



CITY OF DAVENPORT, IOWA

FISCAL YEAR **2016** COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



**CITY OF DAVENPORT, IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by:  
Finance Department  
Accounting Division**

# **INTRODUCTORY SECTION**

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### INTRODUCTORY SECTION

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December 22, 2016

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, 2016.

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, 2016 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, 2016 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, 2016 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 2016 unemployment rate (through nine months) was 5.9%. Of the 189,300 persons in the labor force in 2015, 178,200 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 61% residential, 35% 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 5.3% 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 nearly complete that transformed a half-city downtown block housing the former Parker and Putnam buildings along 2<sup>nd</sup> Street. The buildings were developed into a mix of hotel, market rate housing, retail and Class A office space. A new \$110 million casino and hotel opened at Interstate 80 and 74 on June 16, 2016. This has spurred further economic development 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 2.0% annually over the last ten fiscal years. For the upcoming FY 2017, total assessed value increased by 1.8%, while taxable values increased .4% 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 3.8% over the last ten years. State-mandated contributions to the statewide fire and police pension system decreased for the second time in six years. However, over the seven-year time frame from FY 2010 through FY2017, the cumulative increase caused by the historic rising public safety pension rates totals over \$11.0 million. 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 2017 include:

- Street resurfacing, full depth patching & reconstruction \$5.7 million
- Brady Street resurfacing and sewer \$6.3 million
- Extension of West 76th Street \$1.5 million
- Rockingham Road reconstruction \$.4 million (project total \$2.7 million)
- Vander Veer Park playground \$.4 million
- Compost building roof repair \$1.5 million
- Sanitary sewer lining, construction and repair \$6.8 million
- Continue Water Pollution Control Plant Optimization \$4 million (project total \$9.9 million)

### Awards and Acknowledgements

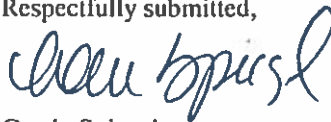
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the 33rd consecutive 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 2017 budget document. This is the 22<sup>nd</sup> consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

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

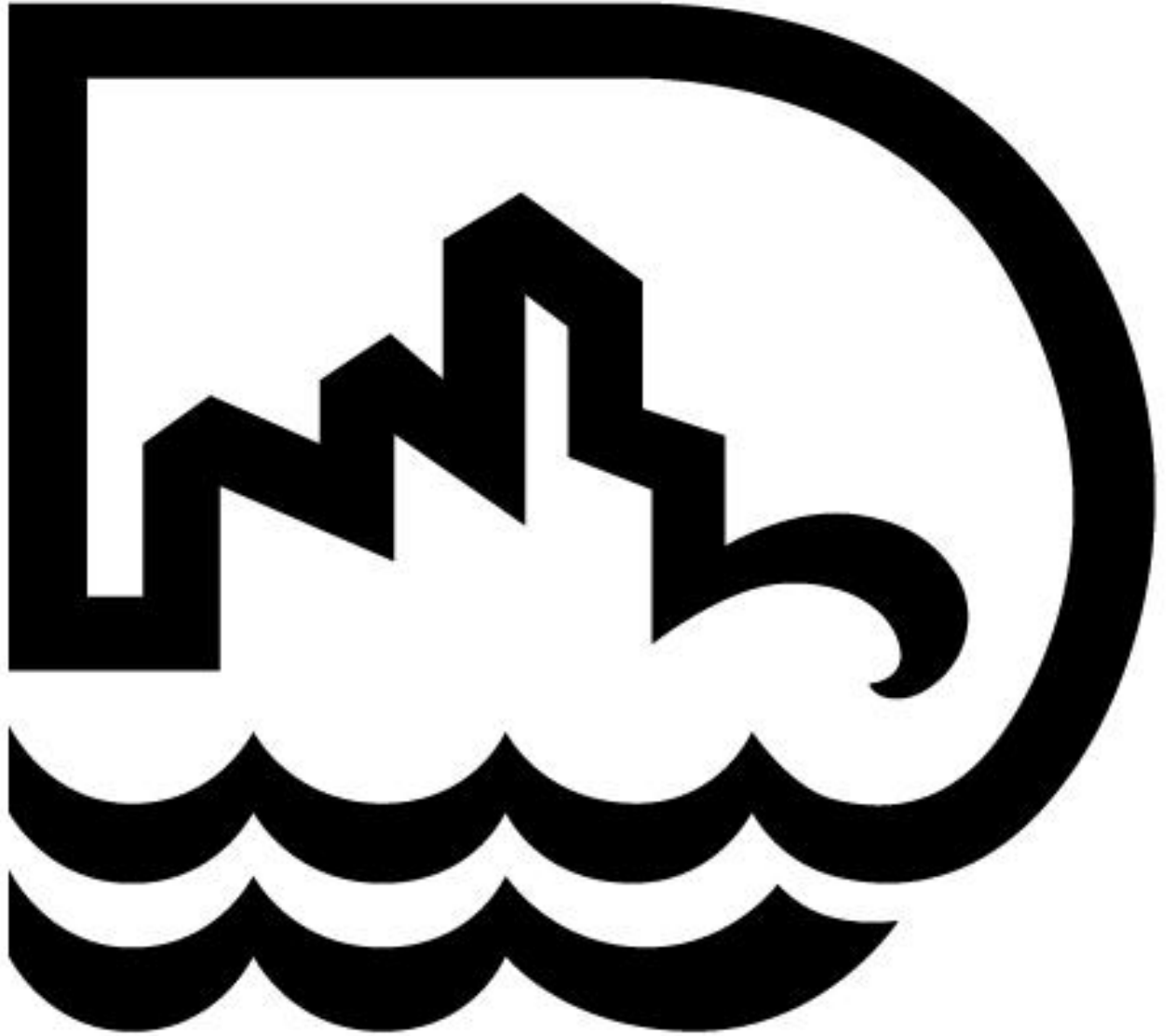
Respectfully submitted,



Corrin Spiegel  
City Administrator



Brandon Wright  
CFO/Assistant City Administrator





Government Finance Officers Association

**Certificate of  
Achievement  
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in Financial  
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**City of Davenport  
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For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

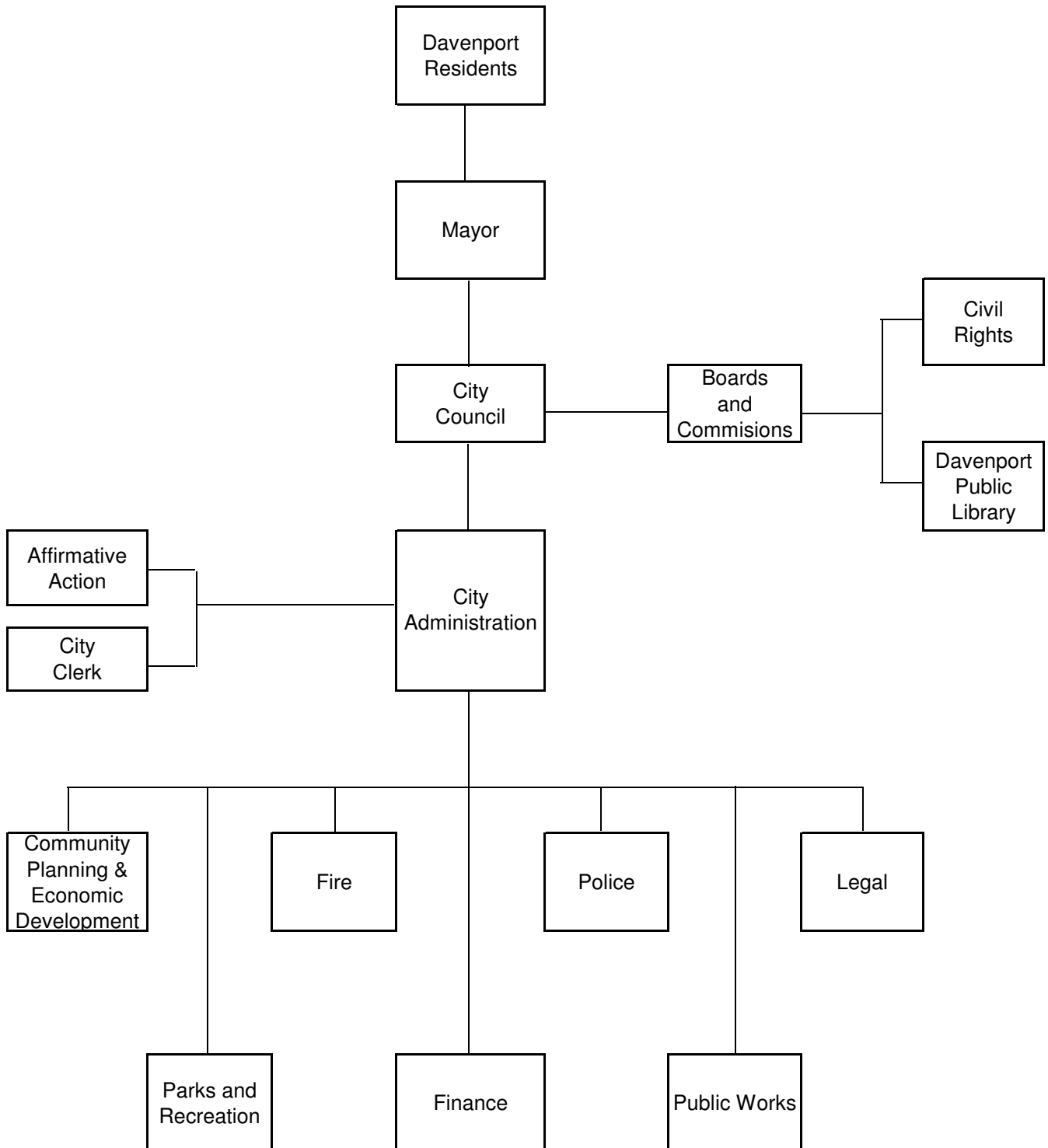
**June 30, 2015**

Executive Director/CEO

**CITY OF DAVENPORT**

**ORGANIZATIONAL CHART  
JUNE 30, 2016**

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**CITY OF DAVENPORT**

**CITY OFFICIALS**

**June 30, 2015**

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<u>OFFICIAL TITLE</u>	<u>OFFICIAL</u>	<u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u>
<u>Elected Officials</u>		
Mayor	Frank L. Klipsch	1/18
Alderman at Large	Kyle W. Gripp	1/18
Alderman at Large	Jason C. Gordon	1/18
Alderman First Ward	Richard L. Dunn	1/18
Alderman Second Ward	Maria P. Dickman	1/18
Alderman Third Ward	William J. Boom	1/18
Alderman Fourth Ward	Raymond A. Ambrose	1/18
Alderman Fifth Ward	Rita L. Rawson	1/18
Alderman Sixth Ward	Jeffrey W. Justin	1/18
Alderman Seventh Ward	Mike J. Matson	1/18
Alderman Eighth Ward	Kerri K. Tompkins	1/18

Administration

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	vacant
Legal	Thomas D. Warner
Parks and Recreation	Scott M. Hock
Library	Amy Groskopf
Police	Paul M. Sikorski
Public Works	Nicole E. Gleason

## **FINANCIAL SECTION**

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RSM US LLP

## 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, 2016, 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 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 – 13, the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Government and Proprietary Funds on pages 76 – 78, Other Postemployment Benefit Plan on page 79, 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 80 – 83 and for the Municipal Fire and Police Retirement System of Iowa on pages 84 – 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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.

**RSM US LLP**

Davenport, Iowa  
December 21, 2016

## 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, 2016. 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 assets of the City of Davenport exceeded its liabilities at June 30, 2016 by \$288,885 (net position). Current assets exceeded current liabilities by \$89,243.
- The government's total net position increased by \$21,358 during fiscal year (FY) 2016.
- At June 30, 2016, unassigned fund balance for the General Fund was \$9,200, or 13.3 percent of total General Fund expenditures, while total fund balance represents 25.9 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 2015 and 2016 are presented below. In Davenport, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$288,885, an increase of 8.0%, at the close of the fiscal year ended June 30, 2016.

**City of Davenport’s Net Position**

	Governmental Activities		Business-type activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 177,840	\$ 155,219	\$ 38,542	\$ 33,863	\$ 216,382	\$ 189,082
Capital assets	285,800	279,125	218,315	182,074	504,115	461,199
Total assets	463,640	434,344	256,857	215,937	720,497	650,281
Deferred outflows of resources	21,340	11,454	2,189	1,201	23,529	12,655
Noncurrent liabilities outstanding	230,115	187,972	75,162	66,258	305,277	254,230
Other liabilities	47,643	47,802	10,888	8,464	58,531	56,266
Total liabilities	277,758	235,774	86,050	74,722	363,808	310,496
Deferred inflows of resources	85,682	89,151	5,651	6,086	91,333	95,237
Net position:						
Net investment in capital assets	132,745	157,085	158,399	131,174	291,144	288,259
Restricted	19,895	16,152	3,461	4,147	23,356	20,299
Unrestricted(deficit)	(31,101)	(52,364)	5,486	1,009	(25,615)	(51,355)
Total net position	\$ 121,539	\$ 120,873	\$ 167,346	\$ 136,330	\$ 288,885	\$ 257,203

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 (13 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 \$89,243, \$80,425 and \$8,818, respectively.

In the governmental activities, the \$22,621 increase in current and other assets is due to \$13,655 of restricted assets held in escrow, due to an advance refunding and an increase in the general fund cash of \$2,646 due to increased collection efforts of fines and a decrease in negative cash in other funds.

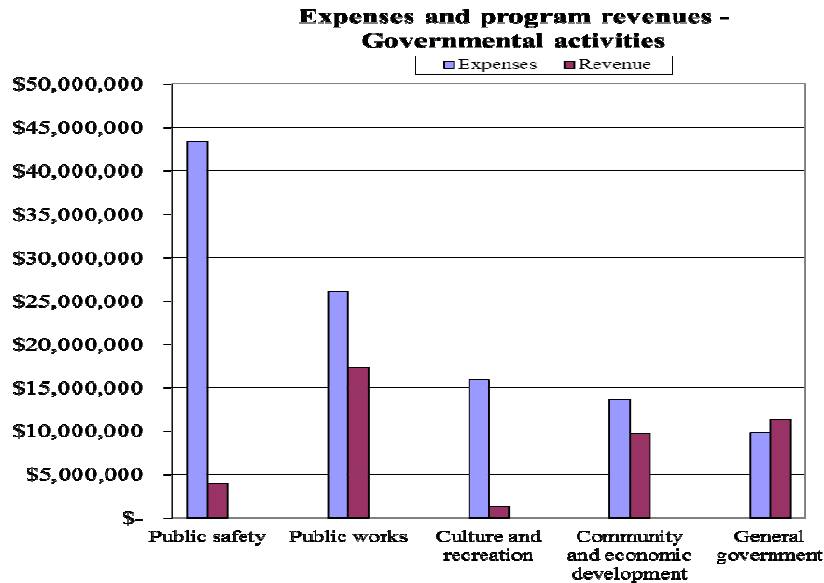
The \$42,163 increase in noncurrent liabilities in the governmental activities is due to an increase of net pension liability of \$10,902. With the recent GASB Statement No. 68 requirements of the City having to record their share of the liability of the statewide pension plans, this increase is expected yearly. \$30,606 of the increase is due to an increase of general obligation bonds payable with a new issuance of \$31,205 and two advance refundings totaling \$13,080

### City of Davenport's Changes in Net Position

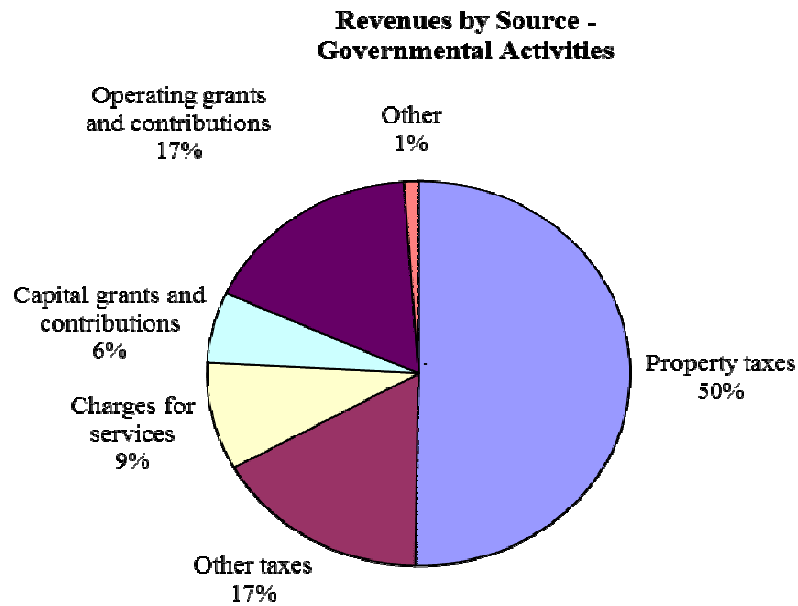
	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,328	\$ 11,623	\$ 36,560	\$ 33,267	\$ 48,888	\$ 44,890
Operating grants and contributions	23,250	18,980	2,706	2,726	25,956	21,706
Capital grants and contributions	8,130	13,004	2,180	8,468	10,310	21,472
General revenues:						
Property taxes	68,644	69,374	3,574	3,603	72,218	72,977
Other taxes	22,647	21,342	-	-	22,647	21,342
Other	1,497	1,226	1,451	1,997	2,948	3,223
Total revenues	<u>136,496</u>	<u>135,549</u>	<u>46,471</u>	<u>50,061</u>	<u>182,967</u>	<u>185,610</u>
Expenses:						
Public safety	43,346	48,530	-	-	43,346	48,530
Public works	26,136	33,010	-	-	26,136	33,010
Culture and recreation	15,907	15,175	-	-	15,907	15,175
Community and economic development	13,617	11,132	-	-	13,617	11,132
General government	9,777	10,560	-	-	9,777	10,560
Interest on long-term debt	5,561	5,947	-	-	5,561	5,947
Parking system	-	-	1,822	1,799	1,822	1,799
Sewer operations	-	-	19,216	19,161	19,216	19,161
RiverCenter	-	-	6,019	3,337	6,019	3,337
Public transit	-	-	6,712	7,131	6,712	7,131
Public housing	-	-	1,312	1,186	1,312	1,186
Golf courses	-	-	1,934	1,780	1,934	1,780
Airport	-	-	790	690	790	690
Curbside recycling	-	-	5,399	5,333	5,399	5,333
Clean water	-	-	2,818	2,796	2,818	2,796
Transload	-	-	434	-	434	-
Rivers Edge	-	-	809	901	809	901
Total expenses	<u>114,344</u>	<u>124,354</u>	<u>47,265</u>	<u>44,114</u>	<u>161,609</u>	<u>168,468</u>
Increase/(decrease) in net position before transfers	22,152	11,195	(794)	5,947	21,358	17,142
Transfers	(21,485)	(2,931)	21,485	2,931	-	-
Increase in net position	667	8,264	20,691	8,878	21,358	17,142
Net position-beginning	120,873	112,609	146,654	127,452	267,527	240,061
Net position-ending	<u>\$ 121,540</u>	<u>\$ 120,873</u>	<u>167,345</u>	<u>\$ 136,330</u>	<u>288,885</u>	<u>\$ 257,203</u>

**Governmental activities.** Governmental activities increased the City’s net position by \$22,152, before transfers. This is an increase of \$10,957 from 2015, due in part to the 2015 initial recognition of the pension expense with the implementation of GASB Statement No. 68.

Certain revenues are generated that are specific to governmental program activities. These totaled \$43,708. 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 operating grants and contributions due to an increase in the HUD Section 8 grant funding of \$957 and Community Development Block Grant of \$585. Due to Iowa Senate File 295, the city is also receiving commercial rollback that is reported as operating grants and contributions, increasing 1,762 in FY2016.



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

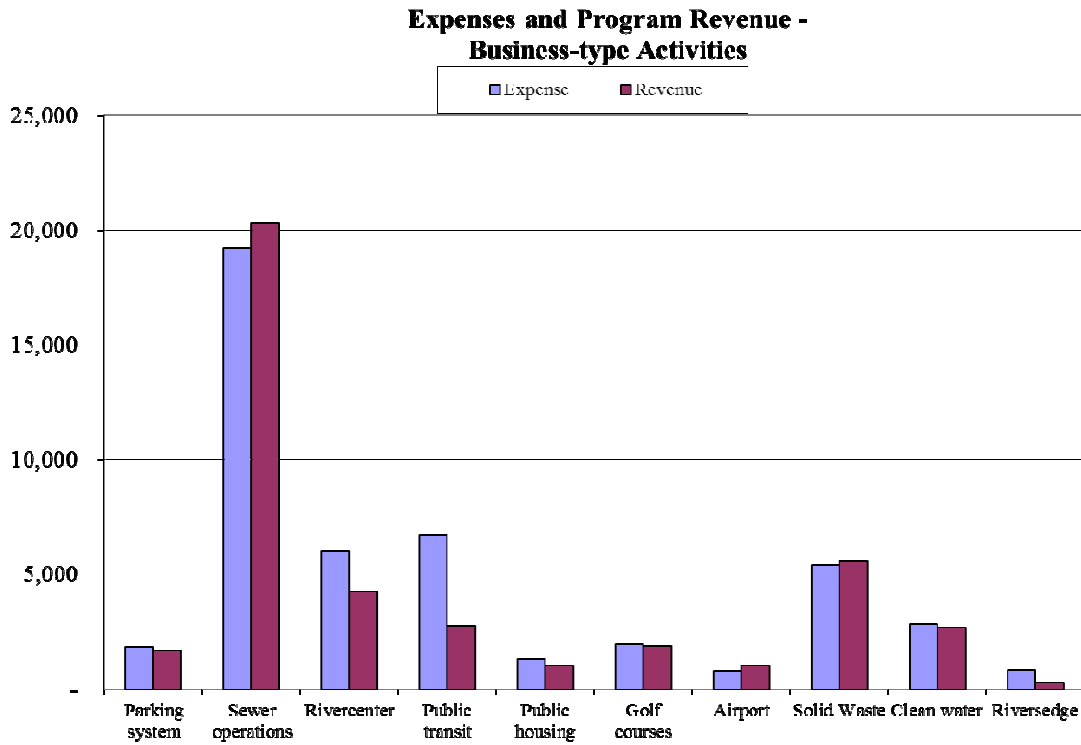


Total governmental activities’ revenues for FY 2016 were \$136,496, an increase of \$947 from FY 2015. This is primarily due to the increase in operating grants in FY 2016 as described above. The largest single revenue source was property taxes of \$68,644, which slightly decreased, due to Iowa Senate File 295.

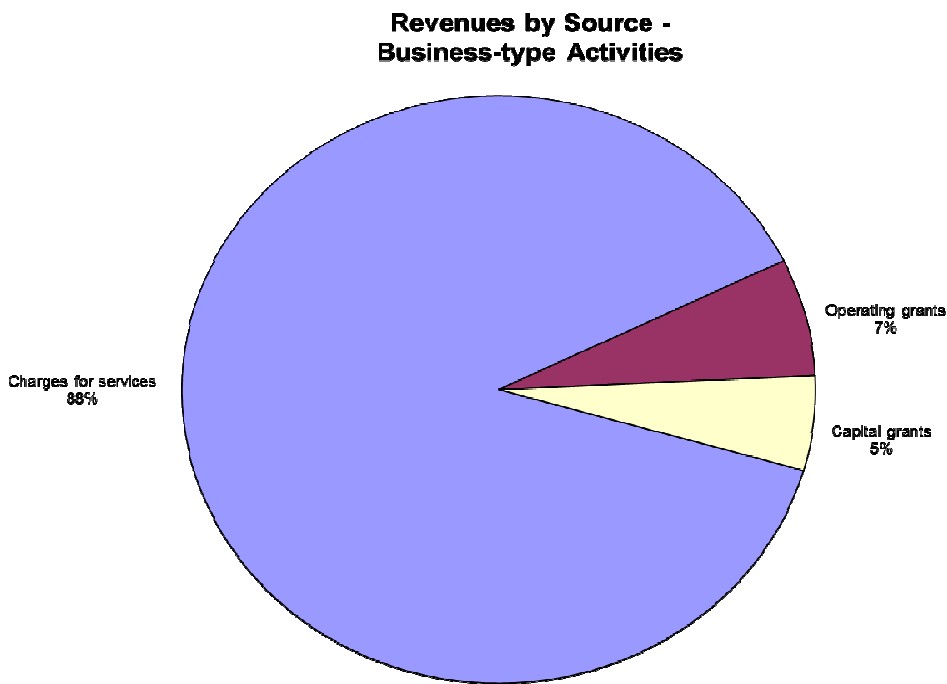
**Business-type activities.** Business-type activities decreased City of Davenport’s net position by \$794, before transfers. This is primarily due to the new Transload facility that had expenses but isn’t yet operating.

Total business-type activities revenue for the fiscal year was \$46,471.

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 2016, the City of Davenport's governmental funds reported combined ending fund balances of \$67,080, an increase of \$20,799 in comparison with the prior year. The increase is attributed to an increase in the General Debt Service Fund of 8,728, due to an advance refunding combined with an increase in the General Fund of \$1,597, due to planned fund balance growth and an increase in the Capital Projects Fund \$3,027 due to the timing of projects. Approximately 11.7 percent of this total amount, \$7,880, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) \$5; restricted by grantors and other legal restrictions \$54,538; committed by the City Council for revolving loans and the levee improvement commission \$1,272; and assigned by the Finance Director for future projects \$3,385.

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 2016, unassigned fund balance of the General Fund was \$9,200, while total fund balance was \$17,973. 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 13.3 percent of total General Fund expenditures, 19.8 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 25.9 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$1,597 during the current fiscal year and the unassigned fund balance increased by \$310. 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 \$12,184, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net increase in fund balance during the current year in the General Debt Service Fund was \$8,728 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 \$5,370. 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 \$575, due to the completion of capital projects.

The Capital Projects Fund has a fund balance of \$17,775, due to unspent bond proceeds. The net increase in fund balance during the current year in the Capital Projects Fund was \$3,027.

