | | <u>1,125,936</u> |
| <u>Economic Development Administration</u> | | | |
| Transload Facility | 11.307 | 0679 5588 | <u>1,635,116</u> |

| | | | |
|--|--------|-------------------|--------------------------|
| <u>Department of Agriculture</u> | | | |
| Farmers Market Promotion Program | 10.168 | 12-25-G-1559 | <u>44,555</u> |
| <u>Department of the Interior</u> | | | |
| American Battlefield Protection Program | 15.928 | GA-2255-12-005 | <u>11,406</u> |
| <u>Department of Homeland Security</u> | | | |
| Fire Safe House | 97.044 | EMW 2012 FP 00287 | 68,000 |
| Staffing For Adequate Fire and Emergency Response | 97.083 | EMW 2013 FH 00603 | <u>69,148</u> |
| | | | <u>137,148</u> |
| <u>Department of Justice</u> | | | |
| Bulletproof Vest Partnership Program | 16.607 | UG 06 2XG | <u>12,604</u> |
| <u>National Recreation and Park Association</u> | | | |
| Parks Take Me Fishing | 15.653 | F 125 E 20 | 6,088 |
| Arthritis | 15.653 | N/A | <u>4,000</u> |
| | | | <u>10,088</u> |
| Total Direct | | | <u>16,874,726</u> |
| Indirect: | | | |
| <u>Department of Justice</u> | | | |
| ARRA Governor's Office of Drug Control Policy | 16.730 | 10 JAG 43056 | <u>1,659</u> |
| Iowa Department of Economic Development | | | |
| HERA - Neighborhood Stabilization Program | 14.228 | | 276,911 |
| Community Development Block Grant Housing Disaster Recovery | 14.228 | BGDRF 08-DRH-213 | 2,653,361 |
| Community Development Block Grant Housing Disaster Recovery | 14.228 | BGDRF 08-DRH-213 | <u>24,000</u> |
| | | | <u>2,954,272</u> |
| <u>Iowa Department of Natural Resources</u> | | | |
| Aquatic Education | 15.605 | N/A | <u>1,640</u> |
| <u>National Highway Traffic Safety Administration</u> | | | |
| Governor's Traffic Safety Bureau: | | | |
| State and Community Highway Safety | 20.600 | PAP 11-04 Task 10 | <u>22,118</u> |
| <u>Corporation For National And Community Service</u> | | | |
| Iowa Commission on Volunteer Service: | | | |
| AmeriCorps | 94.006 | 12 AF 02 | 82,151 |
| AmeriCorps | 94.006 | 13 AF 02 | 35,146 |
| Interpreter | 94.006 | 10 CDH IA 001 | 428 |
| Volunteer Generation Fund Grant | 94.021 | 11 VGF N4 | <u>14,114</u> |
| | | | <u>131,839</u> |
| Total Indirect | | | <u>3,111,528</u> |
| Total All Federal and Indirect | | | <u>19,986,254</u> |



STATISTICAL SECTION

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 POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 145,746,153 | \$ 140,160,840 | \$ 107,161,965 | \$ 126,691,668 |
| Restricted | 29,555,409 | 32,606,806 | 44,110,046 | 12,739,452 |
| Unrestricted | <u>(8,126,653)</u> | <u>(18,726,532)</u> | <u>(12,343,725)</u> | <u>(3,483,506)</u> |
| Total governmental activities net position | <u>\$ 167,174,909</u> | <u>\$ 154,041,114</u> | <u>\$ 138,928,286</u> | <u>\$ 135,947,614</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 124,953,410 | \$ 124,901,380 | \$ 136,518,021 | \$ 123,757,219 |
| Restricted | 4,610,003 | 4,904,259 | 4,049,687 | 3,849,157 |
| Unrestricted | <u>5,295,999</u> | <u>2,491,018</u> | <u>(5,484,405)</u> | <u>(1,280,067)</u> |
| Total business-type activities net position | <u>\$ 134,859,412</u> | <u>\$ 132,296,657</u> | <u>\$ 135,083,303</u> | <u>\$ 126,326,309</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 270,699,563 | \$ 265,062,220 | \$ 243,679,986 | \$ 250,448,887 |
| Restricted | 34,165,412 | 37,511,065 | 48,159,733 | 16,588,609 |
| Unrestricted | <u>(2,830,654)</u> | <u>(16,235,514)</u> | <u>(17,828,130)</u> | <u>(4,763,573)</u> |
| Total primary government net position | <u>\$ 302,034,321</u> | <u>\$ 286,337,771</u> | <u>\$ 274,011,589</u> | <u>\$ 262,273,923</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 125,751,423 | \$ 105,380,683 | \$ 107,377,588 | \$ 89,441,418 | \$ 68,823,065 | \$ 88,164,547 |
| 26,268,566 | 37,923,794 | 34,634,008 | 43,140,165 | 52,997,137 | 35,494,223 |
| (22,165,731) | 2,694,253 | 3,975,550 | 5,039,462 | 6,977,388 | 5,903,723 |
| <u>\$ 129,854,258</u> | <u>\$ 145,998,730</u> | <u>\$ 145,987,146</u> | <u>\$ 137,621,045</u> | <u>\$ 128,797,590</u> | <u>\$ 129,562,493</u> |
| | | | | | |
| \$ 113,558,845 | \$ 106,460,687 | \$ 109,164,803 | \$ 109,968,802 | \$ 114,960,736 | \$ 100,497,072 |
| 4,414,849 | - | - | - | - | - |
| 4,336,900 | 13,226,200 | 12,464,481 | 12,747,591 | 14,110,629 | 13,644,118 |
| <u>\$ 122,310,594</u> | <u>\$ 119,686,887</u> | <u>\$ 121,629,284</u> | <u>\$ 122,716,393</u> | <u>\$ 129,071,365</u> | <u>\$ 114,141,190</u> |
| | | | | | |
| \$ 239,310,268 | \$ 211,841,370 | \$ 216,542,391 | \$ 199,410,220 | \$ 183,783,801 | \$ 188,661,619 |
| 30,683,415 | 37,923,794 | 34,634,008 | 43,140,165 | 52,997,137 | 35,494,223 |
| (17,828,831) | 15,920,453 | 16,440,031 | 17,787,053 | 21,088,017 | 19,547,841 |
| <u>\$ 252,164,852</u> | <u>\$ 265,685,617</u> | <u>\$ 267,616,430</u> | <u>\$ 260,337,438</u> | <u>\$ 257,868,955</u> | <u>\$ 243,703,683</u> |

