

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

# FY2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Davenport, Iowa

**CITY OF DAVENPORT, IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by:  
Finance Department  
Accounting Division**

## **INTRODUCTORY SECTION**

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### INTRODUCTORY SECTION

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December 22, 2017

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, 2017.

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, 2017 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, 2017 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, 2017 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 2017 unemployment rate (through nine months) was 4.3%. Of the 186,399 persons in the labor force in 2016, 176,174 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 62% residential, 2% multi-residential, 32% commercial, 1% utility and 3% industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 3.4% 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 was completed in 2017 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 was completed in Davenport's Eastern Iowa Industrial Center with an investment of \$203 million. Sterilite is also investing over \$87 million on a 2.5 million square foot manufacturing and warehouse facility currently under construction adjacent to the Kraft/Heinz plant.

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. However, main economic indicators have been increasing over the last few years and continue to remain strong.

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 1.8% annually over the last ten fiscal years. For the upcoming FY 2018, total assessed value increased by 1.55%, while taxable values increased 2.38% due to state legislation, described below.

In 2013, the Iowa Legislature passed Senate File 295, which included a number of components that continues 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. Through FY 2018, the State legislature has fully funded revenues lost due to the 10% commercial rollback for Iowa municipalities. However, the City expects that this backfill amount may be reduced or eliminated in future years.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 5.5% 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 MFPSI 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 transitioning 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 debt service levy was at \$2.05 in FY 2013, 2014, 2015, and 2018. It was at \$2.15 in FY 2016 and 2017.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2018 include:

- Street resurfacing, full depth patching & reconstruction \$6 million
- Continue Rockingham Road \$3.3 million (project total \$3.7 million)
- Continue extension of West 76<sup>th</sup> Street \$5 million (project total \$5.6 million)
- Eastern Iowa Industrial Center improvements \$3.8 million
- Public and traffic safety camera program \$.3 million (project total \$.7 million)
- Rail service to the Sterilite Facility \$1.8 million
- Main Street landing improvements \$1 million
- Sanitary sewer lining, construction and repair \$7 million

#### Awards and Acknowledgements

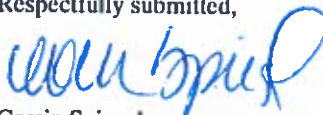
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 34<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the FY 2018 budget document. This is the 23<sup>rd</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.