**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 \$192,199 was increased to \$237,996, an increase of \$45,797. 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 \$23,808. There were special revenue grant rollovers and new grants amounting to \$6,515. \$13,225 was budgeted to reflect the advance refunding.
- The total original expenditure budget of \$243,845 was increased to \$292,678, an increase of \$48,833. In the community and economic development category, \$6,515 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, \$38,556 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 \$28,856 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 \$7,176 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, \$4,669 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$57,231 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$5,233 of the difference is due to bond principal payments being budgeted as an expense, but reported as adjustments to the liability.

### **General Fund Budgetary Highlights**

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

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

- The total original revenue budget of \$67,744 was increased to \$71,107, an increase of \$3,363. In the intergovernmental revenue category, federal grants in the amount of \$396, and state grants in the amount of \$121, subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$69,296 was increased to \$71,905, an increase of \$2,609. Police forfeiture and seizure monies of \$732 held as reserved General Fund balance at June 30, 2015 were included in amendments in order to authorize the expenditure during FY 2016. Public works expenditures were increased in amendments by \$60 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 \$411 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 2016 was \$1,597, a positive variance from the budgeted change (\$1,457) of \$3,054.
- 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 \$869 were a part of the favorable variance and a reservation of General Fund balance at June 30, 2016.

### **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, 2016, amounts to \$504,115 (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 rose slightly. At June 30, 2016, and June 30, 2015 the depreciable capital assets of the City were 43% and 45%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2016 include the following:

#### Governmental activities

- Street and road work completed by the City of \$19,518 including \$906 of full-depth patching, \$2,431 of street and alley resurfacing, \$13,932 Elmore Avenue extension and \$1,629 Harrison Street resurfacing.
- Central Fire Station \$11,959
- Station Seven addition \$616
- River Heritage Park railing extension \$390
- Police Department classroom/auditorium \$446

#### Business-type activities

- Sanitary sewers built by City of Davenport \$7,016
- Trans Load facility \$11,946
- Rail for Eastern Iowa industrial park \$4,888
- Airport runway 3/21 reconstruction \$6,838
- 12 new recycle trucks \$2,785
- Adler acquisition \$12,132

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 19,143	\$ 20,749	\$ 13,008	\$ 11,250	\$ 32,151	\$ 31,999
Buildings	122,492	108,570	124,129	99,986	246,621	208,556
Improvements other than buildings	30,134	29,251	26,153	14,084	56,287	43,335
Sanitary sewers	-	-	127,172	120,177	127,172	120,177
Equipment and vehicles	43,383	42,606	39,418	37,155	82,801	79,761
Bridges	9,461	9,461	-	-	9,461	9,461
Traffic signals	8,503	8,503	-	-	8,503	8,503
Storm sewers	-	-	25,069	24,435	25,069	24,435
Paving	234,036	213,152	1,637	1,539	235,673	214,691
Seawalls	2,685	2,685	-	-	2,685	2,685
Tunnels	54	54	-	-	54	54
Construction in progress	6,986	21,103	13,929	16,764	20,915	37,867
Accumulated depreciation	(191,077)	(177,009)	(152,200)	(143,316)	(343,277)	(320,325)
<b>Total</b>	<b>\$ 285,800</b>	<b>\$ 279,125</b>	<b>218,315</b>	<b>\$ 182,074</b>	<b>504,115</b>	<b>\$ 461,199</b>

**Long-term debt.** At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$219,950. Of this amount, \$130,561 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation Bonds	\$ 165,853	\$ 138,258	\$ 54,097	\$ 47,492	\$ 219,950	\$ 185,750

The City of Davenport's total debt increased by \$34,200 during the current fiscal year. New debt issuance of \$55,675 during the year was less than the debt retired of \$21,475. 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 83 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 \$318,402, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$219,950, and other debt subject to the debt limitation of \$3,851.

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 2.0% annually over the last ten fiscal years. For FY 2015, taxable assessed valuations increase .7% from FY 2015 mainly due to the state ordered rollback of commercial property values. The residential rollback increased from 54.4002% to 55.7335%.

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 3.8% per year over the last ten years. State-mandated contributions to the statewide fire and police pension system decreased for the second time in six years. However, over the seven-year time frame from FY 2010 through FY2017, the cumulative increase caused by the historic rising public safety pension rates totals over \$11.0 million. 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 2.00% in FY 2015, 2% in FY 2016 and will be 2.0% in FY 2017. 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, CFO/Assistant City Administrator, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.

**CITY OF DAVENPORT**

**STATEMENT OF NET POSITION**  
**June 30, 2016**

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>Current assets:</b>			
Unrestricted current assets:			
Cash and investments	\$ 40,506,481	\$ 4,566,605	\$ 45,073,086
Delinquent property taxes receivable	714,666	25,179	739,845
Succeeding year property taxes receivable	70,111,074	3,625,881	73,736,955
Other taxes receivable	4,565,102	-	4,565,102
Special assessments	1,114,182	-	1,114,182
Accounts receivable	2,532,433	9,539,517	12,071,950
Accrued interest receivable	77,462	227,835	305,297
Internal balances	(1,540)	1,540	-
Due from other governments	6,534,028	1,642,211	8,176,239
Inventory	-	36,228	36,228
Prepaid items	333,129	40,388	373,517
Loans receivable - net	1,580,727	-	1,580,727
Total unrestricted current assets	<u>128,067,744</u>	<u>19,705,384</u>	<u>147,773,128</u>
<b>Noncurrent assets:</b>			
Loans receivable - net	14,171,433	-	14,171,433
Restricted cash and cash equivalents	21,945,978	18,679,699	40,625,677
Restricted cash and investments - held in escrow	13,654,764	156,954	13,811,718
<b>Capital assets:</b>			
Land	19,143,313	13,008,287	32,151,600
Buildings	122,492,196	124,128,976	246,621,172
Improvements other than buildings	30,133,377	26,153,116	56,286,493
Sanitary sewers	-	127,171,989	127,171,989
Equipment and vehicles	43,382,882	39,418,218	82,801,100
Bridges	9,461,243	-	9,461,243
Traffic signals	8,502,673	-	8,502,673
Storm sewers	-	25,069,005	25,069,005
Streets and roads	234,035,912	1,637,382	235,673,294
Seawalls	2,685,289	-	2,685,289
Tunnels	54,326	-	54,326
Construction in progress	6,985,759	13,928,415	20,914,174
Accumulated depreciation	(191,077,056)	(152,200,317)	(343,277,373)
Total capital assets	<u>285,799,914</u>	<u>218,315,071</u>	<u>504,114,985</u>
Total noncurrent assets	<u>335,572,089</u>	<u>237,151,724</u>	<u>572,723,813</u>
<b>Total assets</b>	<b>\$ 463,639,833</b>	<b>\$ 256,857,108</b>	<b>\$ 720,496,941</b>
<b>DEFERED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	<u>21,339,778</u>	<u>2,189,412</u>	<u>23,529,190</u>

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 8,969,086	\$ 1,393,391	\$ 10,362,477
Contracts payable	1,289,758	-	1,289,758
Accrued wages payable	1,945,584	440,350	2,385,934
Accrued compensated absences	4,036,483	681,746	4,718,229
Claims and judgments	3,907,278	-	3,907,278
Due to other governments	160	-	160
Accrued interest payable	575,849	207,907	783,756
General obligation bonds payable	15,996,330	5,378,670	21,375,000
Unearned revenue - other	10,826,185	806,768	11,632,953
Capital lease payable	-	95,914	95,914
<b>Total</b>	<b>47,546,713</b>	<b>9,004,746</b>	<b>56,551,459</b>
Current liabilities payable from restricted assets:			
Accounts payable	64,562	-	64,562
Deposits payable	-	810,671	810,671
Notes payable	13,440	1,072,272	1,085,712
Total current liabilities payable from restricted assets	78,002	1,882,943	1,960,945
Total current liabilities	47,624,715	10,887,689	58,512,404
Noncurrent liabilities:			
Accrued compensated absences	265,886	44,908	310,794
Claims and judgments	2,467,527	-	2,467,527
Other postemployment benefits	7,371,905	1,623,591	8,995,496
Net pension liability	61,789,121	6,848,380	68,637,501
Note payable	297,351	14,826,394	15,123,745
General obligation bonds payable, net	156,826,823	51,818,748	208,645,571
Special assessment with government commitment	1,114,182	-	1,114,182
Total noncurrent liabilities	230,132,795	75,162,021	305,294,816
<b>Total liabilities</b>	<b>277,757,510</b>	<b>86,049,710</b>	<b>363,807,220</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	70,111,074	3,625,881	73,736,955
Deferred amount on refunding	728,578	48,486	777,064
Pension related deferred inflows	14,842,922	1,976,688	16,819,610
<b>Total deferred inflows of resources</b>	<b>85,682,574</b>	<b>5,651,055</b>	<b>91,333,629</b>
<b>NET POSITION</b>			
Net investment in capital assets	132,744,626	158,399,016	291,143,642
Restricted:			
Local option sales tax	5,369,868	-	5,369,868
Library	869,380	-	869,380
Police seizure	602,757	-	602,757
Debt retirement	9,686,395	-	9,686,395
Road use tax	1,227,763	-	1,227,763
Municipal improvement districts	564,009	-	564,009
Revolving loans	1,247,911	-	1,247,911
Section 8	185,334	-	185,334
Levee improvement commission projects	24,392	-	24,392
Youth Sports	118,198	-	118,198
Equipment replacement	-	3,461,195	3,461,195
Unrestricted (deficit)	(31,101,106)	5,485,544	(25,615,562)
<b>Total net position</b>	<b>\$ 121,539,527</b>	<b>\$ 167,345,755</b>	<b>\$ 288,885,282</b>

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, 2016**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 43,345,779	\$ 3,386,457	\$ 615,433	\$ -
Public works	26,135,764	3,384,826	6,226,918	7,700,919
Culture and recreation	15,906,982	859,124	74,816	429,477
Community and economic development	13,616,466	1,337,828	8,378,267	-
General government	9,777,384	3,359,193	7,954,959	-
Interest on long-term debt	5,561,360	-	-	-
<b>Total governmental activities</b>	<b>114,343,735</b>	<b>12,327,428</b>	<b>23,250,393</b>	<b>8,130,396</b>
Business-type activities:				
Parking system	1,822,061	1,492,978	-	186,478
Sewer operations	19,215,986	19,620,045	-	702,394
RiverCenter	6,019,297	4,199,525	-	57,681
Public transit	6,711,442	479,037	2,083,842	187,573
Public housing	1,312,432	437,150	567,368	40,262
Golf courses	1,934,421	1,840,850	-	-
Airport	790,378	192,412	20,131	796,764
Solid waste	5,399,010	5,380,464	-	-
Clean water	2,817,800	2,628,420	35,254	209,266
Transload	434,003	-	-	-
River's Edge	808,738	289,056	-	-
<b>Total business-type activities</b>	<b>47,265,568</b>	<b>36,559,937</b>	<b>2,706,595</b>	<b>2,180,418</b>
<b>Total government</b>	<b>\$ 161,609,303</b>	<b>\$ 48,887,365</b>	<b>\$ 25,956,988</b>	<b>\$ 10,310,814</b>

General Revenues:

Taxes:

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

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

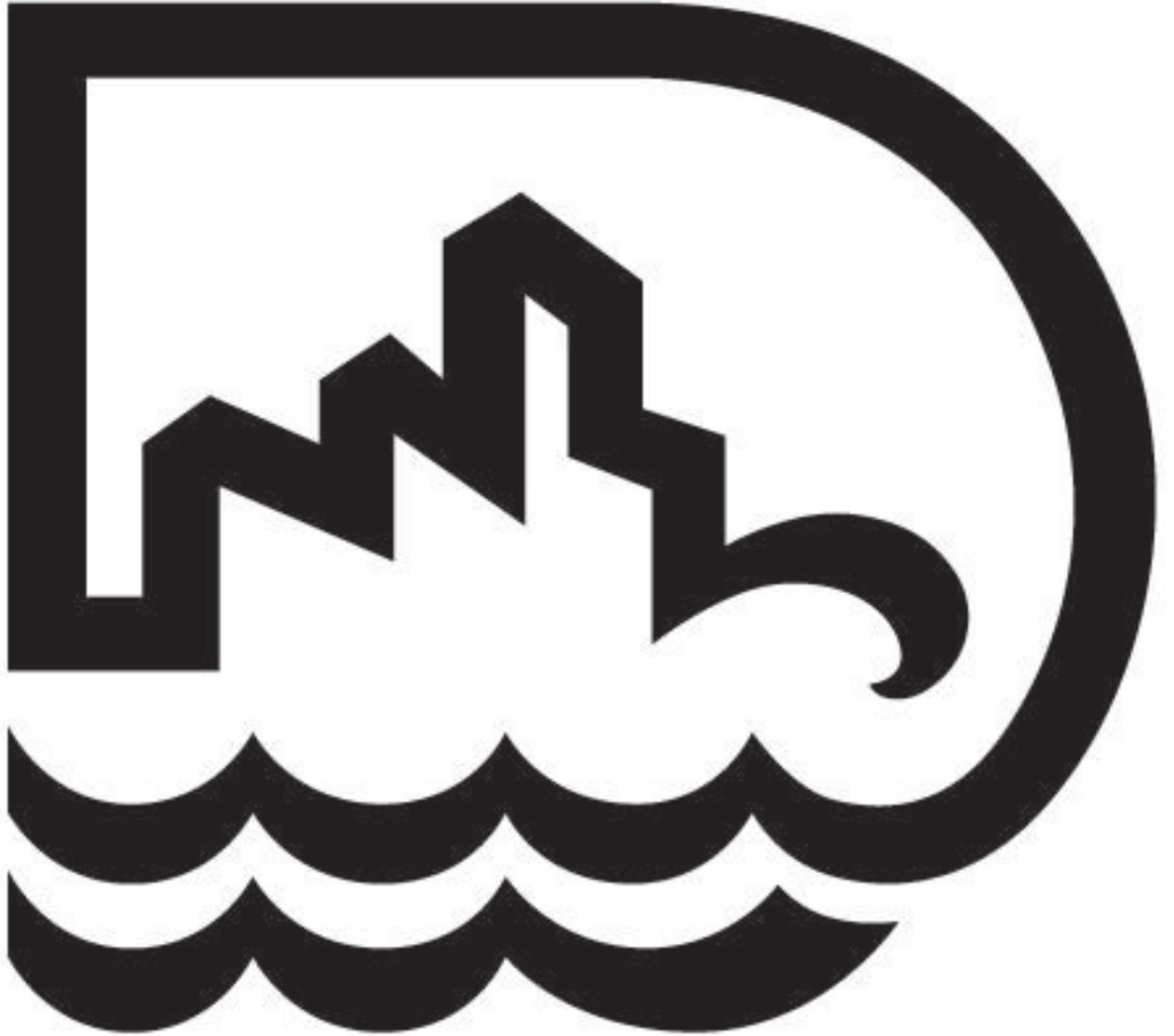
<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (39,343,889)	\$ -	\$ (39,343,889)
(8,823,101)	-	(8,823,101)
(14,543,565)	-	(14,543,565)
(3,900,371)	-	(3,900,371)
1,536,768	-	1,536,768
(5,561,360)	-	(5,561,360)
<u>(70,635,518)</u>	<u>-</u>	<u>(70,635,518)</u>
-	(142,605)	(142,605)
-	1,106,453	1,106,453
-	(1,762,091)	(1,762,091)
-	(3,960,990)	(3,960,990)
-	(267,652)	(267,652)
-	(93,571)	(93,571)
-	218,929	218,929
-	(18,546)	(18,546)
-	55,140	55,140
-	(434,003)	(434,003)
-	(519,682)	(519,682)
<u>-</u>	<u>(5,818,618)</u>	<u>(5,818,618)</u>
<u>(70,635,518)</u>	<u>(5,818,618)</u>	<u>(76,454,136)</u>
55,126,390	-	55,126,390
13,517,339	-	13,517,339
-	3,574,407	3,574,407
17,249,527	-	17,249,527
2,595,502	-	2,595,502
2,801,827	-	2,801,827
1,094,433	548,823	1,643,256
320,726	-	320,726
80,787	902,323	983,110
(21,484,837)	21,484,837	-
<u>71,301,694</u>	<u>26,510,390</u>	<u>97,812,084</u>
666,176	20,691,772	21,357,948
<u>120,873,351</u>	<u>146,653,983</u>	<u>267,527,334</u>
<u>\$ 121,539,527</u>	<u>\$ 167,345,755</u>	<u>\$ 288,885,282</u>

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2016**

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>LOCAL OPTION SALES TAX FUND</b>
Cash and investments	\$ 17,021,874	\$ 4,009,757
Receivables:		
Property taxes:		
Delinquent	590,596	-
Succeeding year	54,664,392	-
Other taxes	1,037,854	3,527,248
Accounts	947,555	3,654
Special assessments	-	21,124
Loans, net	-	1,303,901
Interest	24,303	-
Interfund receivable	1,738,487	-
Due from other governments	369,046	5,922
Prepays	4,477	-
Restricted assets-cash and investments	-	-
Restricted investments - held in escrow	-	-
<b>TOTAL ASSETS</b>	<b>\$ 76,398,584</b>	<b>\$ 8,871,606</b>
<b>LIABILITIES</b>		
Wages payable	\$ 1,603,578	\$ 54,497
Accounts payable	1,936,057	174,734
Contracts payable	-	-
Payable from restricted assets	-	-
Interfund payable	-	2,433,101
Due to other governments	-	-
Unearned revenue	-	-
Note payable	-	-
Matured bonds payable	-	-
Matured interest payable	-	-
<b>TOTAL LIABILITIES</b>	<b>3,539,635</b>	<b>2,662,332</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - succeeding year property tax	54,664,392	-
Unavailable revenue - intergovernmental, special assessments and loans	221,139	839,406
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>54,885,531</b>	<b>839,406</b>
<b>FUND BALANCES</b>		
Nonspendable	\$ 4,477	\$ -
Restricted	5,384,949	5,369,868
Committed	-	-
Assigned	3,384,228	-
Unassigned	9,199,764	-
<b>TOTAL FUND BALANCES</b>	<b>17,973,418</b>	<b>5,369,868</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 76,398,584</b>	<b>\$ 8,871,606</b>

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
\$ 2,103,975	\$ 20,949,352	\$ 8,777,474	\$ 52,862,432
93,921	-	30,149	714,666
8,934,334	-	6,512,348	70,111,074
-	-	-	4,565,102
331,061	1,054,094	57,549	2,393,913
1,093,058	-	-	1,114,182
-	-	14,448,259	15,752,160
33,075	-	7,871	65,249
2,116,349	327,704	-	4,182,540
-	3,588,680	2,570,380	6,534,028
-	-	1,000	5,477
-	-	64,562	64,562
7,565,846	-	6,088,918	13,654,764
<u>\$ 22,271,619</u>	<u>\$ 25,919,830</u>	<u>\$ 38,558,510</u>	<u>\$ 172,020,149</u>
\$ -	\$ 9,258	\$ 219,051	\$ 1,886,384
32,833	4,523,908	1,912,551	8,580,083
-	1,275,920	13,838	1,289,758
-	-	64,562	64,562
-	-	556,264	2,989,365
-	-	160	160
-	-	10,826,185	10,826,185
-	310,791	-	310,791
20,000	-	-	20,000
3,381	-	-	3,381
<u>56,214</u>	<u>6,119,877</u>	<u>13,592,611</u>	<u>25,970,669</u>
8,934,334	-	6,512,348	70,111,074
1,096,884	2,025,344	4,675,768	8,858,541
<u>10,031,218</u>	<u>2,025,344</u>	<u>11,188,116</u>	<u>78,969,615</u>
\$ -	\$ -	\$ 1,000	\$ 5,477
12,184,187	17,774,609	13,824,744	54,538,357
-	-	1,272,303	1,272,303
-	-	-	3,384,228
-	-	(1,320,264)	7,879,500
<u>12,184,187</u>	<u>17,774,609</u>	<u>13,777,783</u>	<u>67,079,865</u>
<u>\$ 22,271,619</u>	<u>\$ 25,919,830</u>	<u>\$ 38,558,510</u>	<u>\$ 172,020,149</u>



**CITY OF DAVENPORT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

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Total governmental fund balances	\$ 67,079,865
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.	282,120,365
Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds.	8,858,541
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	5,600,943
Internal service funds activities allocated to business-type activities	(1,194,715)
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	21,044,580
Deferred inflows of resources	(14,570,651)
	<u>6,473,929</u>
Accrued employee benefits	(4,140,730)
Accrued interest payable	(572,468)
General Obligation bonds payable and special assessments	(173,917,335)
Deferred amounts on refunding	(728,578)
Other post employment benefits	(7,154,674)
Pension liability	(60,885,616)
	<u>(247,399,401)</u>
Net position of governmental activities	<u>\$ 121,539,527</u>

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

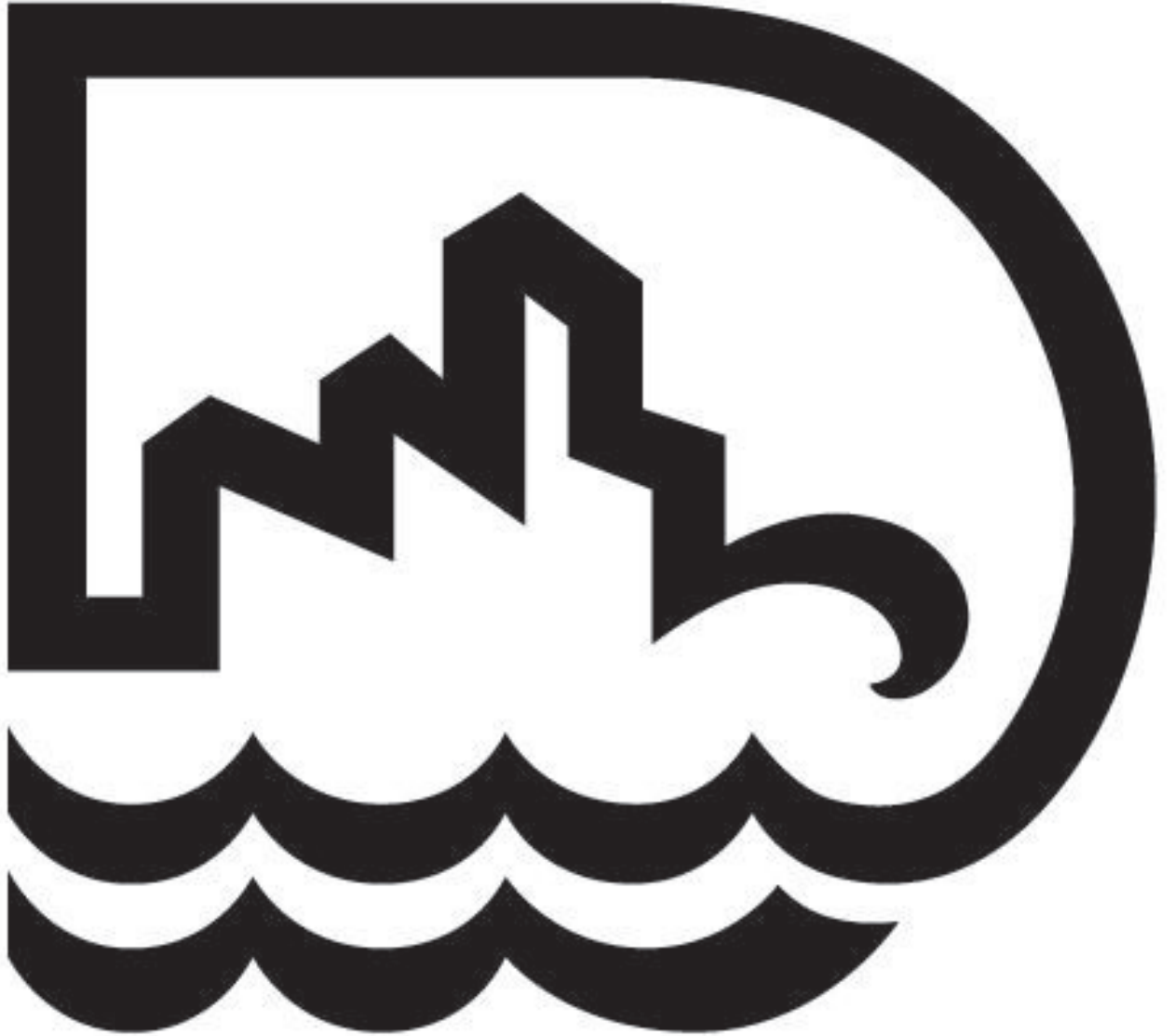
**CITY OF DAVENPORT****GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2016**

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	\$ 59,110,557	\$ 16,430,285	\$ 8,750,230	\$ -
Special assessments	-	5,210	22,438	-
Licenses and permits	2,297,659	-	-	-
Intergovernmental	4,968,630	-	547,888	7,803,408
Charges for services	4,058,354	74,488	-	-
Use of monies and property	333,356	87,504	277,975	-
Fines and forfeits	2,513,779	-	-	-
Loan repayments	-	-	-	-
Other	418,489	25,706	983,686	253,191
Total Revenues	<u>73,700,824</u>	<u>16,623,193</u>	<u>10,582,217</u>	<u>8,056,599</u>
EXPENDITURES:				
Current:				
Public safety	43,238,917	414,232	-	-
Public works	4,243,834	1,793,247	-	-
Culture and recreation	11,464,222	225,076	-	-
Community and economic development	965,901	300,159	-	-
General government	9,414,067	113,802	-	-
Capital outlay	-	-	-	42,999,366
Debt service:				
Principal retirement	-	-	14,783,460	-
Interest	-	-	4,799,068	-
Bond issuance costs	-	-	140,613	286,581
Total Expenditures	<u>69,326,941</u>	<u>2,846,516</u>	<u>19,723,141</u>	<u>43,285,947</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,373,883</u>	<u>13,776,677</u>	<u>(9,140,924)</u>	<u>(35,229,348)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	31,205,000
Premium on debt issued	-	-	655,568	2,631,520
Sale of capital assets	35,941	310,000	-	-
Transfers in	327,500	-	10,268,516	4,419,527
Transfers out	(3,140,335)	(13,511,749)	(50,000)	-
Refunding bond issuance	-	-	6,995,000	-
Total net Other Financing Sources (Uses)	<u>(2,776,894)</u>	<u>(13,201,749)</u>	<u>17,869,084</u>	<u>38,256,047</u>
NET CHANGE IN FUND BALANCES	1,596,989	574,928	8,728,160	3,026,699
FUND BALANCES -BEGINNING	<u>16,376,429</u>	<u>4,794,940</u>	<u>3,456,027</u>	<u>14,747,910</u>
FUND BALANCES - ENDING	<u>\$ 17,973,418</u>	<u>\$ 5,369,868</u>	<u>\$ 12,184,187</u>	<u>\$ 17,774,609</u>

