



City of
Davenport, Iowa

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

CITY OF DAVENPORT, IOWA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Prepared by:
Finance Department
Accounting Division**

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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December 23, 2015

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, 2015.

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 RSM US 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, 2015 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, 2015 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, 2015 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 but may be reappropriated in the following year's budget if necessary.

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 2015 unemployment rate (through nine months) was 5.0%. Of the 191,156 persons in the labor force in 2015, 181,427 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.

Tax base composition is diverse, consisting of 59% residential, 37% commercial, 1% utility and 3% industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 3.6% of total value and the

remaining nine leading taxpayers account for just 9.2% of taxable value. More detailed information on permits and principal taxpayers can be found in the statistical section of this report.

Downtown Davenport has seen revitalization with nearly \$31million invested in old office and warehouse buildings reinvented as nearly 1,000 loft housing units. A \$60 million City Square project is planned to transform a half-city downtown block housing the former Parker and Putnam buildings along 2nd Street. The buildings will be developed into a mix of hotel, market rate housing, retail and Class A office space. A new \$110 million casino and hotel project at Interstates 80 and 74 is scheduled for a mid-2016 opening. This will spur further economic development that has already begun with a car dealership building at Elmore Avenue and Veterans Memorial Parkway. A new Kraft/Heinz plant is planned in Davenport's Eastern Iowa Industrial Center with an investment of \$203 million.

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 2.5% annually over the last ten fiscal years. For the upcoming FY 2016, total assessed value increased by .7%, while taxable values increased .3% 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 1.89% 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) to 30.41% in FY 2015 (18,000 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 2016 include:

- Elmore Extension \$13 million
- Street resurfacing, full depth patching & reconstruction \$4 million
- Kimberly and Division intersection improvements \$3.8 million
- Harrison Street resurfacing \$2 million
- Veteran's Memorial Parkway & Jersey Ridge intersection \$1.2 million
- Adler Theatre acquisition \$1.3 million
- Sanitary sewer lining, construction and repair \$13.6 million
- Continue Central Station renovation \$8 million (project total \$15.2 million)
- Continue Water Pollution Control Plant Optimization \$4.5 million (project total \$9.7 million)

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, 2014. This was the 32nd 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 2016 budget document. This is the 21st 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 City Council for their direction and support in planning and overseeing the financial operations of the City.

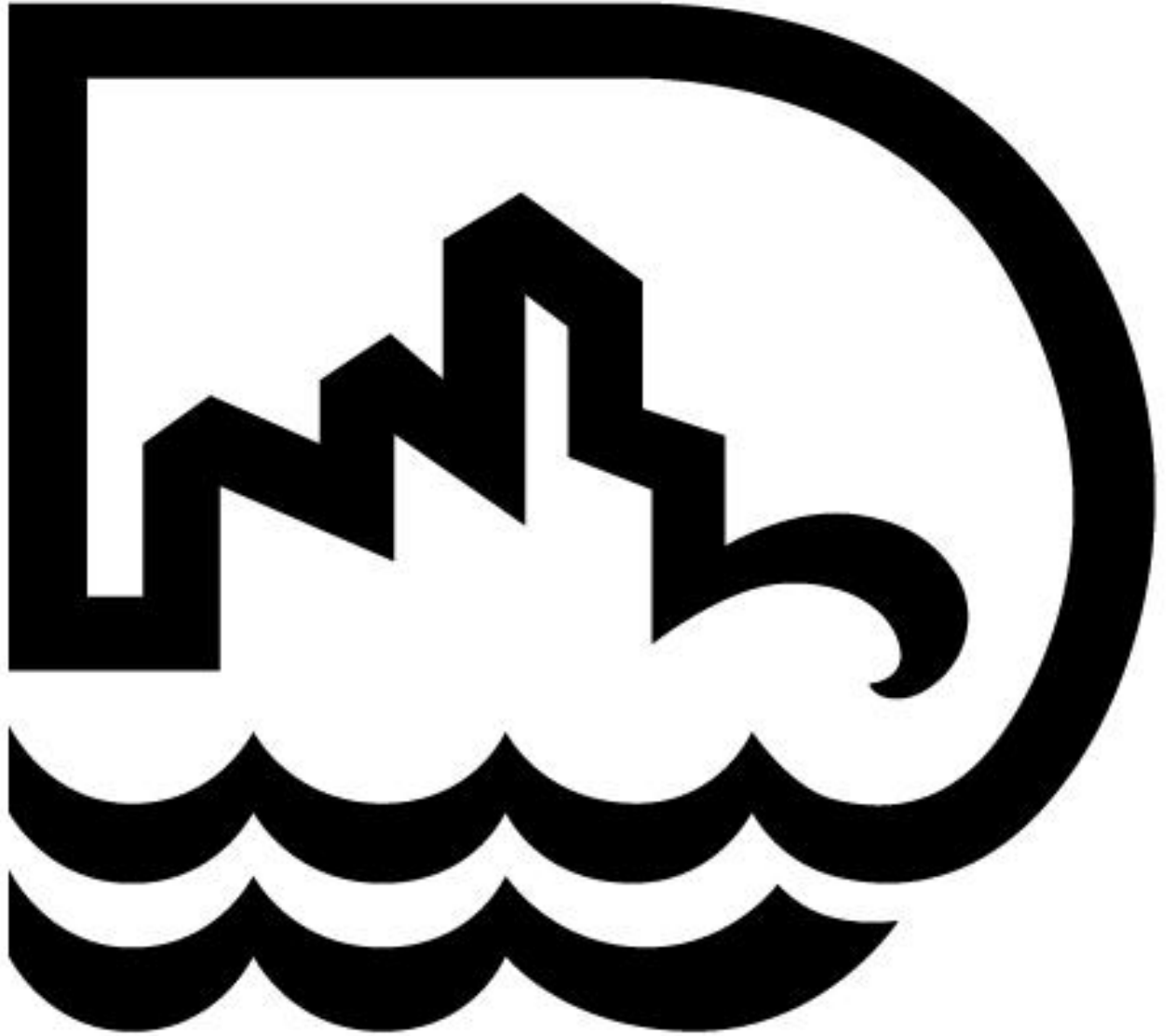
Respectfully submitted,



Corrin Spiegel
Interim City Administrator



Brandon Wright
Finance Director





Government Finance Officers Association

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

Presented to

**City of Davenport
Iowa**

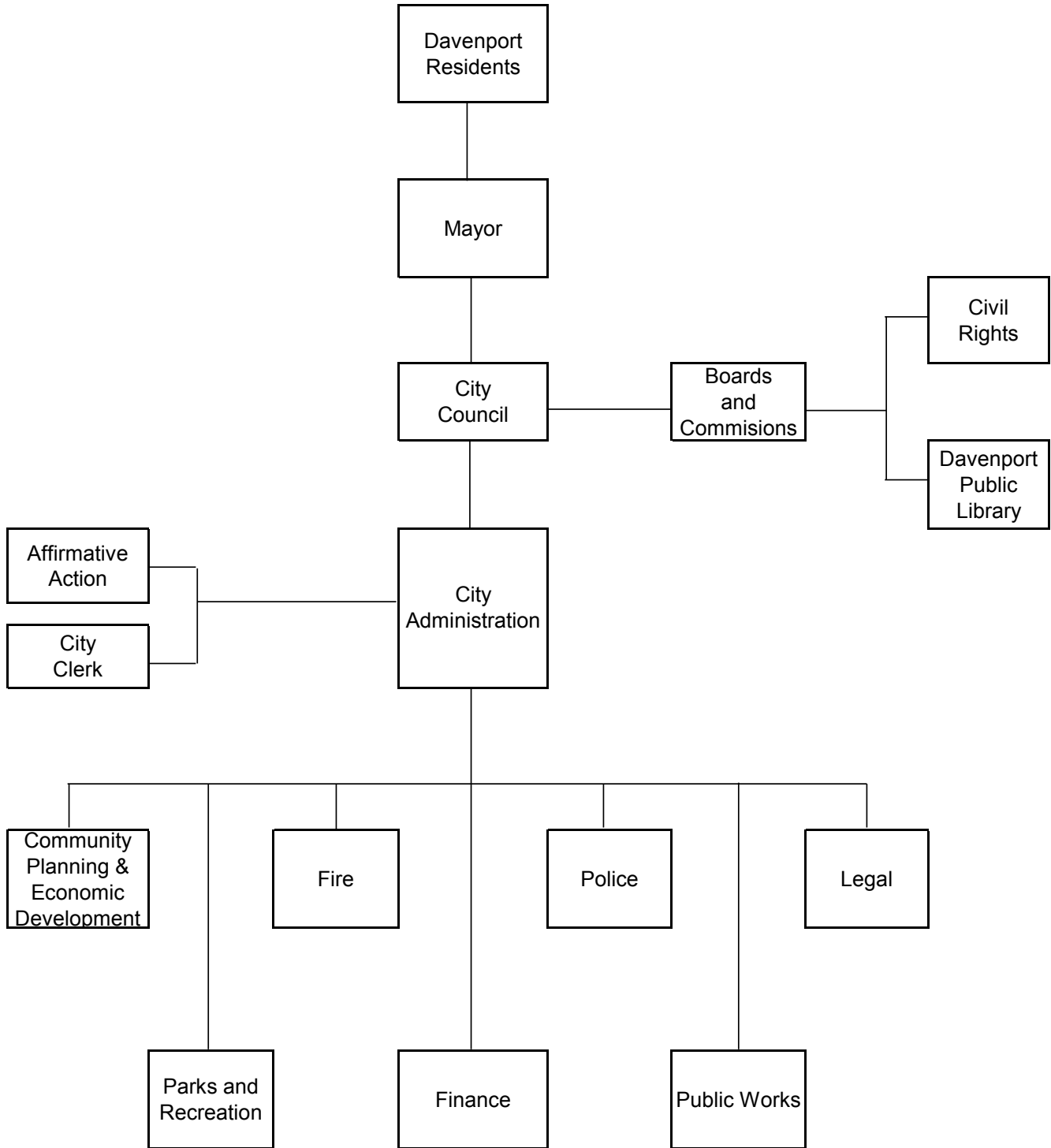
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF DAVENPORT

ORGANIZATIONAL CHART
JUNE 30, 2015



CITY OF DAVENPORT

CITY OFFICIALS

June 30, 2015

<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

Interim City Administrator Corrin Spiegel

Departments

Civil Rights	Latrice L. Lacey
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	Amy Groskopf
Police	Donald E. Schaeffer
Public Works	Michael F. Clarke

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor and
Members of the 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, as of and for the year ended June 30, 2015, 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 of Davenport, Iowa, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 7 to the basic financial statements, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which restated beginning net position, net pension liability and deferred outflows of resources of the governmental activities, business-type activities, each major enterprise fund, and the aggregate remaining funds.

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 – 13, the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Government and Proprietary Funds on pages 72 – 74, Other Postemployment Benefit Plan on page 75, the Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of City Contributions for the Iowa Public Employees' Retirement System on pages 76 – 79 and for the Municipal Fire and Police Retirement System of Iowa on pages 80 – 83 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 of Davenport, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 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 the City's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
December 21, 2015

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, 2015. 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 vi 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 total net position of \$302,034,321 as of June 30, 2014 was restated to be \$240,061,129 due to the implementation of GASB Statement No. 68 and No. 71. The details of the restatement are shown in Note 7 to the basic financial statements.
- The assets of the City of Davenport exceeded its liabilities at June 30, 2015 by \$257,203 (net position). Current assets exceeded current liabilities by \$75,922.
- The government's total net position increased by \$17,142 during fiscal year (FY) 2015.
- At June 30, 2015, unassigned fund balance for the General Fund was \$8,889, or 13.2 percent of total General Fund expenditures, while total fund balance represents 24.3 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 2015. 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 71 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 85 through 107 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 2014 and 2015 are presented below. In Davenport, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$257,203, a decrease of 11.9%, at the close of the fiscal year ended June 30, 2015.

City of Davenport's Net Position

	Governmental Activities		Business-type activities		Total	
	<u>2015</u> (as restated)	<u>2014</u> (not restated)	<u>2015</u> (as restated)	<u>2014</u> (not restated)	<u>2015</u> (as restated)	<u>2014</u> (not restated)
Current and other assets	\$ 155,219	\$ 162,309	\$ 33,863	\$ 31,891	\$ 189,082	\$ 194,200
Capital assets	279,125	269,943	182,074	175,902	461,199	445,845
Total assets	434,344	432,252	215,937	207,793	650,281	640,045
Deferred outflows of resources	11,454	-	1,201	-	12,655	-
Noncurrent liabilities outstanding	187,972	150,420	66,258	61,384	254,230	211,804
Other liabilities	47,802	45,354	8,464	7,827	56,266	53,181
Total liabilities	235,774	195,774	74,722	69,211	310,496	264,985
Deferred inflows of resources	89,151	69,303	6,086	3,713	95,237	73,016
Net position:						
Net investment in capital assets	157,085	142,137	131,174	124,987	288,259	267,124
Restricted	16,152	29,555	4,147	4,610	20,299	34,165
Unrestricted(deficit)	(52,364)	(4,517)	1,009	5,271	(51,355)	754
Total net position	\$ 120,873	\$ 167,175	\$ 136,330	\$ 134,868	\$ 257,203	\$ 302,043

By far the largest portion of the City of Davenport's net position 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 (9 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 \$75,922, \$69,038 and \$6,884, respectively.

In the governmental activities, the \$9,182 increase in capital assets is due to \$6,839 to construct a Transload facility and \$1,572 to rebuild the Credit Island Lodge.

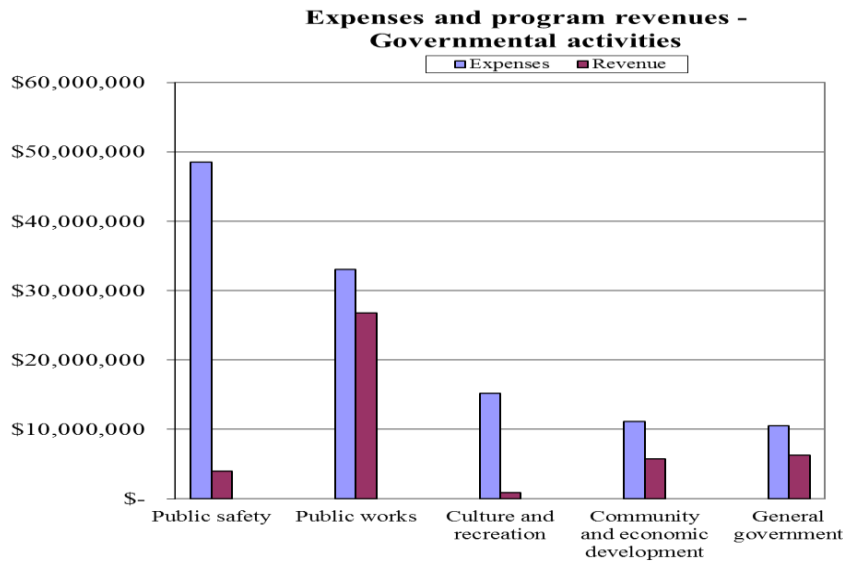
The \$37,552 increase in noncurrent liabilities in the governmental activities is due to the adding of the net pension liability that is now required with GASB Statement No. 68. Previously, only the current year's pension expense was recorded. With the change, the City now records their share of the liability of the statewide pension plans.

City of Davenport's Changes in Net Position

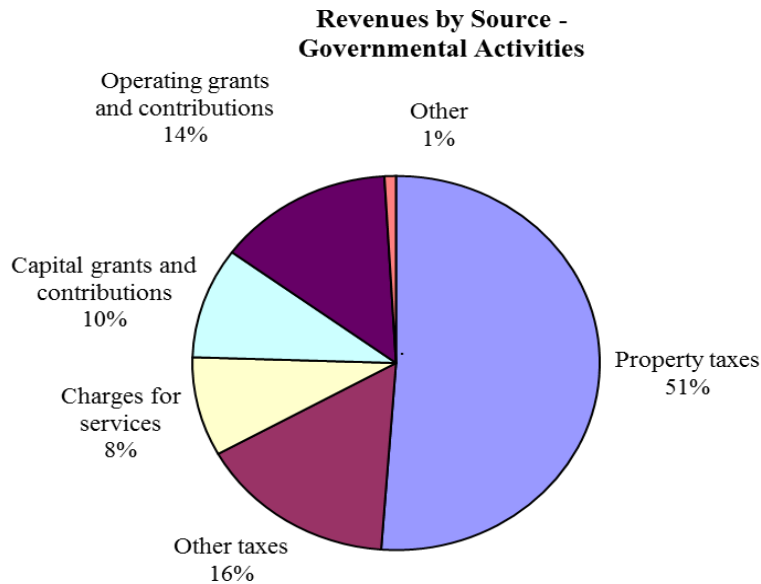
	Governmental Activities		Business-type Activities		Total	
	<u>2015</u> (as restated)	<u>2014</u> (not restated)	<u>2015</u> (as restated)	<u>2014</u> (not restated)	<u>2015</u> (as restated)	<u>2014</u> (not restated)
Revenues:						
Program revenues:						
Charges for services	\$ 11,623	\$ 12,467	\$ 33,267	\$ 31,475	\$ 44,890	\$ 43,942
Operating grants and contributions	18,980	19,667	2,726	3,378	21,706	23,045
Capital grants and contributions	13,004	8,410	8,468	3,038	21,472	11,448
General revenues:						
Property taxes	69,374	69,609	3,603	3,647	72,977	73,256
Other taxes	21,342	21,057	-	-	21,342	21,057
Other	1,226	1,246	1,997	1,225	3,223	2,471
Total revenues	135,549	132,456	50,061	42,763	185,610	175,219
Expenses:						
Public safety	48,530	42,650	-	-	48,530	42,650
Public works	33,010	26,440	-	-	33,010	26,440
Culture and recreation	15,175	13,286	-	-	15,175	13,286
Community and economic development	11,132	18,877	-	-	11,132	18,877
General government	10,560	10,261	-	-	10,560	10,261
Interest on long-term debt	5,947	6,101	-	-	5,947	6,101
Parking system	-	-	1,799	1,936	1,799	1,936
Sewer operations	-	-	19,161	17,700	19,161	17,700
RiverCenter	-	-	3,337	3,032	3,337	3,032
Public transit	-	-	7,131	6,500	7,131	6,500
Public housing	-	-	1,186	1,315	1,186	1,315
Golf courses	-	-	1,780	1,792	1,780	1,792
Airport	-	-	690	612	690	612
Curbside recycling	-	-	5,333	5,389	5,333	5,389
Clean water	-	-	2,796	2,817	2,796	2,817
Rivers Edge	-	-	901	806	901	806
Total expenses	124,354	117,615	44,114	41,899	168,468	159,514
Increase/(decrease) in net position before transfers	11,195	14,841	5,947	864	17,142	15,705
Transfers	(2,931)	(1,707)	2,931	1,707	-	-
Increase in net position	8,264	13,134	8,878	2,571	17,142	15,705
Net position-beginning	112,609	154,041	127,452	132,297	240,061	286,338
Net position-ending	\$ 120,873	\$ 167,175	\$ 136,330	\$ 134,868	\$ 257,203	\$ 302,043

Governmental activities. Governmental activities increased the City’s net position by \$11,195, before transfers. This is a decrease of \$3,646 from 2014, due in part to the grant related activity described below and the addition of the pension liability of \$50,887 as required by GASB No. 68.

Certain revenues are generated that are specific to governmental program activities. These totaled \$43,607. 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 capital grants and contributions. Capital grants and contributions increased \$4,594 mainly 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.

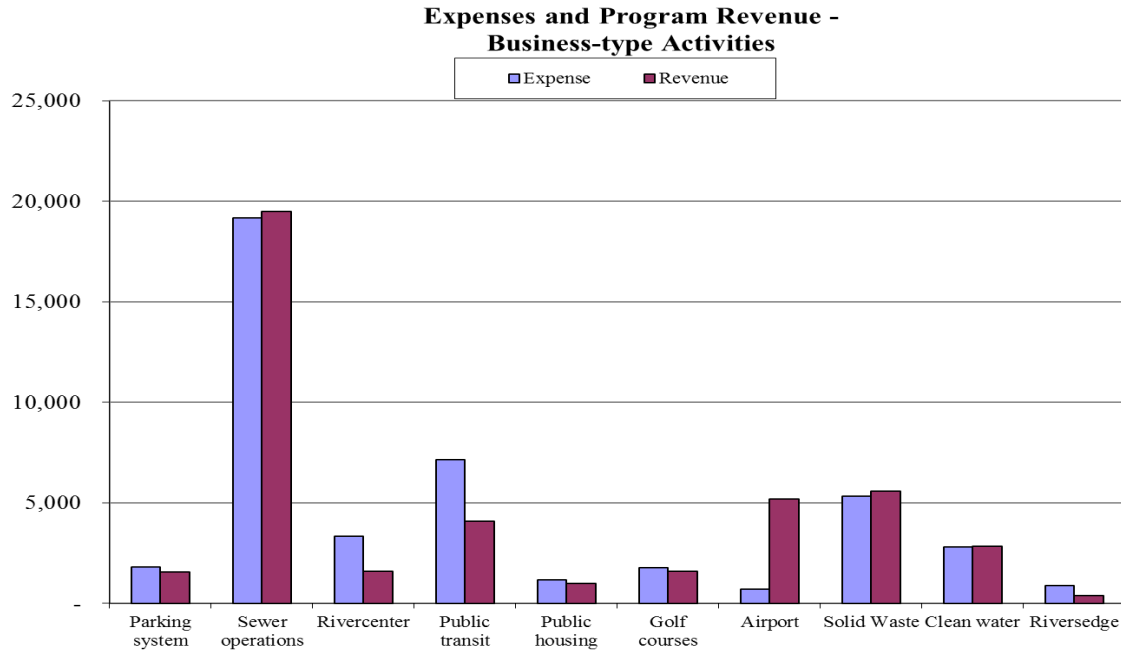


Total governmental activities’ revenues for FY 2015 were \$135,549, an increase of \$3,093 from FY 2014. This is primarily due to the increase in capital grants in FY 2015 as described above. The largest single revenue source was property taxes of \$69,374, which remained consistent to FY 2014.