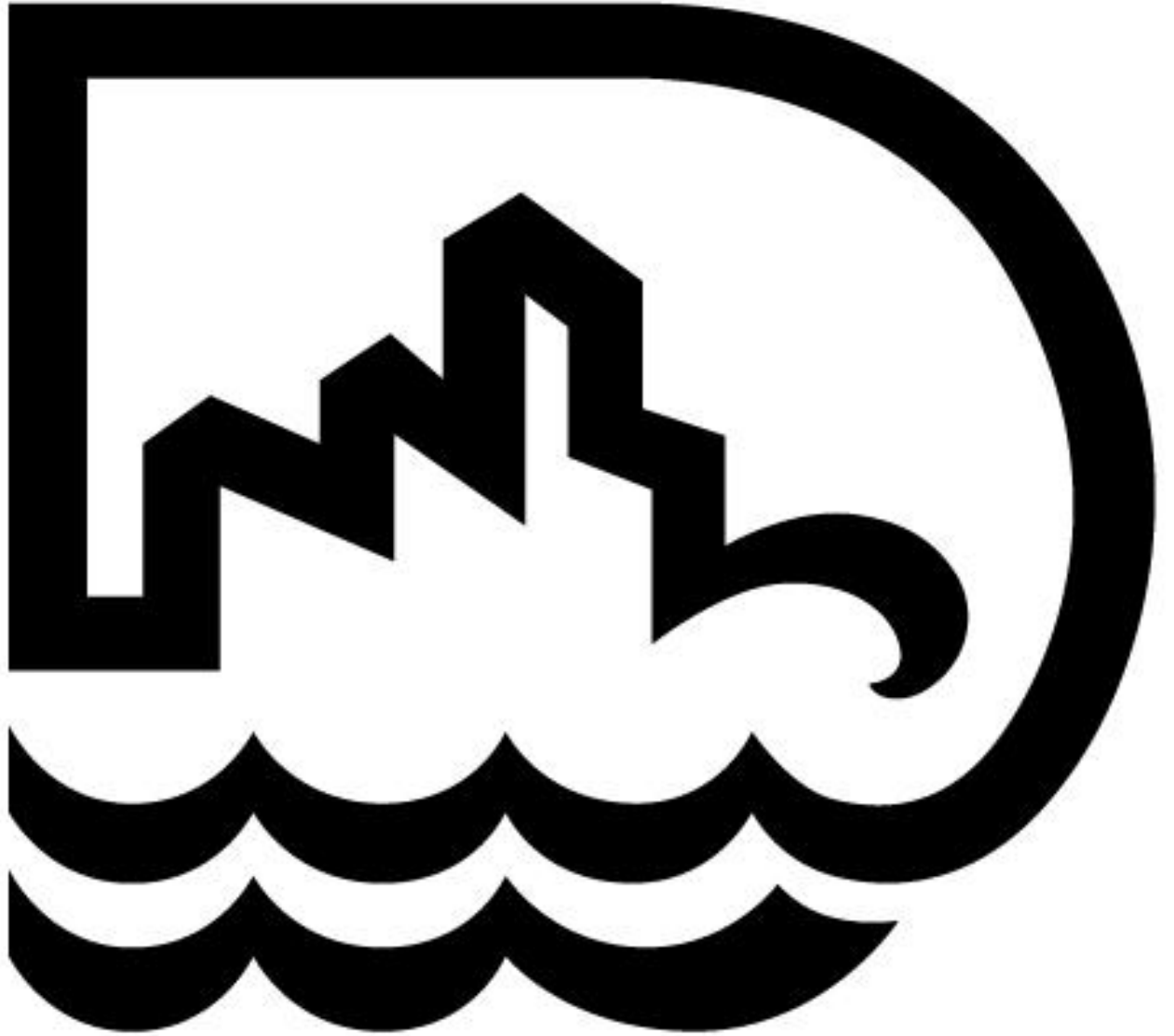
Respectfully submitted,



Corrin Spiegel  
City Administrator



Brandon Wright  
CFO/Assistant City Administrator





Government Finance Officers Association

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

Presented to

**City of Davenport  
Iowa**

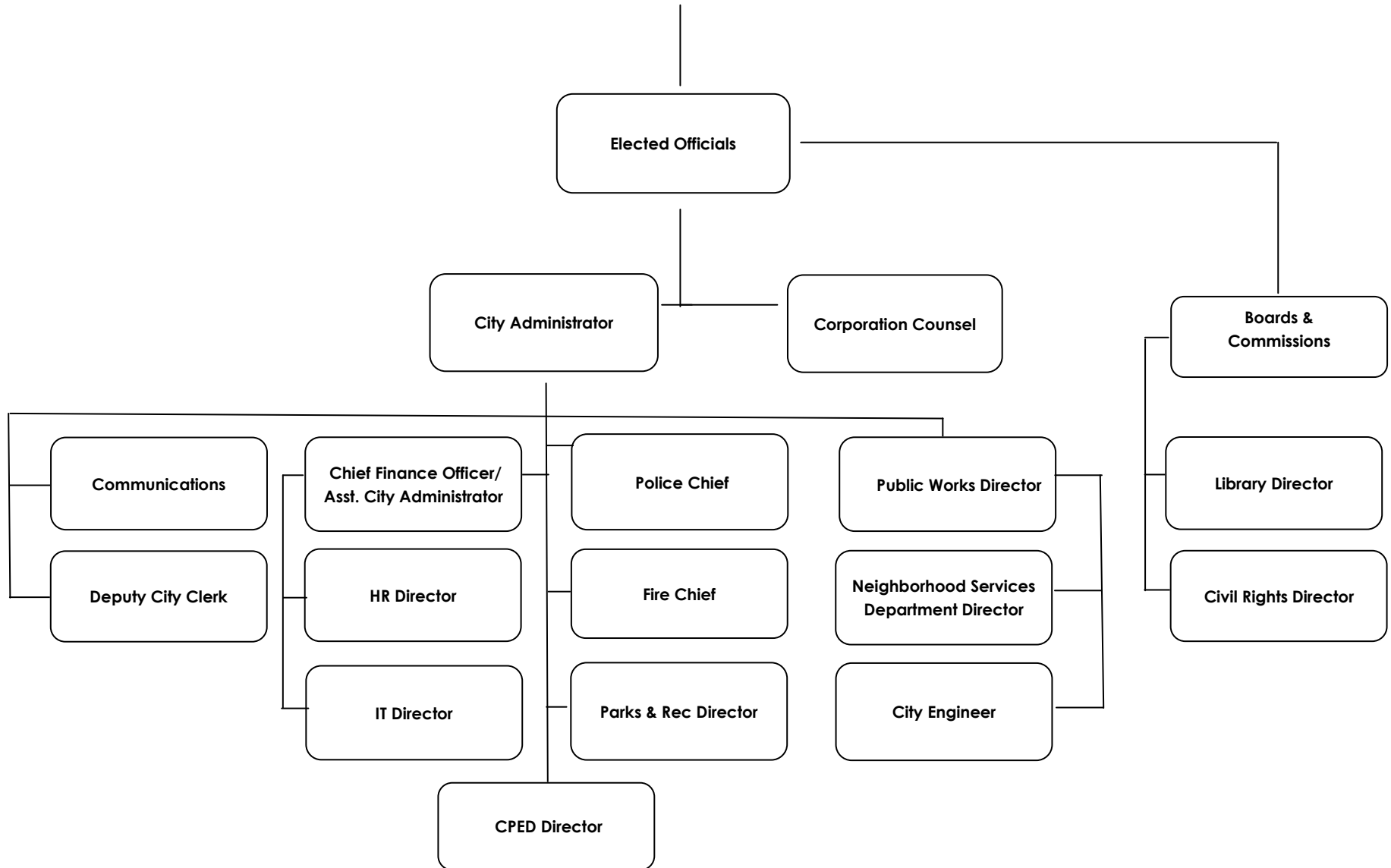
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# FY 2017 ORGANIZATIONAL CHART

## CITIZENS OF DAVENPORT



**CITY OF DAVENPORT**

**CITY OFFICIALS**

**June 30, 2017**

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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 J. 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	Vacant	-
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

Department Directors

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
Neighborhood Services	Richard Oswald
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

### **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, 2017, 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. 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, 2017, 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, the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Government and Proprietary Funds, Other Postemployment Benefit Plan, and the Schedules of the City's Proportionate Share of the Net Pension Liability and of City Contributions for the Iowa Public Employees' Retirement System and for the Municipal Fire and Police Retirement System of Iowa, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 22, 2017



## 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, 2017. 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. Main economic indicators are trending positively; however some pressure endures due to State of Iowa mandates.

- The assets of the City of Davenport exceeded its liabilities at June 30, 2017 by \$318,607 (net position). Current assets exceeded current liabilities by \$102,059.
- The government's total net position increased by \$29,722 during fiscal year (FY) 2017.
- At June 30, 2017, unassigned fund balance for the General Fund was \$10,403, or 15.0 percent of total General Fund expenditures, while total fund balance represents 27.4 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 2017. 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 74 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 90 through 111 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 2016 and 2017 are presented below. In Davenport, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$318,607, an increase of 10.0%, at the close of the fiscal year ended June 30, 2017.

**City of Davenport’s Net Position**

	Governmental Activities		Business-type activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 188,432	\$ 177,840	\$ 39,801	\$ 38,542	\$ 228,233	\$ 216,382
Capital assets	299,351	285,800	229,092	218,315	528,443	504,115
Total assets	487,783	463,640	268,893	256,857	756,676	720,497
Deferred outflows of resources	23,304	21,340	2,294	2,189	25,598	23,529
Noncurrent liabilities outstanding	234,034	230,115	87,797	75,162	321,831	305,277
Other liabilities	51,263	47,643	10,460	10,888	61,723	58,531
Total liabilities	285,297	277,758	98,257	86,050	383,554	363,808
Deferred inflows of resources	75,890	85,682	4,223	5,651	80,113	91,333
Net position:						
Net investment in capital assets	160,608	132,745	159,856	158,399	320,464	291,144
Restricted	24,931	19,895	3,923	3,461	28,854	23,356
Unrestricted(deficit)	(35,639)	(31,101)	4,928	5,486	(30,711)	(25,615)
Total net position	\$ 149,900	\$ 121,539	\$ 168,707	\$ 167,346	\$ 318,607	\$ 288,885

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 (16.6 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 \$102,059, \$91,649 and \$10,410 respectively.

In the governmental activities, the \$10,592 increase in current and other assets is due to an increase of \$9,793 in cash and investments due to increased collection efforts of fines and a decrease in negative cash in other funds.