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 5,950,263	\$ 90,241,335
-	27,648
68,809	2,366,468
19,526,695	32,846,621
-	4,132,842
395,598	1,094,433
-	2,513,779
832,955	832,955
709,266	2,390,338
<u>27,483,586</u>	<u>136,446,419</u>
274,584	43,927,733
10,825,744	16,862,825
-	11,689,298
11,379,028	12,645,088
95,595	9,623,464
-	42,999,366
1,906,905	16,690,365
653,788	5,452,856
36,127	463,321
<u>25,171,771</u>	<u>160,354,316</u>
<u>2,311,815</u>	<u>(23,907,897)</u>
-	31,205,000
80,088	3,367,176
-	345,941
1,046,448	16,061,991
(2,651,138)	(19,353,222)
6,085,000	13,080,000
<u>4,560,398</u>	<u>44,706,886</u>
6,872,213	20,798,989
<u>6,905,570</u>	<u>46,280,876</u>
<u>\$ 13,777,783</u>	<u>\$ 67,079,865</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, 2016**

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

Net change in fund balances: total governmental funds \$ 20,798,989

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	39,916,976
Depreciation	<u>(14,541,029)</u>
	<u>25,375,947</u>

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

Gain on disposal of capital assets	320,726
Donations	459,352
Transfer of capital assets to Enterprise Fund	(18,789,360)
Proceeds from sale of capital assets	<u>(345,941)</u>
	<u>(18,355,223)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (731,750)

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)	(46,245,198)
Repayment of bond principal	16,690,365
Interest on long-term debt	<u>(108,504)</u>
	<u>(29,663,337)</u>

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

Compensated absences	348,581
Other postemployment benefits	(1,357,662)
Pension expense	<u>3,083,183</u>
	2,074,102

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

1,167,448

Change in net position of governmental activities \$ 666,176

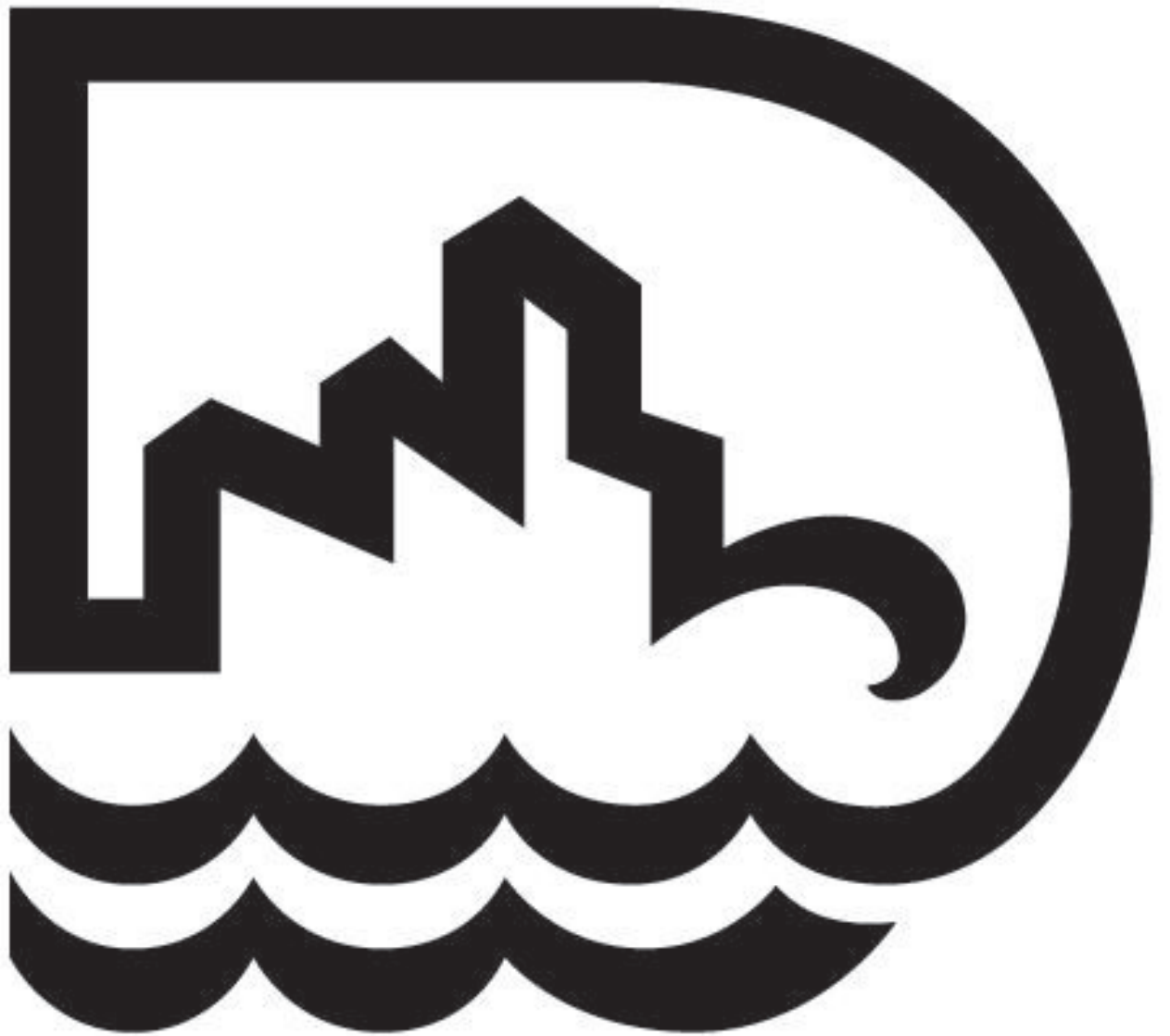
The notes to the financial statements are an integral part of this statement

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b>BUSINESS-TYPE ACTIVITIES -</b>	
<b>ASSETS</b>	<b>PARKING SYSTEM</b>	<b>SEWER OPERATIONS</b>
Current assets:		
Cash and cash equivalents	\$ 2,947	\$ 477,776
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	215,730	5,862,459
Interest	86	8,016
Due from other governments	-	457,001
Inventory	-	-
Prepays	-	360
Total current assets	<u>218,763</u>	<u>6,805,612</u>
Noncurrent assets:		
Restricted cash and cash equivalents	-	17,287,173
Restricted investments - held in escrow	-	156,954
Capital assets:		
Land	3,647,368	779,435
Buildings	26,509,264	35,571,931
Improvements other than buildings	189,547	389,718
Sanitary sewers	-	127,171,989
Paving	1,140,885	263,373
Equipment and vehicles	481,864	23,473,220
Storm sewers	-	-
Less accumulated depreciation	(11,675,787)	(85,045,510)
Construction in progress	-	12,333,481
Total noncurrent assets	<u>20,293,141</u>	<u>132,381,764</u>
Total assets	<u>20,511,904</u>	<u>139,187,376</u>
<b>DEFERED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	<u>52,643</u>	<u>879,610</u>
<b>LIABILITIES</b>		
LIABILITIES:		
Current liabilities:		
Wages payable	9,145	169,581
Accounts payable	54,819	724,066
Capital leases payable	-	95,914
Accrued interest payable	13,236	175,996
Compensated absences	10,717	356,962
Claims and judgments	-	-
Interfund loans payable	-	10,952
Unearned revenue	-	-
Note payable - current	-	814,000
General obligation bonds - current	835,100	3,716,940
Deposits payable	-	774,259
Total current liabilities	<u>923,017</u>	<u>6,838,670</u>
Noncurrent liabilities:		
Compensated absences	706	23,513
Claims and judgments	-	-
Other postemployment benefits	44,273	692,941
Net pension liability	191,925	2,840,305
Note payable	-	14,555,825
General obligation bonds -long term	3,658,000	43,162,422
Total noncurrent liabilities	<u>3,894,904</u>	<u>61,275,006</u>
Total liabilities	<u>4,817,921</u>	<u>68,113,676</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Succeeding year property tax	-	-
Deferred amount on refunding	34,684	12,837
Pension related deferred inflows	46,994	778,845
Total deferred inflows of resources	<u>81,678</u>	<u>791,682</u>
<b>NET POSITION</b>		
Net investment in capital assets	15,765,357	64,547,049
Restricted for equipment replacement	-	3,461,195
Unrestricted (deficit)	(100,409)	3,153,384
Total net position	<u>\$ 15,664,948</u>	<u>\$ 71,161,628</u>

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

<b>ENTERPRISE FUNDS</b>				
<b>RIVERCENTER</b>	<b>CLEAN WATER</b>	<b>TOTAL NON-MAJOR ENTERPRISE FUNDS</b>	<b>TOTAL ENTERPRISE FUNDS</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
\$ 1,132,201	\$ 1,902,356	\$ 1,051,325	\$ 4,566,605	\$ 9,525,465
-	-	25,179	25,179	-
-	-	3,625,881	3,625,881	-
264,515	847,719	2,349,094	9,539,517	138,520
-	2,070	1,366	11,538	12,213
-	-	1,185,210	1,642,211	-
34,862	-	217,663	252,525	-
38,938	1,090	-	40,388	327,652
<u>1,470,516</u>	<u>2,753,235</u>	<u>8,455,718</u>	<u>19,703,844</u>	<u>10,003,850</u>
-	1,017,481	375,045	18,679,699	-
-	-	-	156,954	-
2,625,230	204,051	5,752,203	13,008,287	-
30,835,499	-	31,212,282	124,128,976	-
103,901	316,520	25,153,430	26,153,116	2,824,809
-	-	-	127,171,989	-
84,121	-	149,003	1,637,382	-
696,573	1,227,924	13,538,637	39,418,218	5,184,470
-	25,069,005	-	25,069,005	-
(12,471,515)	(13,448,637)	(29,558,868)	(152,200,317)	(4,329,730)
-	449,910	1,145,024	13,928,415	-
<u>21,873,809</u>	<u>14,836,254</u>	<u>47,766,756</u>	<u>237,151,724</u>	<u>3,679,549</u>
<u>23,344,325</u>	<u>17,589,489</u>	<u>56,222,474</u>	<u>256,855,568</u>	<u>13,683,399</u>
<u>2,297</u>	<u>177,497</u>	<u>1,077,365</u>	<u>2,189,412</u>	<u>295,198</u>
-	32,816	228,808	440,350	59,200
182,110	89,821	342,575	1,393,391	389,003
-	-	-	95,914	-
4,828	5,769	8,078	207,907	-
-	38,663	275,404	681,746	151,650
-	-	-	-	3,907,278
-	-	1,182,223	1,193,175	-
804,383	-	2,385	806,768	-
258,272	-	-	1,072,272	-
50,000	165,000	611,630	5,378,670	-
-	-	36,412	810,671	-
<u>1,299,593</u>	<u>332,069</u>	<u>2,687,515</u>	<u>12,080,864</u>	<u>4,507,131</u>
-	2,547	18,142	44,908	9,989
-	-	-	-	2,467,527
4,289	123,392	758,696	1,623,591	217,231
25,386	576,229	3,214,535	6,848,380	903,505
270,569	-	-	14,826,394	-
1,215,970	1,853,271	1,929,085	51,818,748	-
<u>1,516,214</u>	<u>2,555,439</u>	<u>5,920,458</u>	<u>75,162,021</u>	<u>3,598,252</u>
<u>2,815,807</u>	<u>2,887,508</u>	<u>8,607,973</u>	<u>87,242,885</u>	<u>8,105,383</u>
-	-	3,625,881	3,625,881	-
-	-	965	48,486	-
3,084	154,697	993,068	1,976,688	272,271
<u>3,084</u>	<u>154,697</u>	<u>4,619,914</u>	<u>5,651,055</u>	<u>272,271</u>
20,078,998	12,817,983	45,189,629	158,399,016	3,679,549
-	-	-	3,461,195	-
448,733	1,906,798	(1,117,677)	4,290,829	1,921,394
<u>\$ 20,527,731</u>	<u>\$ 14,724,781</u>	<u>\$ 44,071,952</u>	<u>\$ 166,151,040</u>	<u>\$ 5,600,943</u>



**CITY OF DAVENPORT  
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

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Total enterprise funds net position \$ 166,151,040

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. 316,794

Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds. 877,921

Net position of business-type activities \$ 167,345,755

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, 2016**

	<b><u>BUSINESS-TYPE ACTIVITIES -</u></b>		
	<b><u>PARKING SYSTEM</u></b>	<b><u>SEWER OPERATIONS</u></b>	<b><u>RIVERCENTER</u></b>
OPERATING REVENUES:			
Charges for services	\$ 1,416,518	\$ 19,620,045	\$ 4,199,525
Fines and forfeits	76,460	-	-
Other	514	112,398	294,937
Total Operating Revenues	<u>1,493,492</u>	<u>19,732,443</u>	<u>4,494,462</u>
OPERATING EXPENSES:			
Employee expenses	317,893	6,354,754	-
Supplies and services	637,139	7,022,788	5,114,832
Depreciation	750,229	5,217,451	931,751
Total Operating Expenses	<u>1,705,261</u>	<u>18,594,993</u>	<u>6,046,583</u>
OPERATING INCOME (LOSS)	<u>(211,769)</u>	<u>1,137,450</u>	<u>(1,552,121)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Non-operating grants	-	-	-
Use of monies and property	24,668	82,734	-
Interest expense	(161,058)	(686,270)	(4,828)
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>(136,390)</u>	<u>(603,536)</u>	<u>(4,828)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(348,159)</u>	<u>533,914</u>	<u>(1,556,949)</u>
Capital contributions	186,478	1,002,395	57,681
Transfers in	324,064	1,157,591	620,370
Transfers out	-	(296,455)	-
Change in net position	<u>162,383</u>	<u>2,397,445</u>	<u>(878,898)</u>
Total net position - beginning	<u>15,502,565</u>	<u>68,764,183</u>	<u>21,406,629</u>
Total net position - ending	<u>\$ 15,664,948</u>	<u>\$ 71,161,628</u>	<u>\$ 20,527,731</u>

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

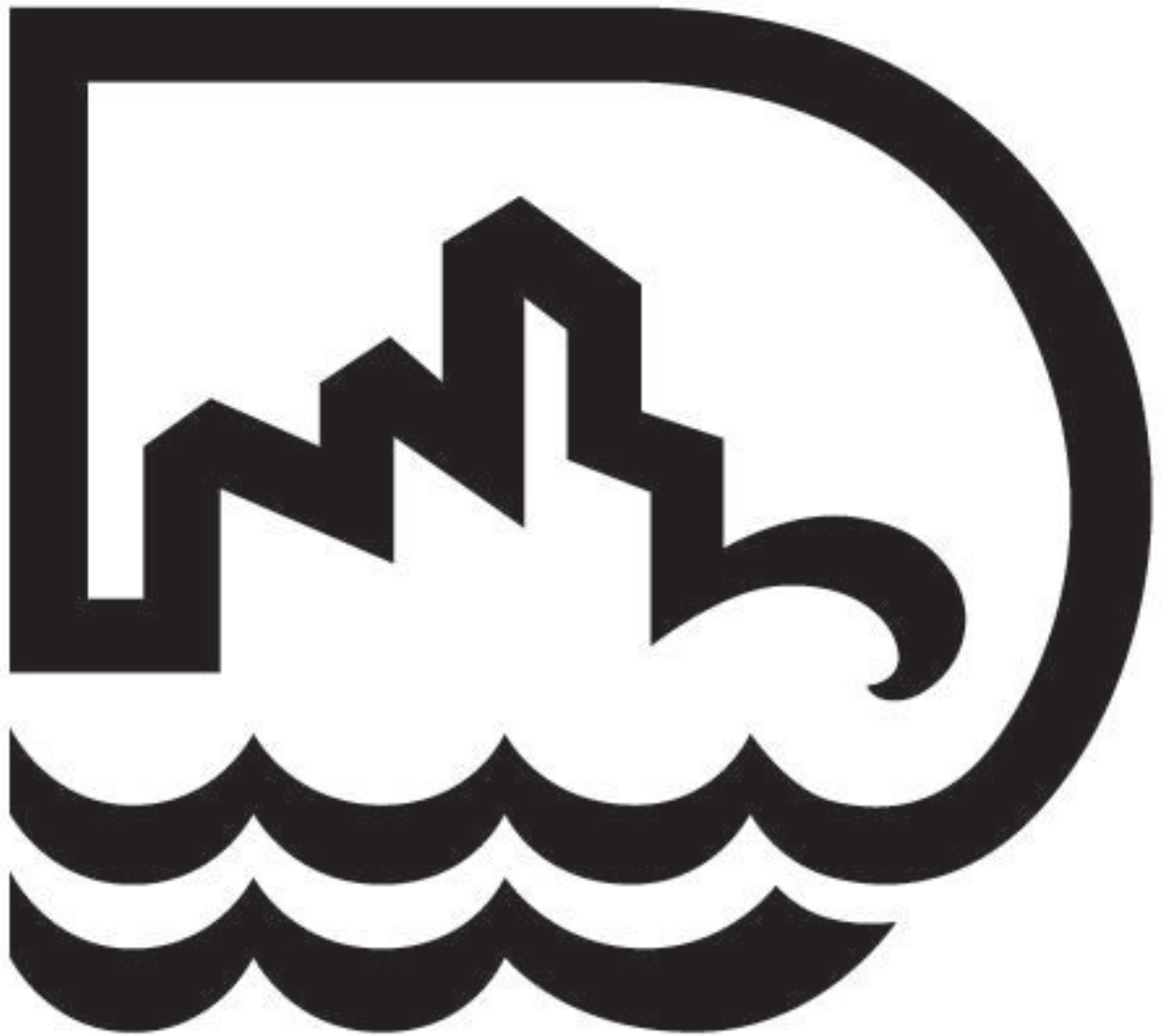
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**ENTERPRISE FUNDS**

<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 2,627,720	\$ 8,618,969	\$ 36,482,777	\$ 22,099,001
700	-	77,160	-
1,250	543,224	952,323	1,937,673
<u>2,629,670</u>	<u>9,162,193</u>	<u>37,512,260</u>	<u>24,036,674</u>
1,266,939	7,341,074	15,280,660	2,035,069
575,262	7,437,050	20,787,071	20,797,713
898,559	2,651,536	10,449,526	520,490
<u>2,740,760</u>	<u>17,429,660</u>	<u>46,517,257</u>	<u>23,353,272</u>
<u>(111,090)</u>	<u>(8,267,467)</u>	<u>(9,004,997)</u>	<u>683,402</u>
-	3,574,407	3,574,407	-
35,254	2,671,341	2,706,595	-
10,810	430,611	548,823	30,337
(73,098)	(104,890)	(1,030,144)	-
-	(34,961)	(34,961)	-
<u>(27,034)</u>	<u>6,536,508</u>	<u>5,764,720</u>	<u>30,337</u>
(138,124)	(1,730,959)	(3,240,277)	713,739
209,266	19,463,958	20,919,778	174,749
-	889,907	2,991,932	596,455
-	-	(296,455)	(701)
<u>71,142</u>	<u>18,622,906</u>	<u>20,374,978</u>	<u>1,484,242</u>
<u>14,653,639</u>	<u>25,449,046</u>	<u>145,776,062</u>	<u>4,116,701</u>
<u>\$ 14,724,781</u>	<u>\$ 44,071,952</u>	<u>\$ 166,151,040</u>	<u>\$ 5,600,943</u>

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**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, 2016**

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Net change in net position in enterprise funds \$ 20,374,978

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.

316,794

Change in net position of business-type activities \$ 20,691,772

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, 2016**

	<b>BUSINESS-TYPE ACTIVITIES -</b>	
	<b>PARKING SYSTEM</b>	<b>SEWER OPERATIONS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from users	\$ 1,469,552	\$ 19,507,936
Cash received from interfund services provided	-	-
Cash paid to suppliers for goods and services	(598,342)	(7,026,396)
Cash paid to employees for services	(316,891)	(6,286,275)
Other operating revenue	514	62,398
Net Cash Provided by (Used for) Operating Activities	<u>554,833</u>	<u>6,257,663</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Repayments to other funds	(62,229)	(1,204,652)
Advances from other funds	-	10,952
Grants	-	-
Property tax	-	-
Transfers in	324,064	1,157,591
Transfers out	-	(296,455)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>261,835</u>	<u>(332,564)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Payment to Adler	-	-
Proceeds from general obligation bonds	-	10,678,558
Proceeds from loan	-	923,162
Refunding discount/issue costs and premiums	(17,593)	(390,041)
Proceeds from the sale of capital assets	-	-
Acquisition and construction of capital assets	-	(8,938,644)
Principal paid on long-term debt	(657,850)	(3,800,845)
Interest paid on long-term debt	(162,860)	(1,745,827)
Capital grants	-	-
Deposits-other municipalities	-	127,995
Refunding bond proceeds	-	145,000
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(838,303)</u>	<u>(3,000,642)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	-	(156,954)
Interest and other investment income	24,582	79,092
Net Cash provided by (used for) Investing Activities	<u>24,582</u>	<u>(77,862)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,947	2,846,595
CASH AND CASH EQUIVALENTS-BEGINNING	<u>-</u>	<u>14,918,354</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 2,947</u>	<u>\$ 17,764,949</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>
\$ 5,060,771	\$ 2,631,381	\$ 7,762,411	\$ 36,432,051	-
-	-	-	-	\$ 22,321,024
(4,997,180)	(551,086)	(7,562,884)	(20,735,888)	(21,842,293)
-	(1,271,776)	(7,275,617)	(15,150,559)	(1,998,493)
<u>294,937</u>	<u>1,250</u>	<u>543,224</u>	<u>902,323</u>	<u>1,937,673</u>
<u>358,528</u>	<u>809,769</u>	<u>(6,532,866)</u>	<u>1,447,927</u>	<u>417,911</u>
-	-	(1,224,191)	(2,491,072)	(12,172)
-	-	1,182,223	1,193,175	-
-	-	2,671,341	2,671,341	-
-	-	3,574,407	3,574,407	-
620,370	-	889,907	2,991,932	596,455
-	-	-	(296,455)	(701)
<u>620,370</u>	<u>-</u>	<u>7,093,687</u>	<u>7,643,328</u>	<u>583,582</u>
(1,250,000)	-	-	(1,250,000)	-
1,265,970	-	250,000	12,194,528	-
-	-	-	923,162	-
-	(19,304)	(70,875)	(497,813)	-
-	-	5,718	5,718	-
-	(56,973)	(2,776,580)	(11,772,197)	-
-	(155,000)	(665,940)	(5,279,635)	-
-	(73,450)	(106,778)	(2,088,915)	-
-	35,254	-	35,254	-
-	-	-	127,995	-
-	-	-	145,000	-
<u>15,970</u>	<u>(269,473)</u>	<u>(3,364,455)</u>	<u>(7,456,903)</u>	<u>-</u>
-	9,551	429,935	(156,954)	25,748
-	9,551	429,935	543,160	25,748
-	9,551	429,935	386,206	25,748
994,868	549,847	(2,373,699)	2,020,558	1,027,241
<u>137,333</u>	<u>2,369,990</u>	<u>3,800,069</u>	<u>21,225,746</u>	<u>8,498,224</u>
<u>\$ 1,132,201</u>	<u>\$ 2,919,837</u>	<u>\$ 1,426,370</u>	<u>\$ 23,246,304</u>	<u>\$ 9,525,465</u>

**CITY OF DAVENPORT****PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
For the Fiscal Year Ended June 30, 2016**

	<b>BUSINESS-TYPE ACTIVITIES -</b>	
	<b>PARKING SYSTEM</b>	<b>SEWER OPERATIONS</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (211,769)	\$ 1,087,450
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	750,229	5,217,451
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(23,426)	(6,070)
Decrease in due from other governments	-	(106,039)
Decrease (increase) in inventory and prepaids	-	1,090
Decrease (increase) in pension related deferred outflow	(22,948)	(399,314)
Increase (decrease) in accounts payable	38,797	(4,698)
Increase in other accrued liabilities	8,248	194,574
Increase (decrease) in net pension liability	25,316	440,523
Increase in pension related deferred inflows	(9,614)	(167,304)
Increase (decrease) in unearned revenue	-	-
Total Adjustments	<u>766,602</u>	<u>5,170,213</u>
<b>NET CASH PROVIDED BY ( USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 554,833</u>	<u>\$ 6,257,663</u>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Acquisition of capital assets through capital contributions	\$ 186,478	\$ 1,052,395
Contribution of capital assets by municipality	(186,478)	(298,465)
Contribution of capital assets by subdividers	-	(271,263)
Contribution of capital assets by state and federal governments	-	-
Contribution by other	-	(482,667)
Capital assets obtained in merger	-	-
Note payable obtained in merger	-	-
Other assets obtained in merger	-	-
Capital assets purchased through note payable	-	794,473
Capitalized interest	-	1,085,253

**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>
\$ (1,552,121)	\$ (111,090)	\$ (8,267,467)	\$ (9,054,997)	\$ 683,402
931,751	898,559	2,651,536	10,449,526	520,490
150,565	2,961	232,158	356,188	222,023
-	-	(1,075,149)	(1,181,188)	-
(7,606)	(1,090)	(38,464)	(46,070)	8,010
-	(81,347)	(484,874)	(988,483)	(140,378)
125,258	25,266	(87,384)	97,239	(1,052,590)
-	20,851	218,585	442,258	78,244
-	89,742	534,912	1,090,493	145,570
-	(34,083)	(203,152)	(414,153)	(46,860)
710,681	-	(13,567)	697,114	-
<u>1,910,649</u>	<u>920,859</u>	<u>1,734,601</u>	<u>10,502,924</u>	<u>(265,491)</u>
<u>\$ 358,528</u>	<u>\$ 809,769</u>	<u>\$ (6,532,866)</u>	<u>\$ 1,447,927</u>	<u>\$ 417,911</u>
\$ 57,681	\$ 209,266	\$ 19,463,959	\$ 20,969,779	\$ 174,749
(57,681)	(68,155)	(6,501,505)	(7,112,284)	(174,749)
-	(344,379)	-	(615,642)	-
-	203,268	(12,348,454)	(12,145,186)	-
-	-	(614,000)	(1,096,667)	-
12,074,203	-	-	12,074,203	-
528,841	-	-	528,841	-
28,049	-	-	28,049	-
-	-	-	794,473	-
-	-	-	1,085,253	-

**CITY OF DAVENPORT**

**AGENCY FUNDS  
STATEMENT OF ASSETS AND LIABILITIES  
June 30, 2016**

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	<u>AGENCY FUNDS</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 451,295
Interest receivable	558
Total assets	<u>\$ 451,853</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 34,591
Due to other governments	417,262
Total liabilities	<u>\$ 451,853</u>

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

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## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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#### **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.