CITY OF DAVENPORT

**CHANGES IN NET POSITION.
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

| | 2014 | 2013 | 2012 | 2011 | 2010 | Fiscal Year | | 2007 | 2006 | 2005 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | | | | 2009 | 2008 | | | |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 10,261,218 | \$ 10,870,243 | \$ 10,097,216 | \$ 9,914,196 | \$ 9,385,078 | \$ 10,026,526 | \$ 8,523,359 | \$ 8,710,088 | \$ 6,413,439 | \$ 10,445,510 |
| Public safety | 42,649,971 | 40,631,720 | 42,449,097 | 42,049,042 | 54,618,260 | 37,946,102 | 37,929,524 | 37,866,348 | 35,330,398 | 32,069,077 |
| Public works | 26,439,948 | 25,908,915 | 32,069,097 | 43,599,123 | 45,177,539 | 22,727,385 | 21,653,523 | 18,514,994 | 19,152,943 | 18,288,161 |
| Culture and recreation | 13,285,572 | 11,670,469 | 15,981,258 | 13,674,184 | 19,395,592 | 13,924,558 | 11,663,190 | 11,831,207 | 15,989,106 | 15,273,271 |
| Community and economic development | 18,877,119 | 13,491,393 | 20,382,079 | 14,880,835 | 24,923,932 | 17,884,887 | 10,083,864 | 10,485,046 | 10,892,810 | 12,540,036 |
| Interest on long-term debt | 6,101,313 | 6,865,979 | 5,598,997 | 6,489,039 | 6,232,307 | 5,159,660 | 5,352,084 | 5,437,269 | 4,977,495 | 4,697,555 |
| Total governmental activities expenses | 117,615,141 | 109,438,719 | 126,577,744 | 130,606,419 | 159,732,708 | 107,669,118 | 95,205,544 | 92,844,952 | 92,756,191 | 93,313,610 |
| Business-type activities: | | | | | | | | | | |
| Sewer operations | 17,700,417 | 17,751,082 | 16,650,341 | 15,506,121 | 14,614,261 | 13,661,231 | 12,933,042 | 13,275,949 | 12,359,594 | 12,336,175 |
| Parking system | 1,935,914 | 1,947,343 | 2,046,877 | 2,080,257 | 2,293,309 | 2,130,548 | 2,214,256 | 2,297,589 | 2,223,058 | 1,987,325 |
| Rivercenter | 3,031,575 | 2,684,311 | 2,902,730 | 2,616,467 | 2,029,591 | 2,273,405 | 2,075,251 | 2,044,864 | 2,287,829 | 3,856,510 |
| Public transit | 6,508,558 | 6,222,902 | 6,324,871 | 5,866,989 | 5,555,580 | 5,243,812 | 5,108,767 | 5,200,408 | 4,781,823 | 4,464,738 |
| Public housing | 1,314,883 | 1,202,506 | 1,200,491 | 1,045,905 | 1,130,451 | 1,024,289 | 1,088,723 | 1,056,560 | 984,783 | 956,687 |
| Golf courses | 1,791,523 | 1,844,454 | 2,063,357 | 2,072,059 | 2,305,035 | 2,215,155 | 2,360,114 | 2,388,785 | 2,204,089 | 2,651,694 |
| Airport | 611,884 | 784,792 | 606,160 | 578,765 | 555,304 | 536,281 | 564,139 | 533,995 | 492,146 | 446,777 |
| Solid waste | 5,388,789 | 5,187,482 | 5,326,665 | 5,049,222 | 4,835,236 | 4,424,452 | 4,426,700 | 4,584,023 | 4,148,895 | 4,255,444 |
| Clean water (1) | 2,817,230 | 2,806,621 | 2,537,290 | 2,185,141 | 2,231,978 | 1,803,626 | 1,747,692 | 1,684,045 | 1,608,951 | - |
| Riversedge | 806,140 | 746,906 | 960,907 | 1,087,614 | 166,168 | | | | | |
| Total business-type activities expenses | 41,906,913 | 41,178,399 | 40,619,689 | 38,088,540 | 35,716,913 | 33,312,799 | 32,518,684 | 33,066,218 | 31,091,168 | 30,955,350 |
| Total primary government expenses | \$ 159,522,054 | \$ 150,617,118 | \$ 167,197,433 | \$ 168,694,959 | \$ 195,449,621 | \$ 140,981,917 | \$ 127,724,228 | \$ 125,911,170 | \$ 123,847,359 | \$ 124,268,960 |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 4,546,069 | \$ 3,595,092 | \$ 3,331,628 | \$ 3,401,763 | \$ 3,802,966 | \$ 1,906,531 | \$ 2,492,146 | \$ 2,185,830 | \$ 1,807,942 | \$ 1,677,053 |
| Public safety | 2,780,989 | 2,821,608 | 2,991,978 | 4,272,343 | 2,433,034 | 1,991,648 | 1,769,379 | 1,772,612 | 2,175,988 | 1,577,554 |
| Public works | 4,089,579 | 4,382,205 | 4,486,531 | 2,938,022 | 6,200,604 | 1,891,001 | 2,212,146 | 1,486,492 | 1,941,969 | 1,753,160 |
| Culture and recreation | 593,369 | 850,025 | 772,321 | 1,698,503 | 1,420,156 | 1,255,539 | 1,110,907 | 1,774,460 | 3,820,105 | 499,872 |
| Community and economic development | 457,258 | 1,467,138 | 749,931 | 630,293 | 2,134,740 | 762,264 | 842,579 | 872,306 | 955,624 | 1,066,391 |
| Operating grants and contributions | 19,666,398 | 16,301,238 | 19,132,333 | 19,069,548 | 22,362,460 | 17,583,390 | 14,562,005 | 14,410,329 | 15,244,322 | 18,165,499 |
| Capital grant and contributions | 8,409,960 | 5,828,458 | 16,534,680 | 20,033,057 | 27,041,539 | 5,315,374 | 3,851,299 | 4,409,902 | 6,043,958 | 8,099,263 |
| Total governmental activities program revenue | 40,543,622 | 35,245,764 | 47,999,402 | 52,043,529 | 65,395,499 | 30,705,747 | 26,840,461 | 26,911,931 | 31,989,908 | 32,838,792 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer operations | 17,485,142 | 16,654,087 | 15,993,320 | 14,177,170 | 11,693,354 | 11,769,322 | 10,863,016 | 10,151,322 | 10,348,088 | 10,207,702 |
| Parking system | 1,418,539 | 1,463,314 | 1,351,539 | 1,399,623 | 1,454,569 | 1,675,828 | 1,699,437 | 1,765,985 | 1,657,506 | 1,630,981 |
| Rivercenter | 1,823,924 | 1,485,292 | 1,725,151 | 1,327,314 | 863,707 | 1,151,073 | 988,216 | 918,739 | 1,153,477 | 2,693,539 |
| Public transit | 533,804 | 515,210 | 516,315 | 506,706 | 479,090 | 479,056 | 451,139 | 455,216 | 453,792 | 593,905 |
| Public housing | 424,386 | 431,545 | 421,850 | 415,874 | 369,711 | 388,302 | 388,640 | 344,286 | 334,919 | 327,173 |
| Golf courses | 1,517,159 | 1,576,808 | 1,863,339 | 1,875,575 | 2,125,590 | 2,237,644 | 2,236,252 | 2,310,782 | 2,358,403 | 2,404,051 |
| Airport | 187,444 | 206,821 | 209,121 | 179,002 | 188,984 | 181,104 | 185,644 | 175,622 | 173,624 | 154,581 |
| Solid waste (1) | 5,349,669 | 5,227,041 | 5,023,908 | 4,592,794 | 4,494,879 | 4,481,816 | 4,577,669 | 4,451,864 | 3,777,700 | 3,729,191 |
| Clean water (2) | 2,497,339 | 2,315,651 | 2,075,947 | 1,788,322 | 1,730,883 | 1,740,483 | 1,765,014 | 1,718,423 | 1,609,020 | - |
| River's Edge (3) | 237,388 | 184,325 | 247,685 | 255,061 | 36,618 | | | | | |
| Operating grants and contributions | 3,378,211 | 1,725,748 | 1,828,869 | 1,654,119 | 1,752,126 | 1,557,994 | 1,792,100 | 1,463,558 | 1,669,214 | 1,363,461 |
| Capital grant and contributions | 3,037,933 | 310,850 | 12,704,352 | 10,663,923 | 8,979,787 | 1,603,113 | 2,169,889 | 4,192,000 | 7,466,146 | 4,340,112 |
| Total business-type activities program revenues | 37,890,938 | 32,096,692 | 43,961,396 | 38,835,483 | 34,169,298 | 27,265,735 | 27,117,016 | 27,947,797 | 31,001,889 | 27,444,696 |
| Total primary government program revenues | \$ 78,434,560 | \$ 67,342,456 | \$ 91,960,798 | \$ 90,879,012 | \$ 99,564,797 | \$ 57,971,482 | \$ 53,957,477 | \$ 54,859,728 | \$ 62,991,797 | \$ 60,283,488 |