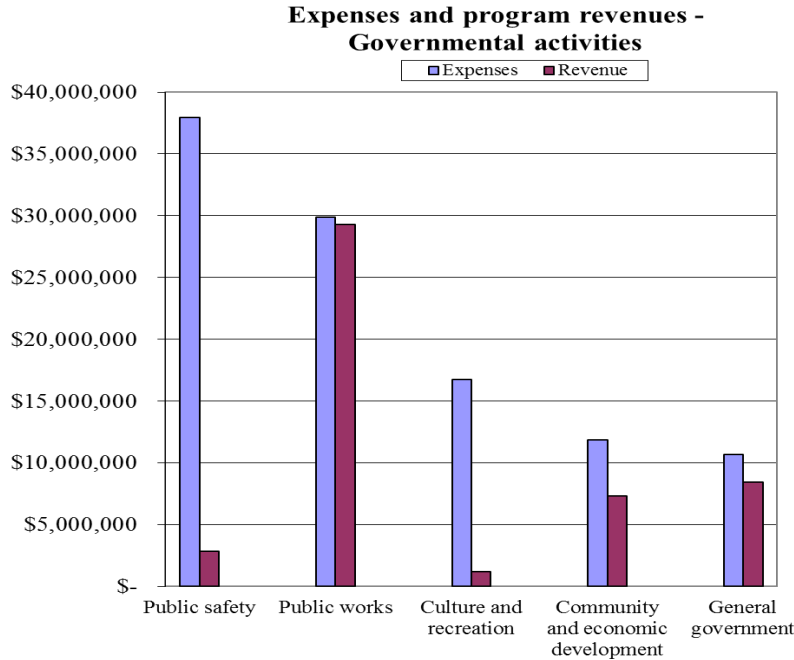
The \$12,635 increase in noncurrent liabilities in the business-type activities is due to an increase of net pension liability of \$6,910. With the recent GASB Statement No. 68 requirements of the City having to record their share of the liability of the statewide pension plans, this increase is expected yearly. \$1,375 of the increase is due to an increase in other post-employment benefits liability due to an increase in health insurance costs.

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

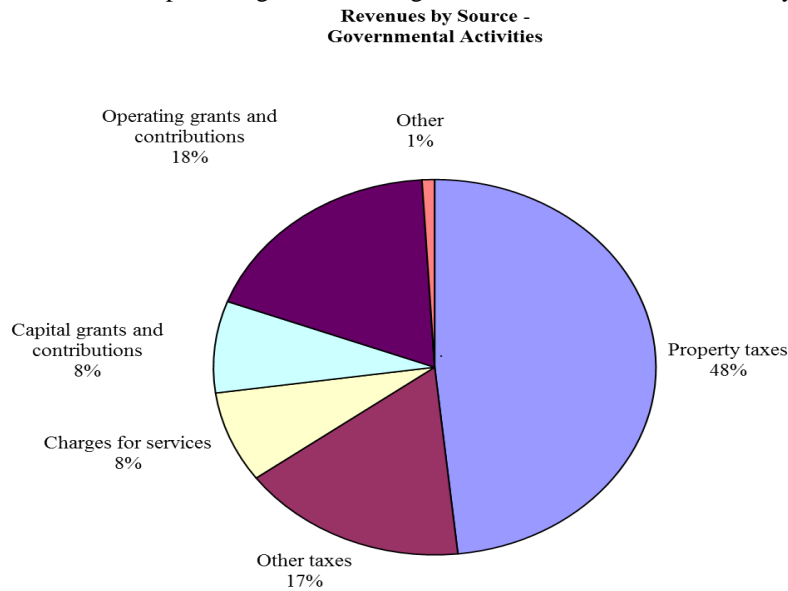
	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 11,290	\$ 12,328	\$ 37,531	\$ 36,560	\$ 48,821	\$ 48,888
Operating grants and contributions	26,423	23,250	2,610	2,706	29,033	25,956
Capital grants and contributions	11,337	8,130	4,129	2,180	15,466	10,310
<b>General revenues:</b>						
Property taxes	69,442	68,644	3,577	3,574	73,019	72,218
Other taxes	23,882	22,647	-	-	23,882	22,647
Other	1,320	1,497	1,245	1,451	2,565	2,948
Total revenues	143,694	136,496	49,092	46,471	192,786	182,967
<b>Expenses:</b>						
Public safety	37,918	43,346	-	-	37,918	43,346
Public works	29,892	26,136	-	-	29,892	26,136
Culture and recreation	16,717	15,907	-	-	16,717	15,907
Community and economic development	11,848	13,617	-	-	11,848	13,617
General government	10,658	9,777	-	-	10,658	9,777
Interest on long-term debt	6,738	5,561	-	-	6,738	5,561
Parking system	-	-	1,904	1,822	1,904	1,822
Sewer operations	-	-	20,356	19,216	20,356	19,216
RiverCenter	-	-	5,830	6,019	5,830	6,019
Public transit	-	-	6,822	6,712	6,822	6,712
Public housing	-	-	1,387	1,312	1,387	1,312
Golf courses	-	-	1,916	1,934	1,916	1,934
Airport	-	-	982	790	982	790
Curbside recycling	-	-	6,016	5,399	6,016	5,399
Clean water	-	-	2,757	2,818	2,757	2,818
Transload	-	-	525	434	525	434
Rivers Edge	-	-	799	809	799	809
Total expenses	113,771	114,344	49,294	47,265	163,065	161,609
Increase/(decrease) in net position before transfers	29,923	22,152	(202)	(794)	29,721	21,358
Transfers	(1,563)	(21,485)	1,563	21,485	-	-
Increase in net position	28,360	667	1,361	20,691	29,721	21,358
Net position-beginning	121,540	120,873	167,345	146,654	288,885	267,527
Net position-ending	\$ 149,900	\$ 121,540	\$ 168,707	\$ 167,345	\$ 318,607	\$ 288,885

**Governmental activities.** Governmental activities increased the City’s net position by \$29,923, before transfers. This is an increase of \$7,771 from 2016, due in part to an increase of grant revenues of \$6,380.

Certain revenues are generated that are specific to governmental program activities. These totaled \$49,050. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities. There was an increase in capital grants and contributions due to an increase in the capital project funding. The operating grants and contributions category had an increase of \$3,173, partially due to an increased amount of Community Development Block Grant Disaster Relief funding received in fiscal year 17, an increase of \$2,482 from fiscal year 16.