The City was 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 program of each entity. The City took over maintenance responsibility of their buses in spring of 2014. The jointly owned garage was sold in the fall of 2015 and the City no longer maintains an equity interest in the joint venture. The City retains representation on the board of the group.

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

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

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

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



## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016 (CONTINUED)**

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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.

##### **(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.

## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016 (CONTINUED)**

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**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.

### **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.

## **CITY OF DAVENPORT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)**

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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 (other than utility), 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.

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.

#### **E. Investments**

Investments are reported at fair value, which is the price that would be received in an orderly transaction between market participants at the measurement date. Securities traded on the national exchange are valued at the last reported sales price.

Investments in the Iowa Public Agency Investment Trust are stated at amortized cost, based on the criteria set forth in GASB Statement No. 79.

#### **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.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 (CONTINUED)**

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, 2016 and unpaid taxes. The succeeding year property tax receivable represents 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 has 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2015.

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, 2016 was \$16.78 per \$1,000 of assessed valuation.

**I. Loans Receivable**

Loans receivable, net of allowance, consist of \$1,718,747 of financing provided to companies that are beginning operations. The remaining \$14,033,413 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 \$3,562,553 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, 2016: unexpended general obligation bond proceeds and other monies restricted to capital outlay of \$11,797,559 and deposits and equipment replacements of \$5,489,614 in the Sewer Enterprise Fund, \$1,017,481 of unexpended bond proceeds in the Clean Water Enterprise Fund; \$311,852 of unexpended bond proceeds in the Solid Waste Enterprise Fund; \$26,781 of unexpended bond proceeds in the Public Housing Fund, security deposits of \$36,412 in the Public Housing Fund, and loan escrow payments of \$64,562 in the Community Development Act Special Revenue Fund. In governmental activities, there is also \$21,881,416 of unexpended general obligation proceeds restricted to capital outlay. In addition, \$7,565,846, \$6,088,918 and \$156,954 is held in escrow related to the refunding of bonds in the General Debt Service Fund and Tax Increment Financing Districts Debt Service Fund and Sewer Operations Fund, respectively.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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**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 acquisition value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest was \$1,085,253 in the Sewer Operations 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 and exchange transactions for which revenue has not yet been earned. Unearned revenues in the proprietary funds represent ticket sale revenue for events that have not yet occurred.

**O. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position and balance sheet 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 funds report unavailable revenues from property taxes, 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, and proprietary funds financial statements 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 and proprietary funds financial statements also include a deferred amount on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price and pension related deferred inflows, which are the unamortized portion of the difference between expected and actual experience, change of assumptions, the difference between projected and actual earnings on investments, and the

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 (CONTINUED)**

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change in proportion and difference between the City's contributions and proportionate share of contributions all related to pensions.

**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. The Capital Projects Fund received transfers from the Local Option Sales Tax Fund, the Road Use Tax Fund and the North Davenport Tax Increment Financing Fund for projects that were built in the Capital Projects Fund, but funded from the other funds. The General Fund subsidizes the operating loss of the RiverCenter Enterprise Fund and other operating deficits, as needed.

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 \$11,797,559, \$1,017,481, \$311,852 and \$26,781 respectively. Unspent debt proceeds for the Capital Projects Fund were \$21,881,416. 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 \$5,369,868 for local option sales tax; \$869,380 for library; \$9,686,395 for debt service; \$1,227,763 for road use tax and \$564,009 for municipal improvement districts. Net position is reported as unrestricted when it does not meet the definition of the two preceding categories. Deficits will require future funding. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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**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

**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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**2. CONTINGENCIES**

**A. Litigation**

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

**B. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although City management and counsel expect such amounts, if any, to be immaterial.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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**3. DEPOSITS AND INVESTMENTS**

**A. Deposits**

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$85,735,623 and the bank balances were \$88,408,449. As of June 30, 2016, 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. The City's investments in State and Local Government Securities exceed the 397 day investment period but the maturities match the crossover refundings.

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 \$414,435.

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

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

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

**C. Fair value measurements**

As of June 30, 2016, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value asset. The fair values hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs-other than quoted prices included within level 1-that are observed for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The City has the following recurring fair value measurement as of June 30, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	S&P Rating
U.S. Government Treasury Note					
Due 12/01/16, .48%	\$ -	\$ 253,176	\$ -	\$ 253,176	AA+
Due 06/01/17, .56%	-	13,558,542	-	13,558,542	AA+
	\$ -	\$ 13,811,718	\$ -	\$ 13,811,718	

A reconciliation of cash and investments as shown on the financial statements of the City follows:

Depository Accounts	\$ 85,735,623
Investment at fair value	13,811,718
Investments at amortized cost	414,435
	<u>\$ 99,961,776</u>
Cash and investments	\$ 45,073,086
Restricted cash and cash equivalents	40,625,677
Restricted cash and investments- held in escrow	13,811,718
Cash and investments, Agency Funds	451,295
	<u>\$ 99,961,776</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

**4. FUND TRANSFER RECONCILIATION**

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

	Transfer in:										Total Transfer
	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Sewer Fund	Parking Fund	RiverCenter Fund	Non-major Proprietary Funds	Employee Insurance Internal Svc Fund	Risk Management Internal Service Fund	
<b>Transfer Out:</b>											
General Fund	\$ -	\$ -	\$ 156,667	\$ 1,005,448	\$ 580,513	\$ -	\$ 620,370	\$ 477,337	\$ 300,000	\$ -	\$ 3,140,335
Local Option Sales Tax Fund	-	10,268,516	2,212,585	41,000	577,078	-	-	412,570	-	-	13,511,749
General Debt Service Fund	-	-	-	-	-	50,000	-	-	-	-	50,000
Sewer Fund	-	-	-	-	-	-	-	-	-	296,455	296,455
Risk Internal Service Fund	-	-	701	-	-	-	-	-	-	-	701
Other Non-major Governmental Funds	327,500	-	2,049,574	-	-	274,064	-	-	-	-	2,651,138
<b>Total Transfer</b>	<b>\$ 327,500</b>	<b>\$ 10,268,516</b>	<b>\$ 4,419,527</b>	<b>\$ 1,046,448</b>	<b>\$ 1,157,591</b>	<b>\$ 324,064</b>	<b>\$ 620,370</b>	<b>\$ 889,907</b>	<b>\$ 300,000</b>	<b>\$ 296,455</b>	<b>\$ 19,650,378</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other governmental and proprietary funds in accordance with budgetary authorizations. The governmental activities also contributed capital to the Sewer Operations Fund and Clean Water Fund.

**5. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2016, interfund receivables and payables are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major Governmental Funds	\$ 556,264
	Non-major Enterprise Funds	1,182,223
General Debt Service	Local Option Sales Tax Fund	2,116,349
Capital Projects	Sewer Operations Funds	10,952
	Local Option Sales Tax Fund	316,752
		<u>\$ 4,182,540</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, 2016 (CONTINUED)**

**6. Changes in Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	<b>BEGINNING BALANCE 07/1/15</b>	<b>ADDITIONS</b>	<b>TRANSFERS</b>	<b>DELETIONS</b>	<b>ENDING BALANCE 06/30/16</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital assets, not being depreciated:					
Land	\$ 20,748,679	\$ -	\$ (1,605,366)	\$ -	\$ 19,143,313
Construction in progress	21,103,398	32,990,295	(17,183,994)	(29,923,940)	6,985,759
Total capital assets, not being depreciated	<u>41,852,077</u>	<u>32,990,295</u>	<u>(18,789,360)</u>	<u>(29,923,940)</u>	<u>26,129,072</u>
Capital assets being depreciated					
Buildings	108,569,781	14,012,627	-	(90,212)	122,492,196
Improvements other than buildings	29,251,401	899,245	-	(17,269)	30,133,377
Equipment and vehicles	42,606,127	1,688,414	(5,899)	(905,760)	43,382,882
Bridges	9,461,243	-	-	-	9,461,243
Traffic Signals	8,502,673	-	-	-	8,502,673
Streets and roads	213,151,476	20,884,436	-	-	234,035,912
Seawalls	2,685,289	-	-	-	2,685,289
Tunnels	54,326	-	-	-	54,326
Total capital assets being depreciated	<u>414,282,316</u>	<u>37,484,722</u>	<u>(5,899)</u>	<u>(1,013,241)</u>	<u>450,747,898</u>
Less accumulated depreciation for:					
Buildings	37,396,880	2,736,475	-	(85,198)	40,048,157
Improvements other than buildings	13,506,964	1,544,577	-	(4,893)	15,046,648
Equipment and vehicles	30,871,882	2,519,077	(5,899)	(897,935)	32,487,125
Bridges	3,073,679	264,136	-	-	3,337,815
Traffic signals	6,175,324	238,955	-	-	6,414,279
Streets and roads	85,591,922	7,671,260	-	-	93,263,182
Seawalls	369,046	84,322	-	-	453,368
Tunnels	23,766	2,716	-	-	26,482
Total accumulated depreciation	<u>177,009,463</u>	<u>15,061,518</u>	<u>(5,899)</u>	<u>(988,026)</u>	<u>191,077,056</u>
Total capital assets being depreciated, net	<u>237,272,853</u>	<u>22,423,204</u>	<u>-</u>	<u>(25,215)</u>	<u>259,670,842</u>
Governmental activities capital assets, net	<u>\$ 279,124,930</u>	<u>\$ 55,413,499</u>	<u>\$ (18,789,360)</u>	<u>\$ (29,949,155)</u>	<u>\$ 285,799,914</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital assets, not being depreciated:					
Land	\$ 11,250,241	\$ 152,680	\$ 1,605,366	\$ -	\$ 13,008,287
Construction in progress	16,764,040	6,874,313	-	(9,709,938)	13,928,415
Total capital assets not being depreciated	<u>28,014,281</u>	<u>7,026,993</u>	<u>1,605,366</u>	<u>(9,709,938)</u>	<u>26,936,702</u>
Capital assets, being depreciated:					
Buildings	99,985,974	12,204,767	11,946,185	(7,950)	124,128,976
Improvements other than buildings	14,083,785	7,181,522	4,887,809	-	26,153,116
Equipment and vehicles	37,155,202	3,826,117	5,899	(1,569,000)	39,418,218
Sanitary sewer	120,176,812	6,645,177	350,000	-	127,171,989
Storm Sewer	24,435,418	633,587	-	-	25,069,005
Streets and roads	1,539,059	98,323	-	-	1,637,382
Total capital assets being depreciated	<u>297,376,250</u>	<u>30,589,493</u>	<u>17,189,893</u>	<u>(1,576,950)</u>	<u>343,578,686</u>
Less accumulated depreciation for:					
Buildings	54,155,115	3,548,911	-	(7,950)	57,696,076
Improvements other than buildings	8,824,962	806,151	-	-	9,631,113
Equipment and vehicles	26,329,793	2,064,851	5,899	(1,563,283)	26,837,260
Sanitary sewer	42,285,935	3,196,516	-	-	45,482,451
Storm sewer	11,505,518	776,953	-	-	12,282,471
Streets and roads	214,802	56,144	-	-	270,946
Total accumulated depreciation	<u>143,316,125</u>	<u>10,449,526</u>	<u>5,899</u>	<u>(1,571,233)</u>	<u>152,200,317</u>
Total capital assets, being depreciated, net	<u>154,060,125</u>	<u>20,139,967</u>	<u>17,183,994</u>	<u>(5,717)</u>	<u>191,378,369</u>
Business-type activities capital assets, net	<u>\$ 182,074,406</u>	<u>\$ 27,166,960</u>	<u>\$ 18,789,360</u>	<u>\$ (9,715,655)</u>	<u>\$ 218,315,071</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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

Governmental activities:	
General government	\$ 632,283
Community & economic development	30,663
Public works	9,263,698
Public safety	1,547,899
Culture & recreation	3,066,486
Internal service assets are charged to the various functions based on their usage of the assets	520,489
Total depreciation expense-governmental activities	<u>\$15,061,518</u>
Business-type activities:	
Parking systems	\$ 750,229
Sewer operations	5,217,451
RiverCenter	931,751
Public transit	531,754
Public housing	330,868
Golf courses	180,328
Airport	517,376
Solid Waste	543,577
Clean Water Utility	898,559
Rivers Edge	113,965
Transload	433,668
Total depreciation expense-business-type activities	<u>\$10,449,526</u>

The City has active construction projects as of June 30, 2016. 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	\$ 8,789,976	\$ 14,200,417
Sanitary Sewer/WPCP	10,040,495	9,171,352
Parks	194,441	68,191
Public Buildings	<u>9,948,733</u>	<u>2,976,571</u>
Total	<u>\$ 28,973,645</u>	<u>\$ 26,416,531</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, 2016.

## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

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#### 7. EMPLOYEE RETIREMENT SYSTEMS

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

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

##### A. Iowa Public Employees Retirement System

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

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

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

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

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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

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

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the 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, 2016 were \$2,706,400.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$21,630,674 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2015, the City's collective proportion was .437825 percent which was a decrease of .018841 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$1,643,092. At June 30, 2016, 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	\$ 326,812	\$ -
Change of assumptions	595,547	-
Net difference between projected and actual earnings on pension plan investments	3,236,378	(5,036,616)
Changes in proportion and differences between City contributions subsequent to the measurement date	-	(807,900)
City contributions subsequent to the measurement date	2,706,400	-
Total	<u>\$ 6,865,137</u>	<u>\$ (5,844,516)</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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\$2,706,400 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>
2017	\$ (810,088)
2018	(810,088)
2019	(810,088)
2020	766,062
2021	(21,575)
	<u>\$ (1,685,779)</u>

There were no non-employer contributing entities at IPERS.

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

Rate of inflation (effective June 30, 2015)	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

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	24%	6.29
Non US Equity	16	6.75
Private Equity	11	11.32
Real Estate	8	3.48
Core Plus Fixed Income	28	2.04
Credit Opportunities	5	3.63
TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
	<u>100%</u>	

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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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%</u> Decrease (6.5%)	<u>Discount</u> Rate (7.5%)	<u>1%</u> Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 37,871,419	\$ 21,630,674	\$ 7,922,320

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

Payables to the Pension Plan - At June 30, 2016, the City reported no payables to the defined benefit pension plan.

**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](http://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



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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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.

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, 2016.

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 27.77% for the year ended June 30, 2016.

The City's contributions to MFPRSI for the year ended June 30, 2016 was \$6,089,878.

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, 2016.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$47,006,827 for its proportionate share of the net pension

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2015, the City's proportion was 8.096053% which was a decrease of .135225% from its proportions measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$3,388,581. At June 30, 2016, 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	\$ 1,022,426	\$ (65,002)
Changes of assumptions	2,861,936	-
Net difference between projected and actual earnings on pension investments	6,431,633	(10,346,783)
Changes in proportion and differences between City contributions and proportionate share of contributions	258,180	(563,309)
City Contributions subsequent to the measurement date	6,089,878	-
Total	<u>\$ 16,664,053</u>	<u>\$ (10,975,094)</u>

\$6,089,878 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:

Year ended June 30,	
2017	\$ (962,913)
2018	(962,913)
2019	(962,913)
2020	2,275,946
2021	211,874
	<u>\$ 400,919</u>

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

Rate of inflation	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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

The actuarial assumptions used in the June 30, 2015 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 1/12 of the 1971 GAM table and 11/12 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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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
<b>Core Investments</b>	<b>40.0%</b>	
<b>Tactical Asset Allocation</b>	<b>35.0</b>	<b>6.0</b>
<b>Private Equity</b>	<b>15.0</b>	<b>9.8</b>
Private Non-Core Real Estate	5.0	9.3
Private Core Real Estate	5.0	6.8
<b>Real Estate</b>	<b>10.0</b>	
Total	<b>100%</b>	

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.

	<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:	\$ 76,320,392	\$ 47,006,827	\$22,650,687

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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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Payables to the Pension Plan - At June 30, 2016, the City of Davenport had no payables to the defined benefit pension plan.

**C. 457 Deferred Compensation Contributions**

The City of Davenport contributes 1% to 8% matches to Police and Fire, Teamsters, Non-bargaining Management and department directors' 457 deferred compensation plans. The City's contributions for the years ended June 30, 2016, 2015 and 2014 were \$2,058,035, \$1,953,660, and \$1,912,655 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 facility was sold in September of 2015, for \$1,000,000 in which the City received \$420,000 for its share. The City no longer has an equity share in the joint venture.

The City paid \$14,547 in fees during fiscal year ended June 30, 2016.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

**9. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities, including premiums, for the year ended June 30, 2016 (numbers shown in thousands):

<b>Governmental Activities:</b>	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 137,124	\$ 44,285	\$ (16,670)	\$ 164,739	\$ 15,996
Special Assessment Debt	1,134	-	(20)	1,114	-
Premium on issuance	5,827	3,367	(1,109)	8,085	-
<b>Total Bonds Payable</b>	<b>144,085</b>	<b>47,652</b>	<b>(17,799)</b>	<b>173,938</b>	<b>15,996</b>
Other post employment benefits payable	5,964	1,408	-	7,372	-
Compensated Absences	4,639	4,735	(5,072)	4,302	4,036
Net Pension liability	50,887	10,902	-	61,789	-
Note Payable	311	-	-	311	13
	<b>\$ 205,886</b>	<b>\$ 64,697</b>	<b>\$ (22,871)</b>	<b>\$ 247,712</b>	<b>\$ 20,045</b>
<b>Business-type Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 47,492	\$11,390	\$ (4,785)	\$ 54,097	\$ 5,379
Premium on issuance	2,611	948	(459)	3,100	-
<b>Total Bonds Payable</b>	<b>50,103</b>	<b>12,338</b>	<b>(5,244)</b>	<b>57,197</b>	<b>5,379</b>
Compensated Absences	695	1,160	(1,128)	727	682
Other post employment benefits payable	1,320	304	-	1,624	-
Capital lease	189	-	(93)	96	96
Net pension liability	5,758	1,090	-	6,848	-
Note Payable	14,147	2,247	(495)	15,899	1,072
	<b>\$ 72,212</b>	<b>\$ 17,139</b>	<b>\$ (6,960)</b>	<b>\$ 82,391</b>	<b>\$ 7,229</b>

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

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end \$161,639 of internal service funds compensated absences, \$217,231 of other post-employment benefits, and \$903,505 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, 2016 (CONTINUED)**

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General obligation bonds payable at June 30, 2016, is comprised of the following individual issues:

		Outstanding Balance June 30, 2016 (in thousands of dollars)
<b>A.</b>	Matured bonds not presented for payment.	\$ 20
<b>B.</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).	150
<b>C.</b>	\$3,530,000 2008 General Obligation Economic Development serial bonds due in annual installments of \$205,000 to \$400,000 through June 1, 2021; interest at 3.5 to 6.2 percent (\$3,530,000 principal and interest thereon is being serviced by the TIF increment Financing District Debt Service Fund).	1,785
<b>D.</b>	\$16,530,000 2009 General Obligation Streets, Buildings, Sewer and Equipment serial bonds due in annual installments of \$695,000 to \$1,190,000 through June 1, 2024; interest at 3.0 to 4.0 percent (\$275,000 principal and interest thereon is being serviced by the Sewer Enterprise Fund).	8,405
<b>E.</b>	\$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).	4,825
<b>F.</b>	\$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.	7,820
<b>G.</b>	\$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).	10,600

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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<b>H.</b>	\$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).	3,405
<b>I.</b>	\$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).	1,985
<b>J.</b>	\$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).	18,480
<b>K.</b>	\$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).	1,100
<b>L.</b>	\$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).	20,355
<b>M.</b>	\$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).	2,525
<b>N.</b>	\$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).	5,460

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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<b>O.</b>	\$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).	14,750
<b>P.</b>	\$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).	15,840
<b>Q.</b>	\$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).	20,580
<b>R.</b>	\$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).	9,565
<b>S.</b>	\$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).	16,625
<b>T.</b>	\$42,450,000 2016A General Obligation Streets, Sewers, Buildings, Parks, Solid Waste, Tax Increment Financing, and Equipment serial bonds due in annual installments of \$1,465,000 to \$3,485,000 through June 1, 2031; interest at 2.0 to 5.0 percent (\$9,855,000, \$220,000, \$1,170,000 and \$15,855,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Solid Waste Enterprise Fund, RiverCenter Enterprise Fund and Tax Increment Financing Districts Debt Service Fund, respectively).	42,450
<b>U.</b>	\$6,085,000 2016B General Obligation Crossover Refunding of \$1,465,000 of 2008 D Taxable General Obligation Bonds maturing June 1, 2018 through 2024 and \$4,340,000 of 2009B Taxable General Obligation Bonds maturing June 1, 2018 through 2024 due in annual installments of \$130,000 to \$935,000 through June 1, 2028; interest at 2.0 to 3.7 percent (\$6,085,000 in principal and interest thereon is being serviced by the Tax Increment Financing Districts Debt Service Fund).	6,085



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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V.	\$7,140,000 2016C General Obligation Crossover Refunding of \$7,485,000 of 2009 A General Obligation Bonds maturing June 1, 2018 through 2024 due in annual installments of \$875,000 to \$1,145,000 through June 1, 2024; interest at 2.0 to 5.0 percent (\$145,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	7,140
	Total general obligation bonds and special assessment debt	<u>219,950</u>
	General obligation bonds serviced by Enterprise Funds	<u>(54,097)</u>
	General obligation bonds and special assessment debt reported in Governmental Activities	<u><u>\$165,853</u></u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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The City of Davenport's Capital Improvement Program has been funded in part from general obligation bonds which are intended to be abated by user fees, special assessment collections, municipal improvement district taxes, and levee rents. The debt to be abated by user fees is accounted for in the Enterprise Funds in the amount of \$54,097,345. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,114,182. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$344,875. 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, 2016, the statutory limit for the City was \$318,401,799 providing a debt margin of \$94,600,270.

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>
2017	\$ 237,000	\$ 267,720
2018	244,000	260,610
2019	252,000	253,290
2020	261,000	245,730
2021	269,000	237,900
2022 – 2026	1,483,000	1,063,020
2027 – 2031	1,741,000	825,600
2032 – 2036	2,042,000	546,930
2037 – 2041	2,395,000	220,140
	<u>\$ 8,924,000</u>	<u>\$ 3,920,940</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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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. This was refunded with Series 2015 refunding bond, decreasing the interest rate to .75%. The original amount of the loan was \$7,085,000 and the City used \$5,286,107 on the Westside Diversion Tunnel project. The City then amended this loan to add \$495,000 for a Sponsored project. The note bears interest at .75% with interest payments semi-annually, commencing June 1, 2016. Principal repayment is annually each June 1 commencing June 1, 2017. As of June 30, 2016 the City had drawn all of the loan. 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 ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 267,000	\$ 39,173
2018	269,000	37,170
2019	272,000	35,153
2020	274,000	33,113
2021	277,000	31,058
2022-2026	1,428,000	123,683
2027-2031	1,500,000	69,075
2032-2034	936,000	14,085
	<u>\$ 5,223,000</u>	<u>\$ 382,510</u>

The City has entered into a third agreement with the Iowa Finance Authority to borrow \$7,438,000 in the form of the proceeds of an Iowa Finance Authority revenue bond, not yet sold. The City draws funds from the Iowa Finance Authority as needed for the plant optimization project at the Water Pollution Control Plant. The note bears interest at 1.75% with interest payments payable semiannually commencing June 1, 2016. Principal repayment is annually each June 1, commencing June 1, 2017. As of June 30, 2016, the City had drawn \$1,222,824. The note is payable solely from the net revenues of the Waste Water Equipment Replacement Fund (reported with the Sewer Fund) and has the same covenants as the other Iowa Finance Authority notes.

The below schedule is based on an estimated draw schedule. During the construction phase we are required to follow the amortization schedule provided below:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 310,000	\$ 57,390
2018	316,000	121,029
2019	323,000	120,960
2020	329,000	115,308
2021	336,000	109,550
2022-2026	1,683,000	457,188
2027-2031	1,968,000	294,805
2032-2036	2,173,000	115,570
	<u>\$ 7,438,000</u>	<u>\$ 1,391,800</u>

As part of the government merger (see Note 11), the City assumed a note payable with Quad City Bank & Trust (QCBT) for \$528,841. The repayment schedule is below:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 258,272	\$ 25,109
2018	270,569	12,811
	<u>\$ 528,841</u>	<u>\$ 37,920</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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:

Year ending June 30	Principal	Interest
2017	\$ 13,440	\$ 4,662
2018	27,489	8,716
2019	28,320	7,885
2020	29,175	7,029
2021	30,057	6,147
2022-2024	182,310	16,815
	<u>\$ 310,791</u>	<u>\$ 51,254</u>

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
2017	\$ 15,976	\$ 6,584	\$ 5,379	\$ 2,074
2018	17,791	5,710	5,214	1,813
2019	16,896	5,030	5,184	1,627
2020	15,679	4,337	4,976	1,414
2021	14,880	3,687	4,940	1,210
2022-2026	55,231	10,514	20,104	3,452
2027-2031	28,745	2,717	8,300	658
2032	635	21	-	-
Totals	165,833	38,600	54,097	12,248
Matured	20	2	-	-
	<u>\$ 165,853</u>	<u>\$ 38,602</u>	<u>\$ 54,097</u>	<u>\$ 12,248</u>

**10. RISK MANAGEMENT**

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

Health Benefits – The City has established an Employee Insurance Fund for insurance benefits provided to City employees and covered dependents, which is included in the Internal Service Fund type. Health benefits were self-insured up to a specific annual stop loss amount of \$175,000 per member, and an aggregate annual stop loss amount of approximately \$2,000,000 for 2016. 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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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 \$1,124,748 as of June 30, 2016 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 2016. Coverage from private insurers is maintained for losses in excess of the individual stop loss amounts. All claims handling procedures are performed by the risk management division of the finance department. A private attorney specializing in workers' compensation law is retained to defend workers' compensation claims filed with the state Workers' Compensation Commissioner by claimants. Incurred but not reported claims have been accrued as a liability based upon an independent actuarial study. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year. Based on experience, \$2,782,530 of the claims payable as of June 30, 2016 is considered current and due within one year.