| | Fiscal Year | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (77,071,519) | \$ (74,192,955) | \$ (78,578,342) | \$ (78,562,890) | \$ (94,337,209) | \$ (76,963,371) | \$ (68,365,083) | \$ (65,933,021) | \$ (60,766,283) | \$ (60,474,818) |
| Business-type activities | (4,015,975) | (9,081,707) | 3,341,707 | 746,943 | (1,547,615) | (6,047,064) | (5,401,668) | (5,118,421) | (89,279) | (3,510,654) |
| Total primary government net expense | \$ (81,087,494) | \$ (83,274,662) | \$ (75,236,635) | \$ (77,815,947) | \$ (95,884,824) | \$ (83,010,435) | \$ (73,766,751) | \$ (71,051,442) | \$ (60,855,562) | \$ (63,985,472) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 69,609,085 | \$ 68,022,655 | \$ 61,170,609 | \$ 59,359,397 | \$ 58,524,411 | \$ 56,602,349 | \$ 54,216,032 | \$ 52,302,784 | \$ 49,714,718 | \$ 47,050,918 |
| Local option sales tax | 15,840,749 | 15,210,804 | 15,062,987 | 14,934,103 | 14,061,501 | 14,268,556 | 14,925,248 | 14,408,214 | 13,071,274 | 12,556,556 |
| Hotel/motel tax | 2,277,031 | 2,170,593 | 2,055,052 | 1,834,327 | 1,636,626 | 1,745,523 | 1,687,454 | 1,586,261 | 1,611,777 | 1,395,028 |
| Franchise tax | 2,938,969 | 3,077,428 | 2,782,635 | 2,878,172 | 3,264,313 | 3,213,249 | 3,337,590 | 3,355,323 | 3,212,235 | 3,293,130 |
| Investment earnings | 1,176,460 | 1,036,972 | 1,218,684 | 1,014,156 | 1,035,244 | 1,390,993 | 2,953,986 | 3,839,767 | 3,010,775 | 1,943,966 |
| Gain on sale of capital assets | 17,355 | 1,634,804 | 108,867 | 728,558 | 65,547 | 4,905 | 51,385 | 78,176 | 367,546 | - |
| Miscellaneous | 52,581 | 34,114 | 72,124 | 58,419 | 53,761 | 96,087 | 62,432 | 41,118 | 362,904 | 295,533 |
| Transfers | (1,706,916) | (502,762) | (911,944) | 1,128,264 | (448,666) | (346,707) | (501,515) | (784,469) | (11,349,849) | (970,101) |
| Total governmental activities | 90,205,314 | 90,684,608 | 81,559,014 | 81,935,396 | 78,192,737 | 76,974,955 | 76,732,612 | 74,827,174 | 60,001,380 | 65,565,030 |
| Business-type activities: | | | | | | | | | | |
| Property taxes (public transit) | 3,646,576 | 3,580,415 | 3,493,152 | 3,376,227 | 3,323,301 | 3,248,353 | 3,097,575 | 3,017,365 | 2,905,895 | 2,769,893 |
| Investment earnings | 618,220 | 660,890 | 700,403 | 658,157 | 259,257 | 400,305 | 649,905 | 790,290 | 698,124 | 462,890 |
| Gain on sale of capital assets | 61,731 | 25,446 | - | - | - | - | - | - | - | - |
| Loss on donation of capital assets | - | - | - | - | - | - | - | (5,894,826) | - | - |
| Miscellaneous | 545,287 | 2,048,686 | 309,788 | 362,652 | 140,098 | 109,302 | 65,564 | 66,151 | 65,586 | 56,464 |
| Transfers | 1,706,916 | 502,762 | 911,944 | (1,128,264) | 448,666 | 346,707 | 501,515 | 784,469 | 11,349,849 | 970,101 |
| Total business-type activities | 6,578,730 | 6,818,199 | 5,415,287 | 3,268,772 | 4,171,322 | 4,104,667 | 4,314,559 | (1,236,511) | 15,019,454 | 4,259,348 |
| Total primary government | \$ 96,784,044 | \$ 97,502,807 | \$ 86,974,301 | \$ 85,204,168 | \$ 82,364,059 | \$ 81,079,622 | \$ 81,047,171 | \$ 73,590,623 | \$ 75,020,834 | \$ 69,824,378 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 13,133,795 | \$ 16,491,653 | \$ 2,980,672 | \$ 3,372,506 | \$ (16,144,472) | \$ 11,584 | \$ 8,367,529 | \$ 8,894,153 | \$ (764,903) | \$ 5,090,212 |
| Business-type activities | 2,562,755 | (2,263,508) | 8,756,994 | 4,015,715 | 2,623,707 | (1,942,397) | (1,087,109) | (6,354,972) | 14,930,175 | 748,694 |
| Total primary government | \$ 15,696,550 | \$ 14,228,145 | \$ 11,737,666 | \$ 7,388,221 | \$ (13,520,765) | \$ (1,930,813) | \$ 7,280,420 | \$ 2,539,181 | \$ 14,165,272 | \$ 5,838,906 |