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

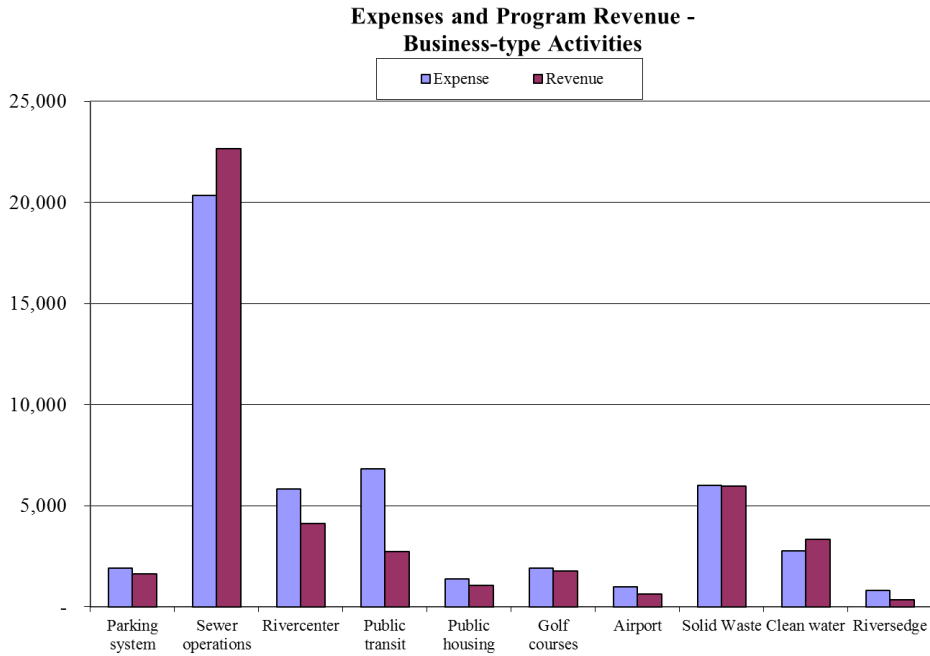


Total governmental activities’ revenues for FY 2017 were \$143,694, an increase of \$7,198 from FY 2016. This is primarily due to the increase in grants in FY 2017 as described above. The largest single revenue source was property taxes of \$69,442, which slightly increased, due to an increase in taxable values.

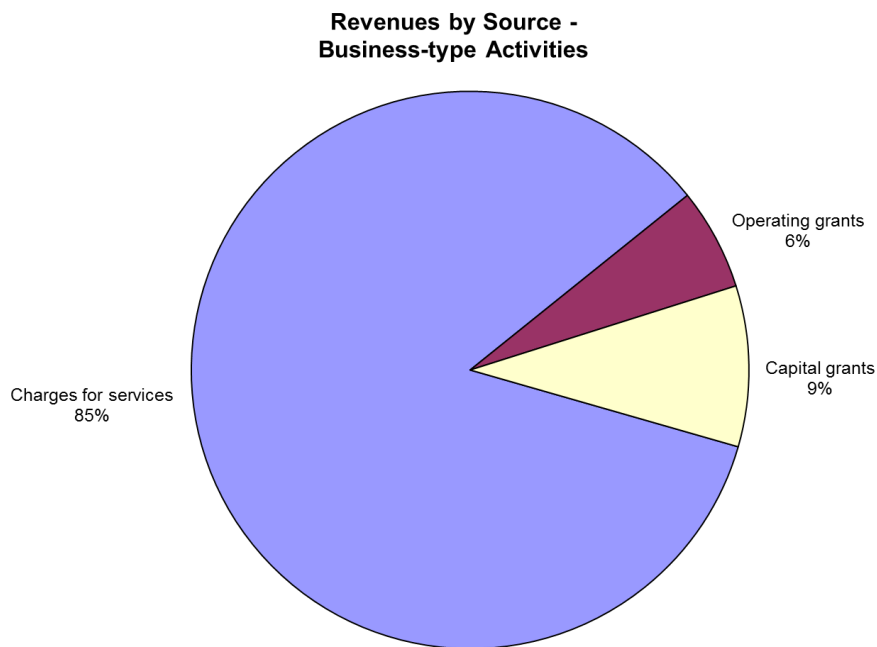
**Business-type activities.** Business-type activities decreased City of Davenport’s net position by \$202, before transfers. This is primarily due to the new Transload facility that had expenses but isn’t yet operating.

Total business-type activities revenue for the fiscal year was \$49,092.

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 2017, the City of Davenport's governmental funds reported combined ending fund balances of \$71,926, an increase of \$4,846 in comparison with the prior year. The increase is attributed to an increase in the General Debt Service Fund of \$4,906, due to an advance refunding combined with an increase in the General Fund of \$1,032, due to planned fund balance growth and an increase in the Local Option Sales Tax Fund \$1,991 due to increased revenues. The City experienced an increase of \$1,428 in the Miscellaneous Grants Fund balance due to the timing of a major project being completed which was funded with grants. Approximately 14.5 percent of this total amount, \$10,403, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) \$34; restricted by grantors and other legal restrictions \$56,346; committed by the City Council for revolving loans and the riverfront improvement commission \$1,259; and assigned by the Finance Director for future projects \$3,883.

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, neighborhood services, 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, Special Public Safety Fund, and the Flood Fund. At the end of the current fiscal year 2017, unassigned fund balance of the General Fund was \$10,403, while total fund balance was \$19,005. 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 15.0 percent of total General Fund expenditures, 22.5 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 27.4 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$1,032 during the current fiscal year and the unassigned fund balance increased by \$1,203. The State of Iowa allows a maximum property tax levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy for general activities. The City has been at the maximum levy rates since 1984 and 1986, respectively. In addition to these two levies, the State allows unlimited levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), which are also accounted for in the City's General Fund. Property tax balances from these two levies are reserved at the end of each year because their use is restricted.

The General Fund balances discussed above are considered adequate by management. The City's policy on fund balance of the General Fund, excluding the other specific-use funds, is to have unassigned fund balance maintained at 15 to 20 percent of operating requirements. The current fund balance is higher than guidelines. This policy will be revised in the next fiscal year to maintain an unassigned fund balance of 17 to 25 percent of operating expenditures in the General Fund, which maximum level represents 90 days of cash flow. 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 \$17,090, 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 \$4,906 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 \$7,361. 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 \$1,991, due to an increase in sales.