Changes in reported liabilities for the fiscal years ended June 30, 2015 and 2016 are summarized as follows:

	<u>Employee Insurance Fund</u>	<u>Risk Management Fund</u>	<u>Total</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	1,204,195	6,344,035	7,548,230
Claims and changes in estimates during fiscal year 2016	15,141,297	1,529,843	16,671,140
Claim payments	<u>(15,220,744)</u>	<u>(2,623,821)</u>	<u>(17,844,565)</u>
Liabilities at June 30, 2016	<u>\$ 1,124,748</u>	<u>\$ 5,250,057</u>	<u>\$ 6,374,805</u>

**11. GOVERNMENT MERGER**

The Adler Theatre ownership transferred from the RiverCenter for the Performing Arts, Inc. (RCPA) to the City of Davenport in July of 2015. The Adler Theatre was originally owned by the City of Davenport and in 2004, the ownership was transferred to the RCPA to capture financing for improvements through three tax credit programs (Federal Historic, State Historic and New Market) not available to the City. These programs provided most of the funding for the \$14 million expansion project at the Adler Theatre as part of Vision Iowa. The intent of the Adler transfer was for the facility to remain in the ownership of the RCPA as long as the historic tax investors were involved. In February of 2015, the National Trust Community Fund Investment, LLC (NTCIF) exercised its put option signaling the collapse of the historic tax structure. The City contributed \$1.25 million to close out the NTCIF and assumed approximately \$500,000 in debt with the Quad City Bank & Trust (QCBT) as the direct obligor on the amount owed by the RCPA resulting in a merger of RCPA with the City.

**CITY OF DAVENPORT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

The initial opening balances of the RiverCenter Fund, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of the RCPA and the City as of July 1, 2015, as follows:

	RiverCenter			Adjustments	Total	
	Fund	Adler	Theatre			
<b>Assets</b>						
Current assets	\$ 590,558	\$ 28,049		\$ -	\$ 618,607	
Capital assets	10,673,675	11,726,034		348,169	22,747,878	
Total assets	11,264,233	11,754,083		348,169	23,366,485	
<b>Deferred Outflows of Resources</b>						
Pension related	2,297	-		-	2,297	
<b>Liabilities</b>						
Current liabilities	150,553	-		1,250,000	1,400,553	
Noncurrent liabilities	29,675	-		528,841	558,516	
Total liabilities	180,228	-		1,778,841	1,959,069	
<b>Deferred Inflows of Resources</b>						
Pension related	3,084	-		-	3,084	
<b>Net Position</b>						
Net investment in capital assets	10,673,675	11,726,034		348,169	22,747,878	
Unrestricted	409,543	28,049		(1,778,841)	(1,341,249)	
Total net position	\$ 11,083,218	\$ 11,754,083	\$ 22,837,301	\$ (1,430,672)	\$ 21,406,629	

In determination of the beginning net position of the RiverCenter Fund, an enterprise fund as of July 1, 2015, there were no impairment adjustments. Adjustments shown relate to the following:

- 1) Capital assets of the Adler Theatre were recorded on an income tax basis which is not a method recognized under generally accepted accounting principles. Adjustment was made to record the carrying value of the capital assets under generally accepted accounting principles.
- 2) The purchase price of the Adler included a \$1,250,000 cash payment along with assuming a note payable for \$528,841, which was not considered significant in relation to the Adler Theatre net position received.

**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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 (CONTINUED)**

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 \$886,956 through their required contribution of \$766.19 per month for single health coverage and \$1,604.73 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.

Annual required contribution	\$1,644,767
Interest on net OPEB obligation	327,736
Adjustment to annual required contribution	<u>(260,027)</u>
Annual OPEB cost (expense)	1,712,476
Contributions made	<u>0</u>
Increase (decrease) in net OPEB obligation	1,712,476
Net OPEB obligation - July 1, 2015	<u>7,283,020</u>
Net OPEB obligation - June 30, 2016	<u>\$8,995,496</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
06/30/2014	\$ 1,416,948	8.38%	\$ 5,652,201
06/30/2015	\$ 1,630,819	0%	\$ 7,283,020
06/30/2016	\$ 1,712,476	0%	\$ 8,995,496

Funding status and funding progress: The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$ 16,664,753
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 16,664,753</u>
Covered payroll (active employees)	47,717,151
UAAL as a percentage of covered payroll	34.92%

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

## CITY OF DAVENPORT

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)**

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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, 2015 valuation date. The actuarial assumptions included a 4.5 percent discount rate, a wage inflation component of 4.0%, an annual health care cost trend rate of 9.5 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, 2016 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, 2016 (CONTINUED)**

Fund Balances:	General Fund	Major Special Revenue		Major Capital Projects Fund	Non Major Special Revenue		Non Major Debt Service Fund	Total
		Local Option Sales Tax Fund	Major Debt Service Fund		Funds	Fund		
Nonspendable:								
Prepays	\$ 4,477	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ 5,477
<b>Subtotal</b>	<b>4,477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>5,477</b>
Restricted For:								
Tort	788,201	-	-	-	-	-	-	788,201
Debt Service	-	-	12,184,187	-	-	-	11,729,440	23,913,627
Capital projects	-	-	-	17,774,609	-	-	-	17,774,609
Police								
Non-recurring	602,757	-	-	-	-	-	-	602,757
Library	869,380	-	-	-	-	-	-	869,380
Employee								
Benefits	3,124,611	-	-	-	-	-	-	3,124,611
HUD Section 8								
Rents	-	-	-	-	185,334	-	-	185,334
Municipal								
Improvement projects	-	-	-	-	564,009	-	-	564,009
Youth Sports	-	-	-	-	118,198	-	-	118,198
Road Use Tax project	-	-	-	-	1,227,763	-	-	1,227,763
Local Option								
Sales Tax	-	5,369,868	-	-	-	-	-	5,369,868
<b>Subtotal</b>	<b>5,384,949</b>	<b>5,369,868</b>	<b>12,184,187</b>	<b>17,774,609</b>	<b>2,095,304</b>	<b>11,729,440</b>	<b>-</b>	<b>54,538,357</b>
Committed for:								
Levee								
Improvement Commission								
Projects	-	-	-	-	24,392	-	-	24,392
Revolving Loans	-	-	-	-	1,247,911	-	-	1,247,911
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,272,303</b>	<b>-</b>	<b>-</b>	<b>1,272,303</b>
Assigned for:								
Library projects	197,331	-	-	-	-	-	-	197,331
Public Safety projects	33,385	-	-	-	-	-	-	33,385
Parks projects	23,384	-	-	-	-	-	-	23,384
Reforestation	28,828	-	-	-	-	-	-	28,828
River Center projects	582,093	-	-	-	-	-	-	582,093
Parks Special Needs Program	30,971	-	-	-	-	-	-	30,971
Next year budget deficits	2,488,236	-	-	-	-	-	-	2,488,236
<b>Subtotal</b>	<b>3,384,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,384,228</b>
Unassigned	9,199,764	-	-	-	(1,320,264)	-	-	7,879,500
<b>Subtotal</b>	<b>9,199,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,320,264)</b>	<b>-</b>	<b>-</b>	<b>7,879,500</b>
<b>Total Fund Balance</b>	<b>\$ 17,973,418</b>	<b>\$ 5,369,868</b>	<b>\$ 12,184,187</b>	<b>\$ 17,774,609</b>	<b>\$ 2,048,343</b>	<b>\$ 11,729,440</b>	<b>\$ -</b>	<b>\$ 67,079,865</b>

## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

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#### 14. SUBSEQUENT EVENTS

On May 25, 2016 the sale of not-to-exceed \$27,000,000 Series 2017 General Obligation Bonds was approved by the City Council. The proceeds will be used for street improvements, sewer improvements, city facility improvements and community planning. The bond sale is expected to take place in early spring of 2017.

#### 15. 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, except for GASB Statement No. 75 which may have a material effect on the City. The statements, which may impact the City of Davenport, are as follows:

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. 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

GASB Statement No. 82, *Pension Issues*, issued April 2016, will be effective for the City, beginning with its fiscal year ending June 30, 2017. Statement No. 82 is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the

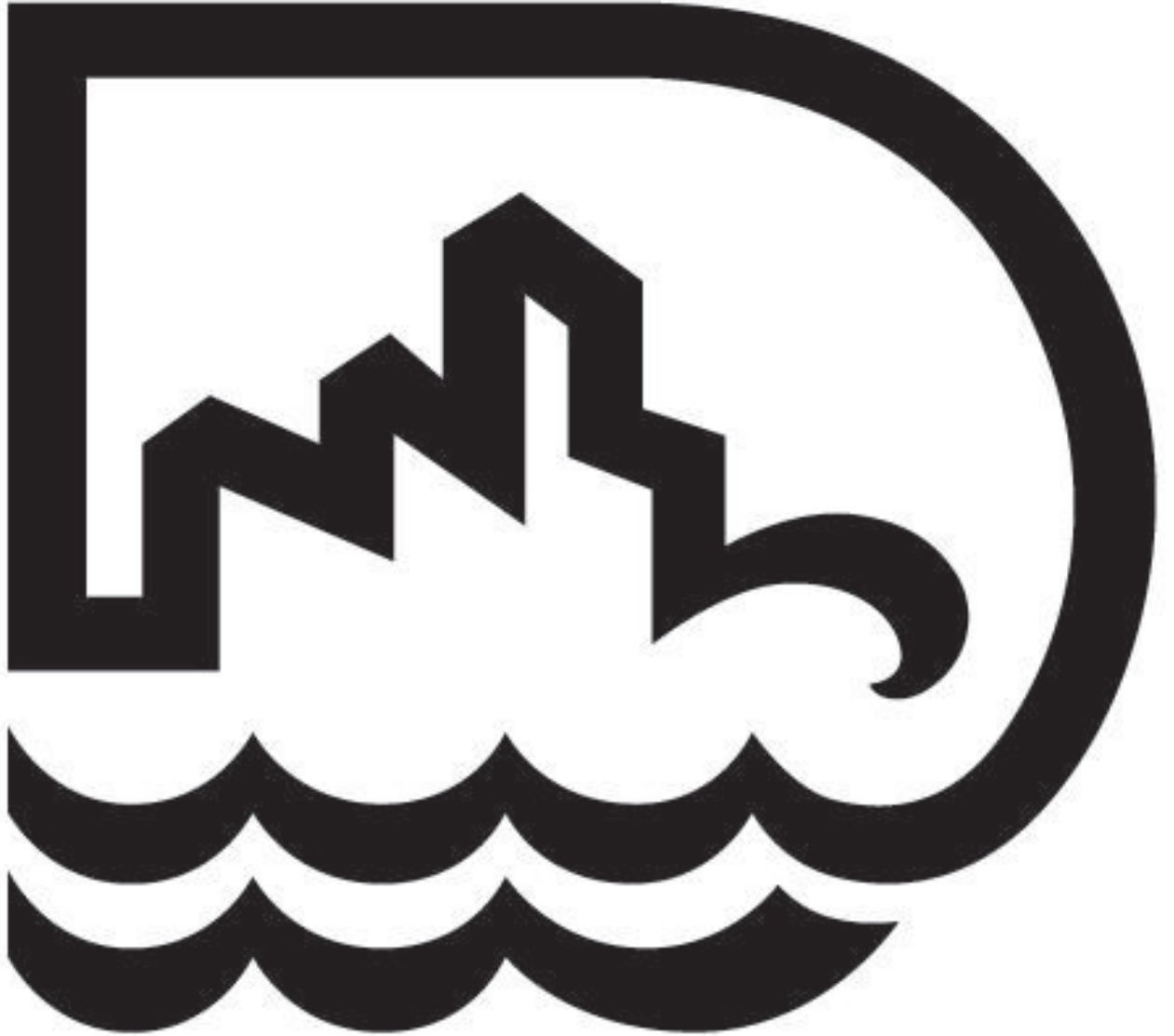
**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016 (CONTINUED)**

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asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.



**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, 2016**

	GOVERNMENTAL FUNDS ACTUAL	PROPRIETARY FUNDS ACTUAL	TOTAL ACTUAL
REVENUES:			
Taxes	\$ 90,241,335	\$ 3,574,407	\$ 93,815,742
Special assessments	27,648	-	27,648
Licenses and permits	2,366,468	-	2,366,468
Intergovernmental	32,846,621	2,706,595	35,553,216
Charges for services	4,132,842	58,581,778	62,714,620
Use of monies and property	1,094,433	579,160	1,673,593
Fines and forfeits	2,513,779	77,160	2,590,939
Loan repayments	832,955	-	832,955
Other	2,390,338	2,889,996	5,280,334
Total Revenues	<u>136,446,419</u>	<u>68,409,096</u>	<u>204,855,515</u>
EXPENDITURES:			
Current:			
Public safety	43,927,733	-	43,927,733
Public works	16,862,825	-	16,862,825
Culture and recreation	11,689,298	-	11,689,298
Community and economic development	12,645,088	-	12,645,088
General government	9,623,464	-	9,623,464
Capital outlay	43,462,687	-	43,462,687
Debt service:			
Principal retirement	16,690,365	-	16,690,365
Interest	5,452,856	-	5,452,856
Business type activities	-	59,930,657	59,930,657
	<u>160,354,316</u>	<u>59,930,657</u>	<u>220,284,973</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,907,897)</u>	<u>8,478,439</u>	<u>(15,429,458)</u>
OTHER FINANCING SOURCES (USES), NET	<u>44,706,886</u>	<u>3,291,231</u>	<u>47,998,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	20,798,989	11,769,670	32,568,659
BALANCES BEGINNING OF YEAR,	<u>46,280,876</u>	<u>50,720,920</u>	<u>97,001,796</u>
BALANCES END OF YEAR	<u>\$ 67,079,865</u>	<u>\$ 62,490,590</u>	<u>\$ 129,570,455</u>

See note to Required Supplementary Information

<u>BUDGETED AMOUNTS</u>			
<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL TO ACTUAL VARIANCE</u>
\$ 92,985,439	\$ 93,151,373	\$	664,369
55,000	103,192		(75,544)
1,554,100	1,554,100		812,368
30,426,534	64,409,004		(28,855,788)
60,830,883	61,048,982		1,665,638
1,117,105	1,068,420		605,173
1,674,500	1,674,500		916,439
1,451,028	1,144,602		(311,647)
2,104,272	13,842,262		(8,561,928)
<u>192,198,861</u>	<u>237,996,435</u>		<u>(33,140,920)</u>
42,915,101	44,506,919		579,186
18,954,075	18,694,178		1,831,353
11,984,821	12,847,481		1,158,183
11,869,975	17,313,705		4,668,617
10,274,701	10,946,587		1,323,123
61,674,808	100,230,483		56,767,796
16,785,365	16,703,596		13,231
5,409,388	5,457,718		4,862
63,976,987	65,977,214		6,046,557
<u>243,845,221</u>	<u>292,677,881</u>		<u>72,392,908</u>
<u>(51,646,360)</u>	<u>(54,681,446)</u>		<u>39,251,988</u>
<u>50,708,395</u>	<u>59,039,000</u>		<u>(11,040,883)</u>
(937,965)	4,357,554		28,211,105
<u>83,450,164</u>	<u>86,712,794</u>		<u>10,289,002</u>
<u>\$ 82,512,199</u>	<u>\$ 91,070,348</u>	<u>\$</u>	<u>38,500,107</u>

**CITY OF DAVENPORT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING  
JUNE 30, 2016**

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

Formal and legal budgetary control is based upon 8 major classes of expenditures known as functions, not by fund or fund type. These 8 functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function expenditures required to be budgeted include expenditures for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service and Enterprise Funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund. During the year a budget amendment increased budgeted expenditures by \$48,832,660. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 204,855,515	-	\$ 204,855,515
Expenditures/expenses	<u>220,284,973</u>	<u>10,970,016</u>	<u>231,254,989</u>
Net	(15,429,458)	(10,970,016)	(26,399,474)
Other financing sources, net	47,998,117	20,029,422	68,027,539
Beginning fund balance/ net position	<u>97,001,796</u>	<u>100,201,987</u>	<u>197,203,783</u>
Ending fund balance/ net position	\$ <u>129,570,455</u>	<u>109,261,393</u>	\$ <u>238,831,848</u>

**CITY OF DAVENPORT**

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

**Required Supplementary Information**

**For the Fiscal Year Ended June 30, 2016**

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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)
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%
2016	7/1/2015	-	16,664,753	16,664,753	-	47,717,151	34.92%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2015. Additional information follows:

- a. The cost method used to determine the ARC is the entry age normal cost method.
- b. There are no plan assets.
- c. Economic assumptions are as follows: health care cost trend rates of 4.5-9.5 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, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 2,706	\$ 2,679	2,667	2,568
Contributions in relation to the statutorily required contributions	(2,706)	(2,679)	(2,667)	(2,568)
Contribution deficiency (excess)	\$ -	\$ -	-	-
City's covered-employee payroll	\$ 30,307	\$ 29,996	29,880	29,619
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

See note to Required Supplementary Information - IPERS pension liability

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2012	2011	2010	2009	2008	2007
2,514	2,114	1,954	1,789	1,664	1,461
(2,514)	(2,114)	(1,954)	(1,789)	(1,664)	(1,461)
-	-	-	-	-	-
31,152	30,396	29,383	28,173	27,504	25,408
8.07%	6.95%	6.65%	6.35%	6.05%	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, 2016**

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	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.437825%	0.456666%
City's proportionate share of the net pension liability	\$ 21,631	\$ 18,111
City's covered-employee payroll	\$ 29,996	\$ 29,880
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11%	60.61%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	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, 2016**

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#### **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.

**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, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 6,090	\$ 6,445	6,292	5,330
Contributions in relation to the statutorily required contributions	(6,090)	(6,445)	(6,292)	(5,330)
Contribution deficiency (excess)	-	-	-	-
City's covered-employee payroll	\$ 21,930	\$ 21,194	20,891	20,406
Contributions as a percentage of covered-employee payroll	27.77%	30.41%	30.12%	26.12%

See note to Required Supplementary Information - MFPRSI pension liability.

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

**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, 2016**

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	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	8.0960530%	8.2312780%
City's proportionate share of the net pension liability	\$ 47,007	\$ 38,534
City's covered-employee payroll	\$ 21,194	\$ 20,891
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.79%	184.45%
Plan fiduciary net position as a percentage of the total pension liability	83.04%	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, 2016**

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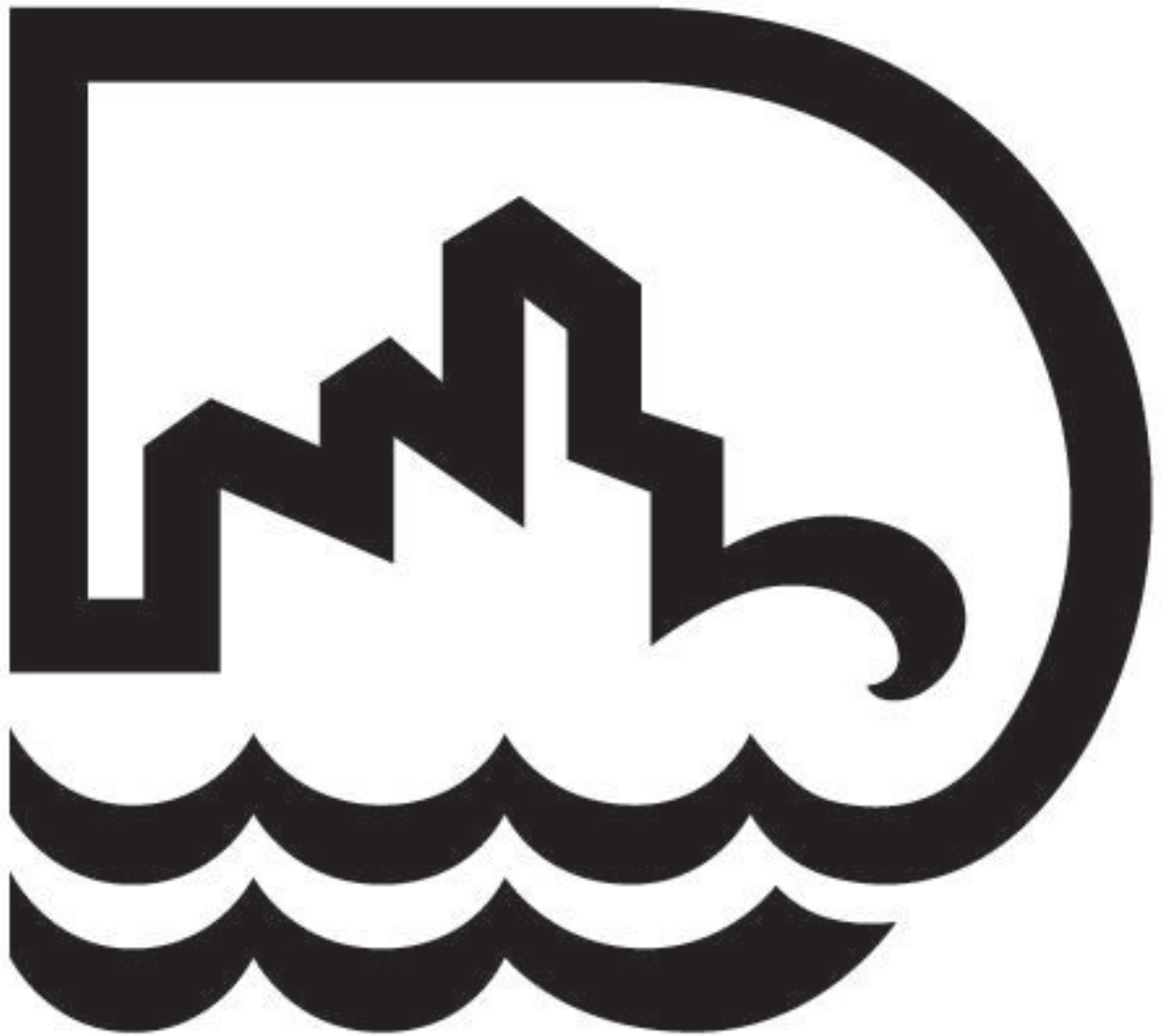
**Changes of benefit terms:**

There were no significant changes to the benefit terms

**Changes of assumptions:**

Effective July 1, 2015, one additional steps to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The one additional steps result in a weighting of 1/12 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, 2015 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.

Youth Sports – Accounts for revenue and expenditures related to sports programs for youth, formerly operated as Dad's Club.