(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 | | | | |
|--|----------------------|----------------------|----------------------|----------------------|---------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| General Fund | | | | | |
| Nonspendable | \$ 5,440 | \$ 2,949 | \$ 23,179 | \$ 17,069 | \$ - |
| Restricted | 5,999,441 | 5,476,184 | 3,717,150 | 3,883,934 | - |
| Committed | - | - | - | - | - |
| Assigned | 778,856 | 555,034 | 545,488 | 551,836 | - |
| Unassigned | 8,536,778 | 7,582,938 | 5,606,312 | 5,392,141 | - |
| Reserved | - | - | - | - | 4,781,365 |
| Unreserved | - | - | - | - | 5,640,835 |
| Total General Fund | <u>15,320,515</u> | <u>13,617,105</u> | <u>9,892,129</u> | <u>9,844,980</u> | <u>10,422,200</u> |
| All Other Governmental funds | | | | | |
| Nonspendable | 5,868 | - | - | - | - |
| Restricted | 37,530,085 | 32,686,164 | 40,119,368 | 14,266,498 | - |
| Committed | 1,184,409 | 1,103,032 | 844,461 | 1,058,755 | - |
| Assigned | - | - | - | - | - |
| Unassigned | (344,161) | (600,249) | (906,693) | (1,035,514) | - |
| Reserved | - | - | - | - | 8,558,420 |
| Unreserved, reported in special revenue funds | - | - | - | - | (1,956,132) |
| Capital project funds | - | - | - | - | (503,939) |
| Total All Other Governmental funds | <u>\$ 38,376,201</u> | <u>\$ 33,188,947</u> | <u>\$ 40,057,136</u> | <u>\$ 14,289,739</u> | <u>\$ 6,098,349</u> |

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

| Fiscal Year | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 5,837,263 | 5,468,328 | 5,897,658 | 6,466,266 | 5,932,616 |
| 4,961,376 | 5,057,016 | 6,658,196 | 7,561,989 | 7,173,392 |
| <u>10,798,639</u> | <u>10,525,344</u> | <u>12,555,854</u> | <u>14,028,255</u> | <u>13,106,008</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 32,666,636 | 27,199,618 | 32,790,103 | 41,987,883 | 33,277,257 |
| 980,072 | 3,754,094 | 6,527,897 | 6,116,563 | 5,554,019 |
| - | - | - | (710,670) | (7,430,722) |
| <u>\$ 33,646,708</u> | <u>\$ 30,953,712</u> | <u>\$ 39,318,000</u> | <u>\$ 47,393,776</u> | <u>\$ 31,400,554</u> |

CITY OF DAVENPORT

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

| | Fiscal Year | | | | |
|---|---------------|----------------|---------------|---------------|-----------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Revenues | | | | | |
| Taxes | \$ 90,421,947 | \$ 88,262,578 | \$ 80,884,683 | \$ 78,730,720 | \$ 77,168,031 |
| Special assessments | 96,245 | 93,757 | 58,964 | 157,683 | 37,717 |
| Licenses and permits | 1,749,752 | 1,619,350 | 1,317,804 | 1,238,659 | 1,275,935 |
| Intergovernmental | 25,530,812 | 22,837,172 | 35,240,010 | 31,332,008 | 29,024,273 |
| Charges for services | 4,051,619 | 4,210,684 | 4,479,467 | 4,146,542 | 3,926,869 |
| Use of monies and property | 1,176,460 | 1,036,972 | 1,218,685 | 1,014,156 | 1,035,244 |
| Fines and forfeits | 1,931,967 | 1,740,494 | 1,936,641 | 1,967,004 | 1,314,564 |
| Loan repayments | 1,065,290 | 860,284 | 723,850 | 839,699 | 648,896 |
| Other | 4,108,428 | 3,659,461 | 4,598,710 | 4,519,410 | 4,362,836 |
| Total revenues | 130,132,520 | 124,320,752 | 130,458,814 | 123,945,881 | 118,794,365 |
| Expenditures | | | | | |
| General government | 8,820,719 | 8,601,095 | 8,992,941 | 8,178,030 | 8,370,902 |
| Public safety | 41,216,850 | 40,160,927 | 39,554,541 | 39,137,701 | 38,211,590 |
| Public works | 17,557,791 | 15,288,713 | 15,505,355 | 17,073,051 | 17,169,622 |
| Culture and recreation | 11,281,713 | 10,975,613 | 11,305,093 | 11,485,665 | 12,738,612 |
| Community and economic development | 13,853,663 | 10,629,873 | 15,234,614 | 13,823,997 | 20,305,456 |
| Capital outlay | 15,247,456 | 17,188,086 | 38,425,489 | 35,710,271 | 56,227,626 |
| Debt service | | | | | |
| Principal | 16,024,785 | 16,241,175 | 17,234,350 | 17,071,575 | 14,912,225 |
| Interest | 6,101,313 | 6,987,409 | 6,200,955 | 6,233,849 | 6,078,034 |
| Bond issuance expense | 249,658 | 216,403 | 125,781 | 150,055 | 153,704 |
| Total expenditures | 130,353,948 | 126,289,294 | 152,579,119 | 148,864,194 | 174,167,771 |
| Excess of revenues over (under) expenditures | (221,428) | (1,968,542) | (22,120,305) | (24,918,313) | (55,373,406) |
| Other Financing Sources (Uses) | | | | | |
| Bond issuance | 14,850,000 | 12,382,000 | 11,790,000 | 25,299,250 | 28,676,000 |
| Discount on debt issued | - | - | - | - | (66,902) |
| Premium on debt issued | 2,405,596 | 482,773 | 3,321,543 | 1,377,130 | 30,668 |
| Refunding bonds issued | 10,335,000 | 2,310,000 | 33,637,890 | 3,687,250 | 6,546,400 |
| Payment to refunded bond escrow agent | (18,735,000) | (17,900,000) | - | (3,880,000) | (6,555,500) |
| Sale of capital assets | 17,355 | 2,016,593 | 108,867 | 728,558 | 66,608 |
| Transfers in | 12,026,555 | 14,170,133 | 20,129,136 | 17,023,775 | 16,951,068 |
| Transfers out | (13,787,414) | (14,636,170) | (21,052,585) | (15,224,330) | (17,399,734) |
| Total other financing sources (uses) | 7,112,092 | (1,174,671) | 47,934,851 | 29,011,633 | 28,248,608 |
| Net change in fund balances | \$ 6,890,664 | \$ (3,143,213) | \$ 25,814,546 | \$ 4,093,320 | \$ (27,124,798) |
| Debt service as a percentage of noncapital expenditures | 18.32% | 20.55% | 18.24% | 17.28% | 12.92% |