The Capital Projects Fund has a fund balance of \$17,142, due to unspent bond proceeds. The net decrease in fund balance during the current year in the Capital Projects Fund was \$632.

**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 76 and 77.

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

- The total original revenue budget of \$195,491 was increased to \$240,916, an increase of \$45,425. 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 \$25,152. There were special revenue grant rollovers and new grants amounting to \$4,105. \$17,135 was budgeted to reflect the advance refunding.
- The total original expenditure budget of \$222,574 was increased to \$293,669, an increase of \$71,095. In the community and economic development category, \$4,105 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, \$36,985 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 \$20,687 were not accrued or received due to construction projects not completed and special revenue grants not yet spent.
- In the other revenue category, there was \$5,445 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, \$4,640 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$41,650 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$6,197 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 76 and 77 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 \$70,962 was increased to \$72,182, an increase of \$1,220. In the intergovernmental revenue category, federal grants in the amount of \$410, and state grants in the amount of \$75, subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$70,040 was increased to \$72,405, an increase of \$2,365. Police forfeiture and seizure monies of \$603 held as reserved General Fund balance at June 30, 2015 were included in amendments in order to authorize the expenditure during FY 2017. All categories increased a total of \$1,314 due to an increase in employee health insurance premiums paid by the City. Culture and recreation expenditures were amended to include grants carried forward of \$419 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 2017 was \$1,032, a positive variance from the budgeted change (\$32) of \$1,064.
- Revenue items that came in under budget included district court fines and the cable television franchise tax.
- All expenditure categories came in under budget.
- A special library property tax levy (\$0.27/\$1,000 assessed value) was approved by voters to support operations of two new branch libraries. Unexpended taxes of \$872 were a part of the positive variance and a reservation of General Fund balance at June 30, 2017.

### **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, 2017, amounts to \$528,443 (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, 2017, and June 30, 2016 the depreciable capital assets of the City were 45% and 43%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2017 include the following:

#### Governmental activities

- Street and road work completed by the City of \$3,000 including \$1,259 of full-depth patching and \$1,741 of street and alley resurfacing,
- Kimberly Road bridge over Duck Creek \$1,339
- Veterans Memorial Parkway bridge over I74 \$2,848

#### Business-type activities

- Sanitary sewers built by City of Davenport \$6,663
- Compost roof \$1,004
- Tub grinder compost \$772
- Airport runway 15/33 \$553
- Airport fuel facility \$719

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 19,182	\$ 19,143	\$ 13,008	\$ 13,008	\$ 2,190	\$ 32,151
Buildings	122,794	122,492	125,430	124,129	248,224	246,621
Improvements other than buildings	31,151	30,134	27,376	26,153	58,527	56,287
Sanitary sewers	-	-	133,800	127,172	133,800	127,172
Equipment and vehicles	44,160	43,383	41,638	39,418	85,798	82,801
Bridges	10,800	9,461	-	-	10,800	9,461
Traffic signals	8,503	8,503	-	-	8,503	8,503
Storm sewers	-	-	25,598	25,069	25,598	25,069
Paving	240,235	234,036	1,637	1,637	241,872	235,673
Seawalls	2,685	2,685	-	-	2,685	2,685
Tunnels	54	54	-	-	54	54
Construction in progress	24,805	6,986	21,661	13,929	46,466	20,915
Accumulated depreciation	(205,018)	(191,077)	(161,056)	(152,200)	(366,074)	(343,277)
<b>Total</b>	<b>\$ 299,351</b>	<b>\$ 285,800</b>	<b>\$ 229,092</b>	<b>\$ 218,315</b>	<b>\$ 528,443</b>	<b>\$ 504,115</b>

**Long-term debt.** At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$219,780. Of this amount, \$132,005 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation Bonds	\$ 160,831	\$ 165,853	\$ 58,949	\$ 54,097	\$ 219,780	\$ 219,950

The City of Davenport's total debt decreased by \$170 during the current fiscal year. New debt issuance of \$41,855 during the year was less than the debt retired of \$42,025. 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 84 percent of outstanding bonded debt scheduled for repayment in 10 years and 100 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 \$323,976, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$219,780, and other debt subject to the debt limitation of \$2,170.

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 2017, taxable assessed valuations increase .4% from FY 2016 in part due to state legislation.

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. Through FY 2018, the State legislature has fully funded revenues lost due to the 10% commercial rollback for Iowa municipalities. However, the City expects that this backfill amount may be reduced or eliminated in future years.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 5.6% 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 2% in FY 2015, an effectual increase of 2.00% in FY 2016, 2% in FY 2017 and will be 2.0% in FY 2018. 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, 2017**

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>Current assets:</b>			
Cash and investments	\$ 50,299,283	\$ 5,645,369	\$ 55,944,652
Delinquent property taxes receivable	870,215	47,919	918,134
Succeeding year property taxes receivable	72,805,971	3,712,689	76,518,660
Other taxes receivable	3,392,372	-	3,392,372
Special assessments	1,087,889	-	1,087,889
Accounts receivable, net	5,778,807	9,940,615	15,719,422
Accrued interest receivable, net	222,270	33,105	255,375
Internal balances	(892,886)	892,886	-
Due from other governments	7,489,475	277,713	7,767,188
Inventory	-	251,661	251,661
Prepaid items	395,893	67,663	463,556
Loans receivable - net	1,462,832	-	1,462,832
Total unrestricted current assets	142,912,121	20,869,620	163,781,741
<b>Noncurrent assets:</b>			
Loans receivable - net	13,165,487	-	13,165,487
Restricted cash and cash equivalents	21,415,977	14,579,138	35,995,115
Restricted cash and investments - held in escrow	10,938,160	4,351,801	15,289,961
<b>Capital assets:</b>			
Land	19,181,502	13,008,287	32,189,789
Buildings	122,794,493	125,429,503	248,223,996
Improvements other than buildings	31,150,657	27,375,825	58,526,482
Sanitary sewers	-	133,800,304	133,800,304
Equipment and vehicles	44,159,744	41,637,677	85,797,421
Bridges	10,800,263	-	10,800,263
Traffic signals	8,502,673	-	8,502,673
Storm sewers	-	25,597,592	25,597,592
Streets and roads	240,234,705	1,637,382	241,872,087
Seawalls	2,685,289	-	2,685,289
Tunnels	54,326	-	54,326
Construction in progress	24,805,211	21,661,345	46,466,556
Accumulated depreciation	(205,018,343)	(161,055,576)	(366,073,919)
Total capital assets	299,350,520	229,092,339	528,442,859
Total noncurrent assets	344,870,144	248,023,278	592,893,422
<b>Total assets</b>	<b>\$ 487,782,265</b>	<b>\$ 268,892,898</b>	<b>\$ 756,675,163</b>
<b>DEFERED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	23,304,267	2,294,104	25,598,371