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, 2016**

<b>ASSETS</b>	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ 1,000,136	\$ 96	\$ 191,907	\$ 46,615	\$ 815,762
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	4,129
Succeeding year	-	-	-	-	741,665
Accounts	33,578	-	10,603	11,698	-
Loans	-	3,213,468	-	-	-
Interest	-	64	89	91	960
Due from other governments	927,727	183,032	-	-	-
Prepays	140	-	-	-	-
Restricted assets-cash and investments	-	64,562	-	-	-
Restricted investments held in escrow	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,961,581</u>	<u>\$ 3,461,222</u>	<u>\$ 202,599</u>	<u>\$ 58,404</u>	<u>\$ 1,562,516</u>
<b>LIABILITIES</b>					
Wages payable	177,470	15,533	9,647	2,984	-
Accounts payable	556,208	74,725	7,618	28,528	255,570
Contracts payable	-	-	-	-	-
Payable from restricted assets	-	64,562	-	-	-
Interfund loans payable	-	92,774	-	-	-
Due to other governments	-	160	-	-	-
Unearned revenue	-	-	-	2,500	-
<b>TOTAL LIABILITIES</b>	<u>733,678</u>	<u>247,754</u>	<u>17,265</u>	<u>34,012</u>	<u>255,570</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Succeeding year property tax	-	-	-	-	741,665
Unavailable revenue	-	3,238,366	-	-	1,272
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>3,238,366</u>	<u>-</u>	<u>-</u>	<u>742,937</u>
<b>FUND BALANCES</b>					
Nonspendable fund balance	\$ 140	\$ -	\$ -	\$ -	\$ -
Restricted fund balance	1,227,763	-	185,334	-	564,009
Committed fund balance	-	-	-	24,392	-
Unassigned fund balance	-	(24,898)	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>1,227,903</u>	<u>(24,898)</u>	<u>185,334</u>	<u>24,392</u>	<u>564,009</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
	<u>\$ 1,961,581</u>	<u>\$ 3,461,222</u>	<u>\$ 202,599</u>	<u>\$ 58,404</u>	<u>\$ 1,562,516</u>

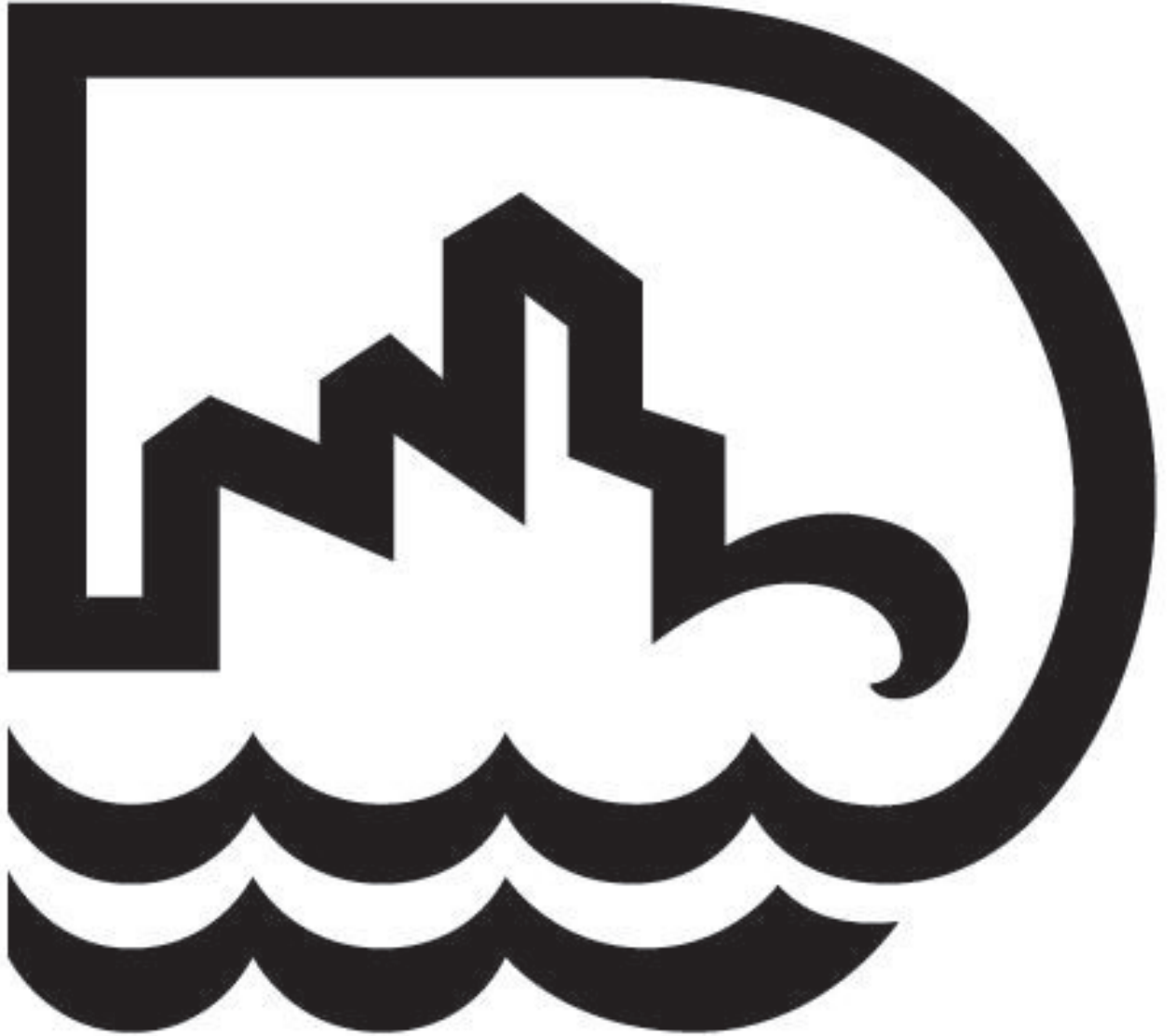
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 1,246,535	\$ 33,720	\$ 131,291	\$ 118,198	\$ 5,193,214	\$ 8,777,474
-	-	-	-	26,020	30,149
-	-	-	-	5,770,683	6,512,348
-	-	-	-	1,670	57,549
1,300,978	9,265,472	253,494	-	414,847	14,448,259
1,376	-	-	-	5,291	7,871
-	27,746	1,431,875	-	-	2,570,380
-	-	860	-	-	1,000
-	-	-	-	-	64,562
-	-	-	-	6,088,918	6,088,918
<u>\$ 2,548,889</u>	<u>\$ 9,326,938</u>	<u>\$ 1,817,520</u>	<u>\$ 118,198</u>	<u>\$ 17,500,643</u>	<u>\$ 38,558,510</u>
-	2,530	10,887	-	-	219,051
-	31,904	957,998	-	-	1,912,551
-	13,838	-	-	-	13,838
-	-	-	-	-	64,562
-	-	463,490	-	-	556,264
-	-	-	-	-	160
1,300,978	9,265,471	257,236	-	-	10,826,185
<u>1,300,978</u>	<u>9,313,743</u>	<u>1,689,611</u>	<u>-</u>	<u>-</u>	<u>13,592,611</u>
-	-	-	-	5,770,683	6,512,348
-	13,838	1,421,772	-	520	4,675,768
<u>-</u>	<u>13,838</u>	<u>1,421,772</u>	<u>-</u>	<u>5,771,203</u>	<u>11,188,116</u>
\$ -	\$ -	\$ 860	\$ -	\$ -	\$ 1,000
-	-	-	118,198	11,729,440	13,824,744
1,247,911	-	-	-	-	1,272,303
-	(643)	(1,294,723)	-	-	(1,320,264)
<u>1,247,911</u>	<u>(643)</u>	<u>(1,293,863)</u>	<u>118,198</u>	<u>11,729,440</u>	<u>13,777,783</u>
<u>\$ 2,548,889</u>	<u>\$ 9,326,938</u>	<u>\$ 1,817,520</u>	<u>\$ 118,198</u>	<u>\$ 17,500,643</u>	<u>\$ 38,558,510</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, 2016**

	<u>ROAD USE TAX</u>	<u>COMMUNITY DEVELOPMENT ACT</u>	<u>HUD SECTION 8</u>	<u>LEVEE IMPROVEMENT COMMISSION</u>	<u>MUNICIPAL IMPROVEMENT DISTRICTS</u>
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,184,511
Licenses and permits	68,809	-	-	-	-
Intergovernmental	12,221,727	1,751,961	4,004,377	-	123,588
Use of monies and property	-	46,848	220	196,825	2,385
Loan repayments	-	551,426	-	-	-
Other	388,845	5,000	73,270	31,407	-
Total Revenues	<u>12,679,381</u>	<u>2,355,235</u>	<u>4,077,867</u>	<u>228,232</u>	<u>1,310,484</u>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	-
Public works	10,825,744	-	-	-	-
Community and economic development	-	2,451,380	3,899,838	284,073	1,198,949
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	56,225
Interest	-	-	-	-	11,951
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>10,825,744</u>	<u>2,451,380</u>	<u>3,899,838</u>	<u>284,073</u>	<u>1,267,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,853,637</u>	<u>(96,145)</u>	<u>178,029</u>	<u>(55,841)</u>	<u>43,359</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium on debt issued	-	-	-	-	-
Transfers in	-	-	-	41,000	-
Transfers out	(1,117,645)	-	-	(52,500)	-
Refunding bond issuance	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,117,645)</u>	<u>-</u>	<u>-</u>	<u>(11,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	735,992	(96,145)	178,029	(67,341)	43,359
FUND BALANCES (DEFICITS) - BEGINNING	<u>491,911</u>	<u>71,247</u>	<u>7,305</u>	<u>91,733</u>	<u>520,650</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 1,227,903</u>	<u>\$ (24,898)</u>	<u>\$ 185,334</u>	<u>\$ 24,392</u>	<u>\$ 564,009</u>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 4,765,752	\$ 5,950,263
-	-	-	-	-	68,809
-	614,872	630,456	-	179,714	19,526,695
20,816	64,277	4,653	-	59,574	395,598
57,125	215,150	9,254	-	-	832,955
86,854	-	-	118,198	5,692	709,266
<u>164,795</u>	<u>894,299</u>	<u>644,363</u>	<u>118,198</u>	<u>5,010,732</u>	<u>27,483,586</u>
-	-	274,584	-	-	274,584
-	-	-	-	-	10,825,744
16,319	895,815	1,665,019	-	967,635	11,379,028
-	-	95,595	-	-	95,595
-	-	-	-	1,850,680	1,906,905
-	-	-	-	641,837	653,788
-	-	-	-	36,127	36,127
<u>16,319</u>	<u>895,815</u>	<u>2,035,198</u>	<u>-</u>	<u>3,496,279</u>	<u>25,171,771</u>
<u>148,476</u>	<u>(1,516)</u>	<u>(1,390,835)</u>	<u>118,198</u>	<u>1,514,453</u>	<u>2,311,815</u>
-	-	-	-	80,088	80,088
-	-	5,448	-	1,000,000	1,046,448
-	-	-	-	(1,480,993)	(2,651,138)
-	-	-	-	6,085,000	6,085,000
-	-	5,448	-	5,684,095	4,560,398
148,476	(1,516)	(1,385,387)	118,198	7,198,548	6,872,213
<u>1,099,435</u>	<u>873</u>	<u>91,524</u>	<u>-</u>	<u>4,530,892</u>	<u>6,905,570</u>
<u>\$ 1,247,911</u>	<u>\$ (643)</u>	<u>\$ (1,293,863)</u>	<u>\$ 118,198</u>	<u>\$ 11,729,440</u>	<u>\$ 13,777,783</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.

**Transload Facility Fund** – Accounts for revenue and expenses associated with operating a transload facility that offers a way for users to realize the benefit of rail freight without onsite rail access.

**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
<b>ASSETS</b>	<b>PUBLIC HOUSING</b>	<b>GOLF COURSES</b>	<b>AIRPORT</b>
Current assets:			
Cash and cash equivalents	\$ 143,983	\$ 13,500	\$ -
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	35,330	13,058	2,715
Interest	-	-	-
Inventory	-	-	-
Due from other governments	-	-	-
Total current assets	<u>179,313</u>	<u>26,558</u>	<u>2,715</u>
Noncurrent assets:			
Investment in joint venture	-	-	-
Restricted cash and cash equivalents	63,193	-	-
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	15,941,308
Paving	131,163	10,952	-
Equipment and vehicles	321,677	1,474,784	200,226
Less accumulated depreciation	(6,694,688)	(3,827,385)	(7,889,804)
Construction in progress	-	-	989,414
Total noncurrent assets	<u>3,077,943</u>	<u>2,327,060</u>	<u>12,647,944</u>
Total assets	<u>3,257,256</u>	<u>2,353,618</u>	<u>12,650,659</u>
<b>DEFERED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	<u>23,313</u>	<u>124,460</u>	<u>16,641</u>
<b>LIABILITIES</b>			
LIABILITIES:			
Current liabilities:			
Wages payable	5,526	34,905	3,115
Accounts payable	23,789	39,227	1,006
Accrued interest payable	375	-	1,157
Compensated absences	11,380	23,640	2,500
Interfund loans payable	-	-	-
Unearned revenue	2,385	-	-
General obligation bonds - current	5,000	-	46,630
Total current liabilities	<u>48,455</u>	<u>97,772</u>	<u>54,408</u>
Current liabilities payable from restricted assets:			
Deposits payable	<u>36,412</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	750	1,557	165
Other postemployment benefits	17,492	93,263	8,302
Net pension liability	83,308	459,446	51,647
General obligation bonds - long term	119,068	-	312,203
Total noncurrent liabilities	<u>220,618</u>	<u>554,266</u>	<u>372,317</u>
Total liabilities	<u>305,485</u>	<u>652,038</u>	<u>426,725</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	-	-	-
Deferred charge on refunding	-	-	965
Pension related deferred inflows	20,566	97,166	15,142
Total deferred inflows of resources	<u>20,566</u>	<u>97,166</u>	<u>16,107</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,917,463	2,327,060	12,289,111
Unrestricted	37,055	(598,186)	(64,643)
Total net position	<u>\$ 2,954,518</u>	<u>\$ 1,728,874</u>	<u>\$ 12,224,468</u>

**ENTERPRISE FUNDS**

PUBLIC TRANSIT	SOLID WASTE	TRANSLOAD	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ -	\$ 890,677	-	\$ 3,165	\$ 1,051,325
25,179	-	-	-	25,179
3,625,881	-	-	-	3,625,881
12,065	2,285,876	-	50	2,349,094
-	1,366	-	-	1,366
217,663	-	-	-	217,663
1,185,210	-	-	-	1,185,210
<u>5,065,998</u>	<u>3,177,919</u>	<u>-</u>	<u>3,215</u>	<u>8,455,718</u>
-	-	-	-	-
-	311,852	-	-	375,045
1,599,288	-	1,605,366	-	5,752,203
6,356,053	24,888	11,946,185	1,267,050	31,212,282
309,008	-	4,887,809	848,853	25,153,430
6,888	-	-	-	149,003
5,962,900	5,243,545	-	335,505	13,538,637
(7,707,873)	(2,381,969)	(433,668)	(623,481)	(29,558,868)
155,610	-	-	-	1,145,024
<u>6,681,874</u>	<u>3,198,316</u>	<u>18,005,692</u>	<u>1,827,927</u>	<u>47,766,756</u>
<u>11,747,872</u>	<u>6,376,235</u>	<u>18,005,692</u>	<u>1,831,142</u>	<u>56,222,474</u>
486,314	365,797	-	60,840	1,077,365
106,230	70,349	-	8,683	228,808
176,951	86,251	236	15,115	342,575
-	6,546	-	-	8,078
83,738	136,541	-	17,605	275,404
1,182,223	-	-	-	1,182,223
-	-	-	-	2,385
-	560,000	-	-	611,630
<u>1,549,142</u>	<u>859,687</u>	<u>236</u>	<u>41,403</u>	<u>2,651,103</u>
-	-	-	-	36,412
5,516	8,994	-	1,160	18,142
314,370	288,249	-	37,020	758,696
1,296,452	1,155,668	-	168,014	3,214,535
-	1,497,814	-	-	1,929,085
<u>1,616,338</u>	<u>2,950,725</u>	<u>-</u>	<u>206,194</u>	<u>5,920,458</u>
<u>3,165,480</u>	<u>3,810,412</u>	<u>236</u>	<u>247,597</u>	<u>8,607,973</u>
3,625,881	-	-	-	3,625,881
-	-	-	-	965
452,373	340,426	-	67,395	993,068
<u>4,078,254</u>	<u>340,426</u>	<u>-</u>	<u>67,395</u>	<u>4,619,914</u>
6,681,874	1,140,502	18,005,692	1,827,927	45,189,629
(1,691,422)	1,450,692	(236)	(250,937)	(1,117,677)
<u>\$4,990,452</u>	<u>\$ 2,591,194</u>	<u>18,005,456</u>	<u>\$ 1,576,990</u>	<u>\$ 44,071,952</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, 2016**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<b>PUBLIC HOUSING</b>	<b>GOLF COURSES</b>	<b>AIRPORT</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 437,150	\$ 1,840,850	\$ 192,412
Other	58,551	22,196	37,776
Total Operating Revenues	<u>495,701</u>	<u>1,863,046</u>	<u>230,188</u>
<b>OPERATING EXPENSES:</b>			
Employee expenses	176,340	834,514	59,685
Supplies and services	822,306	927,783	210,733
Depreciation	330,868	180,328	517,376
Total Operating Expenses	<u>1,329,514</u>	<u>1,942,625</u>	<u>787,794</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(833,813)</u>	<u>(79,579)</u>	<u>(557,606)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Operating grants	567,368	-	20,131
Use of monies and property	-	-	65,403
Interest expense	(5,319)	-	(11,273)
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>562,049</u>	<u>-</u>	<u>74,261</u>
<b>LOSS BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(271,764)</u>	<u>(79,579)</u>	<u>(483,345)</u>
Capital contributions	40,262	-	796,764
Transfers in	27,000	325,495	38,806
Change in net position	<u>(204,502)</u>	<u>245,916</u>	<u>352,225</u>
Total net position - beginning	<u>3,159,020</u>	<u>1,482,958</u>	<u>11,872,243</u>
Total net position - ending	<u>\$ 2,954,518</u>	<u>\$ 1,728,874</u>	<u>\$ 12,224,468</u>

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**ENTERPRISE FUNDS**

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<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>TRANSLOAD</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 479,037	\$ 5,380,464	\$ -	\$ 289,056	\$ 8,618,969
420,076	185	-	4,440	543,224
<u>899,113</u>	<u>5,380,649</u>	<u>-</u>	<u>293,496</u>	<u>9,162,193</u>
3,316,875	2,618,201	-	335,459	7,341,074
2,906,463	2,206,158	335	363,272	7,437,050
531,754	543,577	433,668	113,965	2,651,536
<u>6,755,092</u>	<u>5,367,936</u>	<u>434,003</u>	<u>812,696</u>	<u>17,429,660</u>
<u>(5,855,979)</u>	<u>12,713</u>	<u>(434,003)</u>	<u>(519,200)</u>	<u>(8,267,467)</u>
3,574,407	-	-	-	3,574,407
2,083,842	-	-	-	2,671,341
15,300	17,055	-	332,853	430,611
-	(88,298)	-	-	(104,890)
(34,961)	-	-	-	(34,961)
<u>5,638,588</u>	<u>(71,243)</u>	<u>-</u>	<u>332,853</u>	<u>6,536,508</u>
(217,391)	(58,530)	(434,003)	(186,347)	(1,730,959)
187,573	-	18,439,359	-	19,463,958
412,570	-	100	85,936	889,907
<u>382,752</u>	<u>(58,530)</u>	<u>18,005,456</u>	<u>(100,411)</u>	<u>18,622,906</u>
4,607,700	2,649,724	-	1,677,401	25,449,046
<u>\$ 4,990,452</u>	<u>\$ 2,591,194</u>	<u>\$ 18,005,456</u>	<u>\$ 1,576,990</u>	<u>\$ 44,071,952</u>

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**CITY OF DAVENPORT****NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2016**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<b>PUBLIC HOUSING</b>	<b>GOLF COURSES</b>	<b>AIRPORT</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from users	\$ 418,963	\$ 1,841,152	\$ 210,315
Cash paid to suppliers for goods and services	(822,086)	(960,807)	(224,606)
Cash paid to employees for services	(169,066)	(843,848)	(62,986)
Other operating revenue	58,551	22,196	37,776
Net Cash Provided by (Used for) Operating Activities	<u>(513,638)</u>	<u>58,693</u>	<u>(39,501)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Repayments to other funds	-	(370,688)	(20,618)
Advances from other funds	-	-	-
Grants	567,368	-	20,131
Property tax	-	-	-
Transfers in	27,000	325,495	38,806
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>594,368</u>	<u>(45,193)</u>	<u>38,319</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from general obligation bonds	-	-	-
Refunding discount/issue costs	(1,752)	-	(4,206)
Proceeds from the sale of capital assets	-	-	-
Acquisition and construction of capital assets	-	-	(2,639)
Principal paid on long-term debt	(35,000)	-	(45,940)
Interest paid on long-term debt	(5,394)	-	(11,439)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(42,146)</u>	<u>-</u>	<u>(64,224)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and other investment income	-	-	65,406
Net Cash provided by Investing Activities	<u>-</u>	<u>-</u>	<u>65,406</u>
Net increase (decrease) in Cash and Cash Equivalents	38,584	13,500	-
CASH AND CASH EQUIVALENTS-BEGINNING	<u>168,592</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 207,176</u>	<u>\$ 13,500</u>	<u>\$ -</u>

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**ENTERPRISE FUNDS**


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PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TRANSLOAD FACILITY	TOTAL NON- MAJOR ENTERPRISE FUNDS
\$ (616,975)	\$ 5,619,950	\$ 289,006	\$ -	\$ 7,762,411
(2,969,656)	(2,206,472)	(379,157)	(100)	(7,562,884)
(3,279,914)	(2,586,725)	(333,078)	-	(7,275,617)
420,076	185	4,440	-	543,224
<u>(6,446,469)</u>	<u>826,938</u>	<u>(418,789)</u>	<u>(100)</u>	<u>(6,532,866)</u>
(832,885)	-	-	-	(1,224,191)
1,182,223	-	-	-	1,182,223
2,083,842	-	-	-	2,671,341
3,574,407	-	-	-	3,574,407
412,570	-	85,936	100	889,907
<u>6,420,157</u>	<u>-</u>	<u>85,936</u>	<u>100</u>	<u>7,093,687</u>
-	250,000	-	-	250,000
-	(64,917)	-	-	(70,875)
-	5,718	-	-	5,718
11,012	(2,784,953)	-	-	(2,776,580)
-	(585,000)	-	-	(665,940)
-	(89,945)	-	-	(106,778)
<u>11,012</u>	<u>(3,269,097)</u>	<u>-</u>	<u>-</u>	<u>(3,364,455)</u>
<u>15,300</u>	<u>16,376</u>	<u>332,853</u>	<u>-</u>	<u>429,935</u>
<u>15,300</u>	<u>16,376</u>	<u>332,853</u>	<u>-</u>	<u>429,935</u>
-	(2,425,783)	-	-	(2,373,699)
<u>-</u>	<u>3,628,312</u>	<u>3,165</u>	<u>-</u>	<u>3,800,069</u>
<u>\$ -</u>	<u>\$ 1,202,529</u>	<u>\$ 3,165</u>	<u>\$ -</u>	<u>\$ 1,426,370</u>

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(continued)

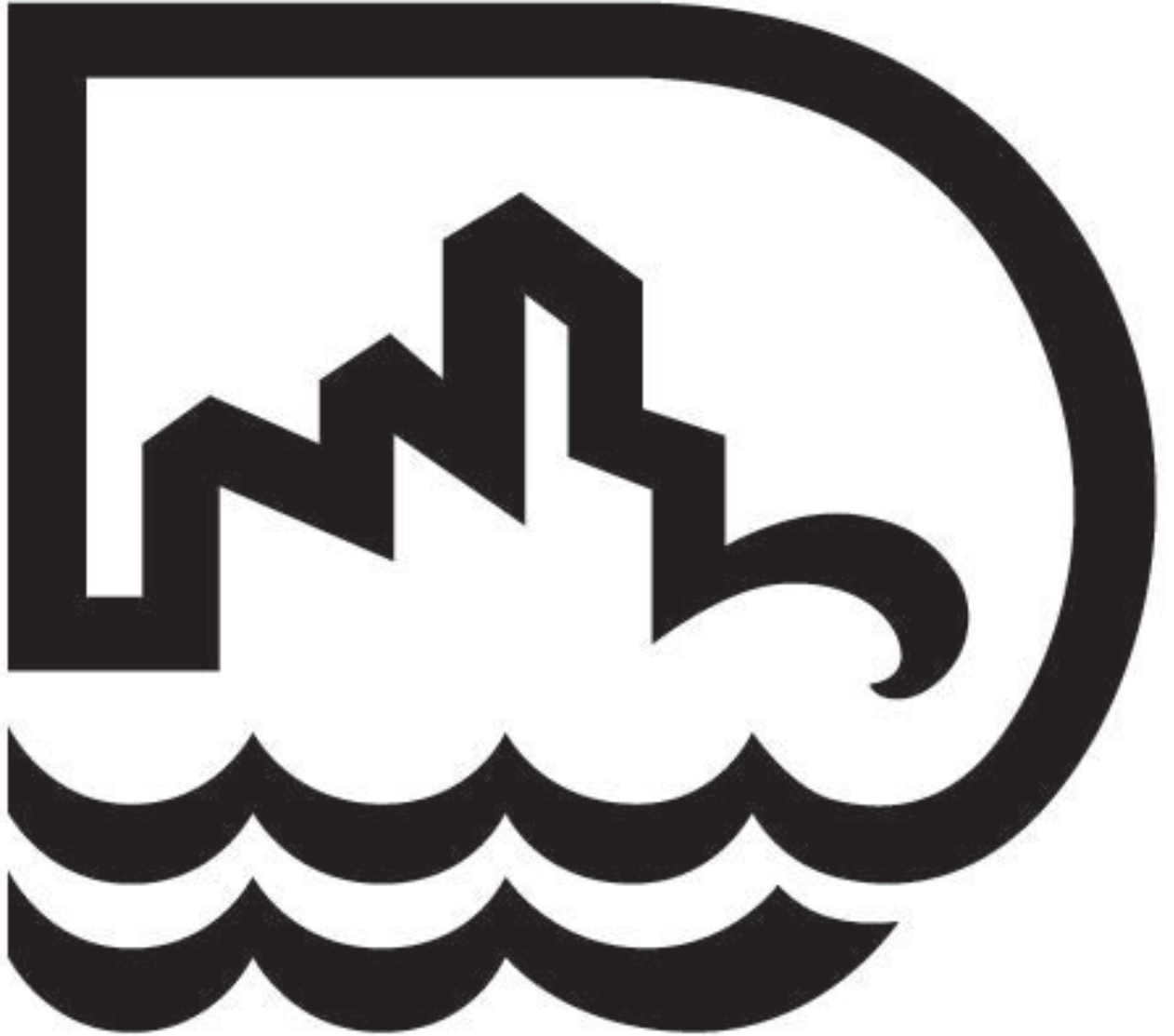
**CITY OF DAVENPORT****NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2016**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating (loss) income	\$ (833,813)	\$ (79,579)	\$ (557,606)
Adjustments to Reconcile Operating (loss) income to Net Cash			
Provided by (Used for) Operating Activities:			
Depreciation	330,868	180,328	517,376
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(28,491)	302	(2,715)
Decrease (increase) in due from other governments	10,304	-	20,618
Decrease (increase) in prepaids and inventories	-	-	-
Decrease (increase) in pension related deferred outflows	(10,313)	(59,035)	(7,486)
Increase (decrease) in accounts payable	206	(33,024)	(13,873)
Increase (decrease) in other accrued liabilities	10,545	9,308	(937)
Increase (decrease) in net pension liability	11,377	65,127	8,258
Increase (decrease) in pension related deferred inflows	(4,321)	(24,734)	(3,136)
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	<u>320,175</u>	<u>138,272</u>	<u>518,105</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (513,638)</u>	<u>\$ 58,693</u>	<u>\$ (39,501)</u>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Acquisition of capital assets through capital contributions	\$ 40,262	\$ -	\$ 796,764
Contribution of capital assets by municipality	(40,262)	-	(364,450)
Contribution of capital assets by subdividers	-	-	-
Contribution of capital assets by state and federal governments	-	-	(432,314)
Contribution of capital assets by other	-	-	-