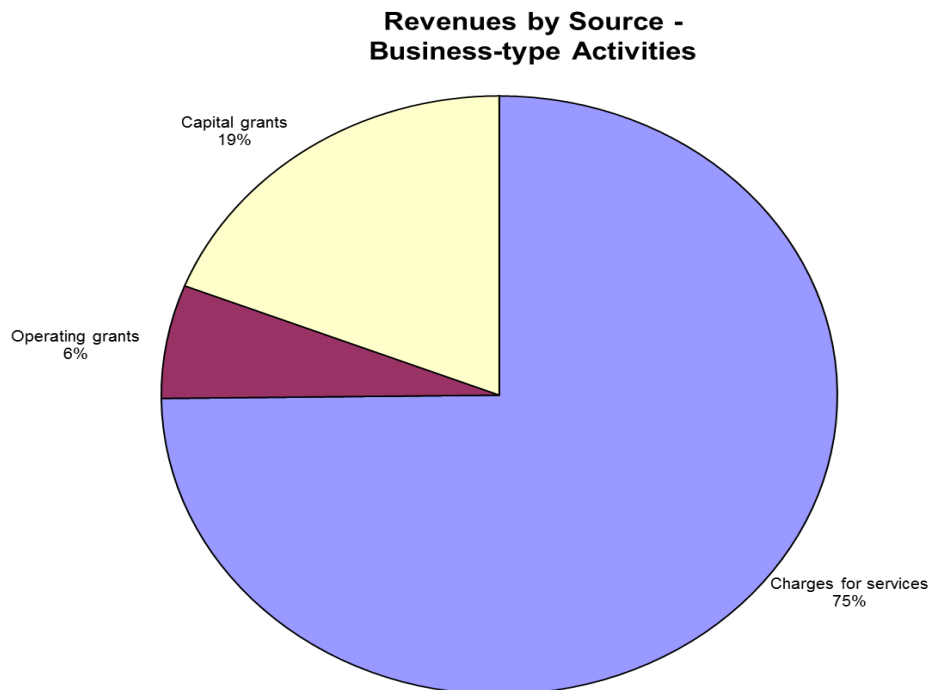
Business-type activities. Business-type activities increased City of Davenport’s net position by \$5,947, before transfers. This is primarily due to increased Airport Grants received to reconstruct the runway at the municipal airport.

Total business-type activities revenue for the fiscal year was \$50,061.

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 2015, the City of Davenport's governmental funds reported combined ending fund balances of \$46,281, a decrease of \$7,416 in comparison with the prior year. The decrease is attributed to a decrease in the General Debt Service Fund of \$9,929, due to the payment crossover refunding bonds combined with an increase in the General Fund of \$1,055, due to planned fund balance growth and an increase in the Non-Major Governmental Funds of \$1,544, due to timing of expenditures. Approximately 19.2 percent of this total amount, \$8,889, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) \$28; restricted by grantors and other legal restrictions \$34,587; committed by the City Council for revolving loans and the levee improvement commission \$1,191; and assigned by the Finance Director for future projects \$1,585.

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 2015, unassigned fund balance of the General Fund was \$8,889, while total fund balance was \$16,376. 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 13.2 percent of total General Fund expenditures, 19.8 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 24.3 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$1,056 during the current fiscal year and the unassigned fund balance increased by \$353. 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 higher 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 \$3,456, 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 \$9,929 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 \$4,795. 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 \$328, due to the completion of capital projects.

The Capital Projects Fund has a fund balance of \$14,748, due to unspent bond proceeds. The net decrease in fund balance during the current year in the Capital Projects Fund was \$416.

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 \$185,838 was increased to \$238,360, an increase of \$52,522. 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 \$38,221. There were special revenue grant rollovers and new grants amounting to \$6,901.
- The total original expenditure budget of \$211,701 was increased to \$277,797, an increase of \$66,096. In the community and economic development category, \$6,901 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, \$43,211 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects.

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 \$39,174 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 \$5,464 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, \$7,094 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$44,827 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$4,438 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 \$69,243 was increased to \$70,179, an increase of \$936. In the intergovernmental revenue category, federal grants in the amount of \$483, and state grants in the amount of \$91, subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$68,829 was increased to \$70,231, an increase of \$1,402. Police forfeiture and seizure monies of \$473 held as reserved General Fund balance at June 30, 2014 were included in amendments in order to authorize the expenditure during FY 2015. Public works expenditures were increased in amendments by \$80 as a result of the carry forward of the monies collected from developers and reserved for reforestation. Culture and recreation expenditures were amended to include grants carried forward of \$740 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 2015 was \$1,056, a positive variance from the budgeted change (\$1,551) of \$2,607.
- 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, 2015.

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, 2015, amounts to \$461,199 (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. At June 30, 2015, and June 30, 2014 the depreciable capital assets of the City were 45% and 43%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2015 include the following:

Governmental activities

- Street and road work completed by the City of \$7,306 including \$1,524 of full-depth patching, \$1,241 of street and alley resurfacing, \$2,413 I74 and 53rd Interchange and \$1,021 Kimberly Road intersection improvements.
- Credit Island Lodge rebuild \$1,739
- Jersey Farms Park-land purchase \$746
- River Heritage Park \$433
- Creative Arts Academy remodel \$228

Business-type activities

- Sanitary sewers built by City of Davenport \$2,035
- Biofilter system upgrade \$2,872
- Bus Maintenance Facility \$2,057
- Public Works work order management system \$232

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 20,749	\$ 20,003	\$ 11,250	\$ 11,250	\$ 31,999	\$ 31,253
Buildings	108,570	105,711	99,986	97,334	208,556	203,045
Improvements other than buildings	29,251	28,255	14,084	13,788	43,335	42,043
Sanitary sewers	-	-	120,177	117,543	120,177	117,543
Equipment and vehicles	42,606	41,403	37,155	34,030	79,761	75,433
Bridges	9,461	9,461	-	-	9,461	9,461
Traffic signals	8,503	8,503	-	-	8,503	8,503
Storm sewers	-	-	24,435	23,766	24,435	23,766
Paving	213,152	205,407	1,539	1,374	214,691	206,781
Seawalls	2,685	2,685	-	-	2,685	2,685
Tunnels	54	54	-	-	54	54
Construction in progress	21,103	11,617	16,764	11,513	37,867	23,130
Accumulated depreciation	(177,009)	(163,155)	(143,316)	(134,697)	(320,325)	(297,852)
Total	\$ 279,125	\$ 269,944	\$ 182,074	\$ 175,901	\$ 461,199	\$ 445,845

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$185,750. Of this amount, \$123,019 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation Bonds	\$ 138,258	\$ 151,885	\$ 47,492	\$ 48,215	\$ 185,750	\$ 200,100

The City of Davenport's total debt decreased by \$14,350 during the current fiscal year. New debt issuance of \$17,715 during the year was less than the debt retired of \$32,065. The issuance was to finance the City's capital improvement program including streets, buildings, and sanitary sewers (abated by user fees), solid waste (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 99 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 \$312,586, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$185,750, and other debt subject to the debt limitation of \$4,116.

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.

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 2.5% annually over the last ten fiscal years. For FY 2015, taxable assessed valuations decreased 1.6% from FY 2014 mainly due to the state ordered rollback of commercial property values. The residential rollback increased from 52.8166% to 54.4002%.

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 to 25.92% in FY 2016. 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.

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, an effectual increase of 2.25% in FY 2015, and will be 2.5% in FY 2016. 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, 2015**

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Current assets:			
Unrestricted current assets:			
Cash and investments	\$ 29,469,826	\$ 2,745,288	\$ 32,215,114
Delinquent property taxes receivable	1,023,035	54,825	1,077,860
Succeeding year property taxes receivable	69,140,106	3,608,628	72,748,734
Other taxes receivable	3,576,103	-	3,576,103
Special assessments	1,133,635	-	1,133,635
Accounts receivable	1,705,200	9,866,059	11,571,259
Accrued interest receivable	45,343	5,875	51,218
Internal balances	1,613,151	(1,613,151)	-
Due from other governments	7,108,907	461,023	7,569,930
Inventory	-	214,845	214,845
Prepaid items	363,983	3,949	367,932
Loans receivable - net	1,661,423	-	1,661,423
Total unrestricted current assets	<u>116,840,712</u>	<u>15,347,341</u>	<u>132,188,053</u>
Noncurrent assets:			
Investment in joint venture	-	34,961	34,961
Loans receivable - net	14,952,810	-	14,952,810
Restricted cash and cash equivalents	23,425,717	18,480,458	41,906,175
Capital assets:			
Land	20,748,679	11,250,241	31,998,920
Buildings	108,569,781	99,985,974	208,555,755
Improvements other than buildings	29,251,401	14,083,785	43,335,186
Sanitary sewers	-	120,176,812	120,176,812
Equipment and vehicles	42,606,127	37,155,202	79,761,329
Bridges	9,461,243	-	9,461,243
Traffic signals	8,502,673	-	8,502,673
Storm sewers	-	24,435,418	24,435,418
Streets and roads	213,151,476	1,539,059	214,690,535
Seawalls	2,685,289	-	2,685,289
Tunnels	54,326	-	54,326
Construction in progress	21,103,398	16,764,040	37,867,438
Accumulated depreciation	<u>(177,009,463)</u>	<u>(143,316,125)</u>	<u>(320,325,588)</u>
Total capital assets	<u>279,124,930</u>	<u>182,074,406</u>	<u>461,199,336</u>
Total noncurrent assets	<u>317,503,457</u>	<u>200,589,825</u>	<u>518,093,282</u>
Total assets	<u>\$ 434,344,169</u>	<u>\$ 215,937,166</u>	<u>\$ 650,281,335</u>
DEFERED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>11,454,167</u>	<u>1,200,929</u>	<u>12,655,096</u>

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 8,271,366	\$ 1,202,713	\$ 9,474,079
Contracts payable	1,178,279	-	1,178,279
Accrued wages payable	1,685,098	333,475	2,018,573
Accrued compensated absences	4,171,038	625,197	4,796,235
Claims and judgments	4,566,534	-	4,566,534
Due to other governments	187	-	187
Accrued interest payable	467,345	181,406	648,751
General obligation bonds payable	16,710,365	4,784,635	21,495,000
Unearned revenue - other	10,675,758	109,653	10,785,411
Capital lease payable	-	95,914	95,914
Total	47,725,970	7,332,993	55,058,963
Current liabilities payable from restricted assets:			
Accounts payable	62,833	-	62,833
Deposits payable	-	682,662	682,662
Notes payable	13,440	448,107	461,547
Total current liabilities payable from restricted assets	76,273	1,130,769	1,207,042
Total current liabilities	47,802,243	8,463,762	56,266,005
Noncurrent liabilities:			
Accrued compensated absences	468,088	70,161	538,249
Claims and judgments	2,981,696	-	2,981,696
Other postemployment benefits	5,963,503	1,319,517	7,283,020
Net pension liability	50,886,670	5,757,887	56,644,557
Note payable	297,351	13,699,000	13,996,351
General obligation bonds payable, net	126,241,034	45,318,132	171,559,166
Special assessment with government commitment	1,133,635	-	1,133,635
Capital Lease Payable	-	93,438	93,438
Total noncurrent liabilities	187,971,977	66,258,135	254,230,112
Total liabilities	235,774,220	74,721,897	310,496,117
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	69,140,106	3,608,628	72,748,734
Deferred amount on refunding	1,026,046	86,157	1,112,203
Pension related deferred inflows	18,984,613	2,390,841	21,375,454
Total deferred inflows of resources	89,150,765	6,085,626	95,236,391
NET POSITION			
Net investment in capital assets	157,084,943	131,173,938	288,258,881
Restricted:			
Local option sales tax	4,773,815	-	4,773,815
Library	873,040	-	873,040
Police seizure	609,318	-	609,318
Debt retirement	7,522,955	-	7,522,955
Road use tax	490,161	-	490,161
Community development act	71,247	-	71,247
Municipal improvement districts	520,650	-	520,650
Revolving loans	1,099,435	-	1,099,435
Section 8	7,305	-	7,305
Home investment partnership projects	873	-	873
Levee improvement commission projects	91,733	-	91,733
Equipment replacement	-	4,146,716	4,146,716
Miscellaneous grants	91,524	-	91,524
Unrestricted (deficit)	(52,363,648)	1,009,918	(51,353,730)
Total net position	\$ 120,873,351	\$ 136,330,572	\$ 257,203,923

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, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 48,529,955	\$ 3,315,156	\$ 634,568	\$ -
Public works	33,010,049	3,842,099	9,915,056	13,004,281
Culture and recreation	15,174,486	380,929	492,938	-
Community and economic development	11,131,967	167,130	5,607,050	-
General government	10,560,111	3,917,847	2,330,468	-
Interest on long-term debt	5,947,441	-	-	-
Total governmental activities	<u>124,354,009</u>	<u>11,623,161</u>	<u>18,980,080</u>	<u>13,004,281</u>
Business-type activities:				
Parking system	1,799,400	1,519,223	-	55,375
Sewer operations	19,160,797	18,992,400	-	1,104,648
RiverCenter	3,336,827	1,578,301	-	9,070
Public transit	7,131,163	494,410	2,172,106	1,437,249
Public housing	1,185,729	454,434	533,315	-
Golf courses	1,780,467	1,588,054	-	-
Airport	690,092	193,518	20,618	4,984,795
Solid waste	5,332,726	5,578,847	-	-
Clean water	2,795,659	2,555,246	-	793,657
River's Edge	900,627	312,180	-	83,050
Total business-type activities	<u>44,113,487</u>	<u>33,266,613</u>	<u>2,726,039</u>	<u>8,467,844</u>
Total government	<u>\$ 168,467,496</u>	<u>\$ 44,889,774</u>	<u>\$ 21,706,119</u>	<u>\$ 21,472,125</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 as restated

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>
\$ (44,580,231)	\$ -	\$ (44,580,231)
(6,248,613)	-	(6,248,613)
(14,300,619)	-	(14,300,619)
(5,357,787)	-	(5,357,787)
(4,311,796)	-	(4,311,796)
(5,947,441)	-	(5,947,441)
<u>(80,746,487)</u>	<u>-</u>	<u>(80,746,487)</u>
-	(224,802)	(224,802)
-	936,251	936,251
-	(1,749,456)	(1,749,456)
-	(3,027,398)	(3,027,398)
-	(197,980)	(197,980)
-	(192,413)	(192,413)
-	4,508,839	4,508,839
-	246,121	246,121
-	553,244	553,244
-	(505,397)	(505,397)
<u>-</u>	<u>347,009</u>	<u>347,009</u>
<u>(80,746,487)</u>	<u>347,009</u>	<u>(80,399,478)</u>
60,968,584	-	60,968,584
8,405,861	3,602,973	12,008,834
-	-	-
16,400,413	-	16,400,413
2,385,142	-	2,385,142
2,556,039	-	2,556,039
1,213,198	616,868	1,830,066
-	141	141
12,363	1,380,690	1,393,053
(2,931,002)	2,931,002	-
<u>89,010,598</u>	<u>8,531,674</u>	<u>97,542,272</u>
8,264,111	8,878,683	17,142,794
<u>112,609,240</u>	<u>127,451,889</u>	<u>240,061,129</u>
<u>\$ 120,873,351</u>	<u>\$ 136,330,572</u>	<u>\$ 257,203,923</u>

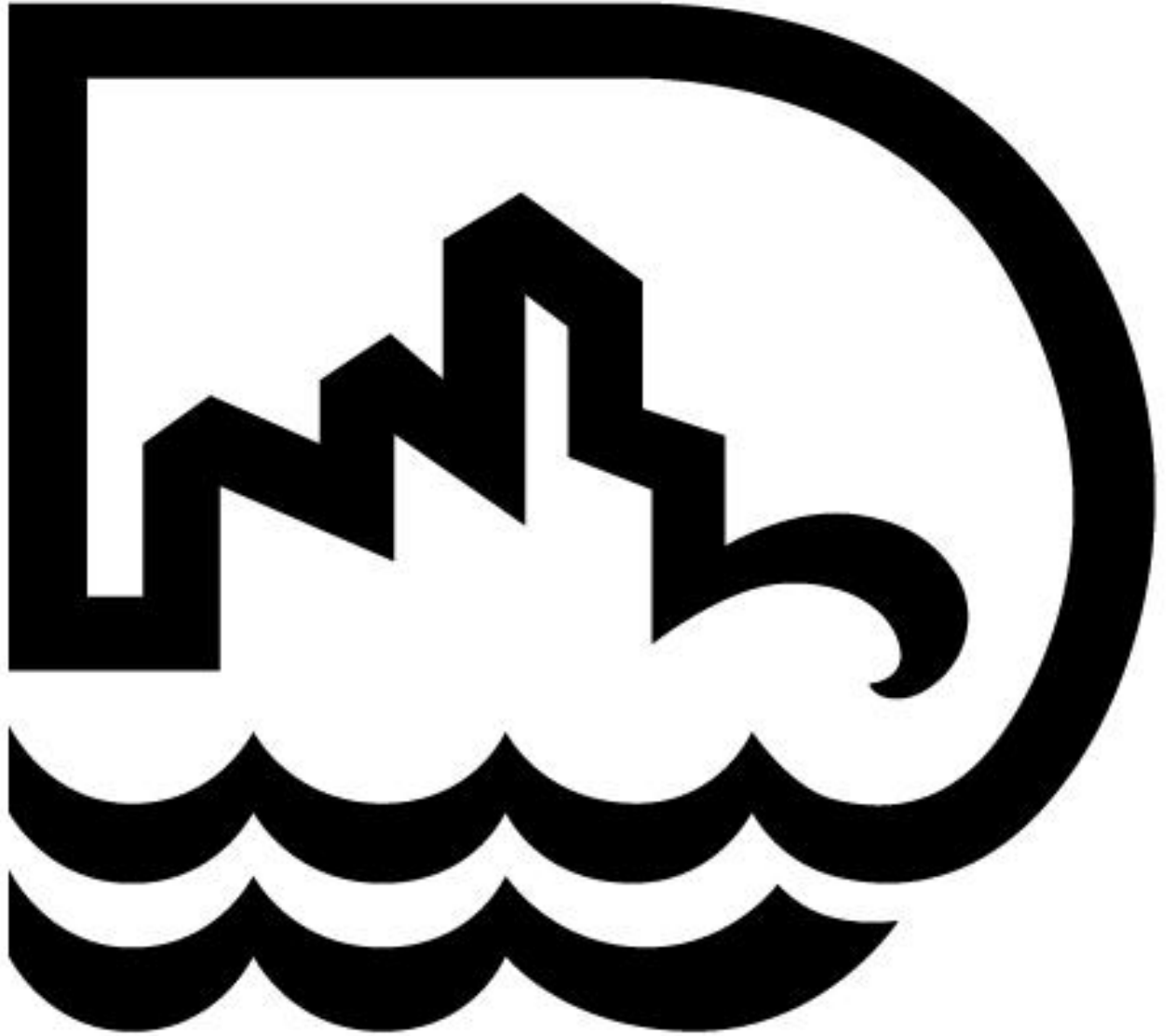
CITY OF DAVENPORT

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2015**

ASSETS	GENERAL FUND	LOCAL OPTION SALES TAX FUND
Cash and investments	\$ 14,375,626	\$ 3,183,136
Receivables:		
Property taxes:		
Delinquent	832,064	-
Succeeding year	54,401,106	-
Other taxes	934,370	2,641,733
Accounts	683,741	36,614
Special assessments	-	26,334
Loans, net	-	1,342,830
Interest	10,632	-
Interfund receivable	2,497,727	-
Due from other governments	501,670	-
Prepays	5,446	21,125
Restricted assets-cash and investments	-	-
TOTAL ASSETS	\$ 74,242,382	\$ 7,251,772
LIABILITIES		
Wages payable	\$ 1,425,024	\$ 39,510
Accounts payable	1,631,533	267,013
Contracts payable	-	-
Payable from restricted assets	-	-
Interfund payable	6,055	2,124,935
Due to other governments	-	-
Unearned revenue	-	-
Note payable	-	-
Matured bonds payable	-	-
Matured interest payable	-	-
TOTAL LIABILITIES	3,062,612	2,431,458
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - succeeding year property tax	54,401,106	-
Unavailable revenue - intergovernmental and special assessments	402,235	25,374
TOTAL DEFERRED INFLOWS OF RESOURCES	54,803,341	25,374
FUND BALANCES		
Nonspendable	\$ 5,446	\$ 21,125
Restricted	5,896,292	4,773,815
Committed	-	-
Assigned	1,585,151	-
Unassigned	8,889,540	-
TOTAL FUND BALANCES	16,376,429	4,794,940
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 74,242,382	\$ 7,251,772

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
\$ 1,609,445	\$ 20,168,962	\$ 4,997,317	\$ 44,334,486
127,986	-	62,985	1,023,035
8,931,914	-	5,807,086	69,140,106
-	-	-	3,576,103
136,500	389,865	97,937	1,344,657
1,107,301	-	-	1,133,635
-	-	15,271,403	16,614,233
22,932	-	4,155	37,719
1,585,040	558,122	-	4,640,889
-	5,400,347	1,206,890	7,108,907
-	-	1,750	28,321
-	-	62,833	62,833
<u>\$ 13,521,118</u>	<u>\$ 26,517,296</u>	<u>\$ 27,512,356</u>	<u>\$ 149,044,924</u>
\$ -	\$ 5,888	\$ 171,157	\$ 1,641,579
-	5,083,446	1,021,206	8,003,198
-	1,178,279	-	1,178,279
-	-	62,833	62,833
-	-	6,655	2,137,645
-	-	187	187
-	-	10,675,758	10,675,758
-	310,791	-	310,791
20,000	-	-	20,000
3,381	-	-	3,381
<u>23,381</u>	<u>6,578,404</u>	<u>11,937,796</u>	<u>24,033,651</u>
8,931,914	-	5,807,086	69,140,106
<u>1,109,796</u>	<u>5,190,982</u>	<u>2,861,904</u>	<u>9,590,291</u>
<u>10,041,710</u>	<u>5,190,982</u>	<u>8,668,990</u>	<u>78,730,397</u>
\$ -	\$ -	1,750	\$ 28,321
3,456,027	14,747,910	5,712,652	34,586,696
-	-	1,191,168	1,191,168
-	-	-	1,585,151
-	-	-	8,889,540
<u>3,456,027</u>	<u>14,747,910</u>	<u>6,905,570</u>	<u>46,280,876</u>
<u>\$ 13,521,118</u>	<u>\$ 26,517,296</u>	<u>\$ 27,512,356</u>	<u>\$ 149,044,924</u>



**CITY OF DAVENPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total governmental fund balances	\$ 46,280,876
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.	275,099,640
Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds.	9,590,291
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.	4,116,701
Internal service funds activities allocated to business-type activities	(877,921)
Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	11,290,921
Deferred inflows of resources	<u>(18,657,056)</u>
	(7,366,135)
Accrued employee benefits	(4,489,311)
Accrued interest payable	(463,964)
General Obligation bonds payable and special assessments	(144,065,034)
Deferred amounts on refunding	(1,026,046)
Other post employment benefits	(5,797,011)
Pension liability	<u>(50,128,735)</u>
	<u>(205,970,101)</u>
Net position of governmental activities	<u><u>\$ 120,873,351</u></u>