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 10,714,207	\$ 1,207,090	\$ 11,921,297
Contracts payable	1,841,315	-	1,841,315
Accrued wages payable	2,133,784	508,577	2,642,361
Accrued compensated absences	3,960,818	744,399	4,705,217
Claims and judgments	4,817,719	-	4,817,719
Accrued interest payable	730,077	233,063	963,140
General obligation bonds payable	16,781,220	5,503,780	22,285,000
Unearned revenue - other	10,093,260	488,990	10,582,250
<b>Total</b>	<b>51,072,400</b>	<b>8,685,899</b>	<b>59,758,299</b>
Current liabilities payable from restricted assets:			
Accounts payable	69,740	-	69,740
Deposits payable	-	473,511	473,511
Notes payable	31,079	1,300,107	1,331,186
Loan payable	90,000	-	90,000
Total current liabilities payable from restricted assets	190,819	1,773,618	1,964,437
Total current liabilities	51,263,219	10,459,517	61,722,736
Noncurrent liabilities:			
Accrued compensated absences	184,899	34,750	219,649
Claims and judgments	3,236,098	-	3,236,098
Other postemployment benefits	8,746,853	1,921,297	10,668,150
Net pension liability	68,699,555	8,465,653	77,165,208
Note payable	248,633	20,570,538	20,819,171
Loan payable	200,000	-	200,000
General obligation bonds payable, net	151,629,756	56,804,814	208,434,570
Special assessment with government commitment	1,087,889	-	1,087,889
Total noncurrent liabilities	234,033,683	87,797,052	321,830,735
<b>Total liabilities</b>	<b>285,296,902</b>	<b>98,256,569</b>	<b>383,553,471</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	72,805,971	3,712,689	76,518,660
Deferred amount on refunding	978,520	27,920	1,006,440
Pension related deferred inflows	2,105,482	482,412	2,587,894
<b>Total deferred inflows of resources</b>	<b>75,889,973</b>	<b>4,223,021</b>	<b>80,112,994</b>
<b>NET POSITION</b>			
Net investment in capital assets	160,607,820	159,855,757	320,463,577
Restricted:			
Local option sales tax	7,342,332	-	7,342,332
Library	871,889	-	871,889
Police seizure	479,365	-	479,365
Debt retirement	12,745,079	-	12,745,079
Road use tax	1,257,348	-	1,257,348
Municipal improvement districts	687,124	-	687,124
Revolving loans	1,241,232	-	1,241,232
Section 8	157,891	-	157,891
Levee improvement commission projects	18,148	-	18,148
Youth Sports	130,343	-	130,343
Equipment replacement	-	3,923,153	3,923,153
Unrestricted (deficit)	(35,638,914)	4,928,502	(30,710,412)
<b>Total net position</b>	<b>\$ 149,899,657</b>	<b>\$ 168,707,412</b>	<b>\$ 318,607,069</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, 2017**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 37,917,817	\$ 2,458,524	\$ 339,235	\$ 55,140
Public works	29,892,693	3,593,572	14,411,341	11,281,869
Culture and recreation	16,716,723	1,015,055	144,837	-
Community and economic development	11,848,107	778,980	6,545,195	-
General government	10,658,200	3,443,975	4,982,614	-
Interest on long-term debt	6,738,199	-	-	-
Total governmental activities	<u>113,771,739</u>	<u>11,290,106</u>	<u>26,423,222</u>	<u>11,337,009</u>
Business-type activities:				
Parking system	1,903,915	1,134,945	-	496,583
Sewer operations	20,355,807	20,629,974	-	2,023,550
RiverCenter	5,829,685	4,009,938	-	104,522
Public transit	6,822,220	399,774	2,047,183	283,200
Public housing	1,387,020	475,951	562,596	16,889
Golf courses	1,915,769	1,668,727	-	115,586
Airport	982,356	208,418	-	420,695
Solid waste	6,015,481	5,964,275	-	-
Clean water	2,756,730	2,776,046	-	572,724
Transload	524,924	-	-	-
River's Edge	799,436	263,196	-	95,658
Total business-type activities	<u>49,293,343</u>	<u>37,531,244</u>	<u>2,609,779</u>	<u>4,129,407</u>
Total government	<u>\$ 163,065,082</u>	<u>\$ 48,821,350</u>	<u>\$ 29,033,001</u>	<u>\$ 15,466,416</u>

General Revenues:

Taxes:

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

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (35,064,918)	\$ -	\$ (35,064,918)
(605,911)	-	(605,911)
(15,556,831)	-	(15,556,831)
(4,523,932)	-	(4,523,932)
(2,231,611)	-	(2,231,611)
(6,738,199)	-	(6,738,199)
<u>(64,721,402)</u>	<u>-</u>	<u>(64,721,402)</u>
-	(272,387)	(272,387)
-	2,297,717	2,297,717
-	(1,715,225)	(1,715,225)
-	(4,092,063)	(4,092,063)
-	(331,584)	(331,584)
-	(131,456)	(131,456)
-	(353,243)	(353,243)
-	(51,206)	(51,206)
-	592,040	592,040
-	(524,924)	(524,924)
-	(440,582)	(440,582)
<u>-</u>	<u>(5,022,913)</u>	<u>(5,022,913)</u>
<u>(64,721,402)</u>	<u>(5,022,913)</u>	<u>(69,744,315)</u>
60,633,816	-	60,633,816
8,808,360	-	8,808,360
-	3,576,836	3,576,836
17,955,296	-	17,955,296
2,882,153	-	2,882,153
3,044,526	-	3,044,526
1,150,080	613,634	1,763,714
125,781	-	125,781
44,318	631,302	675,620
<u>(1,562,798)</u>	<u>1,562,798</u>	<u>-</u>
<u>93,081,532</u>	<u>6,384,570</u>	<u>99,466,102</u>
28,360,130	1,361,657	29,721,787
<u>121,539,527</u>	<u>167,345,755</u>	<u>288,885,282</u>
<u>\$ 149,899,657</u>	<u>\$ 168,707,412</u>	<u>\$ 318,607,069</u>