| Fiscal Year | | | | |
|---------------------|------------------------|-----------------------|----------------------|-----------------------|
| 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 75,503,579 | \$ 73,900,380 | \$ 71,440,755 | \$ 67,238,905 | \$ 63,519,997 |
| 6,806 | 139,517 | 50,982 | 40,535 | 55,964 |
| 1,154,269 | 1,496,632 | 1,395,934 | 1,623,543 | 1,600,302 |
| 22,579,386 | 17,417,503 | 17,053,854 | 19,729,182 | 21,801,090 |
| 4,081,012 | 3,616,388 | 2,798,325 | 3,490,189 | 3,334,847 |
| 1,390,993 | 2,953,986 | 3,839,767 | 3,010,775 | 1,943,966 |
| 938,544 | 554,937 | 873,092 | 997,004 | 604,751 |
| 611,113 | 584,230 | 663,341 | 594,829 | 978,166 |
| 1,257,734 | 2,106,748 | 2,105,786 | 4,308,377 | 3,052,499 |
| <u>107,523,436</u> | <u>102,770,321</u> | <u>100,221,836</u> | <u>101,033,339</u> | <u>96,891,582</u> |
| 7,849,694 | 7,908,979 | 7,215,792 | 7,242,260 | 6,878,912 |
| 37,719,742 | 37,817,252 | 36,215,539 | 33,930,920 | 31,539,164 |
| 15,838,441 | 15,316,163 | 11,812,816 | 11,789,864 | 11,829,081 |
| 11,113,692 | 10,182,468 | 9,406,214 | 8,632,061 | 7,878,176 |
| 17,030,912 | 9,930,122 | 8,960,280 | 10,016,894 | 10,937,442 |
| 25,959,860 | 24,969,390 | 30,935,403 | 31,196,883 | 26,981,978 |
| 12,125,079 | 12,466,632 | 13,256,573 | 13,049,158 | 10,809,309 |
| 5,030,293 | 5,151,715 | 5,238,443 | 4,816,787 | 4,549,030 |
| 285,250 | 84,386 | 68,526 | 105,731 | 35,791 |
| <u>132,952,963</u> | <u>123,827,107</u> | <u>123,109,586</u> | <u>120,780,558</u> | <u>111,438,883</u> |
| <u>(25,429,527)</u> | <u>(21,056,786)</u> | <u>(22,887,750)</u> | <u>(19,747,219)</u> | <u>(14,547,301)</u> |
| 26,820,000 | 9,910,000 | 13,940,000 | 35,660,000 | 10,355,000 |
| 56,945 | 155,453 | (51,222) | (148,544) | (18,161) |
| - | 4,380,000 | 10,959,625 | - | - |
| - | (4,354,806) | (11,005,000) | - | - |
| 4,905 | 51,385 | 78,176 | 1,643,684 | 95,946 |
| 17,244,760 | 14,574,161 | 14,210,513 | 14,507,366 | 11,876,152 |
| <u>(15,730,792)</u> | <u>(14,052,777)</u> | <u>(14,721,821)</u> | <u>(14,999,818)</u> | <u>(12,249,737)</u> |
| <u>28,395,818</u> | <u>10,663,416</u> | <u>13,410,271</u> | <u>36,662,688</u> | <u>10,059,200</u> |
| <u>\$ 2,966,291</u> | <u>\$ (10,393,370)</u> | <u>\$ (9,477,479)</u> | <u>\$ 16,915,469</u> | <u>\$ (4,488,101)</u> |
| 15.26% | 17.72% | 19.48% | 19.94% | 18.18% |

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> |
| 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 |
| 2010 | 2012 | 3,924,743 | 1,610,948 | 146,875 | 20,370 | 278,170 | 3,074 |
| 2011 | 2013 | 4,011,589 | 1,566,209 | 139,106 | 24,753 | 287,690 | 2,832 |
| 2012 | 2014 | 4,060,982 | 1,517,909 | 137,393 | 24,607 | 302,338 | 3,120 |

| Levy Year | Fiscal Year | TAXABLE VALUE | | | | | |
|--------------|----------------|--------------------|-------------------|-------------------|---------------------|------------------|--------------|
| | | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Agricultural</u> | <u>Utilities</u> | <u>Other</u> |
| 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 |
| 2010 | 2012 | 1,902,023 | 1,610,948 | 146,875 | 14,058 | 213,792 | 3,074 |
| 2011 | 2013 | 2,033,254 | 1,566,209 | 139,106 | 14,243 | 216,271 | 2,832 |
| 2012 | 2014 | 2,141,742 | 1,517,909 | 137,393 | 14,747 | 222,312 | 3,120 |

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.

| <u>Gross valuation</u> | <u>Less Military exemption</u> | <u>Net valuation</u> | <u>Total direct tax rate</u> |
|------------------------|--------------------------------|----------------------|------------------------------|
| 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% |
| 5,984,180 | (9,957) | 5,974,223 | 15.53% |
| 6,032,179 | (9,707) | 6,022,472 | 16.78% |
| 6,046,349 | (9,483) | 6,036,866 | 16.78% |

| <u>Gross valuation</u> | <u>Less Military exemption</u> | <u>Net valuation</u> |
|------------------------|--------------------------------|----------------------|
| 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 |
| 3,890,770 | (9,956) | 3,880,814 |
| 3,971,915 | (9,705) | 3,962,210 |
| 4,037,223 | (9,483) | 4,027,740 |

CITY OF DAVENPORT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

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

City Direct Rates

| <u>Fiscal Year</u> | <u>General</u> | <u>Tort Liability</u> | <u>Trust & Agency</u> | <u>Library (1)</u> | <u>Transit</u> | <u>Emergency</u> | <u>Debt Service</u> | <u>Total</u> |
|--------------------|----------------|-----------------------|---------------------------|--------------------|----------------|------------------|---------------------|--------------|
| 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 |
| 2012 | 8.10 | 0.25 | 3.97 | 0.27 | 0.91 | 0.27 | 1.76 | 15.53 |
| 2013 | 8.10 | 0.25 | 4.93 | 0.27 | 0.91 | 0.27 | 2.05 | 16.78 |
| 2014 | 8.10 | 0.25 | 4.93 | 0.27 | 0.91 | 0.27 | 2.05 | 16.78 |