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

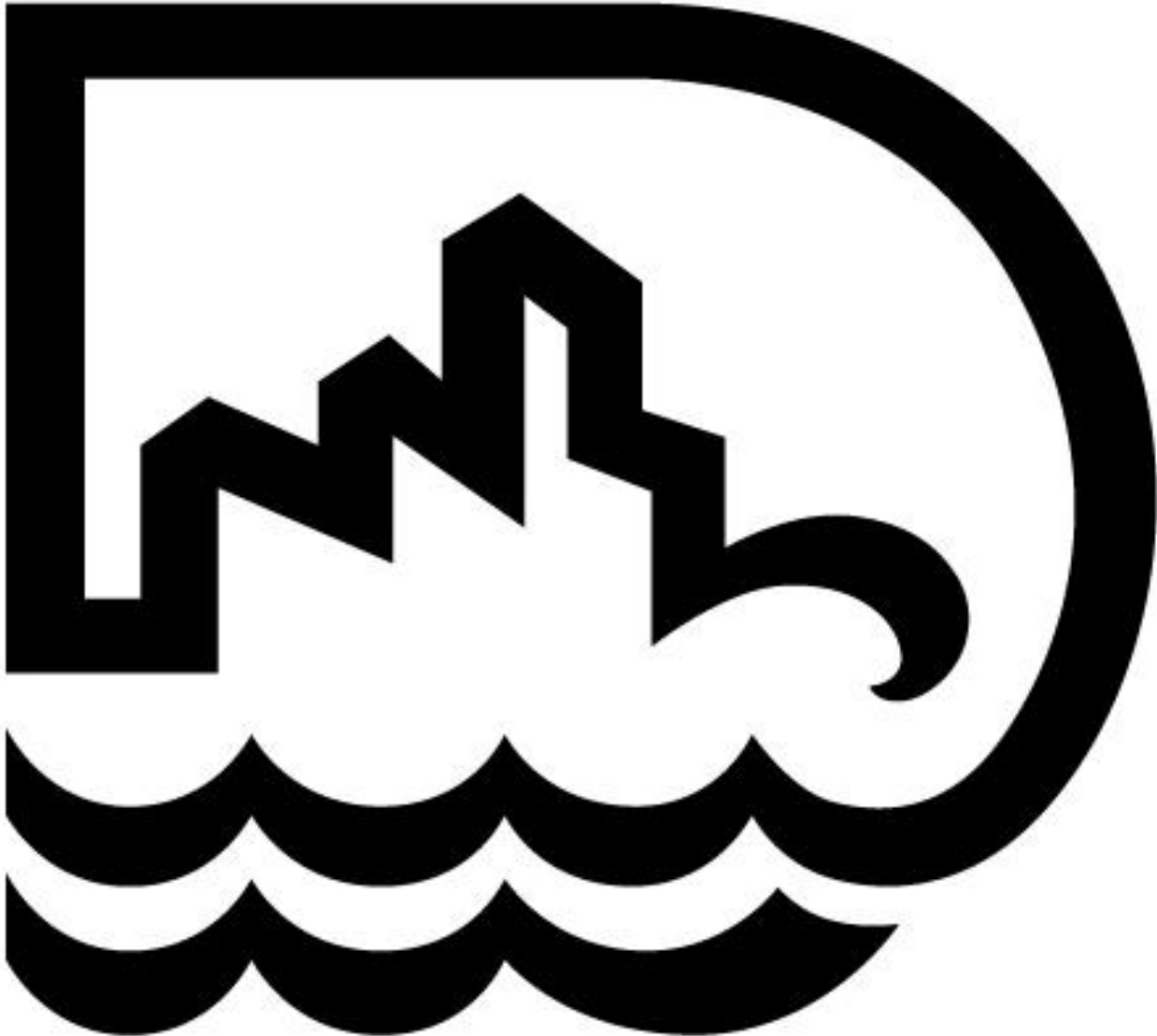
CITY OF DAVENPORT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2015**

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	\$ 59,705,488	\$ 16,400,413	\$ 8,395,890	\$ -
Special assessments	-	8,370	30,622	-
Licenses and permits	1,935,347	-	-	-
Intergovernmental	2,739,724	-	250,924	12,582,272
Charges for services	3,887,210	76,758	-	-
Use of monies and property	544,388	104,600	139,090	20,000
Fines and forfeits	2,050,224	-	-	-
Loan repayments	-	-	-	155,039
Other	333,149	12,754	989,641	84,889
Total Revenues	<u>71,195,530</u>	<u>16,602,895</u>	<u>9,806,167</u>	<u>12,842,200</u>
EXPENDITURES:				
Current:				
Public safety	41,327,950	567,958	-	-
Public works	4,701,546	1,627,327	-	-
Culture and recreation	11,070,358	197,235	-	-
Community and economic development	894,828	309,991	-	-
General government	9,477,655	65,839	3,000	-
Capital outlay	-	-	-	31,737,839
Debt service:				
Principal retirement	-	-	24,851,985	-
Interest	-	-	5,334,773	-
Bond issuance costs	-	-	-	192,668
Total Expenditures	<u>67,472,337</u>	<u>2,768,350</u>	<u>30,189,758</u>	<u>31,930,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,723,193</u>	<u>13,834,545</u>	<u>(20,383,591)</u>	<u>(19,088,307)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	12,995,000
Premium on debt issued	-	-	-	1,207,558
Sale of capital assets	15,451	-	-	-
Transfers in	332,500	-	10,554,863	4,469,265
Transfers out	(3,015,230)	(13,506,002)	(100,000)	-
Total net Other Financing Sources (Uses)	<u>(2,667,279)</u>	<u>(13,506,002)</u>	<u>10,454,863</u>	<u>18,671,823</u>
NET CHANGE IN FUND BALANCES	1,055,914	328,543	(9,928,728)	(416,484)
FUND BALANCES -BEGINNING	<u>15,320,515</u>	<u>4,466,397</u>	<u>13,384,755</u>	<u>15,164,394</u>
FUND BALANCES - ENDING	<u>\$ 16,376,429</u>	<u>\$ 4,794,940</u>	<u>\$ 3,456,027</u>	<u>\$ 14,747,910</u>

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 5,998,118	\$ 90,499,909
-	38,992
82,561	2,017,908
16,723,634	32,296,554
-	3,963,968
405,120	1,213,198
-	2,050,224
752,279	907,318
1,658,384	3,078,817
<u>25,620,096</u>	<u>136,066,888</u>
253,744	42,149,652
11,701,172	18,030,045
-	11,267,593
9,166,091	10,370,910
145,891	9,692,385
-	31,737,839
1,770,275	26,622,260
669,712	6,004,485
-	192,668
<u>23,706,885</u>	<u>156,067,837</u>
<u>1,913,211</u>	<u>(20,000,949)</u>
-	12,995,000
-	1,207,558
-	15,451
418,787	15,775,415
<u>(787,083)</u>	<u>(17,408,315)</u>
<u>(368,296)</u>	<u>12,585,109</u>
1,544,915	(7,415,840)
<u>5,360,655</u>	<u>53,696,716</u>
<u>\$ 6,905,570</u>	<u>\$ 46,280,876</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, 2015**

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

Net change in fund balances: total governmental funds \$ (7,415,840)

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	22,941,056
Depreciation	(14,146,478)
	8,794,578

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	(81,095)
Donations	422,010
Transfer of capital assets from Enterprise Fund	(25,895)
Proceeds from sale of capital assets	(15,451)
	299,569

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (939,772)

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)	(13,797,554)
Repayment of bond principal	26,622,260
	12,824,706

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.

Compensated absences	154,842
Other postemployment benefits	(1,295,539)
Pension expense	(3,913,939)
Interest on long-term debt	57,044
	(4,997,592)

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. (301,538)

Change in net position of governmental activities \$ 8,264,111

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

CITY OF DAVENPORT

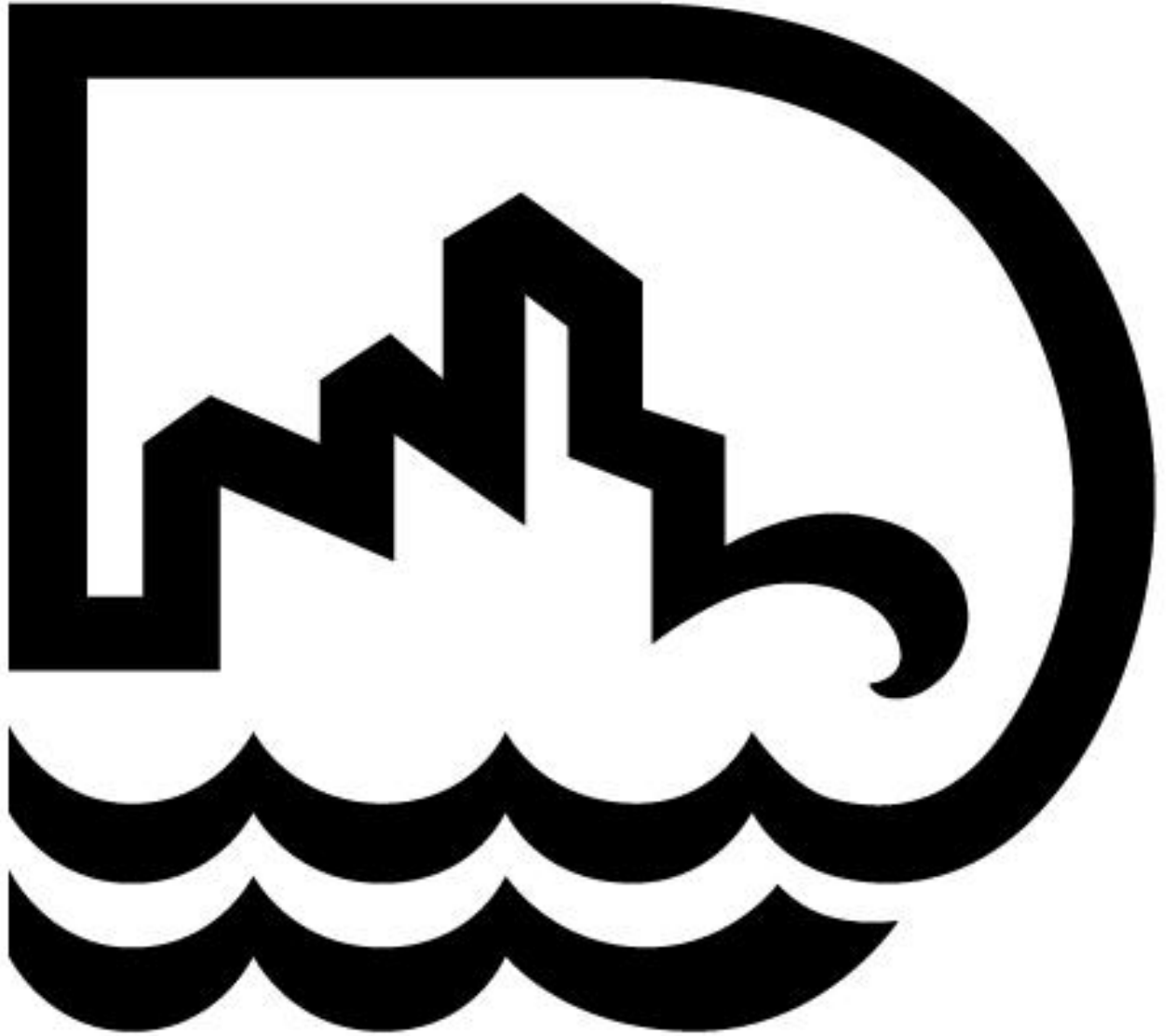
**PROPRIETARY FUNDS
STATEMENT OF NET POSITION**

June 30, 2015

	BUSINESS-TYPE ACTIVITIES -	
ASSETS	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	\$ -	\$ 359,644
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	192,304	5,856,389
Interest	-	4,374
Due from other governments	-	350,962
Inventory	-	-
Prepays	-	1,450
Total current assets	<u>192,304</u>	<u>6,572,819</u>
Noncurrent assets:		
Investment in joint venture	-	-
Restricted cash and cash equivalents	-	14,558,710
Capital assets:		
Land	3,647,368	779,435
Buildings	26,238,948	35,579,881
Improvements other than buildings	189,547	141,111
Sanitary sewers	-	120,176,812
Paving	1,140,885	165,050
Equipment and vehicles	481,864	22,554,879
Storm sewers	-	-
Less accumulated depreciation	(10,925,557)	(79,856,252)
Construction in progress	83,837	8,743,407
Total noncurrent assets	<u>20,856,892</u>	<u>122,843,033</u>
Total assets	<u>21,049,196</u>	<u>129,415,852</u>
DEFERED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	<u>29,695</u>	<u>480,296</u>
LIABILITIES		
LIABILITIES:		
Current liabilities:		
Wages payable	7,546	129,561
Accounts payable	16,022	635,326
Capital leases payable	-	95,914
Accrued interest payable	15,038	150,300
Compensated absences	9,613	325,115
Claims and judgments	-	-
Interfund loans payable	62,229	1,204,652
Unearned revenue	-	-
Note payable - current	-	448,107
General obligation bonds - current	657,850	3,305,845
Deposits payable	-	646,264
Total current liabilities	<u>768,298</u>	<u>6,941,084</u>
Noncurrent liabilities:		
Capital leases payable	-	93,438
Compensated absences	1,079	36,485
Claims and judgments	-	-
Other postemployment benefits	38,355	557,262
Net pension liability	166,609	2,399,782
Note payable	-	13,699,000
General obligation bonds -long term	4,493,100	36,426,590
Total noncurrent liabilities	<u>4,699,143</u>	<u>53,212,557</u>
Total liabilities	<u>5,467,441</u>	<u>60,153,641</u>
DEFERRED INFLOWS OF RESOURCES		
Succeeding year property tax	-	-
Deferred amount on refunding	52,277	32,175
Pension related deferred inflows	56,608	946,149
Total deferred inflows of resources	<u>108,885</u>	<u>978,324</u>
NET POSITION		
Net investment in capital assets	15,653,665	63,922,820
Restricted for equipment replacement	-	4,146,716
Unrestricted (deficit)	(151,100)	694,647
Total net position	<u>\$ 15,502,565</u>	<u>\$ 68,764,183</u>

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

ENTERPRISE FUNDS		TOTAL			GOVERNMENTAL
RIVERCENTER	CLEAN WATER	NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	ENTERPRISE FUNDS	ACTIVITIES - INTERNAL SERVICE FUNDS
\$ 137,333	\$ 1,352,509	\$ 895,802	\$ 2,745,288	\$ 8,498,224	
-	-	54,825	54,825	-	
-	-	3,608,628	3,608,628	-	
415,080	850,680	2,551,606	9,866,059	360,543	
-	811	690	5,875	7,624	
-	-	110,061	461,023	-	
36,109	-	178,736	214,845	-	
2,036	-	463	3,949	335,662	
<u>590,558</u>	<u>2,204,000</u>	<u>7,400,811</u>	<u>16,960,492</u>	<u>9,202,053</u>	
-	-	34,961	34,961	-	
-	1,017,481	2,904,267	18,480,458	-	
2,472,550	204,051	4,146,837	11,250,241	-	
18,901,048	-	19,266,097	99,985,974	-	
59,147	316,520	13,377,460	14,083,785	2,724,926	
-	-	-	120,176,812	-	
84,121	-	149,003	1,539,059	-	
696,573	1,199,506	12,222,380	37,155,202	5,109,604	
-	24,435,418	-	24,435,418	-	
(11,539,764)	(12,550,077)	(28,444,475)	(143,316,125)	(3,809,240)	
-	845,675	7,091,121	16,764,040	-	
<u>10,673,675</u>	<u>15,468,574</u>	<u>30,747,651</u>	<u>200,589,825</u>	<u>4,025,290</u>	
<u>11,264,233</u>	<u>17,672,574</u>	<u>38,148,462</u>	<u>217,550,317</u>	<u>13,227,343</u>	
<u>2,297</u>	<u>96,150</u>	<u>592,491</u>	<u>1,200,929</u>	<u>163,246</u>	
-	25,574	170,794	333,475	43,519	
56,852	64,555	429,958	1,202,713	268,168	
-	-	-	95,914	-	
-	6,121	9,947	181,406	-	
-	50,094	240,375	625,197	134,699	
-	-	-	-	4,566,534	
-	-	1,224,191	2,491,072	12,172	
93,701	-	15,952	109,653	-	
-	-	-	448,107	-	
-	155,000	665,940	4,784,635	-	
-	-	36,398	682,662	-	
<u>150,553</u>	<u>301,344</u>	<u>2,793,555</u>	<u>10,954,834</u>	<u>5,025,092</u>	
-	-	-	93,438	-	
-	5,622	26,975	70,161	15,116	
-	-	-	-	2,981,696	
4,289	95,277	624,334	1,319,517	166,492	
25,386	486,487	2,679,623	5,757,887	757,935	
-	-	-	13,699,000	-	
-	2,037,575	2,360,867	45,318,132	-	
<u>29,675</u>	<u>2,624,961</u>	<u>5,691,799</u>	<u>66,258,135</u>	<u>3,921,239</u>	
<u>180,228</u>	<u>2,926,305</u>	<u>8,485,354</u>	<u>77,212,969</u>	<u>8,946,331</u>	
-	-	3,608,628	3,608,628	-	
-	-	1,705	86,157	-	
3,084	188,780	1,196,220	2,390,841	327,557	
<u>3,084</u>	<u>188,780</u>	<u>4,806,553</u>	<u>6,085,626</u>	<u>327,557</u>	
10,673,675	13,275,999	27,647,779	131,173,938	4,025,290	
-	-	-	4,146,716	-	
409,543	1,377,640	(2,198,733)	131,997	91,411	
<u>\$ 11,083,218</u>	<u>\$ 14,653,639</u>	<u>\$ 25,449,046</u>	<u>\$ 135,452,651</u>	<u>\$ 4,116,701</u>	



**CITY OF DAVENPORT
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total enterprise funds net position	\$ 135,452,651
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.	363,970
Adjustments fo reflect the consolidation of prior years internal service fund activities related to enterprise funds.	<u>513,951</u>
Net position of business-type activities	<u><u>\$ 136,330,572</u></u>

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

CITY OF DAVENPORT

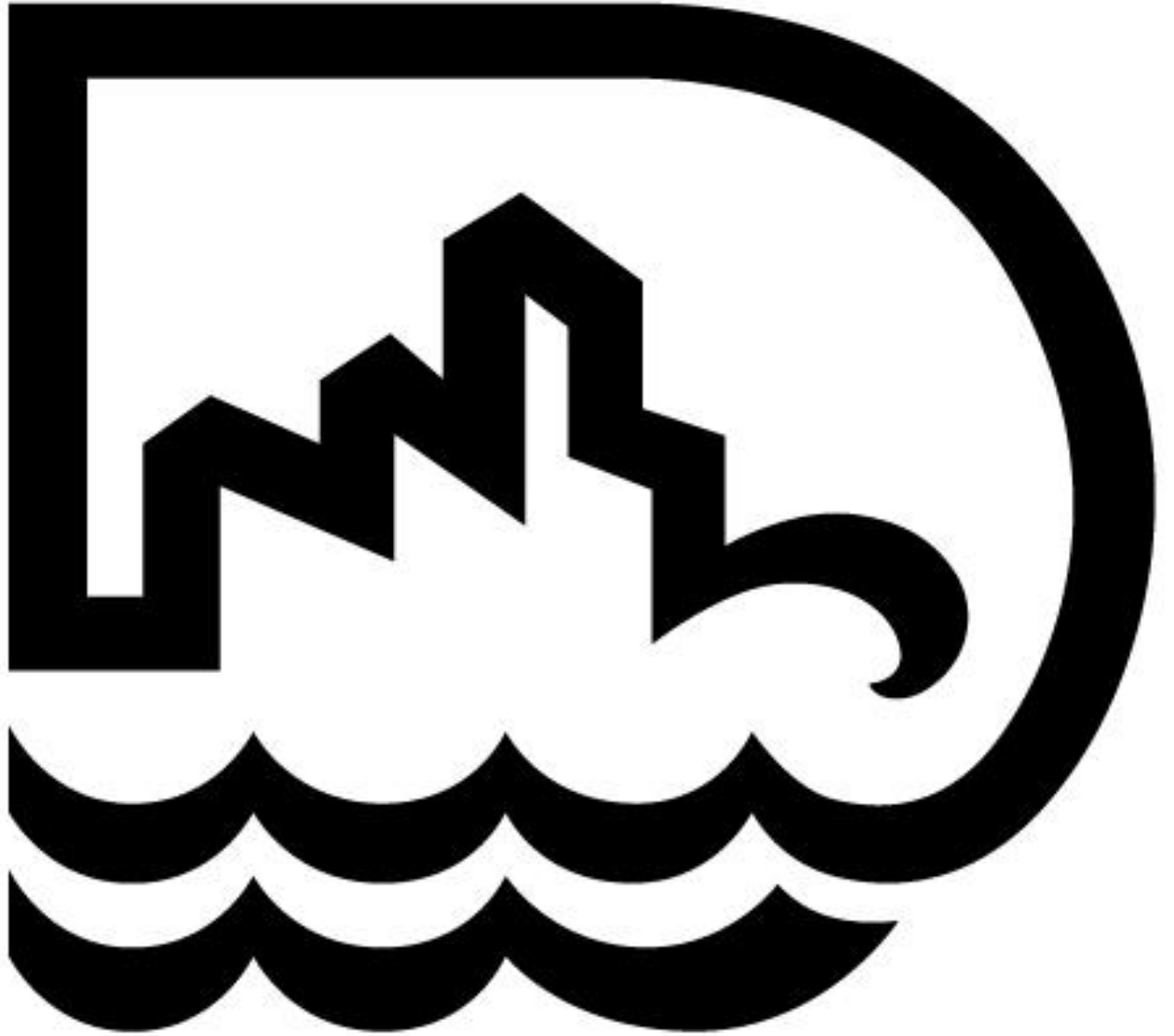
**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>
OPERATING REVENUES:			
Charges for services	\$ 1,345,815	\$ 18,992,400	\$ 1,578,301
Fines and forfeits	173,408	-	-
Other	1,806	1,100,113	57,376
Total Operating Revenues	<u>1,521,029</u>	<u>20,092,513</u>	<u>1,635,677</u>
OPERATING EXPENSES:			
Employee expenses	334,614	5,921,015	27,651
Supplies and services	567,649	7,377,569	2,788,427
Depreciation	746,955	4,947,750	539,863
Total Operating Expenses	<u>1,649,218</u>	<u>18,246,334</u>	<u>3,355,941</u>
OPERATING INCOME (LOSS)	<u>(128,189)</u>	<u>1,846,179</u>	<u>(1,720,264)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Non-operating grants	-	-	-
Use of monies and property	31,888	87,704	-
Interest expense	(181,166)	(999,647)	-
Gain (loss) on disposition of capital assets	-	(20,366)	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>(149,278)</u>	<u>(932,309)</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(277,467)</u>	<u>913,870</u>	<u>(1,720,264)</u>
Capital contributions	55,375	1,104,648	9,070
Transfers in	600,000	672,046	1,180,712
Transfers out	-	(265,715)	-
Change in net position	<u>377,908</u>	<u>2,424,849</u>	<u>(530,482)</u>
Total net position - beginning as restated	<u>15,124,657</u>	<u>66,339,334</u>	<u>11,613,700</u>
Total net position - ending	<u>\$ 15,502,565</u>	<u>\$ 68,764,183</u>	<u>\$ 11,083,218</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>
\$ 2,554,946	\$ 8,621,443	\$ 33,092,905	\$ 20,151,946
300	-	173,708	-
93,588	127,807	1,380,690	1,231,468
<u>2,648,834</u>	<u>8,749,250</u>	<u>34,647,303</u>	<u>21,383,414</u>
1,143,793	6,979,136	14,406,209	1,912,674
641,904	7,670,257	19,045,806	18,248,872
943,954	2,061,196	9,239,718	509,480
<u>2,729,651</u>	<u>16,710,589</u>	<u>42,691,733</u>	<u>20,671,026</u>
<u>(80,817)</u>	<u>(7,961,339)</u>	<u>(8,044,430)</u>	<u>712,388</u>
-	3,602,973	3,602,973	-
-	2,726,039	2,726,039	-
10,715	486,561	616,868	25,281
(76,085)	(84,580)	(1,341,478)	-
-	(24,549)	(44,915)	-
-	(399,190)	(399,190)	-
<u>(65,370)</u>	<u>6,307,254</u>	<u>5,160,297</u>	<u>25,281</u>
(146,187)	(1,654,085)	(2,884,133)	737,669
793,657	6,505,094	8,467,844	596,970
19,605	724,354	3,196,717	265,715
<u>667,075</u>	<u>-</u>	<u>(265,715)</u>	<u>(1,537,922)</u>
<u>13,986,564</u>	<u>5,575,363</u>	<u>8,514,713</u>	<u>62,432</u>
<u>13,986,564</u>	<u>19,873,683</u>	<u>126,937,938</u>	<u>4,054,269</u>
<u>\$ 14,653,639</u>	<u>\$ 25,449,046</u>	<u>\$ 135,452,651</u>	<u>\$ 4,116,701</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, 2015**

Net change in net position in enterprise funds	\$ 8,514,713
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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.