**CITY OF DAVENPORT**

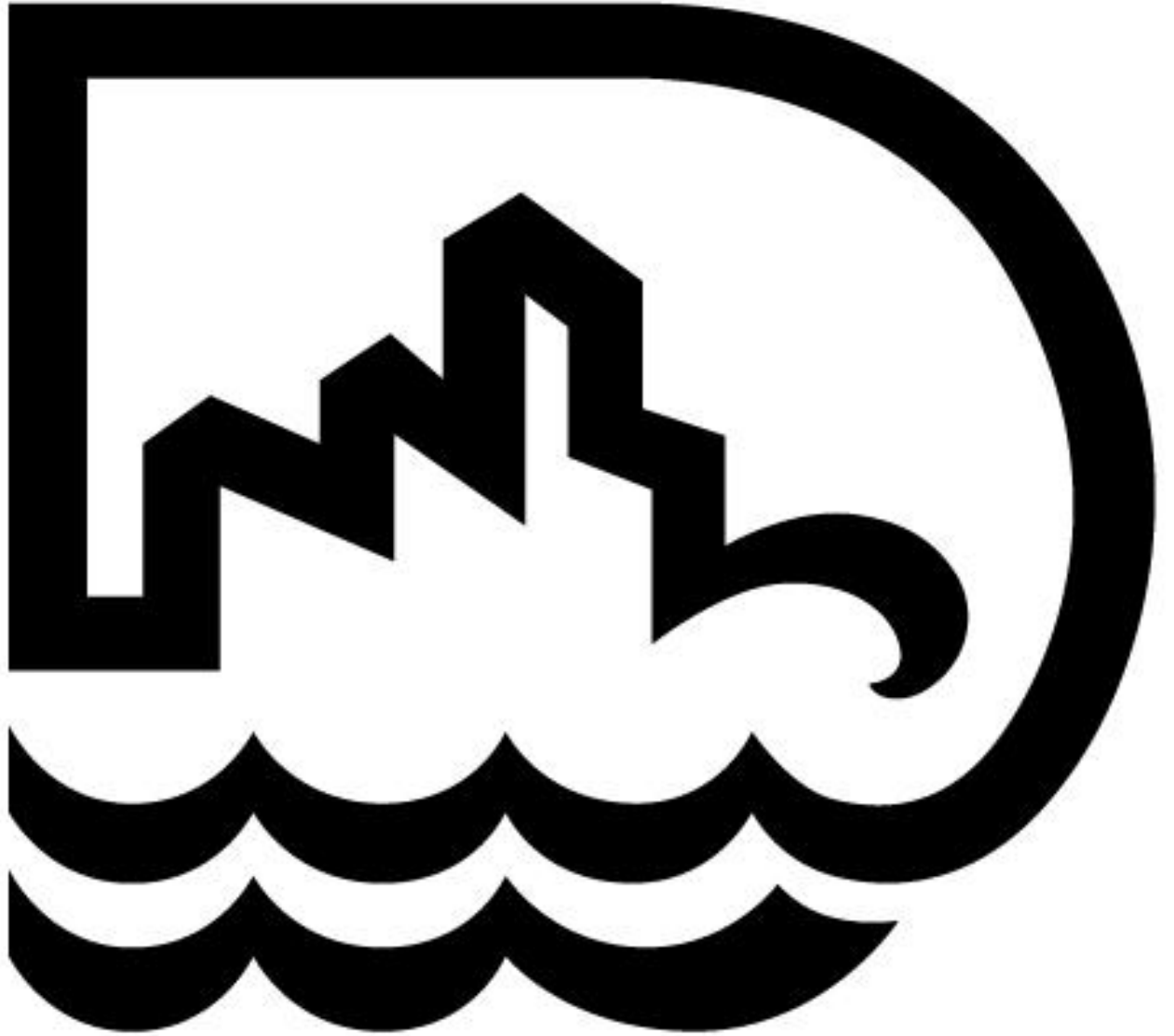
**GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2017**

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>LOCAL OPTION SALES TAX FUND</b>
Cash and investments	\$ 20,602,328	\$ 6,398,734
Receivables:		
Property taxes:		
Delinquent	723,325	-
Succeeding year	56,430,716	-
Other taxes	1,073,375	2,303,243
Accounts	543,122	9,101
Special assessments	-	18,053
Loans, net	-	1,262,673
Interest	80,602	-
Interfund receivable	134,045	-
Due from other governments	379,008	-
Prepays	7,312	18,645
Restricted assets-cash and investments	-	-
Restricted investments - held in escrow	-	-
<b>TOTAL ASSETS</b>	<b>\$ 79,973,833</b>	<b>\$ 10,010,449</b>
<b>LIABILITIES</b>		
Wages payable	\$ 1,736,421	\$ 65,990
Accounts payable	2,481,249	114,868
Contracts payable	-	-
Payable from restricted assets	-	-
Interfund payable	34,195	1,583,255
Unearned revenue	-	-
Note payable	-	-
Matured bonds payable	-	-
Matured interest payable	-	-
<b>TOTAL LIABILITIES</b>	<b>4,251,865</b>	<b>1,764,113</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - succeeding year property tax	56,430,716	-
Unavailable revenue - intergovernmental, special assessments and loans	286,042	885,359
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>56,716,758</b>	<b>885,359</b>
<b>FUND BALANCES</b>		
Nonspendable	\$ 7,312	\$ 18,645
Restricted	4,711,470	7,342,332
Committed	-	-
Assigned	3,883,192	-
Unassigned	10,403,236	-
<b>TOTAL FUND BALANCES</b>	<b>19,005,210</b>	<b>7,360,977</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 79,973,833</b>	<b>\$ 10,010,449</b>