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

Source: City of Davenport Finance Department

Overlapping Rates

| <u>Scott County</u> | <u>Davenport Schools</u> | <u>Area IX College</u> | <u>Other</u> | <u>Total</u> |
|-------------------------|------------------------------|----------------------------|--------------|--------------|
| 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 |
| 6.38 | 17.05 | 1.02 | 0.32 | 40.30 |
| 6.30 | 17.05 | 0.92 | 0.38 | 41.43 |
| 6.24 | 16.66 | 0.92 | 0.44 | 41.04 |

CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

| <u>Fiscal</u> <u>Year</u> | <u>Taxes</u> <u>Levied</u> | <u>Current</u> <u>Collections</u> | <u>Percentage</u> <u>of Levy</u> |
|------------------------------|-------------------------------|--------------------------------------|-------------------------------------|
| 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% |
| 2012 | 65,965,698 | 64,450,150 | 97.70% |
| 2013 | 72,248,709 | 70,098,272 | 97.02% |
| 2014 | 73,158,580 | 73,149,684 | 99.99% |

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

CITY OF DAVENPORT

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

| Name of Property | Property type | 2014 | | | 2005 | | |
|--|-------------------|-----------------------|------|--------------------|-----------------------|------|--------------------|
| | | Taxable Valuation | Rank | % of taxable value | Taxable Valuation | Rank | % of taxable value |
| Mid American Energy | Utility | \$ 300,763,815 | 1 | 7.25% | \$ 156,830,731 | 1 | 5.07% |
| Macerich North Park Mall LLC/SDG Macerich Properties | Shopping Center | 55,488,075 | 2 | 1.34% | 72,986,200 | 2 | 2.36% |
| Iowa-American Water Co. | Utility | 47,533,563 | 3 | 1.15% | 46,683,123 | 3 | 1.51% |
| Deere & Company | Manufacturing | 26,300,475 | 4 | 0.63% | 22,036,631 | 4 | 0.71% |
| QC Freight Service & John Deere Distribution Center | Commercial | 18,874,885 | 5 | 0.46% | | | |
| Hotel Blackhawk LLC | Commercial | 17,073,210 | 6 | 0.41% | - | | |
| THF Davenport North Development | Realty | 16,881,188 | 7 | 0.41% | 18,277,607 | 7 | 0.59% |
| Qwest | Utility | 13,881,476 | 8 | 0.33% | | | |
| Wal-Mart | Commercial | 13,581,485 | 9 | 0.33% | | | |
| Telecommunications 1031 Ventur | Utility | 13,358,900 | 10 | 0.32% | | | |
| Quanex | Manufacturing | - | | | 20,862,200 | 5 | 0.67% |
| Ryan Companies US Inc | Logistics | - | | | 18,517,300 | 6 | 0.60% |
| National Amusement Inc. | Theatre Complexes | - | | | 18,254,200 | 8 | 0.59% |
| US West Communications | Utility | - | | | 15,451,415 | 9 | 0.50% |
| Peterson Properties LC | Industrial Center | - | | | 15,026,600 | 10 | 0.49% |
| Total | | <u>\$ 523,737,072</u> | | <u>12.63%</u> | <u>\$ 404,926,007</u> | | <u>13.09%</u> |

Source: Scott County Auditor.

CITY OF DAVENPORT

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

| Fiscal Year | GOVERNMENTAL ACTIVITIES | | | BUSINESS-TYPE ACTIVITIES | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|-------------------------------|----------------------|--------------------------|----------------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Other General Obligation Debt | Other Long-term Debt | General Obligation Bonds | Other Long-term Debt | | | |
| 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 |
| 2012 | 180,909 | - | 311 | 41,206 | 9,798 | 232,224 | unavailable | 2,330 |
| 2013 | 165,485 | - | 311 | 45,934 | 9,798 | 221,528 | unavailable | 2,222 |
| 2014 | 157,606 | - | 311 | 50,837 | 14,208 | 222,962 | unavailable | 2,237 |

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."

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 |
|-------------|-------------------------|---|------------|
| 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 |
| 2012 | 232,224 | 5.98% | 2,330 |
| 2013 | 221,528 | 5.59% | 2,222 |
| 2014 | 222,962 | 5.54% | 2,237 |

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, 2014
(dollars in thousands)

| Governmental Unit | Debt Outstanding | Percentage applicable to City | Share of Overlapping Debt |
|-------------------------------------|---------------------|-------------------------------------|---------------------------------|
| Davenport Community School District | \$ 9,535,000 | 88.04% | \$ 8,394,614 |
| Scott County | 30,015,000 | 52.39% | 15,724,859 |
| Eastern Iowa Community College | 58,615,000 | 31.00% | <u>18,170,650</u> |
| Subtotal, overlapping debt | | | <u>42,290,123</u> |
| City direct debt | | | <u>155,877,270</u> |
| Total direct and overlapping debt | | | <u><u>\$ 198,167,393</u></u> |

Sources: Debt outstanding data provided by each governmental unit. Percent applicable to city provided by Scott County. The City direct debt does not include business type activity debt. The percentage applicable to the City is based on shared tax base.

CITY OF DAVENPORT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

| Fiscal year | 2005 | 2006 | 2007 | 2008 |
|---|----------------|----------------|----------------|----------------|
| Debt limit | \$ 232,991,693 | \$ 246,426,202 | \$ 263,977,950 | \$ 274,332,381 |
| Total net debt applicable to limit | 128,381,797 | 148,929,153 | 148,364,852 | 148,501,164 |
| Legal debt margin | \$ 104,609,896 | \$ 97,497,049 | \$ 115,613,098 | \$ 125,831,217 |
| Total net debt applicable to the limit as a percentage of debt limit | 55.10% | 60.44% | 56.20% | 54.13% |

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

Source: City of Davenport Finance Department.