<u>363,970</u>

Change in net position of business-type activities	<u><u>\$ 8,878,683</u></u>
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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, 2015**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,421,670	\$ 18,367,087
Cash paid to suppliers for goods and services	(591,839)	(7,014,427)
Cash paid to employees for services	(340,950)	(5,963,410)
Other operating revenue	1,806	1,100,113
Net Cash Provided by (Used for) Operating Activities	<u>490,687</u>	<u>6,489,363</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayments to other funds	(347,398)	(2,200,129)
Advances from other funds	62,229	1,204,652
Grants	-	-
Property tax	-	-
Transfers in	600,000	665,756
Transfers out	-	(265,715)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>314,831</u>	<u>(595,436)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from general obligation bonds	-	3,790,000
Proceeds from loan	-	453,125
Refunding discount/issue costs and premiums	(17,715)	(27,423)
Proceeds from the sale of capital assets	-	-
Acquisition and construction of capital assets	-	(5,643,405)
Principal paid on long-term debt	(636,850)	(4,696,450)
Interest paid on long-term debt	(182,841)	(1,815,449)
Deposits-other municipalities	-	(132,689)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(837,406)</u>	<u>(8,072,291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	1,072,410
Interest and other investment income	31,888	87,802
Net Cash provided by (used for) Investing Activities	<u>31,888</u>	<u>1,160,212</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(1,018,152)
CASH AND CASH EQUIVALENTS-BEGINNING	<u>-</u>	<u>15,936,506</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ -</u>	<u>\$ 14,918,354</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>
\$ 1,994,172	\$ 2,521,097	\$ 9,195,881	\$ 33,499,907	\$ 19,810,238
(2,898,283)	(593,979)	(7,723,814)	(18,822,342)	(17,886,543)
(30,102)	(1,160,690)	(7,018,033)	(14,513,185)	(1,913,642)
57,376	93,588	127,807	1,380,690	1,231,468
<u>(876,837)</u>	<u>860,016</u>	<u>(5,418,159)</u>	<u>1,545,070</u>	<u>1,241,521</u>
(166,542)	(4,555)	(2,573,943)	(5,292,567)	-
-	-	1,224,191	2,491,072	12,172
-	-	2,726,039	2,726,039	-
-	-	3,602,973	3,602,973	-
1,180,712	-	724,354	3,170,822	265,715
-	-	-	(265,715)	(1,537,922)
<u>1,014,170</u>	<u>(4,555)</u>	<u>5,703,614</u>	<u>6,432,624</u>	<u>(1,260,035)</u>
-	-	930,000	4,720,000	-
-	-	-	453,125	-
-	(20,373)	33,805	(31,706)	-
-	-	10,447	10,447	-
-	(163,937)	(358,212)	(6,165,554)	-
-	(153,000)	(470,440)	(5,956,740)	-
-	(77,534)	(83,144)	(2,158,968)	-
-	-	-	(132,689)	-
-	(414,844)	62,456	(9,262,085)	-
-	-	-	1,072,410	-
-	10,149	486,213	616,052	22,740
-	10,149	486,213	1,688,462	22,740
137,333	450,766	834,124	404,071	4,226
-	1,919,224	2,965,945	20,821,675	8,493,998
<u>\$ 137,333</u>	<u>\$ 2,369,990</u>	<u>\$ 3,800,069</u>	<u>\$ 21,225,746</u>	<u>\$ 8,498,224</u>

(continued)

CITY OF DAVENPORT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2015**

	<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)	<u>\$ (128,189)</u>	<u>\$ 1,846,179</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	746,955	4,947,750
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(97,553)	(522,687)
Decrease in due from other governments	-	(102,626)
Decrease (increase) in inventory and prepaids	-	814
Decrease (increase) in pension related deferred outflow	(6,034)	(128,141)
Increase (decrease) in accounts payable	(24,190)	362,328
Increase in other accrued liabilities	5,032	141,465
Increase (decrease) in net pension liability	(61,942)	(1,001,868)
Increase in pension related deferred inflows	56,608	946,149
Increase (decrease) in unearned revenue	-	-
Total Adjustments	<u>618,876</u>	<u>4,643,184</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 490,687</u></u>	<u><u>\$ 6,489,363</u></u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Acquisition of capital assets through capital contributions	\$ 55,375	\$ 1,104,648
Contribution of capital assets by municipality	(55,375)	103,181
Contribution of capital assets by subdividers	-	(598,856)
Contribution of capital assets by state and federal governments	-	-
Contribution by other	-	(608,972)
Capitalized interest	-	807,753
Transfer of assets from Governmental Activities	-	6,290

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>
\$ (1,720,264)	\$ (80,817)	\$ (7,961,339)	\$ (8,044,430)	\$ 712,388
539,863	943,954	2,061,196	9,239,718	509,480
395,890	(34,149)	(168,528)	(427,027)	(341,708)
-	-	742,786	640,160	-
(13,273)	2,796	(82,196)	(91,859)	(15,410)
-	(25,023)	(187,137)	(346,335)	(147,347)
(96,583)	45,129	28,638	315,322	377,741
(2,451)	19,910	187,913	351,869	61,521
-	(200,564)	(1,235,893)	(2,500,267)	(340,519)
-	188,780	1,196,220	2,387,757	425,375
19,981	-	181	20,162	-
<u>843,427</u>	<u>940,833</u>	<u>2,543,180</u>	<u>9,589,500</u>	<u>529,133</u>
<u>\$ (876,837)</u>	<u>\$ 860,016</u>	<u>\$ (5,418,159)</u>	<u>\$ 1,545,070</u>	<u>\$ 1,241,521</u>
\$ 9,070	\$ 793,657	\$ 6,505,094	\$ 8,467,844	\$ 596,970
(9,070)	(74,106)	(2,552,671)	(2,588,041)	(596,970)
-	(516,283)	-	(1,115,139)	-
-	(203,268)	(3,952,423)	(4,155,691)	-
-	-	-	(608,972)	-
-	1,110	-	808,863	-
-	19,605	-	25,895	-

CITY OF DAVENPORT

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and investments	\$ 461,058
Interest receivable	364
Total assets	<u>\$ 461,422</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 25,725
Due to other governments	435,697
Total liabilities	<u>\$ 461,422</u>

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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 5% and Metrolink providing 95% for the year. The City paid \$69,835 in maintenance fees during the fiscal year ended June 30, 2015. 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.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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.

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

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

C. Fund Accounting

The accounts of the City are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, 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, 2015 (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. This fund is a nonmajor fund but the City has elected to report it as a major fund for public interest purposes.
- (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, 2015 (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, pensions 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 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 the Iowa Public Agency Investment Trust are stated at amortized cost, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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, 2015 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2014.

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, 2015 was \$16.78 per \$1,000 of assessed valuation.

I. Loans Receivable

Loans receivable, net of allowance, consist of \$3,122,881 of financing provided to companies that are beginning operations. The remaining \$13,491,352 of loans receivable, net of allowance, 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 \$3,614,210 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, 2015: unexpended general obligation bond proceeds and other funds

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

restricted to capital outlay of \$9,739,566 and deposits and equipment replacements of \$4,819,144 in the Sewer Enterprise Fund, \$1,017,481 of unexpended bond proceeds in the Clean Water Enterprise Fund; \$2,841,087 of unexpended bond proceeds in the Solid Waste Enterprise Fund; \$26,782 of unexpended bond proceeds in the Public Housing Fund, security deposits of \$36,398 in the Public Housing Fund, and loan escrow payments of \$62,833 in the Community Development Act Special Revenue Fund. In governmental activities, there is also \$23,362,884 of unexpended general obligation proceeds restricted to capital outlay.

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 statements 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 \$807,753 in the Sewer Operations Fund and \$1,110 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. Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

N. 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.

O. 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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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 revenue in the year they are levied and budgeted for. The City's government-wide statements also include pension related deferred inflows, which are the unamortized portion of the difference between expected and actual experience, the difference between projected and actual earnings on investments, and the change in proportion and difference between the City's contributions and proportionate share of contributions.

P. 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."

Q. 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.

R. 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 \$9,739,566, \$1,017,481, \$2,841,087 and \$26,782 respectively. Unspent debt proceeds for the Capital Projects Fund were \$23,362,884. 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 \$3,148,957 for employee benefits; \$1,264,977 for tort liability; \$4,773,815 for local option sales tax; \$873,040 for library; \$3,456,027 for debt service; \$490,161 for road use tax and \$520,650 for municipal improvement districts. Net position is reported as

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

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.

S. Pensions

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

T. 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 governmental 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.

U. 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.

V. Inventory

Consists of consumable supplies and are valued at cost using first-in first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

W. 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 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.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

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 \$74,168,004 and the bank balances were \$74,794,875. As of June 30, 2015, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

B. Investments

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured Iowa institutions approved by the City Council; prime eligible bankers acceptances, certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and state and local securities.

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

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

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

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, 2015 the City had no interest rate risk or credit risk.

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 \$414,343 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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	Sewer Fund	Parking Fund	RiverCenter Fund	Clean Water Fund	Non-major proprietary Funds	Risk Internal Service Fund	Total transfer
Transfer out:											
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ 6,290	\$ -	\$ -	\$ 19,605	\$ -	\$ -	\$ 25,895
General Fund	-	250,000	887,377	372,787	-	-	1,180,712	-	324,354	-	3,015,230
Local Option Sales Tax Fund	-	10,304,863	1,589,383	46,000	665,756	500,000	-	-	400,000	-	13,506,002
General Debt Service Fund	-	-	-	-	-	100,000	-	-	-	-	100,000
Sewer Fund	-	-	-	-	-	-	-	-	-	265,715	265,715
Risk Internal Service Fund	-	-	1,537,922	-	-	-	-	-	-	-	1,537,922
Other non-major governmental funds	332,500	-	454,583	-	-	-	-	-	-	-	787,083
Total Transfer	\$332,500	\$10,554,863	\$4,469,265	\$ 418,787	\$672,046	\$600,000	\$ 1,180,712	\$19,605	\$ 724,354	\$265,715	\$19,237,847

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 Sewer Operations Fund and Clean Water Fund.

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2015, interfund receivables and payables are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major Governmental Funds	\$ 6,655
	Non-major Enterprise Funds	1,224,191
	Parking Fund	62,229
	Sewer Fund	1,204,652
General Debt Service	Local Option Sales Tax Fund	1,585,040
Capital Projects	General Fund	6,055
	Local Option Sales Tax Fund	539,895
	Risk Internal Service Fund	12,172
		<u>\$ 4,640,889</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, 2015 (CONTINUED)**

6. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30,2015:

	BEGINNING BALANCE 07/1/14	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 06/30/15
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 20,002,931	\$ 745,748	\$ -	\$ -	\$ 20,748,679
Construction in progress	11,616,606	15,218,228	(19,605)	(5,711,831)	21,103,398
Total capital assets, not being depreciated	<u>31,619,537</u>	<u>15,963,976</u>	<u>(19,605)</u>	<u>(5,711,831)</u>	<u>41,852,077</u>
Capital assets being depreciated					
Buildings	105,710,810	3,088,742	-	(229,771)	108,569,781
Improvements other than buildings	28,254,710	996,691	-	-	29,251,401
Equipment and vehicles	41,403,457	1,877,860	(17,653)	(657,537)	42,606,127
Bridges	9,461,243	-	-	-	9,461,243
Traffic Signals	8,502,673	-	-	-	8,502,673
Streets and roads	205,406,879	7,744,597	-	-	213,151,476
Seawalls	2,685,289	-	-	-	2,685,289
Tunnels	54,326	-	-	-	54,326
Total capital assets being depreciated	<u>401,479,387</u>	<u>13,707,890</u>	<u>(17,653)</u>	<u>(887,308)</u>	<u>414,282,316</u>
Less accumulated depreciation for:					
Buildings	34,919,458	2,639,725	-	(162,303)	37,396,880
Improvements other than buildings	12,007,373	1,499,591	-	-	13,506,964
Equipment and vehicles	28,812,634	2,699,070	(11,363)	(628,459)	30,871,882
Bridges	2,809,544	264,135	-	-	3,073,679
Traffic signals	5,929,969	245,355	-	-	6,175,324
Streets and roads	78,370,879	7,221,043	-	-	85,591,922
Seawalls	284,724	84,322	-	-	369,046
Tunnels	21,049	2,717	-	-	23,766
Total accumulated depreciation	<u>163,155,630</u>	<u>14,655,958</u>	<u>(11,363)</u>	<u>(790,762)</u>	<u>177,009,463</u>
Total capital assets being depreciated, net	<u>238,323,757</u>	<u>(948,068)</u>	<u>(6,290)</u>	<u>(96,546)</u>	<u>237,272,853</u>
Governmental activities capital assets, net	<u>\$ 269,943,294</u>	<u>\$ 15,015,908</u>	<u>\$ (25,895)</u>	<u>\$ (5,808,377)</u>	<u>\$ 279,124,930</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 11,250,241	\$ -	\$ -	\$ -	\$ 11,250,241
Construction in progress	11,513,039	10,565,025	19,605	(5,333,629)	16,764,040
Total capital assets not being depreciated	<u>22,763,280</u>	<u>10,565,025</u>	<u>19,605</u>	<u>(5,333,629)</u>	<u>28,014,281</u>
Capital assets, being depreciated:					
Buildings	97,333,863	2,721,244	-	(69,133)	99,985,974
Improvements other than buildings	13,788,021	295,764	-	-	14,083,785
Equipment and vehicles	34,029,798	3,725,639	17,653	(617,888)	37,155,202
Sanitary sewer	117,542,619	2,634,193	-	-	120,176,812
Storm Sewer	23,766,442	668,976	-	-	24,435,418
Streets and roads	1,374,009	165,050	-	-	1,539,059
Total capital assets being depreciated	<u>287,834,752</u>	<u>10,210,866</u>	<u>17,653</u>	<u>(687,021)</u>	<u>297,376,250</u>
Less accumulated depreciation for:					
Buildings	51,354,439	2,845,119	-	(44,443)	54,155,115
Improvements other than buildings	8,279,366	545,596	-	-	8,824,962
Equipment and vehicles	24,939,747	1,965,899	11,363	(587,216)	26,329,793
Sanitary sewer	39,224,598	3,061,337	-	-	42,285,935
Storm sewer	10,731,922	773,596	-	-	11,505,518
Streets and roads	166,631	48,171	-	-	214,802
Total accumulated depreciation	<u>134,696,703</u>	<u>9,239,718</u>	<u>11,363</u>	<u>(631,659)</u>	<u>143,316,125</u>
Total capital assets,being depreciated, net	<u>153,138,049</u>	<u>971,148</u>	<u>6,290</u>	<u>(55,362)</u>	<u>154,060,125</u>
Business-type activities capital assets, net	<u>\$ 175,901,329</u>	<u>\$ 11,536,173</u>	<u>\$ 25,895</u>	<u>\$ (5,388,991)</u>	<u>\$ 182,074,406</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

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

Governmental activities:	
General government	\$ 645,076
Community & economic development	27,338
Public works	8,857,682
Public safety	1,600,035
Culture & recreation	3,016,347
Internal service assets are charged to the various functions based on their usage of the assets	509,480
Total depreciation expense-governmental activities	<u>\$14,655,958</u>
Business-type activities:	
Parking systems	\$ 746,955
Sewer operations	4,947,750
RiverCenter	539,863
Public transit	570,354
Public housing	321,941
Golf courses	195,767
Airport	379,223
Solid Waste	479,439
Clean Water Utility	943,954
Rivers Edge	114,472
Total depreciation expense-business-type activities	<u>\$ 9,239,718</u>

The City has active construction projects as of June 30, 2015. 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>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Streets/Improvements	\$ 11,784,971	\$ 1,527,314
Sanitary Sewer/WPCP	1,805,293	1,618,091
Parks	712,728	118,060
Public Buildings	<u>9,169,866</u>	<u>12,729,902</u>
Total	<u>\$ 23,472,858</u>	<u>\$ 15,993,367</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, 2015.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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.

As a result of the adoption of GASB Statement No. 68 and No. 71 related to these pension plans, the beginning net position/fund balance of the governmental activities, business-type activities, each major enterprise fund and the aggregate remaining funds were restated. The effect on the July 1, 2014 beginning net position is as follows:

	Governmental Activities	Business-Type Activities	Parking System	Sewer Operations	Rivercenter	Clean Water	Aggregate Nonmajor Remaining Funds
Net position/fund balance June 30, 2014 as previously reported	\$167,174,909	\$134,859,412	\$15,329,547	\$69,388,829	\$11,640,752	\$14,602,488	\$33,783,505
Net pension liability	(62,710,024)	(8,262,943)	(228,551)	(3,401,650)	(30,176)	(687,051)	(5,013,969)
Pension related deferred outflows	8,144,355	855,420	23,661	352,155	3,124	71,127	519,071
Net position /fund balance June 30, 2014 as restated	\$112,609,240	\$127,451,889	\$15,124,657	\$66,339,334	\$11,613,700	\$13,986,564	\$29,288,607

A. Iowa Public Employees Retirement System

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

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

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

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were \$2,678,664.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$18,110,994 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was .456666 percent which was a decrease of .007734 percent from its proportion measured as of June 30, 2013.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

For the year ended June 30, 2015, the City recognized pension expense of \$1,271,941. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 196,831	\$ -
Change of assumptions	799,277	-
Net difference between projected and actual earnings on pension plan investments	-	6,906,993
Changes in proportion and differences between City contributions subsequent to the measurement date	-	357,882
City contributions subsequent to the measurement date	2,678,664	-
Total	<u>\$ 3,674,772</u>	<u>\$ 7,264,875</u>

\$2,678,664 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the average remaining service life of all system members of 5.28 years or 5 years as follows:

<u>Year ended June 30</u>	<u>Total</u>
2016	\$ (1,577,631)
2017	(1,577,630)
2018	(1,577,630)
2019	(1,577,630)
2020	41,754
	<u>\$ (6,268,767)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group
Long-term Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability:	\$ 34,220,120	\$ 18,110,944	\$4,513,131

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

Payables to the Pension Plan - At June 30, 2015, the City reported payables to the defined benefit pension plan of \$210,403 for legally required employer contributions and \$140,190 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

B. Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City's contributions to MFPRSI for the year ended June 30, 2015 was \$6,445,225.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2015.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$38,533,563 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2014, the City's proportion was 8.231278% which was an increase of .072467% from its proportions measured as of June 30, 2013.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

For the year ended June 30, 2015, the City recognized pension expense of \$11,243,672. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 84,446
Changes of assumptions	2,205,346	-
Net difference between projected and actual earnings on pension investments	-	14,026,133
Changes in proportion and differences between City contributions and proportionate share of contributions	329,753	-
City Contributions subsequent to the measurement date	6,445,225	-
Total	<u>\$ 8,980,324</u>	<u>\$ 14,110,579</u>

\$6,445,225 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the average remaining service life of all system members of 5.6 years or 5 years as follows:

June ended June 30,	
2016	\$ (2,973,783)
2017	(2,973,783)
2018	(2,973,783)
2019	(2,973,783)
2020	319,652
	<u>\$ (11,575,480)</u>

Actuarial Assumptions The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00 percent
Salary increase	4.5 to 15.11 percent, including inflation
Investment reate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement, which were updated by the City to the RP-2000 Blue Collar Mortality Table with projected mortality improvement using scale BB-2D.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	7.0%	3.8%
Emerging Market Debt	3.0	6.5
Domestic Equities	12.5	6.0
Master Limited Partnerships (MLP)	5.0	8.5
Internal Equities	12.5	7.0
Core Investments	40.0%	
Tactical Asset Allocation	35.0	6.0
Private Equity	15.0	9.8
Private Non-Core Real Estate	5.0	9.3
Private Core Real Estate	5.0	6.8
Real Estate	10.0	
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 67,002,774	\$ 38,533,563	\$ 14,878,302

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

Payables to the Pension Plan - At June 30, 2015, the City of Davenport had no payables to the defined benefit pension plan.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

C. Subsequent Event – Pension and Retirement Systems

Subsequent to the actuarial valuation date used by the Plans the Society of Actuaries issued updated mortality scales and mortality improvement scales; MP2014 and MP-15. It is expected these scales may increase the total pension liability by 4% - 8% unless the plans experience indicates otherwise. The City has not been provided the impact of these scales but believes the updated scales, if determined appropriate for the plans, will have a material impact on the City's net pension obligations

D. 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, 2015, 2014 and 2013 were \$1,953,660, \$1,912,655, and \$1,901,498 respectively.