**ENTERPRISE FUNDS**

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TRANSLOAD</u>	<u>TOTAL NON- MAJOR ENTERPRISE FUNDS</u>
\$ (5,855,979)	\$ 12,713	\$ (519,200)	\$ (434,003)	\$ (8,267,467)
531,754	543,577	113,965	433,668	2,651,536
23,626	239,486	(50)	-	232,158
(1,106,071)	-	-	-	(1,075,149)
(38,927)	-	463	-	(38,464)
(223,127)	(161,083)	(23,830)	-	(484,874)
(24,266)	(314)	(16,348)	235	(87,384)
107,420	82,343	9,906	-	218,585
246,154	177,707	26,289	-	534,912
(93,486)	(67,491)	(9,984)	-	(203,152)
(13,567)	-	-	-	(13,567)
<u>(590,490)</u>	<u>814,225</u>	<u>100,411</u>	<u>433,903</u>	<u>1,734,601</u>
<u>\$ (6,446,469)</u>	<u>\$ 826,938</u>	<u>\$ (418,789)</u>	<u>\$ (100)</u>	<u>\$ (6,532,866)</u>
\$ 187,573	\$ -	\$ -	\$ 18,439,360	\$ 19,463,959
(187,573)	-	-	(5,909,220)	(6,501,505)
-	-	-	-	-
-	-	-	(11,916,140)	(12,348,454)
-	-	-	(614,000)	(614,000)



### **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, 2016**

<u>ASSETS</u>	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 3,355,948	\$ 6,114,639	\$ 54,878	\$ 9,525,465
Accounts receivable	63,752	74,768	-	138,520
Interest receivable	3,268	8,945	-	12,213
Prepays	-	49,745	277,907	327,652
Total current assets	<u>3,422,968</u>	<u>6,248,097</u>	<u>332,785</u>	<u>10,003,850</u>
Noncurrent assets:				
Capital assets:				
Improvements other than buildings	-	-	2,824,809	2,824,809
Equipment and vehicles	-	-	5,184,470	5,184,470
Less accumulated depreciation	-	-	(4,329,730)	(4,329,730)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,679,549</u>	<u>3,679,549</u>
Total assets	<u>3,422,968</u>	<u>6,248,097</u>	<u>4,012,334</u>	<u>13,683,399</u>
<b><u>DEFERED OUTFLOWS OF RESOURCES</u></b>				
Pension related deferred outflows	<u>14,694</u>	<u>136,393</u>	<u>144,111</u>	<u>295,198</u>
<b><u>LIABILITIES</u></b>				
LIABILITIES:				
Current liabilities:				
Wages payable	2,945	27,311	28,944	59,200
Accounts payable	118,505	236,194	34,304	389,003
Compensated absences	610	76,838	74,202	151,650
Claims and judgments	1,124,748	2,782,530	-	3,907,278
Total current liabilities	<u>1,246,808</u>	<u>3,122,873</u>	<u>137,450</u>	<u>4,507,131</u>
Noncurrent liabilities:				
Compensated absences	40	5,061	4,888	9,989
Claims and judgments	-	2,467,527	-	2,467,527
Other postemployment benefits	9,128	101,303	106,800	217,231
Net pension liability	42,596	434,575	426,334	903,505
Total noncurrent liabilities	<u>51,764</u>	<u>3,008,466</u>	<u>538,022</u>	<u>3,598,252</u>
Total liabilities	<u>1,298,572</u>	<u>6,131,339</u>	<u>675,472</u>	<u>8,105,383</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Pension related deferred inflows	<u>13,436</u>	<u>126,753</u>	<u>132,082</u>	<u>272,271</u>
<b><u>NET POSITION</u></b>				
Investment in capital assets	-	-	3,679,549	3,679,549
Unrestricted	2,125,654	126,398	(330,658)	1,921,394
Total net position	<u>\$ 2,125,654</u>	<u>\$ 126,398</u>	<u>\$ 3,348,891</u>	<u>\$ 5,600,943</u>

**CITY OF DAVENPORT****INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Fiscal Year Ended June 30, 2016**

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	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 15,073,839	\$ 4,944,573	\$ 2,080,589	\$ 22,099,001
Other	<u>1,716,650</u>	<u>220,623</u>	<u>400</u>	<u>1,937,673</u>
Total Operating Revenues	<u>16,790,489</u>	<u>5,165,196</u>	<u>2,080,989</u>	<u>24,036,674</u>
OPERATING EXPENSES:				
Employee expenses	106,960	910,114	1,017,995	2,035,069
Supplies and services	16,985,243	2,750,054	1,062,416	20,797,713
Depreciation	<u>-</u>	<u>-</u>	<u>520,490</u>	<u>520,490</u>
Total Operating Expenses	<u>17,092,203</u>	<u>3,660,168</u>	<u>2,600,901</u>	<u>23,353,272</u>
OPERATING INCOME (LOSS)	(301,714)	1,505,028	(519,912)	683,402
NON-OPERATING REVENUES:				
Use of monies and property	<u>8,118</u>	<u>22,219</u>	<u>-</u>	<u>30,337</u>
Total Non-operating Revenues	<u>8,118</u>	<u>22,219</u>	<u>-</u>	<u>30,337</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(293,596)	1,527,247	(519,912)	713,739
Capital contributions	-	-	174,749	174,749
Transfers in	300,000	296,455	-	596,455
Transfers out	<u>-</u>	<u>(701)</u>	<u>-</u>	<u>(701)</u>
Change in net position	<u>6,404</u>	<u>1,823,001</u>	<u>(345,163)</u>	<u>1,484,242</u>
Total net position - beginning	<u>2,119,250</u>	<u>(1,696,603)</u>	<u>3,694,054</u>	<u>4,116,701</u>
Total net position - ending	<u>\$ 2,125,654</u>	<u>\$ 126,398</u>	<u>\$ 3,348,891</u>	<u>\$ 5,600,943</u>

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**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2016**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from interfund services provided	\$ 15,012,341	\$ 5,228,094	\$ 2,080,589	\$ 22,321,024
Cash paid to suppliers for goods and services	(17,072,355)	(3,729,650)	(1,040,288)	(21,842,293)
Cash paid to employees for services	(106,571)	(892,360)	(999,562)	(1,998,493)
Other operating revenue	1,716,650	220,623	400	1,937,673
Net Cash provided by (used for) Operating Activities	<u>(449,935)</u>	<u>826,707</u>	<u>41,139</u>	<u>417,911</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Repayments to other funds	-	(12,172)	-	(12,172)
Transfers in	300,000	296,455	-	596,455
Transfers out	-	(701)	-	(701)
Net Cash used for Non-Capital Financing Activities	<u>300,000</u>	<u>283,582</u>	<u>-</u>	<u>583,582</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and investment income	7,273	18,475	-	25,748
Net increase (decrease) in Cash and Cash Equivalents	(142,662)	1,128,764	41,139	1,027,241
CASH AND CASH EQUIVALENTS- BEGINNING	<u>3,498,610</u>	<u>4,985,875</u>	<u>13,739</u>	<u>8,498,224</u>
CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 3,355,948</u>	<u>\$ 6,114,639</u>	<u>\$ 54,878</u>	<u>\$ 9,525,465</u>

**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2016**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (301,714)	\$ 1,505,028	\$ (519,912)	\$ 683,402
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	520,490	520,490
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(61,498)	283,521	-	222,023
Decrease (increase) in prepaids	15,877	(5,847)	(2,020)	8,010
Decrease (increase) in pension related deferred outflows	(7,126)	(63,822)	(69,430)	(140,378)
Increase (decrease) in accounts payable	(102,989)	(973,749)	24,148	(1,052,590)
Increase (decrease) in other accrued liabilities	2,504	36,698	39,042	78,244
Increase (decrease) in net pension liability	7,390	66,182	71,998	145,570
Increase (decrease) in pension related deferred inflows	(2,379)	(21,304)	(23,177)	(46,860)
Total Adjustments	<u>(148,221)</u>	<u>(678,321)</u>	<u>561,051</u>	<u>(265,491)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (449,935)</u>	<u>\$ 826,707</u>	<u>\$ 41,139</u>	<u>\$ 417,911</u>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Acquisition of capital assets through capital contributions	\$ -	\$ -	\$ 174,749	\$ 174,749
Contribution of capital assets by municipality	-	-	(174,749)	(174,749)

### **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, 2016**

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	BALANCE JUNE 30, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30,2016
<b><u>RIVERFRONT TASK FORCE</u></b>				
ASSETS:				
Cash and investments	\$ 3,659	\$ 10	\$ -	\$ 3,669
<b>TOTAL ASSETS</b>	<b>\$ 3,659</b>	<b>\$ 10</b>	<b>\$ -</b>	<b>\$ 3,669</b>
LIABILITIES:				
Due to other governments	\$ 3,659	\$ 10	\$ -	\$ 3,669
 <b><u>LIBRARY GIFT</u></b>				
ASSETS:				
Cash and investments	\$ 455,224	\$ 152,990	\$ 162,768	\$ 445,446
Interest receivable	364	194	-	558
<b>TOTAL ASSETS</b>	<b>\$ 455,588</b>	<b>\$ 153,184</b>	<b>\$ 162,768</b>	<b>\$ 446,004</b>
LIABILITIES:				
Accounts payable	\$ 25,725	\$ 135,952	\$ 127,086	\$ 34,591
Due to other governments	429,863	17,232	35,682	411,413
<b>TOTAL LIABILITIES</b>	<b>\$ 455,588</b>	<b>\$ 153,184</b>	<b>\$ 162,768</b>	<b>\$ 446,004</b>
 <b><u>M.D. PETERSEN MEMORIAL</u></b>				
ASSETS:				
Cash and investments	\$ 2,175	\$ 5	\$ -	\$ 2,180
<b>TOTAL ASSETS</b>	<b>\$ 2,175</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 2,180</b>
LIABILITIES:				
Due to other governments	\$ 2,175	\$ 5	\$ -	\$ 2,180
<b>TOTAL LIABILITIES</b>	<b>\$ 2,175</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 2,180</b>
 <b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
ASSETS:				
Cash and investments	\$ 461,058	\$ 153,005	\$ 162,768	\$ 451,295
Interest receivable	364	194	-	558
<b>TOTAL ASSETS</b>	<b>\$ 461,422</b>	<b>\$ 153,199</b>	<b>\$ 162,768</b>	<b>\$ 451,853</b>
LIABILITIES:				
Accounts payable	\$ 25,725	\$ 135,952	\$ 127,086	\$ 34,591
Due to other governments	435,697	17,247	35,682	417,262
<b>TOTAL LIABILITIES</b>	<b>\$ 461,422</b>	<b>\$ 153,199</b>	<b>\$ 162,768</b>	<b>\$ 451,853</b>

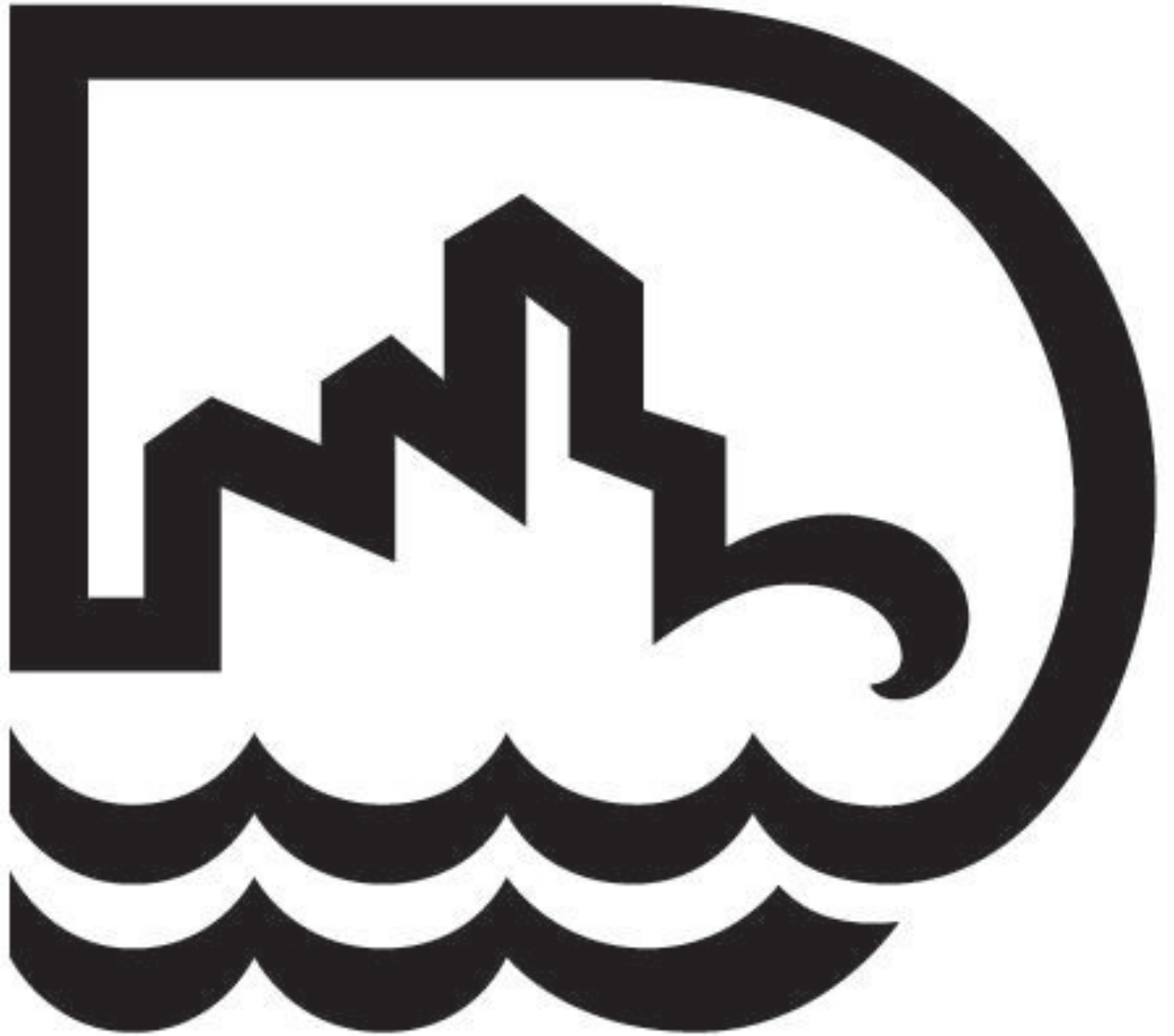
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**CITY OF DAVENPORT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PASSED THROUGH TO SUBRECIPIENTS	PROGRAM EXPENDITURES
<b>Direct:</b>				
<b><u>U. S. Department of Housing and Urban Development (HUD)</u></b>				
N/C S/R Section 8 Programs	14.182	IA05 0002 0001	\$ -	\$ 353,588
Community Development Block Grants/Entitlement Grants	14.218	B 13 MC 19 0002	-	597,926
Community Development Block Grants/Entitlement Grants	14.218	B 14 MC 19 0002	-	412,751
Community Development Block Grants/Entitlement Grants	14.218	B 15 MC 19 0002	277,779	1,440,702
Subtotal			277,779	2,451,379
HOME Investment Partnerships Program	14.239	M 11 MC 190200	-	43,616
HOME Investment Partnerships Program	14.239	M 12 MC 190200	-	221,033
HOME Investment Partnerships Program	14.239	M 13 MC 190200	-	340,251
HOME Investment Partnerships Program	14.239	M 14 MC 190200	-	30,589
HOME Investment Partnerships Program	14.239	M 15 MC 190200	-	260,326
Subtotal			-	895,815
Fair Housing Assistance Program	14.401	FF 207 K 137015	-	24,971
Fair Housing Assistance Program	14.401	FF 207 K 147015	-	63,600
Subtotal			-	88,571
Public and Indian Housing	14.850	IA 05 S04 5501	-	75,690
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	-	4,004,377
Public Housing - Capital Fund Program	14.872	KC 914 8	-	138,090
<b>Total U.S. Department of Housing and Urban Development</b>			277,779	8,007,510
<b><u>Equal Employment Opportunity Commission</u></b>				
Equal Employment Opportunity Commission	30.001	EE CCN 1001 14	-	46,250
<b><u>U. S. Department of Transportation</u></b>				
Airport Environmental Assessment	20.205	319 00 24 17	-	36,789
Runway 15/33 Reconstruction	20.205	319 00 24 19	-	229,118
Recreational Trails	20.205	STPE 1827 (666) 8V 82	-	22,862
Kimberly and Forest Street	20.205	STPU 1827 (979) 70 82	-	23,178
Veteran's Memorial Parkway	20.205	STPU 1827 (672) 71 82	-	3,083
Veteran's Memorial Parkway	20.205	STPU 1827 (674) 71 82	-	1,684,797
Veteran's Memorial Parkway	20.205	STPU 1827 (665) 70 82	-	546,892
Kimberly and Division	20.205	STPU 1827 (667) 70 82	-	77,240
Credit Island Bridge	20.205	EDP 1827 (002) 7Y 82	-	80,489
Bridge Deck Replacement	20.205	BHM-1827 (673) 8K 82	-	250,090
Subtotal			-	2,954,538
Federal Transit - Formula Grants	20.507	IA 90 X 372 00	-	3,516
Federal Transit - Formula Grants	20.507	IA 90 X 399 00	-	51,478
Federal Transit - Formula Grants	20.507	IA 90 X 412 00	-	20,000
Federal Transit - Formula Grants	20.507	IA 16 X 008 00	-	147,240
Federal Transit - Formula Grants	20.507	IA 16 X 518 00	-	1,000,322
Federal Transit - Formula Grants	20.507	IA 16 X 025 00	-	181,256
Subtotal			-	1,403,812
<b>Total U.S. Department of Transportation</b>			-	4,358,350
<b><u>U.S. Economic Development Administration</u></b>				
Transload Facility	11.307	0679 5588	-	177,547

<b><u>U. S. Department of Homeland Security</u></b>				
Port Security Grant Program	97.056	EMW 2014 PU 00045	-	132,360
Staffing For Adequate Fire and Emergency Response	97.083	EMW 2013 FH 00603	-	280,474
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>412,834</u>
<b><u>Department of Justice</u></b>				
Bulletproof Vest Partnership Program	16.607	UG 06 2XG	-	12,609
<b>Total Direct</b>			<u>277,779</u>	<u>13,015,100</u>
<b>Indirect:</b>				
<b><u>U. S. Department of Economic Development</u></b>				
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	-	1,665,019
<b><u>U. S. Department of Transportation</u></b>				
<b><u>National Highway Traffic Safety Administration</u></b>				
Governor's Traffic Safety Bureau:				
State and Community Highway Safety	20.600	PAP 11-04 Task 10	-	24,975
<b><u>Corporation For National And Community Service</u></b>				
Iowa Commission on Volunteer Service:				
AmeriCorps	94.003	14 AC 03	-	139,096
AmeriCorps	94.003	15 AC 03	-	276,288
Subtotal			<u>-</u>	<u>415,384</u>
Volunteer Generation Fund Grant	94.021	11 VGF N4	-	949
<b>Total Corporation for National and Community Service</b>			<u>-</u>	<u>416,333</u>
<b>Total Indirect</b>			<u>-</u>	<u>2,106,327</u>
<b>Total expenditures of federal awards</b>			<u>\$ 277,779</u>	<u>\$ 15,121,427</u>



## **STATISTICAL SECTION**

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## **Statistical Section**

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

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

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

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

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

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

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

**CITY OF DAVENPORT**

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

	Fiscal Year			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 132,744,626	\$ 157,084,943	\$ 145,746,153	\$ 140,160,840
Restricted	19,896,007	16,152,056	29,555,409	32,606,806
Unrestricted	<u>(31,101,106)</u>	<u>(52,363,648)</u>	<u>(8,126,653)</u>	<u>(18,726,532)</u>
Total governmental activities net position	<u>\$ 121,539,527</u>	<u>\$ 120,873,351</u>	<u>\$ 167,174,909</u>	<u>\$ 154,041,114</u>
Business-type activities				
Net investment in capital assets	\$ 158,399,016	\$ 131,173,938	\$ 124,953,410	\$ 124,901,380
Restricted	3,461,195	4,146,716	4,610,003	4,904,259
Unrestricted	<u>5,485,544</u>	<u>1,009,918</u>	<u>5,295,999</u>	<u>2,491,018</u>
Total business-type activities net position	<u>\$ 167,345,755</u>	<u>\$ 136,330,572</u>	<u>\$ 134,859,412</u>	<u>\$ 132,296,657</u>
Primary government				
Net investment in capital assets	\$ 291,143,642	\$ 288,258,881	\$ 270,699,563	\$ 265,062,220
Restricted	23,357,202	20,298,772	34,165,412	37,511,065
Unrestricted	<u>(25,615,562)</u>	<u>(51,353,730)</u>	<u>(2,830,654)</u>	<u>(16,235,514)</u>
Total primary government net position	<u>\$ 288,885,282</u>	<u>\$ 257,203,923</u>	<u>\$ 302,034,321</u>	<u>\$ 286,337,771</u>

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 107,161,965	\$ 126,691,668	\$ 125,751,423	\$ 105,380,683	\$ 107,377,588	\$ 89,441,418
44,110,046	12,739,452	26,268,566	37,923,794	34,634,008	43,140,165
(12,343,725)	(3,483,506)	(22,165,731)	2,694,253	3,975,550	5,039,462
<u>\$ 138,928,286</u>	<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>
\$ 136,518,021	\$ 123,757,219	\$ 113,558,845	\$ 106,460,687	\$ 109,164,803	\$ 109,968,802
4,049,687	3,849,157	4,414,849	-	-	-
(5,484,405)	(1,280,067)	4,336,900	13,226,200	12,464,481	12,747,591
<u>\$ 135,083,303</u>	<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>
\$ 243,679,986	\$ 250,448,887	\$ 239,310,268	\$ 211,841,370	\$ 216,542,391	\$ 199,410,220
48,159,733	16,588,609	30,683,415	37,923,794	34,634,008	43,140,165
(17,828,130)	(4,763,573)	(17,828,831)	15,920,453	16,440,031	17,787,053
<u>\$ 274,011,589</u>	<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>



**CITY OF DAVENPORT**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 9,777,384	\$ 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
Public safety	43,345,779	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
Public works	26,135,764	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
Culture and recreation	15,906,982	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
Community and economic development	13,616,466	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
Interest on long-term debt	5,561,360	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
<b>Total governmental activities expenses</b>	<b>114,343,735</b>	<b>124,354,009</b>	<b>117,615,141</b>	<b>109,438,719</b>	<b>126,577,744</b>	<b>130,606,419</b>	<b>159,732,708</b>	<b>107,669,118</b>	<b>95,205,544</b>	<b>92,844,952</b>
<b>Business-type activities:</b>										
Sewer operations	19,215,986	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
Parking system	1,822,061	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
Rivercenter	6,019,297	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
Public transit	6,711,442	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
Public housing	1,312,432	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
Golf courses	1,934,421	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
Airport	790,378	690,092	611,884	784,792	606,160	578,765	555,304	536,281	564,139	533,995
Solid waste	5,399,010	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
Clean water (1)	2,817,800	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
Transload	434,003	-	-	-	-	-	-	-	-	-
Riversedge	808,738	900,627	806,140	746,906	960,907	1,087,614	166,168	-	-	-
<b>Total business-type activities expenses</b>	<b>47,265,568</b>	<b>44,113,487</b>	<b>41,906,913</b>	<b>41,178,399</b>	<b>40,619,689</b>	<b>38,088,540</b>	<b>35,716,913</b>	<b>33,312,799</b>	<b>32,518,684</b>	<b>33,066,218</b>
<b>Total primary government expenses</b>	<b>\$ 161,609,303</b>	<b>\$ 168,467,496</b>	<b>\$ 159,522,054</b>	<b>\$ 150,617,118</b>	<b>\$ 167,197,433</b>	<b>\$ 168,694,959</b>	<b>\$ 195,449,621</b>	<b>\$ 140,981,917</b>	<b>\$ 127,724,228</b>	<b>\$ 125,911,170</b>
<b>Program revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 3,359,193	\$ 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
Public safety	3,386,457	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
Public works	3,384,826	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
Culture and recreation	859,124	380,929	593,369	850,025	772,321	1,698,503	1,420,156	1,255,539	1,110,907	1,774,460
Community and economic development	1,337,828	167,130	457,258	1,467,138	749,931	630,293	2,134,740	762,264	842,579	872,306
Operating grants and contributions	23,250,393	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
Capital grant and contributions	8,130,396	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
<b>Total governmental activities program revenues</b>	<b>43,708,217</b>	<b>43,607,522</b>	<b>40,543,622</b>	<b>35,245,764</b>	<b>47,999,402</b>	<b>52,043,529</b>	<b>65,395,499</b>	<b>30,705,747</b>	<b>26,840,461</b>	<b>26,911,931</b>
<b>Business-type activities:</b>										
Charges for services:										
Sewer operations	19,620,045	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
Parking system	1,492,978	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
Rivercenter	4,199,525	1,578,301	1,823,924	1,485,292	1,725,151	1,327,314	863,707	1,151,073	988,216	918,739
Public transit	479,037	494,410	533,804	515,210	516,315	506,706	479,090	479,056	451,139	455,216
Public housing	437,150	454,434	424,386	431,545	421,850	415,874	369,711	388,302	388,640	344,286
Golf courses	1,840,850	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
Airport	192,412	193,518	187,444	206,821	209,121	179,002	188,984	181,104	185,644	175,622
Solid waste	5,380,464	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
Clean water	2,628,420	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
Transload (2)	-	-	-	-	-	-	-	-	-	-
River's Edge (1)	289,056	312,180	237,388	184,325	247,685	255,061	36,618	-	-	-
Operating grants and contributions	2,706,595	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
Capital grant and contributions	2,180,418	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
<b>Total business-type activities program revenues</b>	<b>41,446,950</b>	<b>44,460,496</b>	<b>37,890,938</b>	<b>32,096,692</b>	<b>43,961,396</b>	<b>38,835,483</b>	<b>34,169,298</b>	<b>27,265,735</b>	<b>27,117,016</b>	<b>27,947,797</b>
<b>Total primary government program revenues</b>	<b>\$ 85,155,167</b>	<b>\$ 88,068,018</b>	<b>\$ 78,434,560</b>	<b>\$ 67,342,456</b>	<b>\$ 91,960,798</b>	<b>\$ 90,879,012</b>	<b>\$ 99,564,797</b>	<b>\$ 57,971,482</b>	<b>\$ 53,957,477</b>	<b>\$ 54,859,728</b>