Legal debt margin calculation for Fiscal Year 2014

| | | |
|--|------------------|------------------------------|
| Assessed valuation | \$ 6,145,385,857 | |
| Debt limit (5% of assessed value) | | \$ 307,269,293 |
| Debt applicable to limit: | | |
| General Obligation Bonds | 200,100,000 | |
| Tax Increment Financing Rebate Agreements subject to limit | 5,487,350 | |
| Total G.O. Indebtedness | | <u>205,587,350</u> |
| Legal debt margin | | <u><u>\$ 101,681,943</u></u> |

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------|----------------|----------------|---------------|---------------|----------------|
| \$ 290,703,247 | \$ 295,219,101 | 297,663,843 | 303,752,150 | 306,921,649 | \$ 307,269,293 |
| 159,957,382 | 176,092,605 | \$ 189,966,525 | 235,046,500 | 221,979,300 | 205,587,350 |
| \$ 130,745,865 | \$ 119,126,496 | \$ 107,697,318 | \$ 68,705,650 | \$ 84,942,349 | \$ 101,681,943 |
| 55.02% | 59.65% | 63.82% | 77.38% | 72.32% | 66.91% |

CITY OF DAVENPORT

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

| Year | Population (2) | Personal Income | Per Capita Personal Income (3) | School Enrollment (4) | Unemployment Rate (5) |
|------|----------------|--------------------|--------------------------------------|--------------------------|--------------------------|
| 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 | 4.3% |
| 2009 | 101,335 | 3,837,979,755 | 38,065 | 15,405 | 4.3% |
| 2010 | 99,685 | 4,041,341,135 | 39,881 | 15,407 | 7.2% |
| 2011 | 99,685 | 4,270,106,660 | 42,836 | 16,131 | 7.5% |
| 2012 | 99,685 | 4,370,888,195 | 43,847 | 15,940 | 6.8% |
| 2013 | 99,685 | N/A | (1) N/A | (1) 15,990 | 6.5% |

Sources:

- (1) Information not available at time of printing
 - (2) Sales and Marketing Management, Survey of Buying Power, September issues.
 - (3) BEA website-AMSA04-Advance Metropolitan Statistical Area Income Summary for Davenport, Rock Island, Moline SMSA as of calendar year end.
 - (4) Davenport Community School District based on census at start of school year.
 - (5) Iowa Workforce Development, for Davenport as of calendar year end
-

CITY OF DAVENPORT

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

| Employer | 10/01/2004 | | | 12/01/2013 | | |
|---------------------------------|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Genesis Medical Centers | 3,811 | 1 | 7.37% | 4,900 | 1 | 7.84% |
| Northpark Mall | 3,000 | 2 | 5.80% | - | | |
| Davenport Community Schools | 2,402 | 4 | 4.65% | 2,500 | 2 | 4.00% |
| ALCOA | 2,513 | 3 | 4.86% | 2,250 | 3 | 3.60% |
| Kraft Foods/Oscar Mayer | 1,629 | 5 | 3.15% | 1,500 | 4 | 2.40% |
| City of Davenport | 963 | 7 | 1.86% | 1,149 | 5 | 1.84% |
| Rhythm City Casino/Isle Capri | 554 | 13 | 1.07% | 1,050 | 6 | 1.68% |
| MidAmerican Energy Company | - | | 0.00% | 1,025 | 7 | 1.64% |
| Eastern Iowa Community College | 1,034 | 6 | 2.00% | 1,016 | 8 | 1.63% |
| John Deere Davenport Works | 875 | 9 | 1.69% | - | | |
| APAC Teleservices | 950 | 8 | 1.84% | 900 | 9 | 1.44% |
| Wells Fargo-Davenport Region | - | | 0.00% | 716 | 10 | 1.15% |
| AT&T | - | | 0.00% | 610 | 11 | 0.98% |
| Sears Manufacturing | 600 | 10 | 1.16% | 600 | 12 | 0.96% |
| United Parcel Service | 600 | 11 | 1.16% | 590 | 13 | 0.94% |
| Von Maur | 569 | 12 | 1.10% | 560 | 14 | 0.90% |
| Scott County | 425 | 15 | 0.82% | 500 | 15 | 0.80% |
| St. Ambrose University | 550 | 14 | 1.06% | 467 | 16 | 0.75% |
| Nestle Purina | 359 | 16 | 0.69% | - | | |
| Quad City Times/Lee Enterprises | 350 | 17 | 0.68% | - | | |
| | <u>21,184</u> | | <u>40.97%</u> | <u>20,333</u> | | <u>32.52%</u> |

Source: Quad City Development Group, Direct staff contact with Company (October 2004)

Source: Iowa Quad Cities Chamber of Commerce (December 2013)

CITY OF DAVENPORT

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS
June 30, 2014**

| FUNCTION/PROGRAM | 2013 | | 2012 | | 2011 | | 2010 | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | FULL TIME | PART TIME | FULL TIME | PART TIME | FULL TIME | PART TIME | FULL TIME | PART TIME |
| PUBLIC SAFETY | | | | | | | | |
| Police | 189 | 26 | 189 | 24 | 195 | 34 | 194 | 35 |
| Fire | 138 | 1 | 138 | - | 140 | - | 149 | - |
| PUBLIC WORKS | 290 | 45 | 296 | 56 | 289 | 46 | 281 | 31 |
| CULTURE & RECREATION | | | | | | | | |
| Leisure Facilities and Services | 18 | 257 | 21 | 231 (1) | 34 | 170 | 34 | 131 |
| Library | 39 | 39 | 40 | 42 | 41 | 40 | 43 | 44 |
| COMMUNITY & ECONOMIC DEVELOPMENT | 24 | 2 | 23 | 2 | 27 | - | 32 | 12 |
| GENERAL GOVERNMENT | | | | | | | | |
| Mayor | 2 | - | 1 | 1 | 2 | - | 2 | - |
| Council | - | 10 | - | 10 | 1 | 10 | 1 | 10 |
| Finance | 25 | 2 | 25 | 1 | 26 | 2 | 26 | 2 |
| Information Technology | 8 | 2 | 7 | 2 | 7 | 2 | 8 | 2 |
| Administration | 5 | 8 | 6 | 7 | 6 | 1 | 6 | - |
| Legal | 4 | - | 4 | - | 4 | - | 4 | - |
| Human Resources | 6 | 2 | 5 | 2 | 5 | 2 | 5 | 2 |
| Civil Rights | 4 | 1 | 4 | 1 | 4 | 1 | 4 | 1 |
| Total | 752 | 395 | 759 | 379 | 781 | 308 | 789 | 270 |

(1) In 2012 Part-time employees who will be re-hired the next season are remaining as employees from year to year and not being terminated and

(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.