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 \$239,671 as of June 30, 2015.

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, 2015 was (\$204,710).

A summary of the latest available financial information for the QCGPG as of June 30, 2015, and for the year then ended is as follows:

Total assets	\$ 797,776
Total deferred outflows of resources	<u>\$ 133,527</u>
Total liabilities	<u>\$ 1,072,664</u>
Total deferred inflows of resources	<u>\$ 346,632</u>
Total equity	<u>\$ (487,993)</u>
Total revenue	\$ 3,808,508
Total expenses	<u>\$ 3,750,767</u>
Net change in fund equity	<u>\$ 57,741</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

The City uses the equity method of accounting for these investments. At June 30, 2015, this amounted to \$34,961 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.

9. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities, including premiums, for the year ended June 30, 2015 (numbers shown in thousands):

Governmental Activities:	Balance June 30, 2014, as restated	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 150,745	\$ 12,995	\$ (26,616)	\$ 137,124	\$ 16,710
Special Assessment Debt	1,140	-	(6)	1,134	-
Premium on issuance	5,721	1,208	(1,102)	5,827	-
Total Bonds Payable	157,606	14,203	(27,724)	144,085	16,710
Other post employment benefits payable	4,629	1,335	-	5,964	-
Compensated Absences	4,778	4,671	(4,810)	4,639	4,171
Net Pension liability	62,710	-	(11,823)	50,887	-
Note Payable	311	-	-	311	13
	<u>\$ 230,034</u>	<u>\$ 20,209</u>	<u>\$ (44,357)</u>	<u>\$ 205,886</u>	<u>\$ 20,894</u>
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 48,215	\$ 4,720	\$ (5,443)	\$ 47,492	\$ 4,785
Premium on issuance	2,622	427	(438)	2,611	-
Total Bonds Payable	50,837	5,147	(5,881)	50,103	4,785
Compensated Absences	680	1,245	(1,230)	695	625
Other post employment benefits payable	1,023	297	-	1,320	-
Capital lease	280	-	(91)	189	96
Net pension liability	8,263	-	(2,505)	5,758	-
Note Payable	14,208	453	(514)	14,147	448
	<u>\$ 75,291</u>	<u>\$ 7,142</u>	<u>\$ (10,221)</u>	<u>\$ 72,212</u>	<u>\$ 5,954</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 \$149,815 of internal service funds compensated absences, \$166,492 of other post-employment benefits, and \$757,935 of net pension liability are included in the above amounts. The governmental activities' compensated absences, other post employment benefits and net pension liability 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, 2015 (CONTINUED)**

General obligation bonds payable at June 30, 2015, is comprised of the following individual issues:

		Outstanding Balance June 30, 2015 (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).	290
C.	\$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).	2,085
D.	\$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).	9,300
E.	\$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).	5,290
F.	\$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.	8,240
G.	\$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).	11,750

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

H.	\$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).	4,705
I.	\$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).	2,330
J.	\$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).	20,295
K.	\$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).	2,155
L.	\$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).	22,450
M.	\$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).	3,175
N.	\$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).	7,530

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

O.	\$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).	16,705
P.	\$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	805
Q.	\$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).	17,865
R.	\$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).	22,095
S.	\$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
T.	\$17,715,000 2015 General Obligation Streets, Sewers, Buildings, Parks, Solid Waste, Tax Increment Financing, and Equipment serial bonds due in annual installments of \$1,025,000 to \$1,400,000 through June 1, 2030; interest at 3.0 to 5.0 percent (\$3,790,000, \$930,000, and \$825,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Solid Waste Enterprise Fund and Tax Increment Financing Districts Debt Service Fund, respectively).	17,715
	Total general obligation bonds and special assessment debt	185,750
	General obligation bonds serviced by Enterprise Funds	(47,492)
	General obligation bonds and special assessment debt reported in Governmental Activities	<u>\$ 138,258</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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 \$47,491,980. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,133,635. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$401,100. 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, 2015, the statutory limit for the City was \$312,585,544 providing a debt margin of \$122,719,369.

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, 2015, the City has drawn all of the loan. The note is payable solely from the net revenues of the sewer utility. Annual principal and interest payments on the note are 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>
2016	\$ 229,000	\$ 274,590
2017	237,000	267,720
2018	244,000	260,610
2019	252,000	253,290
2020	261,000	245,730
2021 – 2025	1,436,000	1,106,100
2026 – 2030	1,686,000	876,180
2031 – 2035	1,978,000	606,270
2036 – 2040	2,320,000	289,740
2041	510,000	15,300
	<u>\$ 9,153,000</u>	<u>\$ 4,195,530</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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 June 30, 2015, the City had drawn \$5,286,107. 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>
2016	\$ 219,107	\$ 87,270
2017	223,000	83,562
2018	228,000	79,660
2019	232,000	75,670
2020	237,000	71,610
2021-2025	1,255,000	294,263
2026-2030	1,388,000	179,882
2031-2034	1,212,000	53,550
	<u>\$ 4,994,107</u>	<u>\$ 925,467</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>
2016	\$ 13,440	\$ 4,662
2017	27,489	8,716
2018	28,320	7,885
2019	29,175	7,029
2020	30,057	6,147
2021-2024	182,310	16,815
	<u>\$ 310,791</u>	<u>\$ 51,254</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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
2016	\$ 16,690	\$ 5,453	\$ 4,785	\$ 1,774
2017	14,897	4,786	4,863	1,583
2018	14,221	4,248	4,579	1,426
2019	13,171	3,718	4,514	1,272
2020	12,014	3,184	4,281	1,092
2021-2025	46,760	9,241	17,730	3,136
2026-2030	18,665	2,303	6,740	488
2031-2034	1,820	84	-	-
Totals	138,238	33,017	47,492	10,771
Matured	20	2	-	-
	\$ 138,258	\$ 33,019	\$ 47,492	\$ 10,771

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 \$10,992,254 for 2015. 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 \$1,204,195 as of June 30, 2015 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 2015. 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, \$3,362,339 of the claims payable as of June 30, 2015 is considered current and due within one year.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

Changes in reported liabilities for the fiscal years ended June 30, 2014 and 2015 are summarized as follows:

	<u>Employee Insurance Fund</u>	<u>Risk Management Fund</u>	<u>Total</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	1,171,766	\$ 6,145,736	\$ 7,317,502
Claims and changes in estimates during fiscal year 2015	11,435,325	2,586,983	14,022,308
Claim payments	<u>(11,402,896)</u>	<u>(2,388,684)</u>	<u>(13,791,580)</u>
Liabilities at June 30, 2015	<u>\$ 1,204,195</u>	<u>\$ 6,344,035</u>	<u>\$ 7,548,230</u>

11. INDIVIDUAL FUND DISCLOSURES

The Risk Management internal service fund had a deficit net position balance of \$1,696,603 as of June 30, 2015. Deficits in the internal service funds will be addressed through future premiums and charges for services.

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. Retirees receiving benefits contributed \$653,891 through their required contribution of \$651.56 per month for single health coverage and \$1,441.02 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 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.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

Annual required contribution	\$1,376,470
Interest on net OPEB obligation	254,349
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost (expense)	1,630,819
Contributions made	<u>0</u>
Increase (decrease) in net OPEB obligation	1,657,124
Net OPEB obligation - July 1, 2014	<u>5,652,202</u>
Net OPEB obligation - June 30, 2015	<u>\$7,283,020</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 2013 thru 2015 are presented in the following table:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2013	\$ 1,626,339	16.73%	\$ 4,353,982
06/30/2014	\$ 1,416,948	8.38%	\$ 5,652,201
06/30/2015	\$ 1,630,819	0%	\$ 7,283,020

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)	46,170,941
UAAL as a percentage of covered payroll	32.41%

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.

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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, 2015 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, 2015 (CONTINUED)**

	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
Fund Balances:							
Nonspendable:							
Prepays	\$ 5,446	\$ 21,125	\$ -	\$ -	\$ 1,750	\$ -	\$ 28,321
Restricted for:							
Tort	1,264,977	-	-	-	-	-	1,264,977
Debt Service	-	-	3,456,027	-	-	4,530,892	7,986,919
Capital Projects	-	-	-	14,747,910	-	-	14,747,910
Police							
Non-recurring	609,318	-	-	-	-	-	609,318
Library	873,040	-	-	-	-	-	873,040
Employee							
Benefits	3,148,957	-	-	-	-	-	3,148,957
Community							
Development							
Block Grant							
Projects	-	-	-	-	71,247	-	71,247
HUD Section 8							
Rents	-	-	-	-	7,305	-	7,305
Municipal							
Improvement							
Projects	-	-	-	-	520,650	-	520,650
Home							
Investment							
Partnership							
Projects	-	-	-	-	873	-	873
Road Use Tax							
project	-	-	-	-	490,161	-	490,161
Local Option							
Sales Tax	-	4,773,815	-	-	-	-	4,773,815
Miscellaneous							
Grant	-	-	-	-	91,524	-	91,524
Committed for:							
Levee							
Improvement							
Commission							
Projects	-	-	-	-	91,733	-	91,733
Revolving Loans	-	-	-	-	1,099,435	-	1,099,435
Assigned for:							
Library projects	198,025	-	-	-	-	-	198,025
Public Safety							
projects	23,940	-	-	-	-	-	23,940
Parks projects	6,430	-	-	-	-	-	6,430
Reforestation	80,364	-	-	-	-	-	80,364
RiverCenter							
projects	201,281	-	-	-	-	-	201,281
Parks Special							
Needs Program	34,181	-	-	-	-	-	34,181
Next year							
budgeted							
deficits	1,040,930	-	-	-	-	-	1,040,930
Unassigned:	8,889,540	-	-	-	-	-	8,889,540
Total Fund							
Balances:	\$16,376,429	\$ 4,794,940	\$ 3,456,027	\$14,747,910	\$ 2,374,678	\$ 4,530,892	\$ 46,280,876

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)**

14. RECENTLY ISSUED PRONOUNCEMENTS

The Governmental Accounting Standard Board (GASB) has issued four 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. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the City with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the City beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued July 2015, will be effective for the City beginning with its fiscal year ending June 30, 2016. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The first category of authoritative GAAP consists of GASB Statements. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the City beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated

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, 2015

	<u>GOVERNMENTAL FUNDS ACTUAL</u>	<u>PROPRIETARY FUNDS ACTUAL</u>	<u>TOTAL ACTUAL</u>
REVENUES:			
Taxes	\$ 90,499,909	\$ 3,602,973	\$ 94,102,882
Special assessments	38,992	-	38,992
Licenses and permits	2,017,908	-	2,017,908
Intergovernmental	32,296,554	2,726,039	35,022,593
Charges for services	3,963,968	53,244,851	57,208,819
Use of monies and property	1,213,198	642,149	1,855,347
Fines and forfeits	2,050,224	173,708	2,223,932
Loan repayments	907,318	-	907,318
Other	3,040,817	2,612,158	5,652,975
Total Revenues	<u>136,028,888</u>	<u>63,001,878</u>	<u>199,030,766</u>
EXPENDITURES:			
Current:			
Public safety	42,149,652	-	42,149,652
Public works	18,030,045	-	18,030,045
Culture and recreation	11,267,593	-	11,267,593
Community and economic development	10,370,910	-	10,370,910
General government	9,692,385	-	9,692,385
Capital outlay	31,930,507	-	31,930,507
Debt service:			
Principal retirement	26,622,260	-	26,622,260
Interest	6,004,485	-	6,004,485
Business type activities	-	54,955,039	54,955,039
	<u>156,067,837</u>	<u>54,955,039</u>	<u>211,022,876</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,038,949)</u>	<u>8,046,839</u>	<u>(11,992,110)</u>
OTHER FINANCING SOURCES (USES), NET	<u>12,623,109</u>	<u>1,658,795</u>	<u>14,281,904</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(7,415,840)</u>	<u>9,705,634</u>	<u>2,289,794</u>
BALANCES BEGINNING OF YEAR,	<u>53,696,716</u>	<u>29,661,731</u>	<u>83,358,447</u>
BALANCES END OF YEAR	<u>\$ 46,280,876</u>	<u>\$ 39,367,365</u>	<u>\$ 85,648,241</u>

See note to Required Supplementary Information

<u>BUDGETED AMOUNTS</u>			
<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL TO ACTUAL VARIANCE</u>
\$ 92,885,754	\$ 92,948,329	\$	1,154,553
53,500	53,500		(14,508)
1,463,000	1,463,000		554,908
26,949,364	74,087,243		(39,064,650)
58,463,448	58,424,626		(1,215,807)
1,230,240	1,239,251		616,096
1,660,000	1,660,000		563,932
1,334,035	1,305,841		(398,523)
1,798,665	7,177,786		(1,524,811)
<u>185,838,006</u>	<u>238,359,576</u>		<u>(39,328,810)</u>
42,566,557	43,802,266		1,652,614
19,133,993	19,386,576		1,356,531
11,627,763	12,486,028		1,218,435
12,296,453	19,218,040		8,847,130
9,758,477	10,147,562		455,177
33,462,674	76,564,843		44,634,336
15,869,110	26,622,260		-
5,420,573	6,011,515		7,030
61,565,198	63,558,302		8,603,263
<u>211,700,798</u>	<u>277,797,392</u>		<u>66,774,516</u>
<u>(25,862,792)</u>	<u>(39,437,816)</u>		<u>27,445,706</u>
<u>25,954,510</u>	<u>17,715,000</u>		<u>(3,433,096)</u>
91,718	(21,722,816)		24,012,610
<u>66,513,934</u>	<u>83,358,446</u>		<u>1</u>
<u>\$ 66,605,652</u>	<u>\$ 61,635,630</u>	<u>\$</u>	<u>24,012,611</u>

CITY OF DAVENPORT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
JUNE 30, 2015**

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 \$66,096,594. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 199,030,766	-	\$ 199,030,766
Expenditures/expenses	<u>211,022,876</u>	<u>9,749,198</u>	<u>220,772,074</u>
Net	(11,992,110)	(9,749,198)	(21,741,308)
Other financing sources, net	14,281,904	8,620,709	22,902,613
Beginning fund balance/ net position, as restated	<u>83,358,447</u>	<u>101,330,476</u>	<u>184,688,923</u>
Ending fund balance/ net position	\$ <u>85,648,241</u>	\$ <u>100,201,987</u>	\$ <u>185,850,228</u>

CITY OF DAVENPORT

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

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

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)
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%
2015	7/1/2013	-	14,965,645	14,965,645	-	46,170,941	32.41%

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.

CITY OF DAVENPORT

**SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(In Thousands)**

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 2,679	2,667	2,568
Contributions in relation to the statutorily required contributions	(2,679)	(2,667)	(2,568)
Contribution deficiency (excess)	\$ -	-	-
City's covered-employee payroll	\$ 29,996	29,880	29,619
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%

See note to Required Supplementary Information - IPERS pension liability

2012	2011	2010	2009	2008	2007	2006
2,514	2,114	1,954	1,789	1,664	1,461	1,417
(2,514)	(2,114)	(1,954)	(1,789)	(1,664)	(1,461)	(1,417)
-	-	-	-	-	-	-
31,152	30,396	29,383	28,173	27,504	25,408	24,643
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

CITY OF DAVENPORT

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(In Thousands)**

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

	<u>2014</u>
City's proportion of the net pension liability (asset)	0.456666%
City's proportionate share of the net pension liability	\$ 18,111
City's covered-employee payroll	\$ 29,880
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

See note to Required Supplementary Information - IPERS pension liability

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

CITY OF DAVENPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-IPERS PENSION LIABILITY JUNE 30, 2015

Changes of benefit terms:

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

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

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

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

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

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

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

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

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

CITY OF DAVENPORT

**SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST 10 FISCAL YEARS
(In Thousands)**

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 6,445	6,292	5,330
Contributions in relation to the statutorily required contributions	(6,445)	(6,292)	(5,330)
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	\$ 21,194	20,891	20,406
Contributions as a percentage of covered-employee payroll	30.41%	30.12%	26.12%

See note to Required Supplementary Information - MFPRSI pension liability.

2012	2011	2010	2009	2008	2007	2006
5,320	4,023	3,816	3,543	4,595	4,733	4,627
(5,320)	(4,023)	(3,816)	(3,543)	(4,595)	(4,733)	(4,627)
-	-	-	-	-	-	-
21,486	20,216	22,447	18,898	18,034	17,056	16,402
24.76%	19.90%	17.00%	18.75%	25.48%	27.75%	28.21%

CITY OF DAVENPORT

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
(In Thousands)**

Required Supplementary Information

For the Fiscal Year Ended June 30, 2015

	<u>2014</u>
City's proportion of the net pension liability	0.8231278%
City's proportionate share of the net pension liability	\$ 38,534
City's covered-employee payroll	\$ 20,891
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.45%
Plan fiduciary net position as a percentage of the total pension liability	86.27%

See note to Required Supplementary Information - MFPRSI pension liability.

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

CITY OF DAVENPORT

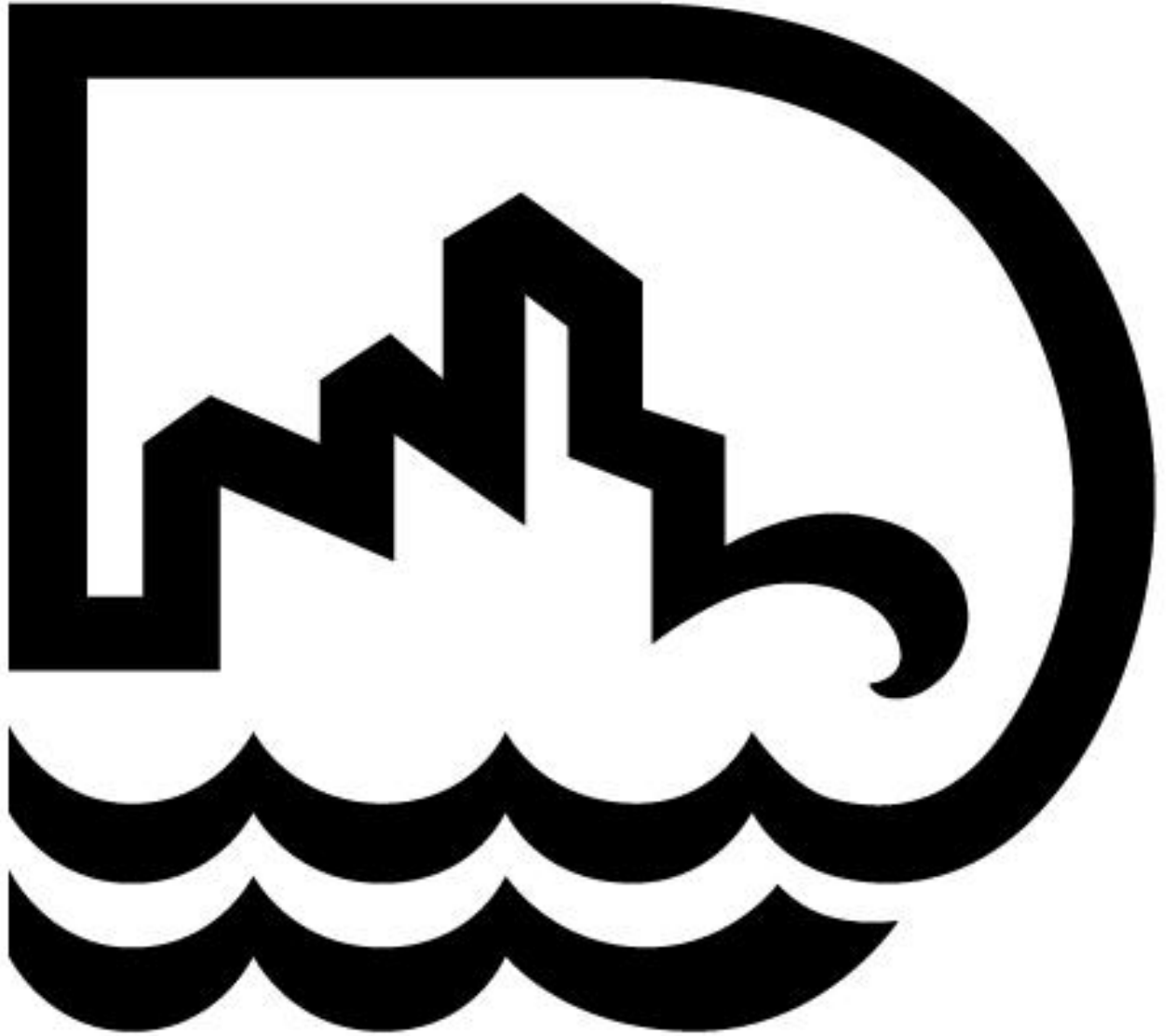
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- MFPRSI
PENSION LIABILITY
JUNE 30, 2015**

Changes of benefit terms:

There were no significant changes to the benefit terms

Changes of assumptions:

Effective July 1, 2014, two additional steps to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality table. The City also updated the mortality assumptions to the RP-2000 Blue Collar Mortality table with projected mortality improvement using scale BB-2D for the June 30, 2014 measurement date.