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (70,635,518)	\$ (80,746,487)	\$ (77,071,519)	\$ (74,192,955)	\$ (78,578,342)	\$ (78,562,890)	\$ (94,337,209)	\$ (76,963,371)	\$ (68,365,083)	\$ (65,933,021)
Business-type activities	(5,818,618)	347,009	(4,015,975)	(9,081,707)	3,341,707	746,943	(1,547,615)	(6,047,064)	(5,401,668)	(5,118,421)
Total primary government net expense	\$ (76,454,136)	\$ (80,399,478)	\$ (81,087,494)	\$ (83,274,662)	\$ (75,236,635)	\$ (77,815,947)	\$ (95,884,824)	\$ (83,010,435)	\$ (73,766,751)	\$ (71,051,442)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 68,643,729	\$ 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
Local option sales tax	17,249,527	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
Hotel/motel tax	2,595,502	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
Franchise tax	2,801,827	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
Investment earnings	1,094,433	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
Gain on sale of capital assets	320,726	-	17,355	1,634,804	108,867	728,558	65,547	4,905	51,385	78,176
Miscellaneous	80,787	12,363	52,581	34,114	72,124	58,419	53,761	96,087	62,432	41,118
Transfers	(21,484,837)	(2,931,002)	(1,706,916)	(502,762)	(911,944)	1,128,264	(448,666)	(346,707)	(501,515)	(784,469)
Total governmental activities	71,301,694	89,010,598	90,205,314	90,684,608	81,559,014	81,935,396	78,192,737	76,974,955	76,732,612	74,827,174
Business-type activities:										
Property taxes (public transit)	3,574,407	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
Investment earnings	548,823	616,868	618,220	660,890	700,403	658,157	259,257	400,305	649,905	790,290
Gain on sale of capital assets	-	-	61,731	25,446	-	-	-	-	-	-
Loss on donation of capital assets	-	141	-	-	-	-	-	-	-	(5,894,826)
Miscellaneous	902,323	1,380,690	545,287	2,048,686	309,788	362,652	140,098	109,302	65,564	66,151
Transfers	21,484,837	2,931,002	1,706,916	502,762	911,944	(1,128,264)	448,666	346,707	501,515	784,469
Total business-type activities	26,510,390	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)
Total primary government	\$ 97,812,084	\$ 97,542,272	\$ 96,784,044	\$ 97,502,807	\$ 86,974,301	\$ 85,204,168	\$ 82,364,059	\$ 81,079,622	\$ 81,047,171	\$ 73,590,623
<b>Change in Net Position</b>										
Governmental activities	\$ 666,176	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
Business-type activities	20,691,772	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)
Total primary government	\$ 21,357,948	\$ 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

(1) Newly acquired facility in fiscal year 2010

(2) Newly acquired facility in fiscal year 2016

**CITY OF DAVENPORT**

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

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Nonspendable	\$ 4,477	\$ 5,446	\$ 5,440	\$ 2,949	\$ 23,179
Restricted	5,384,949	5,896,292	5,999,441	5,476,184	3,717,150
Committed	-	-	-	-	-
Assigned	3,384,228	1,585,151	778,856	555,034	545,488
Unassigned	9,199,764	8,889,540	8,536,778	7,582,938	5,606,312
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>\$ 17,973,418</u>	<u>\$ 16,376,429</u>	<u>\$ 15,320,515</u>	<u>\$ 13,617,105</u>	<u>\$ 9,892,129</u>
All Other Governmental funds					
Nonspendable	1,000	22,875	5,868	-	-
Restricted	49,153,408	28,690,404	37,530,085	32,686,164	40,119,368
Committed	1,272,303	1,191,168	1,184,409	1,103,032	844,461
Assigned	-	-	-	-	-
Unassigned	(1,320,264)	-	(344,161)	(600,249)	(906,693)
Reserved	-	-	-	-	-
Unreserved, reported in special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Total All Other Governmental funds	<u>\$ 49,106,447</u>	<u>\$ 29,904,447</u>	<u>\$ 38,376,201</u>	<u>\$ 33,188,947</u>	<u>\$ 40,057,136</u>

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 17,069	\$ -	\$ -	\$ -	\$ -	\$ -
3,883,934	-	-	-	-	-
-	-	-	-	-	-
551,836	-	-	-	-	-
5,392,141	-	-	-	-	-
-	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>9,844,980</u>	<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>
-	-	-	-	-	-
14,266,498	-	-	-	-	-
1,058,755	-	-	-	-	-
-	-	-	-	-	-
(1,035,514)	-	-	-	-	-
-	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>\$ 14,289,739</u>	<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				
	2016	2015	2014	2013	2012
<b>Revenues</b>					
Taxes	\$ 90,241,335	\$ 90,499,909	\$ 90,421,947	\$ 88,262,578	\$ 80,884,683
Special assessments	27,648	38,992	96,245	93,757	58,964
Licenses and permits	2,366,468	2,017,908	1,749,752	1,619,350	1,317,804
Intergovernmental	32,846,621	32,296,554	25,530,812	22,837,172	35,240,010
Charges for services	4,132,842	3,963,968	4,051,619	4,210,684	4,479,467
Use of monies and property	1,094,433	1,213,198	1,176,460	1,036,972	1,218,685
Fines and forfeits	2,513,779	2,050,224	1,931,967	1,740,494	1,936,641
Loan repayments	832,955	907,318	1,065,290	860,284	723,850
Other	2,390,338	3,078,817	4,108,428	3,659,461	4,598,710
Total revenues	136,446,419	136,066,888	130,132,520	124,320,752	130,458,814
<b>Expenditures</b>					
General government	9,623,464	9,692,385	8,820,719	8,601,095	8,992,941
Public safety	43,927,733	42,149,652	41,216,850	40,160,927	39,554,541
Public works	16,862,825	18,030,045	17,557,791	15,288,713	15,505,355
Culture and recreation	11,689,298	11,267,593	11,281,713	10,975,613	11,305,093
Community and economic development	12,645,088	10,370,910	13,853,663	10,629,873	15,234,614
Capital outlay	42,999,366	31,737,839	15,247,456	17,188,086	38,425,489
Debt service					
Principal	16,690,365	26,622,260	16,024,785	16,241,175	17,234,350
Interest	5,452,856	6,004,485	6,101,313	6,987,409	6,200,955
Bond issuance expense	463,321	192,668	249,658	216,403	125,781
Total expenditures	160,354,316	156,067,837	130,353,948	126,289,294	152,579,119
Excess of revenues over (under) expenditures	(23,907,897)	(20,000,949)	(221,428)	(1,968,542)	(22,120,305)
<b>Other Financing Sources (Uses)</b>					
Bond issuance	31,205,000	12,995,000	14,850,000	12,382,000	11,790,000
Discount on debt issued	-	-	-	-	-
Premium on debt issued	3,367,176	1,207,558	2,405,596	482,773	3,321,543
Refunding bonds issued	13,080,000	-	10,335,000	2,310,000	33,637,890
Payment to refunded bond escrow agent	-	-	(18,735,000)	(17,900,000)	-
Sale of capital assets	345,941	15,451	17,355	2,016,593	108,867
Transfers in	16,061,991	15,775,415	12,026,555	14,170,133	20,129,136
Transfers out	(19,353,222)	(17,408,315)	(13,787,414)	(14,636,170)	(21,052,585)
Total other financing sources (uses)	44,706,886	12,585,109	7,112,092	(1,174,671)	47,934,851
Net change in fund balances	\$ 20,798,989	\$ (7,415,840)	\$ 6,890,664	\$ (3,143,213)	\$ 25,814,546
Debt service as a percentage of noncapital expenditures	17.14%	24.50%	18.32%	20.55%	18.24%

Fiscal Year				
2011	2010	2009	2008	2007
\$ 78,730,720	\$ 77,168,031	\$ 75,503,579	\$ 73,900,380	\$ 71,440,755
157,683	37,717	6,806	139,517	50,982
1,238,659	1,275,935	1,154,269	1,496,632	1,395,934
31,332,008	29,024,273	22,579,386	17,417,503	17,053,854
4,146,542	3,926,869	4,081,012	3,616,388	2,798,325
1,014,156	1,035,244	1,390,993	2,953,986	3,839,767
1,967,004	1,314,564	938,544	554,937	873,092
839,699	648,896	611,113	584,230	663,341
4,519,410	4,362,836	1,257,734	2,106,748	2,105,786
<u>123,945,881</u>	<u>118,794,365</u>	<u>107,523,436</u>	<u>102,770,321</u>	<u>100,221,836</u>
8,178,030	8,370,902	7,849,694	7,908,979	7,215,792
39,137,701	38,211,590	37,719,742	37,817,252	36,215,539
17,073,051	17,169,622	15,838,441	15,316,163	11,812,816
11,485,665	12,738,612	11,113,692	10,182,468	9,406,214
13,823,997	20,305,456	17,030,912	9,930,122	8,960,280
35,710,271	56,227,626	25,959,860	24,969,390	30,935,403
17,071,575	14,912,225	12,125,079	12,466,632	13,256,573
6,233,849	6,078,034	5,030,293	5,151,715	5,238,443
150,055	153,704	285,250	84,386	68,526
<u>148,864,194</u>	<u>174,167,771</u>	<u>132,952,963</u>	<u>123,827,107</u>	<u>123,109,586</u>
<u>(24,918,313)</u>	<u>(55,373,406)</u>	<u>(25,429,527)</u>	<u>(21,056,786)</u>	<u>(22,887,750)</u>
25,299,250	28,676,000	26,820,000	9,910,000	13,940,000
-	(66,902)	56,945	155,453	(51,222)
1,377,130	30,668	-	-	-
3,687,250	6,546,400	-	4,380,000	10,959,625
(3,880,000)	(6,555,500)	-	(4,354,806)	(11,005,000)
728,558	66,608	4,905	51,385	78,176
17,023,775	16,951,068	17,244,760	14,574,161	14,210,513
(15,224,330)	(17,399,734)	(15,730,792)	(14,052,777)	(14,721,821)
<u>29,011,633</u>	<u>28,248,608</u>	<u>28,395,818</u>	<u>10,663,416</u>	<u>13,410,271</u>
<u>\$ 4,093,320</u>	<u>\$ (27,124,798)</u>	<u>\$ 2,966,291</u>	<u>\$ (10,393,370)</u>	<u>\$ (9,477,479)</u>
17.28%	12.92%	15.26%	17.72%	19.48%

**CITY OF DAVENPORT**

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

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Levy Year	Fiscal Year	ACTUAL VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
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
2014	2016	4,182,509	1,494,888	133,490	32,887	356,733	2,900

Levy Year	Fiscal Year	TAXABLE VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
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
2014	2016	2,331,065	1,345,399	120,141	14,700	213,293	2,610

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

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<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>	<u>Total direct tax rate</u>
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%
6,203,407	(8,932)	6,194,475	16.78%

<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>
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
4,027,208	(8,932)	4,018,276

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**CITY OF DAVENPORT**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**LAST TEN FISCAL YEARS**

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

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City Direct Rates

<u>Fiscal Year</u>	<u>General</u>	<u>Tort Liability</u>	<u>Trust &amp; Agency</u>	<u>Library (1)</u>	<u>Transit</u>	<u>Emergency</u>	<u>Debt Service</u>	<u>Total</u>
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
2016	8.10	0.25	4.93	0.27	0.91	0.27	2.05	16.78

Source: City of Davenport Finance Department

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Overlapping Rates

<u>Scott County</u>	<u>Davenport Schools</u>	<u>Area IX College</u>	<u>Other</u>	<u>Total</u>
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
6.00	15.68	0.97	0.42	39.85

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**CITY OF DAVENPORT**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

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<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>
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%
2016	73,355,439	71,981,695	98.13%

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

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CITY OF DAVENPORT

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

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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.

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**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			
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
2016	173,938	-	311	57,197	15,899	96	247,441	unavailable	2,482

**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)**

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Fiscal Year	General Obligation Debt	Less Amount Available for Debt Service	Net General Bonded Debt	Percentage of Taxable Value of Property (1)	Per Capita
2007	\$ 139,106	\$ (7,603)	\$ 131,503	3.93%	\$ 1,346
2008	135,822	(9,194)	126,628	3.70%	1,279
2009	149,105	(10,099)	139,006	3.87%	1,379
2010	163,135	(2,965)	160,170	4.35%	1,581
2011	177,099	(3,140)	173,959	4.68%	1,745
2012	222,115	(33,641)	188,474	4.86%	1,891
2013	211,419	(19,697)	191,722	4.84%	1,923
2014	208,443	(13,385)	195,058	4.84%	1,957
2015	194,188	(3,456)	190,732	4.75%	1,913
2016	231,135	(12,184)	218,951	5.45%	2,196

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.

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**CITY OF DAVENPORT**

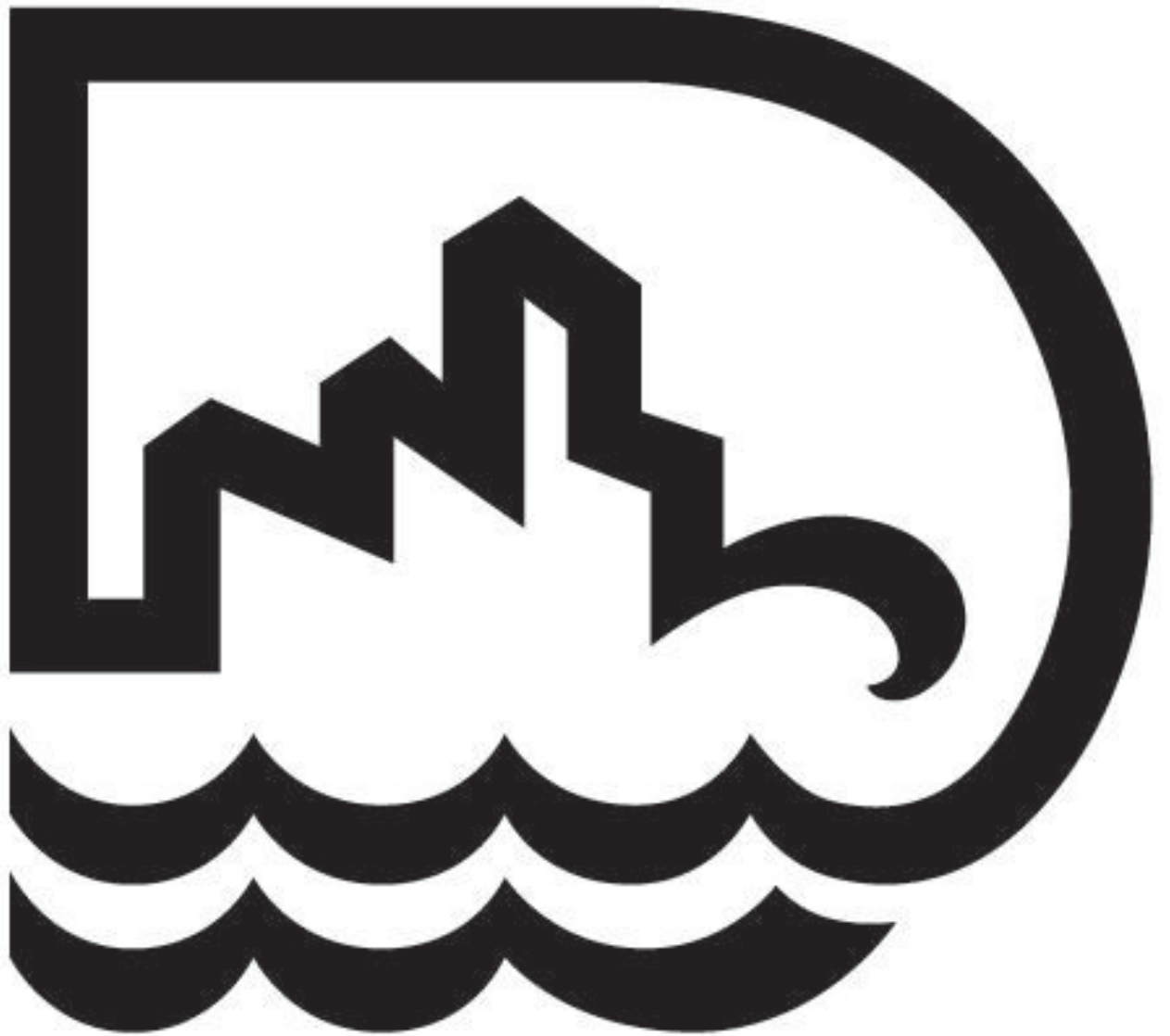
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2016**  
**(dollars in thousands)**

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Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	24,195,000	51.22%	12,392,679
Eastern Iowa Community College	49,725,000	30.22%	<u>15,026,895</u>
Subtotal, overlapping debt			<u>27,419,574</u>
City direct debt			<u>173,937,335</u>
Total direct and overlapping debt			<u><u>\$ 201,356,909</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.

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**CITY OF DAVENPORT**

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

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Fiscal year	2007	2008	2009	2010
Debt limit	\$ 263,977,950	\$ 274,332,381	\$ 290,703,247	\$ 295,219,101
Total net debt applicable to limit	<u>148,364,852</u>	<u>148,501,164</u>	<u>159,957,382</u>	<u>176,092,605</u>
Legal debt margin	\$ 115,613,098	\$ 125,831,217	\$ 130,745,865	\$ 119,126,496
Total net debt applicable to the limit as a percentage of debt limit	56.20%	54.13%	55.02%	59.65%

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

Source: City of Davenport Finance Department.

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**Legal debt margin calculation for Fiscal Year 2016**

Assessed valuation	\$	6,368,035,987	
Debt limit (5% of assessed value)			\$ 318,401,799
Debt applicable to limit:			
General Obligation Bonds		219,950,000	
Tax Increment Financing Rebate Agreements subject to limit		3,851,529	
Total G.O. Indebtedness			<u>223,801,529</u>
Legal debt margin			<u><u>\$ 94,600,270</u></u>

2011	2012	2013	2014	2015	2016
297,663,843	303,752,150	306,921,649	\$ 307,269,293	\$ 312,585,544	\$ 318,401,799
\$ 189,966,525	235,046,500	221,979,300	205,587,350	189,866,175	<u>223,801,529</u>
\$ 107,697,318	\$ 68,705,650	\$ 84,942,349	\$ 101,681,943	\$ 122,719,369	\$ 94,600,270
63.82%	77.38%	72.32%	66.91%	60.74%	70.29%

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**CITY OF DAVENPORT**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

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Year	Population (2)	Personal Income	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
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	4,528,091,440	45,424	15,981	6.3%
2015	99,685	N/A	(1) N/A	(1) 15,823	6.3%
2016	99,685	N/A	(1) N/A	(1) 15,162	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**

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Employer	12/31/2006			04/01/2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	3,075	1	6.21%	4,900	1	9.32%
Davenport Community Schools	2,283	2	4.61%	2,279	2	4.33%
ALCOA	-		0.00%	2,194	3	4.17%
Kraft Foods/Oscar Mayer	1,650	3	3.33%	1,600	4	3.04%
MidAmerican Energy Company	-		0.00%	1,025	5	1.95%
City of Davenport	957	5	1.93%	959	6	1.82%
APAC Teleservices	1,100	4	2.22%	900	7	1.71%
Rhythm City Casino/Isle Capri	-		0.00%	650	8	1.24%
Eastern Iowa Community College	901	6	1.82%	845	9	1.61%
Sears Manufacturing	600	8	1.21%	884	10	1.68%
John Deere Davenport Works	875	7	1.77%	875	11	1.66%
Wells Fargo-Davenport Region	-		0.00%	716	12	1.36%
Von Maur	560	10	1.13%	649	13	1.23%
St. Ambrose University	-		0.00%	620	14	1.18%
AT&T	-		0.00%	610	15	1.16%
United Parcel Service	590	9	1.19%	590	16	1.12%
	<u>12,591</u>		<u>25.44%</u>	<u>20,296</u>		<u>38.60%</u>

Source: Quad City Development Group, Direct staff contact with Company (December 2006)

Source: Iowa Quad Cities Chamber of Commerce (Spring 2016)

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**CITY OF DAVENPORT**

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION  
LAST TEN CALENDAR YEARS  
June 30, 2016**

FUNCTION/PROGRAM	2015		2014		2013		2012		2011	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
PUBLIC SAFETY										
Police	186	23	186	24	189	26	189	24	195	34
Fire	142	-	143	-	138	1	138	-	140	-
PUBLIC WORKS	287	50	289	48	290	45	296	56	289	46
CULTURE & RECREATION										
Leisure Facilities and Services	18	218	17	209	18	257	21	231 (1)	34	170
Library	39	36	37	35	39	39	40	42	41	40
COMMUNITY & ECONOMIC DEVELOPMENT	23	-	20	2	24	2	23	2	27	-
GENERAL GOVERNMENT										
Mayor	2	-	2	-	2	-	1	1	2	-
Council	-	10	-	10	-	10	-	10	1	10
Finance	23	1	24	-	25	2	25	1	26	2
Information Technology	8	2	8	1	8	2	7	2	7	2
Administration	5	4	6	4	5	8	6	7	6	1
Legal	4	-	4	-	4	-	4	-	4	-
Human Resources	5	2	6	2	6	2	5	2	5	2
Civil Rights	4	3	4	3	4	1	4	1	4	1
Total	<u>746</u>	<u>349</u>	<u>746</u>	<u>338</u>	<u>752</u>	<u>395</u>	<u>759</u>	<u>379</u>	<u>781</u>	<u>308</u>

(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 explain

Source: City of Davenport Department of Human Resources.

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2010		2009		2008		2007		2006	
FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
194	35	217	29	209	27	212	23	209	24
149	-	153	2	155	-	153	1	149	2
281	31	284	34	278	30	278	29	280	26
34	131	34	129	32	76	35	23	38	32
43	44	41	37	39	35	38	34	43	32
32	12	39	13	37	12	37	11	33	11
2	-	2	-	2	-	2	-	2	-
1	10	-	11	1	11	1	10	1	10
26	2	22	5	23	2	23	-	22	2
8	2	10	-	10	-	11	-	9	1
6	-	7	-	7	-	7	-	7	-
4	-	4	-	4	-	4	-	5	-
5	2	5	2	5	3	6	4	6	6
4	1	4	2	4	1	4	2	4	3
<u>789</u>	<u>270</u>	<u>822</u>	<u>264</u>	<u>806</u>	<u>197</u>	<u>811</u>	<u>137</u>	<u>808</u>	<u>149</u>

is the increase in part-time employees.

**CITY OF DAVENPORT**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
June 30, 2016**

FUNCTION/PROGRAM	FISCAL YEAR				
	2016	2015	2014	2013	2012
<b>PUBLIC SAFETY</b>					
Fire calls answered	18,056	16,690	16,373	16,467	15,523
Police-arrests (1)	5,944	6,887	7,632	5,072	6,907
Construction permits issued	3,142	2,395	2,602	2,483	2,402
<b>PUBLIC WORKS</b>					
Refuse collected (tons) (2)	27,907	27,197	26,920	26,759	24,949
Gallons of wastewater processed (in millions) (1)	12,200	10,494	8,541	9,855	8,015
Yard waste composted (cu yds)	187,528	110,723	101,373	109,972	152,564
Citibus ridership	1,278,115	1,503,419	1,362,174	1,407,131	1,414,496
Utility service customers	39,800	39,800	39,500	39,000	38,000
<b>CULTURE &amp; RECREATION</b>					
Rounds of golf played	63,671	64,701	64,063	64,029	77,519
Swimming pools attendance	28,398	24,026	28,191	28,170	32,590
Recreation programs available	768	943	984	845	1,272
Recreation program enrollment	11,502	6,130	5,733	6,342	6,235
Library - walk-in patrons served	428,684	445,272	481,592	463,971	503,778
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>					
Planning & zoning-final development review	7	8	9	13	13
Households assisted with rental assistance	897	867	842	825	783

(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.

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FISCAL YEAR				
2011	2010	2009	2008	2007
14,965	14,399	13,842	13,188	13,257
7,151	7,529	8,526	8,960	9,813
2,510	2,426	2,196	2,135	2,051
25,604	25,737	26,789	71,000	74,185
10,877	11,607	10,038	10,731	7,884
103,379	102,176	109,800	98,030	107,361
1,202,929	1,180,383	1,125,000	1,088,000	1,045,550
40,000	40,000	40,000	40,000	40,000
71,243	80,113	101,813	136,386	113,128
40,874	30,830	27,708	28,000	31,000
910	549	636	1,061	554
57,600	42,500	38,844	30,396	48,301
578,957	511,259	449,218	395,498	390,394
5	2	5	8	15
768	750	716	701	680

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**CITY OF DAVENPORT**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
June 30, 2016**

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FUNCTION/PROGRAM	FISCAL YEAR				
	2016	2015	2014	2013	2012
<b>PUBLIC SAFETY</b>					
Police cars	115	109	105	104	82
Fire stations	7	7	7	7	7
Fire trucks	16	16	16	16	16
<b>PUBLIC WORKS</b>					
Streets (miles)	701	695	695	695	695
Traffic signals	166	166	166	166	161
Street lights	9,712	9,708	9,708	9,703	9,691
Refuse collection trucks	29	32	32	32	29
Buses	22	22	22	21	23
<b>CULTURE &amp; RECREATION</b>					
Golf courses	3	3	3	3	3
Acres of parks	1,981	1,981	1,981	1,913	1,913
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.

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FISCAL YEAR

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<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
83	74	64	67	94
7	7	7	7	7
16	16	16	16	14
695	695	695	692	692
156	153	153	152	151
9,691	9,680	9,632	9,558	9,456
31	31	34	30	36
21	21	21	20	20
3	3	3	4	4
1,700	1,700	1,700	1,700	1,700
3	3	3	4	4
3	3	2	2	2

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