| 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| FULL TIME | PART TIME | FULL TIME | PART TIME | FULL TIME | PART TIME | FULL TIME | PART TIME | FULL TIME | PART TIME | FULL TIME | PART TIME |
| 217 | 29 | 209 | 27 | 212 | 23 | 209 | 24 | 203 | 24 | 198 | 24 |
| 153 | 2 | 155 | - | 153 | 1 | 149 | 2 | 143 | - | 140 | - |
| 284 | 34 | 278 | 30 | 278 | 29 | 280 | 26 | 295 | 18 | 293 | 18 |
| 34 | 129 | 32 | 76 | 35 | 23 | 38 | 32 | 33 | 45 | 36 | 45 |
| 41 | 37 | 39 | 35 | 38 | 34 | 43 | 32 | 42 | 22 | 35 | 22 |
| 39 | 13 | 37 | 12 | 37 | 11 | 33 | 11 | 46 | 6 | 46 | 6 |
| 2 | - | 2 | - | 2 | - | 2 | - | 2 | - | 2 | - |
| - | 11 | 1 | 11 | 1 | 10 | 1 | 10 | 1 | 10 | 1 | 10 |
| 22 | 5 | 23 | 2 | 23 | - | 22 | 2 | 23 | - | 28 | - |
| 10 | - | 10 | - | 11 | - | 9 | 1 | 7 | 1 (2) | | |
| 7 | - | 7 | - | 7 | - | 7 | - | 5 | - | 5 | - |
| 4 | - | 4 | - | 4 | - | 5 | - | 5 | - | 5 | - |
| 5 | 2 | 5 | 3 | 6 | 4 | 6 | 6 | 6 | 1 | 7 | 1 |
| 4 | 2 | 4 | 1 | 4 | 2 | 4 | 3 | 4 | 4 | 4 | 4 |
| <u>822</u> | <u>264</u> | <u>806</u> | <u>197</u> | <u>811</u> | <u>137</u> | <u>808</u> | <u>149</u> | <u>815</u> | <u>131</u> | <u>800</u> | <u>130</u> |

1 re-hired. This explains the increase in part-time employees.

CITY OF DAVENPORT

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2014**

| FUNCTION/PROGRAM | FISCAL YEAR | | | | |
|---|-------------|-----------|-----------|-----------|-----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| PUBLIC SAFETY | | | | | |
| Fire calls answered | 16,373 | 16,467 | 15,523 | 14,965 | 14,399 |
| Police-arrests (1) | 7,632 | 5,072 | 6,907 | 7,151 | 7,529 |
| Construction permits issued | 2,602 | 2,483 | 2,402 | 2,510 | 2,426 |
| PUBLIC WORKS | | | | | |
| Refuse collected (tons) (2) | 26,920 | 26,759 | 24,949 | 25,604 | 25,737 |
| Gallons of wastewater processed (in millions) (1) | 8,541 | 9,855 | 8,015 | 10,877 | 11,607 |
| Yard waste composted (cu yds) | 101,373 | 109,972 | 152,564 | 103,379 | 102,176 |
| Citibus ridership | 1,362,174 | 1,407,131 | 1,414,496 | 1,202,929 | 1,180,383 |
| Utility service customers | 39,500 | 39,000 | 38,000 | 40,000 | 40,000 |
| CULTURE & RECREATION | | | | | |
| Rounds of golf played | 64,063 | 64,029 | 77,519 | 71,243 | 80,113 |
| Swimming pools attendance | 28,191 | 28,170 | 32,590 | 40,874 | 30,830 |
| Recreation programs available | 984 | 845 | 1,272 | 910 | 549 |
| Recreation program enrollment | 5,733 | 6,342 | 6,235 | 57,600 | 42,500 |
| Library - walk-in patrons served | 481,592 | 463,971 | 503,778 | 578,957 | 511,259 |
| COMMUNITY & ECONOMIC DEVELOPMENT | | | | | |
| Planning & zoning-final development review | 9 | 13 | 13 | 5 | 2 |
| Households assisted with rental assistance | 842 | 825 | 783 | 768 | 750 |

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

(2) Amounts for FY 08 and prior were measured in cubic yds

Source: Various City of Davenport departments.

| FISCAL YEAR | | | | |
|-------------|-----------|-----------|---------|---------|
| 2009 | 2008 | 2007 | 2006 | 2005 |
| 13,842 | 13,188 | 13,257 | 12,294 | 11,729 |
| 8,526 | 8,960 | 9,813 | 8,919 | 7,740 |
| 2,196 | 2135 | 2,051 | 2,328 | 2,659 |
| 26,789 | 71,000 | 74,185 | 71,627 | 71,324 |
| 10,038 | 10,731 | 7,884 | 6,424 | 6,972 |
| 109,800 | 98,030 | 107,361 | 68,739 | 90,226 |
| 1,125,000 | 1,088,000 | 1,045,550 | 982,663 | 940,046 |
| 40,000 | 40,000 | 40,000 | 40,000 | 38,340 |
| 101,813 | 136,386 | 113,128 | 111,329 | 109,499 |
| 27,708 | 28,000 | 31,000 | 27,373 | 33,064 |
| 636 | 1,061 | 554 | 410 | 305 |
| 38,844 | 30,396 | 48,301 | 53,517 | 37,097 |
| 449,218 | 395,498 | 390,394 | 307,330 | 279,751 |
| 5 | 8 | 15 | 15 | 23 |
| 716 | 701 | 680 | 672 | 711 |

CITY OF DAVENPORT

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

June 30, 2014

| FUNCTION/PROGRAM | FISCAL YEAR | | | | |
|---------------------------------|-------------|-------|-------|-------|-------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| PUBLIC SAFETY | | | | | |
| Police cars | 105 | 104 | 82 | 83 | 74 |
| Fire stations | 7 | 7 | 7 | 7 | 7 |
| Fire trucks | 16 | 16 | 16 | 16 | 16 |
| PUBLIC WORKS | | | | | |
| Streets (miles) | 695 | 695 | 695 | 695 | 695 |
| Traffic signals | 166 | 166 | 161 | 156 | 153 |
| Street lights | 9708 | 9,703 | 9,691 | 9,691 | 9,680 |
| Refuse collection trucks | 32 | 32 | 29 | 31 | 31 |
| Buses | 22 | 21 | 23 | 21 | 21 |
| CULTURE & RECREATION | | | | | |
| Golf courses | 3 | 3 | 3 | 3 | 3 |
| Acres of parks | 1,981 | 1,913 | 1,913 | 1,700 | 1,700 |
| Swimming pools | 3 | 3 | 3 | 3 | 3 |
| Libraries | 3 | 3 | 3 | 3 | 3 |

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

| <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-------------|-------------|-------------|-------------|-------------|
| 64 | 67 | 94 | 77 | 68 |
| 7 | 7 | 7 | 7 | 7 |
| 16 | 16 | 14 | 13 | 13 |
| 695 | 692 | 692 | 690 | 684 |
| 153 | 152 | 151 | 150 | 146 |
| 9,632 | 9,558 | 9,456 | 9,237 | 9,263 |
| 34 | 30 | 36 | 48 | 40 |
| 21 | 20 | 20 | 20 | 20 |
| 3 | 4 | 4 | 4 | 4 |
| 1,700 | 1,700 | 1,700 | 1,700 | 1,700 |
| 3 | 4 | 4 | 4 | 4 |
| 2 | 2 | 2 | 2 | 1 |