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, 2015**

<u>ASSETS</u>	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ 10,072	\$ 35,390	\$ -	\$ 88,782	\$ 955,754
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	9,481
Succeeding year	-	-	-	-	682,092
Accounts	5,545	-	17,580	20,860	-
Loans	-	2,846,562	-	-	-
Interest	-	56	71	67	616
Due from other governments	1,024,998	104,980	-	-	-
Prepays	1,750	-	-	-	-
Restricted assets-cash and investments	-	62,833	-	-	-
TOTAL ASSETS	<u>\$ 1,042,365</u>	<u>\$ 3,049,821</u>	<u>\$ 17,651</u>	<u>\$ 109,709</u>	<u>\$ 1,647,943</u>
LIABILITIES					
Wages payable	139,171	10,762	8,036	2,315	-
Accounts payable	411,283	58,230	2,310	13,406	444,773
Payable from restricted assets	-	62,833	-	-	-
Interfund loans payable	-	-	-	-	-
Due to other governments	-	187	-	-	-
Unearned revenue	-	-	-	2,255	-
TOTAL LIABILITIES	<u>550,454</u>	<u>132,012</u>	<u>10,346</u>	<u>17,976</u>	<u>444,773</u>
DEFERRED INFLOWS OF RESOURCES					
Succeeding year property tax	-	-	-	-	682,092
Unavailable revenue	-	2,846,562	-	-	428
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>2,846,562</u>	<u>-</u>	<u>-</u>	<u>682,520</u>
FUND BALANCES					
Nonspendable fund balance	1,750	-	-	-	-
Restricted fund balance	\$ 490,161	\$ 71,247	\$ 7,305	\$ 91,733	\$ 520,650
Committed fund balance	-	-	-	-	-
Unassigned fund balance	-	-	-	-	-
TOTAL FUND BALANCES	<u>491,911</u>	<u>71,247</u>	<u>7,305</u>	<u>91,733</u>	<u>520,650</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 1,042,365</u>	<u>\$ 3,049,821</u>	<u>\$ 17,651</u>	<u>\$ 109,709</u>	<u>\$ 1,647,943</u>

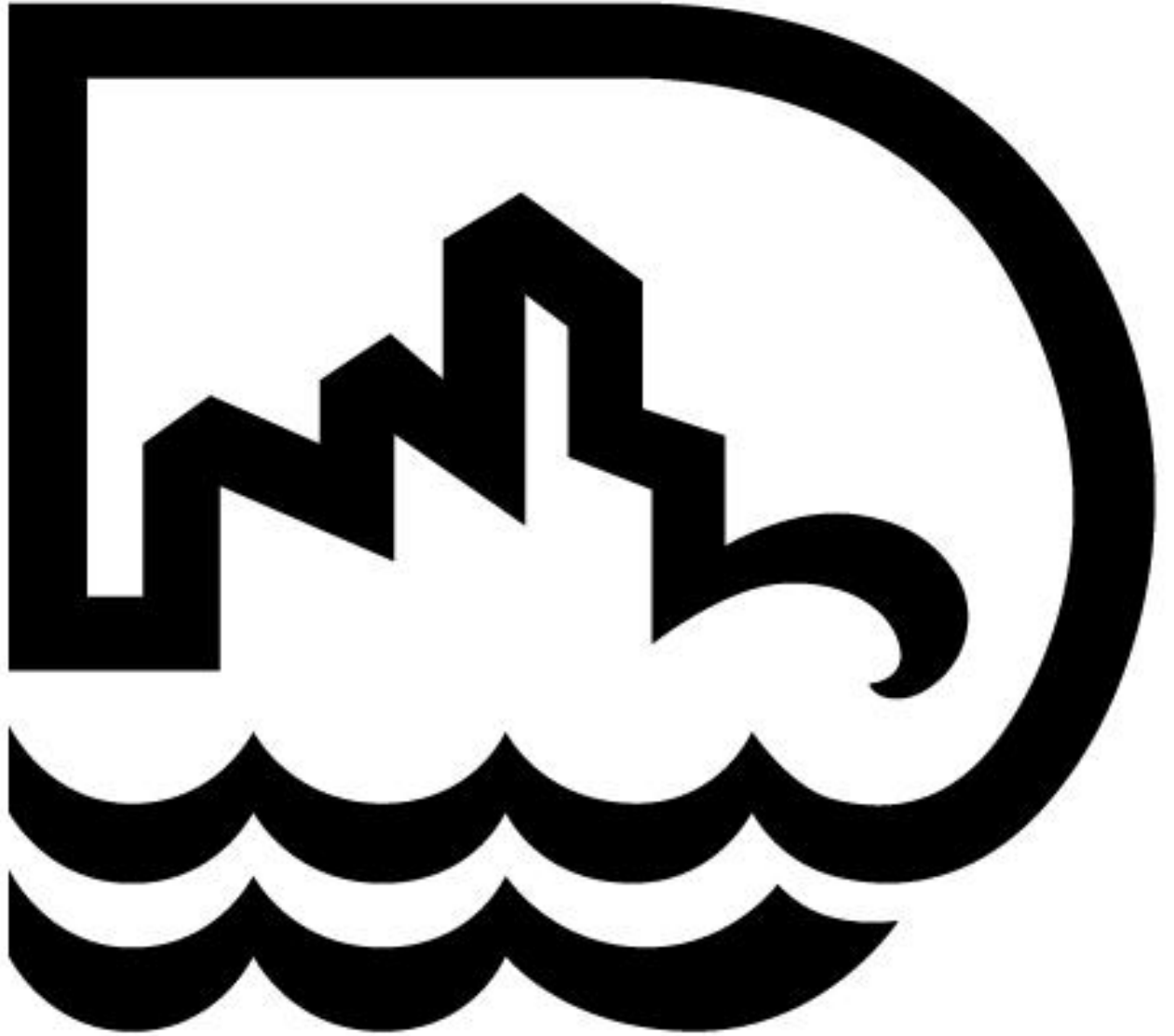
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 1,098,655	\$ -	\$ 154,557	\$ 2,654,107	\$ 4,997,317
-	-	-	53,504	62,985
-	-	-	5,124,994	5,807,086
-	-	-	53,952	97,937
1,358,607	9,024,951	261,231	1,780,052	15,271,403
780	-	-	2,565	4,155
-	62,491	14,421	-	1,206,890
-	-	-	-	1,750
-	-	-	-	62,833
<u>\$ 2,458,042</u>	<u>\$ 9,087,442</u>	<u>\$ 430,209</u>	<u>\$ 9,669,174</u>	<u>\$ 27,512,356</u>
-	323	10,550	-	171,157
-	54,640	23,769	12,795	1,021,206
-	-	-	-	62,833
-	6,655	-	-	6,655
-	-	-	-	187
1,358,607	9,024,951	289,945	-	10,675,758
<u>1,358,607</u>	<u>9,086,569</u>	<u>324,264</u>	<u>12,795</u>	<u>11,937,796</u>
-	-	-	5,124,994	5,807,086
-	-	14,421	493	2,861,904
-	-	14,421	5,125,487	8,668,990
-	-	-	-	1,750
\$ -	\$ 873	91,524	\$ 4,530,892	\$ 5,712,652
1,099,435	-	-	-	1,191,168
-	-	-	-	-
<u>1,099,435</u>	<u>873</u>	<u>91,524</u>	<u>4,530,892</u>	<u>6,905,570</u>
<u>\$ 2,458,042</u>	<u>\$ 9,087,442</u>	<u>\$ 430,209</u>	<u>\$ 9,669,174</u>	<u>\$ 27,512,356</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, 2015**

	<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	\$ -	\$ -	\$ -	\$ -	\$ 1,239,169
Licenses and permits	82,561	-	-	-	-
Intergovernmental	10,621,388	1,166,579	3,047,363	43,770	61,052
Use of monies and property	-	58,305	237	213,979	2,046
Loan repayments	-	480,490	-	-	-
Other	1,447,021	-	50,905	19,512	-
Total Revenues	<u>12,150,970</u>	<u>1,705,374</u>	<u>3,098,505</u>	<u>277,261</u>	<u>1,302,267</u>
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	11,701,172	-	-	-	-
Community and economic development	-	1,780,791	3,455,085	384,185	1,191,349
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	55,125
Interest	-	-	-	-	13,191
Total Expenditures	<u>11,701,172</u>	<u>1,780,791</u>	<u>3,455,085</u>	<u>384,185</u>	<u>1,259,665</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>449,798</u>	<u>(75,417)</u>	<u>(356,580)</u>	<u>(106,924)</u>	<u>42,602</u>
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	194,663	113,204	-
Transfers out	(454,583)	-	-	(57,500)	-
Total Other Financing Sources (Uses)	<u>(454,583)</u>	<u>-</u>	<u>194,663</u>	<u>55,704</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(4,785)</u>	<u>(75,417)</u>	<u>(161,917)</u>	<u>(51,220)</u>	<u>42,602</u>
FUND BALANCES (DEFICITS) - BEGINNING	<u>496,696</u>	<u>146,664</u>	<u>169,222</u>	<u>142,953</u>	<u>478,048</u>
FUND BALANCES - ENDING	<u>\$ 491,911</u>	<u>\$ 71,247</u>	<u>\$ 7,305</u>	<u>\$ 91,733</u>	<u>\$ 520,650</u>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ 4,758,949	\$ 5,998,118
-	-	-	-	82,561
-	606,128	1,103,923	73,431	16,723,634
15,240	72,810	4,895	37,608	405,120
59,668	181,094	31,027	-	752,279
134,348	-	-	6,598	1,658,384
<u>209,256</u>	<u>-</u>	<u>1,139,845</u>	<u>4,876,586</u>	<u>25,620,096</u>
-	-	253,744	-	253,744
-	-	-	-	11,701,172
151,277	859,164	415,445	928,795	9,166,091
-	-	145,891	-	145,891
-	-	-	1,715,150	1,770,275
-	-	-	656,521	669,712
<u>151,277</u>	<u>859,164</u>	<u>815,080</u>	<u>3,300,466</u>	<u>23,706,885</u>
<u>57,979</u>	<u>868</u>	<u>324,765</u>	<u>1,576,120</u>	<u>1,913,211</u>
-	-	-	-	-
-	-	110,920	-	418,787
-	-	-	(275,000)	(787,083)
-	-	110,920	(275,000)	(368,296)
57,979	868	435,685	1,301,120	1,544,915
<u>1,041,456</u>	<u>5</u>	<u>(344,161)</u>	<u>3,229,772</u>	<u>5,360,655</u>
<u>\$ 1,099,435</u>	<u>\$ 873</u>	<u>\$ 91,524</u>	<u>\$ 4,530,892</u>	<u>\$ 6,905,570</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, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 105,412	\$ -	\$ -
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	6,839	13,360	-
Interest	-	-	3
Inventory	-	-	-
Due from other governments	10,304	-	20,618
Prepays	-	-	-
Total current assets	<u>122,555</u>	<u>13,360</u>	<u>20,621</u>
Noncurrent assets:			
Investment in joint venture	-	-	-
Restricted cash and cash equivalents	63,180	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	8,547,416	413,246	2,657,444
Improvements other than buildings	183,111	2,983,341	9,103,015
Paving	131,163	10,952	-
Equipment and vehicles	281,415	1,501,025	200,226
Less accumulated depreciation	(6,363,820)	(3,673,299)	(7,372,428)
Construction in progress	-	-	7,028,304
Total noncurrent assets	<u>3,368,536</u>	<u>2,507,387</u>	<u>12,365,917</u>
Total assets	<u>3,491,091</u>	<u>2,520,747</u>	<u>12,386,538</u>
DEFERED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>13,000</u>	<u>65,425</u>	<u>9,155</u>
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	2,795	30,521	2,378
Accounts payable	23,583	72,251	14,879
Accrued interest payable	450	-	1,304
Compensated absences	7,473	27,512	5,112
Interfund loans payable	-	370,688	20,618
Unearned revenue	2,385	-	-
General obligation bonds - current	35,000	-	45,940
Total current liabilities	<u>71,686</u>	<u>500,972</u>	<u>90,231</u>
Current liabilities payable from restricted assets:			
Deposits payable	<u>36,398</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	839	3,087	574
Other postemployment benefits	13,510	82,936	6,955
Net pension liability	71,931	394,319	43,389
General obligation bonds - long term	125,820	-	362,318
Total noncurrent liabilities	<u>212,100</u>	<u>480,342</u>	<u>413,236</u>
Total liabilities	<u>320,184</u>	<u>981,314</u>	<u>503,467</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	-	-	-
Deferred charge on refunding	-	-	1,705
Pension related deferred inflows	24,887	121,900	18,278
Total deferred inflows of resources	<u>24,887</u>	<u>121,900</u>	<u>19,983</u>
NET POSITION			
Net investment in capital assets	3,171,317	2,507,387	11,955,954
Unrestricted	(12,297)	(1,024,429)	(83,711)
Total net position	<u>\$ 3,159,020</u>	<u>\$ 1,482,958</u>	<u>\$ 11,872,243</u>

ENTERPRISE FUNDS

			TOTAL NON-MAJOR ENTERPRISE FUNDS
PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	
\$ -	\$ 787,225	\$ 3,165	\$ 895,802
54,825	-	-	54,825
3,608,628	-	-	3,608,628
6,045	2,525,362	-	2,551,606
-	687	-	690
178,736	-	-	178,736
79,139	-	-	110,061
-	-	463	463
<u>3,927,373</u>	<u>3,313,274</u>	<u>3,628</u>	<u>7,400,811</u>
34,961	-	-	34,961
-	2,841,087	-	2,904,267
1,599,288	-	-	4,146,837
6,356,053	24,888	1,267,050	19,266,097
259,140	-	848,853	13,377,460
6,888	-	-	149,003
5,906,100	3,998,109	335,505	12,222,380
(7,153,219)	(3,372,193)	(509,516)	(28,444,475)
62,817	-	-	7,091,121
<u>7,072,028</u>	<u>3,491,891</u>	<u>1,941,892</u>	<u>30,747,651</u>
<u>10,999,401</u>	<u>6,805,165</u>	<u>1,945,520</u>	<u>38,148,462</u>
263,187	204,714	37,010	592,491
71,883	55,815	7,402	170,794
201,217	86,565	31,463	429,958
-	8,193	-	9,947
68,119	120,938	11,221	240,375
832,885	-	-	1,224,191
13,567	-	-	15,952
-	585,000	-	665,940
<u>1,187,671</u>	<u>856,511</u>	<u>50,086</u>	<u>2,757,157</u>
-	-	-	36,398
7,644	13,572	1,259	26,975
254,788	231,465	34,680	624,334
1,050,298	977,961	141,725	2,679,623
-	1,872,729	-	2,360,867
<u>1,312,730</u>	<u>3,095,727</u>	<u>177,664</u>	<u>5,691,799</u>
<u>2,500,401</u>	<u>3,952,238</u>	<u>227,750</u>	<u>8,485,354</u>
3,608,628	-	-	3,608,628
-	-	-	1,705
545,859	407,917	77,379	1,196,220
<u>4,154,487</u>	<u>407,917</u>	<u>77,379</u>	<u>4,806,553</u>
7,037,067	1,034,162	1,941,892	27,647,779
(2,429,367)	1,615,562	(264,491)	(2,198,733)
<u>\$4,607,700</u>	<u>\$ 2,649,724</u>	<u>\$ 1,677,401</u>	<u>\$ 25,449,046</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, 2015**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
OPERATING REVENUES:			
Charges for services	\$ 454,434	\$ 1,588,054	\$ 193,518
Other	34,165	24,059	65,075
Total Operating Revenues	<u>488,599</u>	<u>1,612,113</u>	<u>258,593</u>
OPERATING EXPENSES:			
Employee expenses	166,674	754,467	92,597
Supplies and services	708,928	853,154	213,361
Depreciation	321,941	195,767	379,223
Total Operating Expenses	<u>1,197,543</u>	<u>1,803,388</u>	<u>685,181</u>
OPERATING (LOSS)	<u>(708,944)</u>	<u>(191,275)</u>	<u>(426,588)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	533,315	-	20,618
Use of monies and property	-	-	61,099
Interest expense	(4,866)	-	(12,196)
Gain (loss) on disposition of capital assets	-	-	141
Joint venture adjustment	-	-	-
Total Non-operating Revenues	<u>528,449</u>	<u>-</u>	<u>69,662</u>
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(180,495)</u>	<u>(191,275)</u>	<u>(356,926)</u>
Capital contributions	-	-	4,984,795
Transfers in	32,905	300,000	17,131
Change in net position	<u>(147,590)</u>	<u>108,725</u>	<u>4,645,000</u>
Total net position - beginning, as restated	<u>3,306,610</u>	<u>1,374,233</u>	<u>7,227,243</u>
Total net position - ending	<u>\$ 3,159,020</u>	<u>\$ 1,482,958</u>	<u>\$ 11,872,243</u>

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 494,410	\$ 5,578,847	\$ 312,180	\$ 8,621,443
192	135	4,181	127,807
<u>494,602</u>	<u>5,578,982</u>	<u>316,361</u>	<u>8,749,250</u>
3,038,146	2,540,265	386,987	6,979,136
3,205,018	2,307,273	382,523	7,670,257
570,354	479,439	114,472	2,061,196
<u>6,813,518</u>	<u>5,326,977</u>	<u>883,982</u>	<u>16,710,589</u>
<u>(6,318,916)</u>	<u>252,005</u>	<u>(567,621)</u>	<u>(7,961,339)</u>
3,602,973	-	-	3,602,973
2,172,106	-	-	2,726,039
14,400	45,461	365,601	486,561
-	(67,518)	-	(84,580)
-	-	(24,690)	(24,549)
(399,190)	-	-	(399,190)
<u>5,390,289</u>	<u>(22,057)</u>	<u>340,911</u>	<u>6,307,254</u>
(928,627)	229,948	(226,710)	(1,654,085)
1,437,249	-	83,050	6,505,094
300,000	-	74,318	724,354
<u>808,622</u>	<u>229,948</u>	<u>(69,342)</u>	<u>5,575,363</u>
<u>3,799,078</u>	<u>2,419,776</u>	<u>1,746,743</u>	<u>19,873,683</u>
<u>\$ 4,607,700</u>	<u>\$ 2,649,724</u>	<u>\$ 1,677,401</u>	<u>\$ 25,449,046</u>

CITY OF DAVENPORT
**NON-MAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2015**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 466,934	\$ 1,587,620	\$ 172,900
Cash paid to suppliers for goods and services	(708,781)	(821,396)	(221,075)
Cash paid to employees for services	(165,266)	(753,373)	(94,366)
Other operating revenue	34,165	24,059	65,075
Net Cash Provided by (Used for) Operating Activities	<u>(372,948)</u>	<u>36,910</u>	<u>(77,466)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Repayments to other funds	(46,038)	(707,598)	-
Advances from other funds	-	370,688	20,618
Grants	533,315	-	20,618
Property tax	-	-	-
Transfers in	32,905	300,000	17,131
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>520,182</u>	<u>(36,910)</u>	<u>58,367</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation bonds	-	-	-
Refunding discount/issue costs	(2,308)	-	(4,835)
Proceeds from the sale of capital assets	-	-	10,447
Acquisition and construction of capital assets	(220,918)	-	(10,306)
Principal paid on long-term debt	(35,000)	-	(45,440)
Interest paid on long-term debt	(5,132)	-	(12,322)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(263,358)</u>	<u>-</u>	<u>(62,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other investment income	-	-	61,122
Net Cash provided by Investing Activities	<u>-</u>	<u>-</u>	<u>61,122</u>
Net increase in Cash and Cash Equivalents	(116,124)	-	(20,433)
CASH AND CASH EQUIVALENTS-BEGINNING	<u>284,716</u>	<u>-</u>	<u>20,433</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 168,592</u>	<u>\$ -</u>	<u>\$ -</u>

ENTERPRISE FUNDS

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON- MAJOR ENTERPRISE FUNDS
\$ 1,279,796	\$ 5,376,451	\$ 312,180	\$ 9,195,881
(3,309,524)	(2,295,318)	(367,720)	(7,723,814)
(3,063,121)	(2,553,887)	(388,020)	(7,018,033)
<u>192</u>	<u>135</u>	<u>4,181</u>	<u>127,807</u>
<u>(5,092,657)</u>	<u>527,381</u>	<u>(439,379)</u>	<u>(5,418,159)</u>
(1,820,307)	-	-	(2,573,943)
832,885	-	-	1,224,191
2,172,106	-	-	2,726,039
3,602,973	-	-	3,602,973
<u>300,000</u>	<u>-</u>	<u>74,318</u>	<u>724,354</u>
<u>5,087,657</u>	<u>-</u>	<u>74,318</u>	<u>5,703,614</u>
-	930,000	-	930,000
-	40,948	-	33,805
-	-	-	10,447
(9,400)	(117,588)	-	(358,212)
-	(390,000)	-	(470,440)
<u>-</u>	<u>(65,690)</u>	<u>-</u>	<u>(83,144)</u>
<u>(9,400)</u>	<u>397,670</u>	<u>-</u>	<u>62,456</u>
<u>14,400</u>	<u>45,090</u>	<u>365,601</u>	<u>486,213</u>
<u>14,400</u>	<u>45,090</u>	<u>365,601</u>	<u>486,213</u>
-	970,141	540	834,124
<u>-</u>	<u>2,658,171</u>	<u>2,625</u>	<u>2,965,945</u>
<u>\$ -</u>	<u>\$ 3,628,312</u>	<u>\$ 3,165</u>	<u>\$ 3,800,069</u>

(continued)

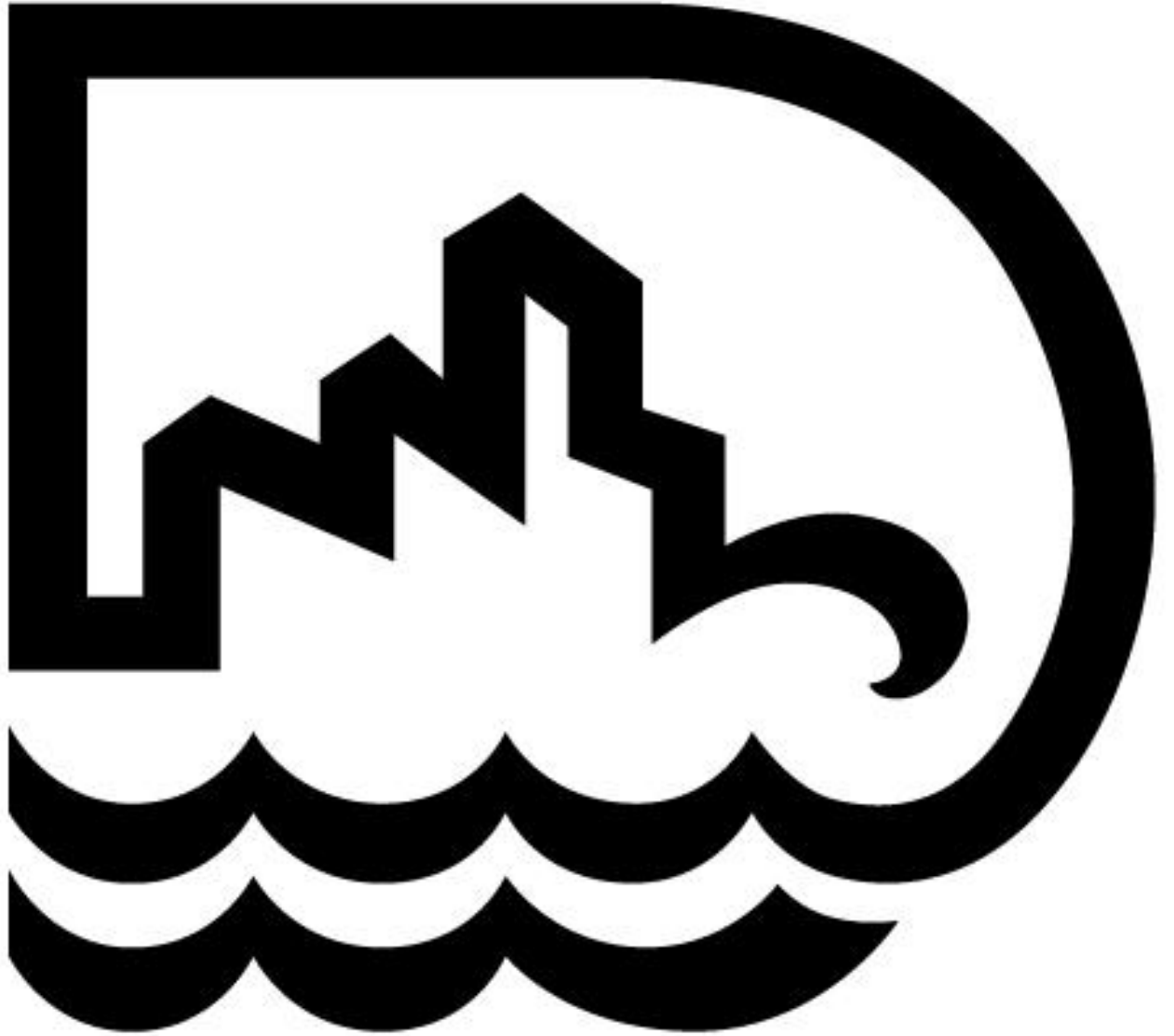
CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2015**

	<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) income	<u>\$ (708,944)</u>	<u>\$ (191,275)</u>	<u>\$ (426,588)</u>
Adjustments to Reconcile Operating (loss) income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	321,941	195,767	379,223
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	11,463	(434)	-
Decrease (increase) in due from other governments	1,037	-	(20,618)
Decrease (increase) in prepaids and inventories	-	-	-
Decrease (increase) in pension related deferred outflows	(2,746)	(10,475)	(2,686)
Increase (decrease) in accounts payable	147	31,758	(7,714)
Increase (decrease) in other accrued liabilities	6,385	26,139	1,735
Increase (decrease) in net pension liability	(27,118)	(136,470)	(19,096)
Increase (decrease) in pension related deferred inflows	24,887	121,900	18,278
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	<u>335,996</u>	<u>228,185</u>	<u>349,122</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (372,948)</u>	<u>\$ 36,910</u>	<u>\$ (77,466)</u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>			
Acquisition of capital assets through capital contributions	\$ -	\$ -	\$ 4,984,795
Contribution of capital assets by municipality	-	-	(1,233,876)
Contribution of capital assets by state and federal governments	-	-	(3,750,919)

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON- MAJOR ENTERPRISE FUNDS</u>
<u>\$ (6,318,916)</u>	<u>\$ 252,005</u>	<u>\$ (567,621)</u>	<u>\$ (7,961,339)</u>
570,354	479,439	114,472	2,061,196
22,839	(202,396)	-	(168,528)
762,367	-	-	742,786
(81,733)	-	(463)	(82,196)
(97,621)	(59,263)	(14,346)	(187,137)
(22,774)	11,955	15,266	28,638
75,775	64,744	13,135	187,913
(548,988)	(427,020)	(77,201)	(1,235,893)
545,859	407,917	77,379	1,196,220
181	-	-	181
<u>1,226,259</u>	<u>275,376</u>	<u>128,242</u>	<u>2,543,180</u>
<u>\$ (5,092,657)</u>	<u>\$ 527,381</u>	<u>\$ (439,379)</u>	<u>\$ (5,418,159)</u>
\$ 1,437,249	\$ -	\$ 83,050	\$ 6,505,094
(1,235,745)	-	(83,050)	(2,552,671)
(201,504)	-	-	(3,952,423)



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, 2015**

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 3,498,610	\$ 4,985,875	\$ 13,739	\$ 8,498,224
Accounts receivable	2,254	358,289	-	360,543
Interest receivable	2,423	5,201	-	7,624
Prepays	15,877	43,898	275,887	335,662
Total current assets	<u>3,519,164</u>	<u>5,393,263</u>	<u>289,626</u>	<u>9,202,053</u>
Noncurrent assets:				
Capital assets:				
Improvements other than buildings	-	-	2,724,926	2,724,926
Equipment and vehicles	-	-	5,109,604	5,109,604
Less accumulated depreciation	-	-	(3,809,240)	(3,809,240)
Construction in progress	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>4,025,290</u>	<u>4,025,290</u>
Total assets	<u>3,519,164</u>	<u>5,393,263</u>	<u>4,314,916</u>	<u>13,227,343</u>
DEFERED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	<u>7,996</u>	<u>76,402</u>	<u>78,848</u>	<u>163,246</u>
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	2,983	18,404	22,132	43,519
Accounts payable	142,047	115,965	10,156	268,168
Compensated absences	557	69,241	64,901	134,699
Claims and judgments	1,204,195	3,362,339	-	4,566,534
Interfund loans payable	-	12,172	-	12,172
Total current liabilities	<u>1,349,782</u>	<u>3,578,121</u>	<u>97,189</u>	<u>5,025,092</u>
Noncurrent liabilities:				
Compensated absences	62	7,771	7,283	15,116
Claims and judgments	-	2,981,696	-	2,981,696
Other postemployment benefits	6,617	78,399	81,476	166,492
Net pension liability	35,206	368,393	354,336	757,935
Total noncurrent liabilities	<u>41,885</u>	<u>3,436,259</u>	<u>443,095</u>	<u>3,921,239</u>
Total liabilities	<u>1,391,667</u>	<u>7,014,380</u>	<u>540,284</u>	<u>8,946,331</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	<u>16,243</u>	<u>151,888</u>	<u>159,426</u>	<u>327,557</u>
NET POSITION				
Investment in capital assets	-	-	4,025,290	4,025,290
Unrestricted	2,119,250	(1,696,603)	(331,236)	91,411
Total net position	<u>\$ 2,119,250</u>	<u>\$ (1,696,603)</u>	<u>\$ 3,694,054</u>	<u>\$ 4,116,701</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Fiscal Year Ended June 30, 2015**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 13,388,100	\$ 4,781,884	\$ 1,981,962	\$ 20,151,946
Other	141,854	1,089,614	-	1,231,468
Total Operating Revenues	<u>13,529,954</u>	<u>5,871,498</u>	<u>1,981,962</u>	<u>21,383,414</u>
OPERATING EXPENSES:				
Employee expenses	95,639	891,627	925,408	1,912,674
Supplies and services	13,260,935	3,953,806	1,034,131	18,248,872
Depreciation	-	-	509,480	509,480
Total Operating Expenses	<u>13,356,574</u>	<u>4,845,433</u>	<u>2,469,019</u>	<u>20,671,026</u>
OPERATING INCOME (LOSS)	173,380	1,026,065	(487,057)	712,388
NON-OPERATING REVENUES (EXPENSES):				
Use of monies and property	<u>8,034</u>	<u>17,247</u>	<u>-</u>	<u>25,281</u>
Total Non-operating Revenues (Expenses)	8,034	17,247	-	25,281
INCOME (LOSS) BEFORE CONTRIBUTIONS	181,414	1,043,312	(487,057)	737,669
Capital contributions	-	-	596,970	596,970
Transfers in	-	265,715	-	265,715
Transfers out	-	(1,537,922)	-	(1,537,922)
Change in net position	<u>181,414</u>	<u>(228,895)</u>	<u>109,913</u>	<u>62,432</u>
Total net position - beginning as restated	<u>1,937,836</u>	<u>(1,467,708)</u>	<u>3,584,141</u>	<u>4,054,269</u>
Total net position - ending	<u>\$ 2,119,250</u>	<u>\$ (1,696,603)</u>	<u>\$ 3,694,054</u>	<u>\$ 4,116,701</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2015**

	<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	\$ 13,404,497	\$ 4,423,595	\$ 1,982,146	\$ 19,810,238
Cash paid to suppliers for goods and services	(13,111,786)	(3,703,434)	(1,071,323)	(17,886,543)
Cash paid to employees for services	(95,852)	(887,218)	(930,572)	(1,913,642)
Other operating revenue	141,854	1,089,614	-	1,231,468
Net Cash provided by (used for) Operating Activities	<u>338,713</u>	<u>922,557</u>	<u>(19,749)</u>	<u>1,241,521</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Advances from other funds	-	12,172	-	12,172
Transfers in	-	265,715	-	265,715
Transfers out	-	(1,537,922)	-	(1,537,922)
Net Cash used for Non-Capital Financing Activities	<u>-</u>	<u>(1,260,035)</u>	<u>-</u>	<u>(1,260,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	<u>6,924</u>	<u>15,816</u>	<u>-</u>	<u>22,740</u>
Net increase (decrease) in Cash and Cash Equivalents	345,637	(321,662)	(19,749)	4,226
CASH AND CASH EQUIVALENTS- BEGINNING	<u>3,152,973</u>	<u>5,307,537</u>	<u>33,488</u>	<u>8,493,998</u>
CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 3,498,610</u>	<u>\$ 4,985,875</u>	<u>\$ 13,739</u>	<u>\$ 8,498,224</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2015**

	<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)	\$ 173,380	\$ 1,026,065	\$ (487,057)	\$ 712,388
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	509,480	509,480
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	16,397	(358,289)	184	(341,708)
Decrease (increase) in prepaids	(15,877)	3,371	(2,904)	(15,410)
Decrease (increase) in pension related deferred outflows	(7,217)	(68,961)	(71,169)	(147,347)
Increase (decrease) in accounts payable	165,026	247,001	(34,286)	377,741
Increase (decrease) in other accrued liabilities	2,847	33,656	25,018	61,521
Increase (decrease) in net pension liability	(16,678)	(159,370)	(164,471)	(340,519)
Increase (decrease) in pension related deferred inflows	20,835	199,084	205,456	425,375
Total Adjustments	<u>165,333</u>	<u>(103,508)</u>	<u>467,308</u>	<u>529,133</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 338,713</u>	<u>\$ 922,557</u>	<u>\$ (19,749)</u>	<u>\$ 1,241,521</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Acquisition of capital assets through capital contributions	\$ -	\$ -	\$ 596,970	\$ 596,970
Contribution of capital assets by municipality	-	-	(596,970)	(596,970)

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

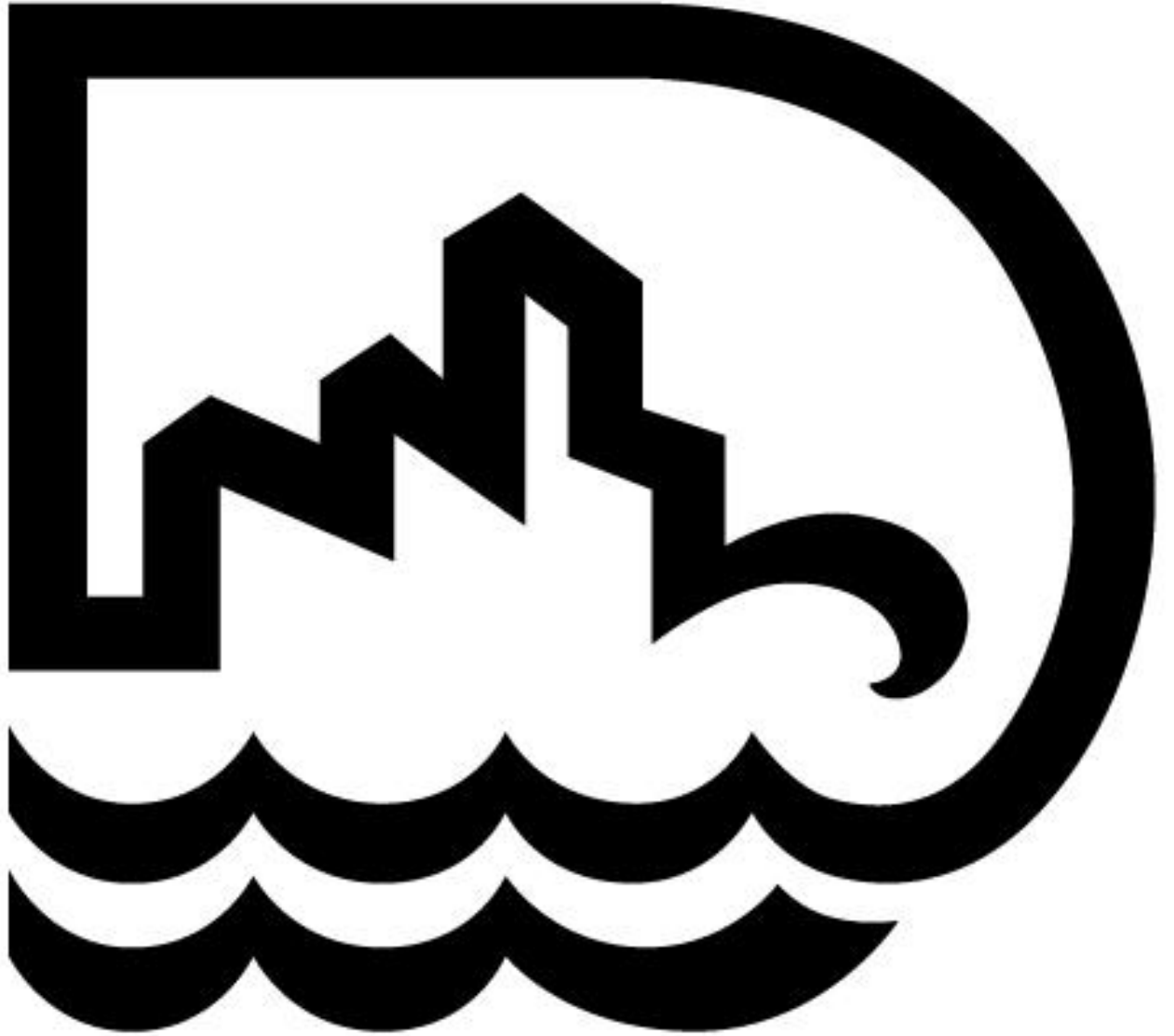
**ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2015**

	BALANCE JUNE 30, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
RIVERFRONT TASK FORCE				
ASSETS:				
Cash and investments	\$ 3,650	\$ 9	\$ -	\$ 3,659
TOTAL ASSETS	\$ 3,650	\$ 9	\$ -	\$ 3,659
LIABILITIES:				
Due to other governments	\$ 3,650	\$ 9	\$ -	\$ 3,659
LIBRARY GIFT				
ASSETS:				
Cash and investments	\$ 425,509	\$ 29,715	\$ -	\$ 455,224
Interest receivable	267	97	-	364
TOTAL ASSETS	\$ 425,776	\$ 29,812	\$ -	\$ 455,588
LIABILITIES:				
Accounts payable	\$ 10,343	\$ 15,382	\$ -	\$ 25,725
Due to other governments	415,433	14,430	-	429,863
TOTAL LIABILITIES	\$ 425,776	\$ 29,812	\$ -	\$ 455,588
M.D. PETERSEN MEMORIAL				
ASSETS:				
Cash and investments	\$ 2,170	\$ 5	\$ -	\$ 2,175
TOTAL ASSETS	\$ 2,170	\$ 5	\$ -	\$ 2,175
LIABILITIES:				
Due to other governments	\$ 2,170	\$ 5	\$ -	\$ 2,175
TOTAL LIABILITIES	\$ 2,170	\$ 5	\$ -	\$ 2,175
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 431,329	\$ 29,729	\$ -	\$ 461,058
Interest receivable	267	97	-	364
TOTAL ASSETS	\$ 431,596	\$ 29,826	\$ -	\$ 461,422
LIABILITIES:				
Accounts payable	\$ 10,343	\$ 15,382	\$ -	\$ 25,725
Due to other governments	421,253	14,444	-	435,697
TOTAL LIABILITIES	\$ 431,596	\$ 29,826	\$ -	\$ 461,422

CITY OF DAVENPORT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
Direct:			
<u>U. S. Department of Housing and Urban Development (HUD)</u>			
N/C S/R Section 8 Programs	14.182	IA05 0002 0001	\$ 372,093
Community Development Block Grants/Entitlement Grants	14.218	B 12 MC 19 0002	1,780,792
HOME Investment Partnerships Program	14.239	M 12 MC 190200	859,164
Fair Housing Assistance Program	14.401	FF 207 K 137015	72,790
Fair Housing Assistance Program	14.401	FF 207 K 147015	55,520
Subtotal			128,310
Public and Indian Housing	14.850	IA 05 S04 5501	20,610
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	3,047,363
Public Housing - Capital Fund Program	14.872	KC 914 8	140,612
Lead Based Paint Grant	14.900	IA LHB 0497-11	91,359
Total U.S. Department of Housing and Urban Development			6,440,303
<u>Equal Employment Opportunity Commission</u>			
Equal Employment Opportunity Commission	30.001	EE CCN 1001 14	52,950
<u>U. S. Department of Transportation</u>			
Airport Environmental Assessment	20.205	319 00 24 17	24,312
Runway 3/21 Reconstruction	20.205	319 00 24 18	4,004,943
Recreational Trails	20.205	STPE 1827 (666) 8V 82	9,862
Forest Grove Avenue	20.205	STPU 1827 (665) 70 82	566,359
Kimberly and Forest Street	20.205	STPU 1827 (979) 70 82	92,859
Pine Street Reconstruction	20.205	STPU 1827 (662) 70 82	58,901
Veteran's Memorial Parkway	20.205	STPU 1827 (633) 71 82	136,256
Veteran's Memorial Parkway	20.205	STPU 1827 (672) 71 82	52,724
Veteran's Memorial Parkway	20.205	STPU 1827 (674) 71 82	342,017
Kimberly and Division	20.205	STPU 1827 (667) 70 82	43,602
Rail For Eastern Iowa	20.205	RDP 06 (01) 49 82	40,299
Subtotal			5,372,134
Federal Transit - Formula Grants	20.507	IA 90 X 362 01	9,734
Federal Transit - Formula Grants	20.507	IA 90 X 399 01	105,052
Federal Transit - Formula Grants	20.507	IA 90 X 412 00	1,575,717
Federal Transit - Formula Grants	20.507	IA 16 X 008 00	48,367
Federal Transit - Formula Grants	20.507	IA 90 X 372 02	80,000
Subtotal			1,818,870
Total U.S. Department of Transportation			7,191,004
<u>U.S. Economic Development Administration</u>			
Transload Facility	11.307	0679 5588	4,966,692

<u>U.S. Department of Agriculture</u>			
Farmers Market Promotion Program	10.168	12-25-G-1559	<u>43,770</u>
<u>U. S. Department of Homeland Security</u>			
Staffing For Adequate Fire and Emergency Response	97.083	EMW 2013 FH 00603	<u>247,854</u>
Total Direct			<u>18,942,573</u>
Indirect:			
<u>Historic Preservation Fund Grants-in-Aid</u>			
Certified Local Government Grant	15.904	2014-S-02	<u>1,693</u>
<u>U. S. Department of Economic Development</u>			
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	<u>306,438</u>
<u>U. S. Department of Transportation</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>28,036</u>
<u>Corporation For National And Community Service</u>			
Iowa Commission on Volunteer Service:			
AmeriCorps	94.003	13 AF 02	51,478
AmeriCorps	94.003	14 AF 02	<u>247,671</u>
Subtotal			299,149
Volunteer Generation Fund Grant	94.021	11 VGF N4	<u>21,210</u>
Total Corporation for National and Community Service			320,359
Total Indirect			656,526
Total expenditures of federal awards			<u>\$ 19,599,099</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 157,084,943	\$ 145,746,153	\$ 140,160,840	\$ 107,161,965
Restricted	16,152,056	29,555,409	32,606,806	44,110,046
Unrestricted	<u>(52,363,648)</u>	<u>(8,126,653)</u>	<u>(18,726,532)</u>	<u>(12,343,725)</u>
Total governmental activities net position	<u>\$ 120,873,351</u>	<u>\$ 167,174,909</u>	<u>\$ 154,041,114</u>	<u>\$ 138,928,286</u>
Business-type activities				
Net investment in capital assets	\$ 131,173,938	\$ 124,953,410	\$ 124,901,380	\$ 136,518,021
Restricted	4,146,716	4,610,003	4,904,259	4,049,687
Unrestricted	<u>1,009,918</u>	<u>5,295,999</u>	<u>2,491,018</u>	<u>(5,484,405)</u>
Total business-type activities net position	<u>\$ 136,330,572</u>	<u>\$ 134,859,412</u>	<u>\$ 132,296,657</u>	<u>\$ 135,083,303</u>
Primary government				
Net investment in capital assets	\$ 288,258,881	\$ 270,699,563	\$ 265,062,220	\$ 243,679,986
Restricted	20,298,772	34,165,412	37,511,065	48,159,733
Unrestricted	<u>(51,353,730)</u>	<u>(2,830,654)</u>	<u>(16,235,514)</u>	<u>(17,828,130)</u>
Total primary government net position	<u>\$ 257,203,923</u>	<u>\$ 302,034,321</u>	<u>\$ 286,337,771</u>	<u>\$ 274,011,589</u>

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 126,691,668	\$ 125,751,423	\$ 105,380,683	\$ 107,377,588	\$ 89,441,418	\$ 68,823,065
12,739,452	26,268,566	37,923,794	34,634,008	43,140,165	52,997,137
(3,483,506)	(22,165,731)	2,694,253	3,975,550	5,039,462	6,977,388
<u>\$ 135,947,614</u>	<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>
\$ 123,757,219	\$ 113,558,845	\$ 106,460,687	\$ 109,164,803	\$ 109,968,802	\$ 114,960,736
3,849,157	4,414,849	-	-	-	-
(1,280,067)	4,336,900	13,226,200	12,464,481	12,747,591	14,110,629
<u>\$ 126,326,309</u>	<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>
\$ 250,448,887	\$ 239,310,268	\$ 211,841,370	\$ 216,542,391	\$ 199,410,220	\$ 183,783,801
16,588,609	30,683,415	37,923,794	34,634,008	43,140,165	52,997,137
(4,763,573)	(17,828,831)	15,920,453	16,440,031	17,787,053	21,088,017
<u>\$ 262,273,923</u>	<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>

CITY OF DAVENPORT

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

	2015	2014	2013	2012	2011	Fiscal Year		2010	2009	2008	2007	2006
Expenses												
Governmental activities:												
General government	10,560,111	\$ 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		
Public safety	48,529,955	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		
Public works	33,010,049	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		
Culture and recreation	15,174,486	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		
Community and economic development	11,131,967	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		
Interest on long-term debt	5,947,441	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		
Total governmental activities expenses	124,354,009	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		
Business-type activities:												
Sewer operations	19,160,797	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		
Parking system	1,799,400	1,935,914	1,947,343	2,046,877	2,080,257	2,293,309	2,130,548	2,214,256	2,297,589	2,223,038		
Rivercenter	3,336,827	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		
Public transit	7,131,163	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		
Public housing	1,185,729	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		
Golf courses	1,780,467	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		
Airport	690,092	611,884	784,792	606,160	578,765	555,304	536,281	564,139	533,995	492,146		
Solid waste	5,332,726	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		
Clean water (1)	2,795,659	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	900,627	806,140	746,906	960,907	1,087,614	166,168						
Total business-type activities expenses	44,113,487	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		
Total primary government expenses	\$ 168,467,496	\$ 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		
Program revenues												
Governmental activities:												
Charges for services:												
General government	\$ 3,917,847	\$ 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		
Public safety	3,315,156	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		
Public works	3,842,099	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		
Culture and recreation	380,929	593,369	850,025	772,321	1,698,503	1,420,156	1,255,539	1,110,907	1,774,460	3,820,105		
Community and economic development	167,130	457,258	1,467,138	749,931	630,293	2,134,740	762,264	842,579	872,306	955,624		
Operating grants and contributions	18,980,080	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		
Capital grant and contributions	13,004,281	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		
Total governmental activities program revenues	43,607,522	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		
Business-type activities:												
Charges for services:												
Sewer operations	18,992,400	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		
Parking system	1,519,223	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		
Rivercenter	1,578,301	1,823,924	1,485,292	1,725,151	1,327,314	863,707	1,151,073	988,216	918,739	1,153,477		
Public transit	494,410	533,804	515,210	516,315	506,706	479,090	479,056	451,139	455,216	453,792		
Public housing	454,434	424,386	431,545	421,850	415,874	369,711	388,302	388,640	344,286	334,919		
Golf courses	1,588,054	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		
Airport	193,518	187,444	206,821	209,121	179,002	188,984	181,104	185,644	175,622	173,624		
Solid waste (1)	5,578,847	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		
Clean water (2)	2,555,246	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)	312,180	237,388	184,325	247,685	255,061	36,618						
Operating grants and contributions	2,726,039	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		
Capital grant and contributions	8,467,844	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		
Total business-type activities program revenues	44,460,496	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		
Total primary government program revenues	\$ 88,068,018	\$ 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		

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (Expense)/Revenue										
Governmental activities	\$ (80,787,833)	\$ (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)
Business-type activities	(742,235)	(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)
Total primary government net expense	\$ (81,530,068)	\$ (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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	69,374,445	\$ 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
Local option sales tax	16,400,413	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
Hotel/motel tax	2,385,142	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
Franchise tax	2,556,039	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
Investment earnings	1,213,198	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
Gain on sale of capital assets	15,451	17,355	1,634,804	108,867	728,558	65,547	4,905	51,385	78,176	367,546
Miscellaneous	12,363	52,581	34,114	72,124	58,419	53,761	96,087	62,432	41,118	362,904
Transfers	(2,931,002)	(1,706,916)	(502,762)	(911,944)	1,128,264	(448,666)	(346,707)	(501,515)	(784,469)	(11,349,849)
Total governmental activities	89,026,049	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
Business-type activities:										
Property taxes (public transit)	3,602,973	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
Investment earnings	616,868	618,220	660,890	700,403	658,157	259,257	400,305	649,905	790,290	698,124
Gain on sale of capital assets	-	61,731	25,446	-	-	-	-	-	-	-
Loss on donation of capital assets	141	-	-	-	-	-	-	-	(5,894,826)	-
Miscellaneous	1,380,690	545,287	2,048,686	309,788	362,652	140,098	109,302	65,564	66,151	65,586
Transfers	2,931,002	1,706,916	502,762	911,944	(1,128,264)	448,666	346,707	501,515	784,469	11,349,849
Total business-type activities	8,531,674	6,578,730	6,818,199	5,415,287	3,268,772	4,171,322	4,104,667	4,314,559	(1,236,551)	15,019,454
Total primary government	\$ 97,557,723	\$ 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
Change in Net Position										
Governmental activities	8,264,111	\$ 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)
Business-type activities	8,878,683	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
Total primary government	\$ 17,142,794	\$ 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

(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				
	2015	2014	2013	2012	2011
General Fund					
Nonspendable	\$ 5,446	\$ 5,440	\$ 2,949	\$ 23,179	\$ 17,069
Restricted	5,896,292	5,999,441	5,476,184	3,717,150	3,883,934
Committed	-	-	-	-	-
Assigned	1,585,151	778,856	555,034	545,488	551,836
Unassigned	8,889,540	8,536,778	7,582,938	5,606,312	5,392,141
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>\$ 16,376,429</u>	<u>15,320,515</u>	<u>13,617,105</u>	<u>9,892,129</u>	<u>9,844,980</u>
All Other Governmental funds					
Nonspendable	22,875	5,868	-	-	-
Restricted	28,690,404	37,530,085	32,686,164	40,119,368	14,266,498
Committed	1,191,168	1,184,409	1,103,032	844,461	1,058,755
Assigned	-	-	-	-	-
Unassigned	-	(344,161)	(600,249)	(906,693)	(1,035,514)
Reserved	-	-	-	-	-
Unreserved, reported in special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Total All Other Governmental funds	<u>\$ 29,904,447</u>	<u>\$ 38,376,201</u>	<u>\$ 33,188,947</u>	<u>\$ 40,057,136</u>	<u>\$ 14,289,739</u>

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

Fiscal Year				
2010	2009	2008	2007	2006
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,781,365	5,837,263	5,468,328	5,897,658	6,466,266
5,640,835	4,961,376	5,057,016	6,658,196	7,561,989
<u>10,422,200</u>	<u>10,798,639</u>	<u>10,525,344</u>	<u>12,555,854</u>	<u>14,028,255</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,558,420	32,666,636	27,199,618	32,790,103	41,987,883
(1,956,132)	980,072	3,754,094	6,527,897	6,116,563
(503,939)	-	-	-	(710,670)
<u>\$ 6,098,349</u>	<u>\$ 33,646,708</u>	<u>\$ 30,953,712</u>	<u>\$ 39,318,000</u>	<u>\$ 47,393,776</u>

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
Taxes	90,499,909	\$ 90,421,947	\$ 88,262,578	\$ 80,884,683	\$ 78,730,720
Special assessments	38,992	96,245	93,757	58,964	157,683
Licenses and permits	2,017,908	1,749,752	1,619,350	1,317,804	1,238,659
Intergovernmental	32,296,554	25,530,812	22,837,172	35,240,010	31,332,008
Charges for services	3,963,968	4,051,619	4,210,684	4,479,467	4,146,542
Use of monies and property	1,213,198	1,176,460	1,036,972	1,218,685	1,014,156
Fines and forfeits	2,050,224	1,931,967	1,740,494	1,936,641	1,967,004
Loan repayments	907,318	1,065,290	860,284	723,850	839,699
Other	3,078,817	4,108,428	3,659,461	4,598,710	4,519,410
Total revenues	136,066,888	130,132,520	124,320,752	130,458,814	123,945,881
Expenditures					
General government	9,692,385	8,820,719	8,601,095	8,992,941	8,178,030
Public safety	42,149,652	41,216,850	40,160,927	39,554,541	39,137,701
Public works	18,030,045	17,557,791	15,288,713	15,505,355	17,073,051
Culture and recreation	11,267,593	11,281,713	10,975,613	11,305,093	11,485,665
Community and economic development	10,370,910	13,853,663	10,629,873	15,234,614	13,823,997
Capital outlay	31,737,839	15,247,456	17,188,086	38,425,489	35,710,271
Debt service					
Principal	26,622,260	16,024,785	16,241,175	17,234,350	17,071,575
Interest	6,004,485	6,101,313	6,987,409	6,200,955	6,233,849
Bond issuance expense	192,668	249,658	216,403	125,781	150,055
Total expenditures	156,067,837	130,353,948	126,289,294	152,579,119	148,864,194
Excess of revenues over (under) expenditures	(20,000,949)	(221,428)	(1,968,542)	(22,120,305)	(24,918,313)
Other Financing Sources (Uses)					
Bond issuance	12,995,000	14,850,000	12,382,000	11,790,000	25,299,250
Discount on debt issued	-	-	-	-	-
Premium on debt issued	1,207,558	2,405,596	482,773	3,321,543	1,377,130
Refunding bonds issued	-	10,335,000	2,310,000	33,637,890	3,687,250
Payment to refunded bond escrow agent	-	(18,735,000)	(17,900,000)	-	(3,880,000)
Sale of capital assets	15,451	17,355	2,016,593	108,867	728,558
Transfers in	15,775,415	12,026,555	14,170,133	20,129,136	17,023,775
Transfers out	(17,408,315)	(13,787,414)	(14,636,170)	(21,052,585)	(15,224,330)
Total other financing sources (uses)	12,585,109	7,112,092	(1,174,671)	47,934,851	29,011,633
Net change in fund balances	\$ (7,415,840)	\$ 6,890,664	\$ (3,143,213)	\$ 25,814,546	\$ 4,093,320
Debt service as a percentage of noncapital expenditures	24.50%	18.32%	20.55%	18.24%	17.28%

		Fiscal Year							
		2010	2009	2008	2007	2006			
\$	77,168,031	\$	75,503,579	\$	73,900,380	\$	71,440,755	\$	67,238,905
	37,717		6,806		139,517		50,982		40,535
	1,275,935		1,154,269		1,496,632		1,395,934		1,623,543
	29,024,273		22,579,386		17,417,503		17,053,854		19,729,182
	3,926,869		4,081,012		3,616,388		2,798,325		3,490,189
	1,035,244		1,390,993		2,953,986		3,839,767		3,010,775
	1,314,564		938,544		554,937		873,092		997,004
	648,896		611,113		584,230		663,341		594,829
	4,362,836		1,257,734		2,106,748		2,105,786		4,308,377
	<u>118,794,365</u>		<u>107,523,436</u>		<u>102,770,321</u>		<u>100,221,836</u>		<u>101,033,339</u>
	8,370,902		7,849,694		7,908,979		7,215,792		7,242,260
	38,211,590		37,719,742		37,817,252		36,215,539		33,930,920
	17,169,622		15,838,441		15,316,163		11,812,816		11,789,864
	12,738,612		11,113,692		10,182,468		9,406,214		8,632,061
	20,305,456		17,030,912		9,930,122		8,960,280		10,016,894
	56,227,626		25,959,860		24,969,390		30,935,403		31,196,883
	14,912,225		12,125,079		12,466,632		13,256,573		13,049,158
	6,078,034		5,030,293		5,151,715		5,238,443		4,816,787
	153,704		285,250		84,386		68,526		105,731
	<u>174,167,771</u>		<u>132,952,963</u>		<u>123,827,107</u>		<u>123,109,586</u>		<u>120,780,558</u>
	<u>(55,373,406)</u>		<u>(25,429,527)</u>		<u>(21,056,786)</u>		<u>(22,887,750)</u>		<u>(19,747,219)</u>
	28,676,000		26,820,000		9,910,000		13,940,000		35,660,000
	(66,902)		56,945		155,453		(51,222)		(148,544)
	30,668		-		-		-		-
	6,546,400		-		4,380,000		10,959,625		-
	(6,555,500)		-		(4,354,806)		(11,005,000)		-
	66,608		4,905		51,385		78,176		1,643,684
	16,951,068		17,244,760		14,574,161		14,210,513		14,507,366
	(17,399,734)		(15,730,792)		(14,052,777)		(14,721,821)		(14,999,818)
	<u>28,248,608</u>		<u>28,395,818</u>		<u>10,663,416</u>		<u>13,410,271</u>		<u>36,662,688</u>
\$	<u>(27,124,798)</u>	\$	<u>2,966,291</u>	\$	<u>(10,393,370)</u>	\$	<u>(9,477,479)</u>	\$	<u>16,915,469</u>
	12.92%		15.26%		17.72%		19.48%		19.94%

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>
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
2013	2015	4,139,557	1,499,395	134,969	33,295	304,795	3,024

Levy Year	Fiscal Year	TAXABLE VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
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
2013	2015	2,248,111	1,418,141	127,631	14,440	213,031	2,873

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.

Source: Iowa Department of Management website

<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>	<u>Total direct tax rate</u>
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%
6,115,035	(9,153)	6,105,882	16.78%

<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>
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
4,024,227	(9,153)	4,015,074

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>
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
2015	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>
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
6.13	15.84	0.93	0.44	40.12

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>
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%
2015	73,239,754	72,473,395	98.95%

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	2015			2006		
		Taxable Valuation	Rank	% of taxable value	Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	\$ 149,544,877	1	3.61%	\$ 164,646,629	1	5.14%
Macerich North Park Mall LLC/SDG Macerich Properties	Shopping Center	55,488,075	2	1.34%	71,516,500	2	2.23%
Iowa-American Water Co.	Utility	47,533,563	3	1.15%	46,613,584	3	1.46%
Deere & Company	Manufacturing	25,510,730	4	0.62%	22,036,631	4	0.69%
RS Davenport Retail LLC	Commercial	22,162,550		0.53%			
QC Freight Service & John Deere Distribution Center	Commercial	18,874,885		0.46%			
Hotel Blackhawk LLC	Commercial	17,073,210	6	0.41%	-		
THF Davenport North Development	Realty	16,864,305	7	0.41%	15,723,707	9	0.49%
EPT Nineteen Inc.	Commercial	15,038,785		0.36%			
Qwest	Utility	13,881,474	8	0.33%			
Quanex	Manufacturing	-			20,862,200	5	0.65%
Davenport 1031 LLC	Logistics	-			18,517,300	6	0.58%
National Amusement Inc.	Theatre Complexes	-			18,254,200	7	0.57%
US West Communications	Utility	-			16,152,072	8	0.50%
Bradley Operating LTD Partners	Shopping Center	-			14,724,800	10	0.46%
Total		<u>\$ 381,972,454</u>		<u>9.21%</u>	<u>\$ 409,047,623</u>		<u>12.78%</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	Capital Lease			
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	280	223,242	unavailable	2,239
2015	144,085	-	311	50,103	14,147	189	208,835	unavailable	2,095

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
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	222,115	5.72%	2,228
2013	211,419	5.34%	2,121
2014	208,443	5.18%	2,091
2015	194,188	4.84%	1,948

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, 2015
(dollars in thousands)

Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	27,005,000	51.74%	13,972,387
Eastern Iowa Community College	5,181,000	30.53%	<u>1,581,759</u>
Subtotal, overlapping debt			<u>15,554,146</u>
City direct debt			<u>144,396,020</u>
Total direct and overlapping debt			<u><u>\$ 159,950,166</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	2006	2007	2008	2009
Debt limit	\$ 246,426,202	\$ 263,977,950	\$ 274,332,381	\$ 290,703,247
Total net debt applicable to limit	<u>148,929,153</u>	<u>148,364,852</u>	<u>148,501,164</u>	<u>159,957,382</u>
Legal debt margin	\$ 97,497,049	\$ 115,613,098	\$ 125,831,217	\$ 130,745,865
Total net debt applicable to the limit as a percentage of debt limit	60.44%	56.20%	54.13%	55.02%

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 2015

Assessed valuation	\$ 6,251,710,876	
Debt limit (5% of assessed value)		\$ 312,585,544
Debt applicable to limit:		
General Obligation Bonds	185,750,000	
Tax Increment Financing Rebate Agreements subject to limit	4,116,175	
Total G.O. Indebtedness		<u>189,866,175</u>
Legal debt margin		<u><u>\$ 122,719,369</u></u>

2010	2011	2012	2013	2014	2015
\$ 295,219,101	297,663,843	303,752,150	306,921,649	\$ 307,269,293	\$ 312,585,544
176,092,605	\$ 189,966,525	235,046,500	221,979,300	205,587,350	189,866,175
\$ 119,126,496	\$ 107,697,318	\$ 68,705,650	\$ 84,942,349	\$ 101,681,943	\$ 122,719,369
59.65%	63.82%	77.38%	72.32%	66.91%	60.74%

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)
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	4,428,007,700	44,420	15,990	6.5%
2014	99,685	N/A	(1) N/A	(1) 15,981	6.3%
2015	99,685	N/A	(1) N/A	(1) 15,810	N/A

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
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CITY OF DAVENPORT

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

Employer	11/1/2005			12/01/2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	3,075	1	5.95%	4,900	1	7.84%
Davenport Community Schools	2,363	2	4.57%	2,500	2	4.00%
ALCOA	2,200	3	4.26%	2,250	3	3.60%
Kraft Foods/Oscar Mayer	1,650	4	3.19%	1,500	4	2.40%
City of Davenport	930	7	1.80%	1,084	5	1.73%
Rhythm City Casino/Isle Capri	550	13	1.06%	1,050	6	1.68%
MidAmerican Energy Company	-		0.00%	1,025	7	1.64%
Eastern Iowa Community College	1,005	5	1.94%	1,016	8	1.63%
John Deere Davenport Works	875	8	1.69%			
APAC Teleservices	1,000	6	1.93%	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	9	1.16%	600	12	0.96%
United Parcel Service	590	10	1.14%	590	13	0.94%
Von Maur	569	11	1.10%	560	14	0.90%
Scott County	425	14	0.82%	500	15	0.80%
St. Ambrose University	550	12	1.06%	467	16	0.75%
Nestle Purina	372	16	0.72%	-		
Quad City Times/Lee Enterprises	350	15	0.68%	-		
	<u>17,104</u>		<u>33.08%</u>	<u>20,268</u>		<u>32.42%</u>

Source: Quad City Development Group, Direct staff contact with Company (November 2005)

Source: Iowa Quad Cities Chamber of Commerce (December 2014)

CITY OF DAVENPORT

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS
June 30, 2015**

FUNCTION/PROGRAM	2014		2013		2012		2011		2010	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
PUBLIC SAFETY										
Police	186	24	189	26	189	24	195	34	194	35
Fire	143	-	138	1	138	-	140	-	149	-
PUBLIC WORKS	289	48	290	45	296	56	289	46	281	31
CULTURE & RECREATION										
Leisure Facilities and Services	17	209	18	257	21	231 (1)	34	170	34	131
Library	37	35	39	39	40	42	41	40	43	44
COMMUNITY & ECONOMIC DEVELOPMENT	20	2	24	2	23	2	27	-	32	12
GENERAL GOVERNMENT										
Mayor	2	-	2	-	1	1	2	-	2	-
Council	-	10	-	10	-	10	1	10	1	10
Finance	24	-	25	2	25	1	26	2	26	2
Information Technology	8	1	8	2	7	2	7	2	8	2
Administration	6	4	5	8	6	7	6	1	6	-
Legal	4	-	4	-	4	-	4	-	4	-
Human Resources	6	2	6	2	5	2	5	2	5	2
Civil Rights	4	3	4	1	4	1	4	1	4	1
Total	746	338	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 re-hired. This explains the increase in part-time employees.

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

Source: City of Davenport Department of Human Resources.

2009		2008		2007		2006		2005	
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
153	2	155	-	153	1	149	2	143	-
284	34	278	30	278	29	280	26	295	18
34	129	32	76	35	23	38	32	33	45
41	37	39	35	38	34	43	32	42	22
39	13	37	12	37	11	33	11	46	6
2	-	2	-	2	-	2	-	2	-
-	11	1	11	1	10	1	10	1	10
22	5	23	2	23	-	22	2	23	-
10	-	10	-	11	-	9	1	7	1 (2)
7	-	7	-	7	-	7	-	5	-
4	-	4	-	4	-	5	-	5	-
5	2	5	3	6	4	6	6	6	1
4	2	4	1	4	2	4	3	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>

is the increase in part-time employees.

CITY OF DAVENPORT

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2015**

FUNCTION/PROGRAM	FISCAL YEAR				
	2015	2014	2013	2012	2011
PUBLIC SAFETY					
Fire calls answered	16,690	16,373	16,467	15,523	14,965
Police-arrests (1)	6,887	7,632	5,072	6,907	7,151
Construction permits issued	2,395	2,602	2,483	2,402	2,510
PUBLIC WORKS					
Refuse collected (tons) (2)	27,197	26,920	26,759	24,949	25,604
Gallons of wastewater processed (in millions) (1)	10,494	8,541	9,855	8,015	10,877
Yard waste composted (cu yds)	110,723	101,373	109,972	152,564	103,379
Citibus ridership	1,503,419	1,362,174	1,407,131	1,414,496	1,202,929
Utility service customers	39,800	39,500	39,000	38,000	40,000
CULTURE & RECREATION					
Rounds of golf played	64,701	64,063	64,029	77,519	71,243
Swimming pools attendance	24,026	28,191	28,170	32,590	40,874
Recreation programs available	943	984	845	1,272	910
Recreation program enrollment	6,130	5,733	6,342	6,235	57,600
Library - walk-in patrons served	445,272	481,592	463,971	503,778	578,957
COMMUNITY & ECONOMIC DEVELOPMENT					
Planning & zoning-final development review	8	9	13	13	5
Households assisted with rental assistance	867	842	825	783	768

(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				
2010	2009	2008	2007	2006
14,399	13,842	13,188	13,257	12,294
7,529	8,526	8,960	9,813	8,919
2,426	2,196	2135	2,051	2,328
25,737	26,789	71,000	74,185	71,627
11,607	10,038	10,731	7,884	6,424
102,176	109,800	98,030	107,361	68,739
1,180,383	1,125,000	1,088,000	1,045,550	982,663
40,000	40,000	40,000	40,000	40,000
80,113	101,813	136,386	113,128	111,329
30,830	27,708	28,000	31,000	27,373
549	636	1,061	554	410
42,500	38,844	30,396	48,301	53,517
511,259	449,218	395,498	390,394	307,330
2	5	8	15	15
750	716	701	680	672

CITY OF DAVENPORT

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2015**

FUNCTION/PROGRAM	FISCAL YEAR				
	2015	2014	2013	2012	2011
PUBLIC SAFETY					
Police cars	109	105	104	82	83
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	166	161	156
Street lights	0	9708	9,703	9,691	9,691
Refuse collection trucks	0	32	32	29	31
Buses	22	22	21	23	21
CULTURE & RECREATION					
Golf courses	3	3	3	3	3
Acres of parks	1,981	1,981	1,913	1,913	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				
2010	2009	2008	2007	2006
74	64	67	94	77
7	7	7	7	7
16	16	16	14	13
695	695	692	692	690
153	153	152	151	150
9,680	9,632	9,558	9,456	9,237
31	34	30	36	48
21	21	20	20	20
3	3	4	4	4
1,700	1,700	1,700	1,700	1,700
3	3	4	4	4
3	2	2	2	2