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



TOTAL			
GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 4,927,619	\$ 18,719,485	\$ 10,289,811	\$ 60,937,977
114,742	-	32,148	870,215
8,783,349	-	7,591,906	72,805,971
-	-	15,754	3,392,372
204,750	4,751,028	209,969	5,717,970
1,069,836	-	-	1,087,889
-	-	13,365,646	14,628,319
87,880	-	21,290	189,772
1,381,946	298,358	-	1,814,349
-	5,414,506	1,695,961	7,489,475
-	-	8,063	34,020
-	-	69,740	69,740
10,714,704	-	223,456	10,938,160
<u>\$ 27,284,826</u>	<u>\$ 29,183,377</u>	<u>\$ 33,523,744</u>	<u>\$ 179,976,229</u>
\$ -	\$ 6,740	\$ 261,867	\$ 2,071,018
31,079	6,594,275	1,137,113	10,358,584
-	1,841,315	-	1,841,315
-	-	69,740	69,740
-	-	134,905	1,752,355
-	-	10,093,260	10,093,260
279,712	-	-	279,712
20,000	-	-	20,000
3,381	-	-	3,381
<u>334,172</u>	<u>8,442,330</u>	<u>11,696,885</u>	<u>26,489,365</u>
8,783,349	-	7,591,906	72,805,971
1,077,354	3,598,774	2,907,046	8,754,575
<u>9,860,703</u>	<u>3,598,774</u>	<u>10,498,952</u>	<u>81,560,546</u>
\$ -	\$ -	\$ 8,063	\$ 34,020
17,089,951	17,142,273	10,060,464	56,346,490
-	-	1,259,380	1,259,380
-	-	-	3,883,192
-	-	-	10,403,236
<u>17,089,951</u>	<u>17,142,273</u>	<u>11,327,907</u>	<u>71,926,318</u>
<u>\$ 27,284,826</u>	<u>\$ 29,183,377</u>	<u>\$ 33,523,744</u>	<u>\$ 179,976,229</u>



**CITY OF DAVENPORT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

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Total governmental fund balances \$ 71,926,318

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. 295,560,649

Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds. 8,754,575

Internal service funds are used by management to charge the costs of certain services to individual funds. The asset, deferred inflows/outflows of resources and liabilities of the internal service funds are included in governmental activities in the statement of net position. 5,181,169

Internal service funds activities allocated to business-type activities (954,880)

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	22,994,982
Deferred inflows of resources	(2,034,293)
	20,960,689

Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued employee benefits	(3,996,309)
Accrued interest payable	(726,696)
General Obligation bonds payable, special assessments, and loan payable, net	(169,768,865)
Deferred amounts on refunding	(978,520)
Other post employment benefits	(8,480,056)
Pension liability	(67,578,417)
	(251,528,863)

Net position of governmental activities \$ 149,899,657

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

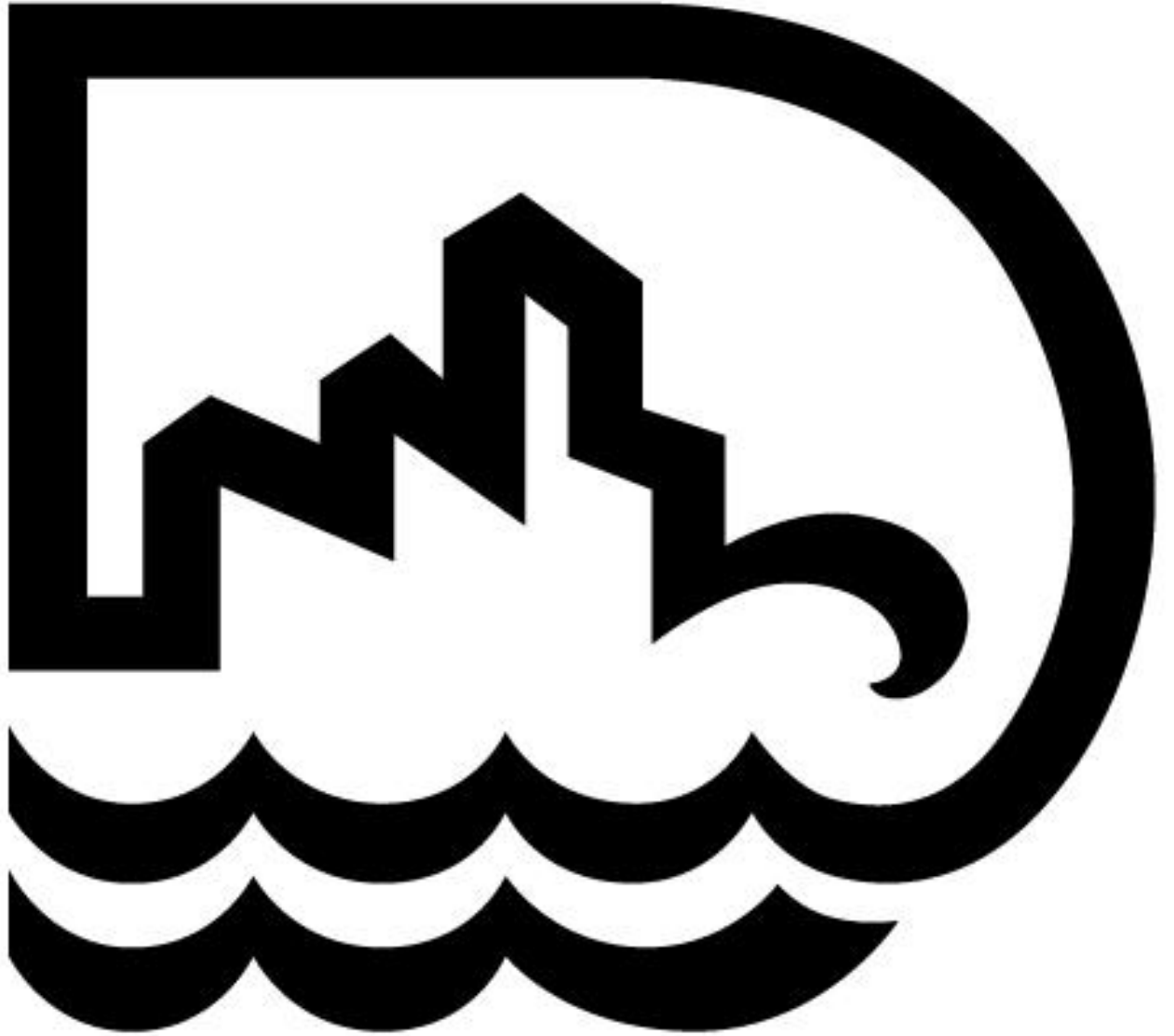
**CITY OF DAVENPORT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2017**

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	\$ 59,407,214	\$ 17,906,273	\$ 8,804,668	\$ -
Special assessments	-	3,953	23,612	-
Licenses and permits	2,408,584	-	-	-
Intergovernmental	4,918,583	-	570,706	11,146,862
Charges for services	3,822,238	75,870	-	-
Use of monies and property	467,377	83,392	124,936	-
Fines and forfeits	1,505,531	-	-	-
Loan repayments	-	-	-	-
Other	421,185	191,414	955,064	289,988
Total Revenues	<u>72,950,712</u>	<u>18,260,902</u>	<u>10,478,986</u>	<u>11,436,850</u>
EXPENDITURES:				
Current:				
Public safety	42,649,466	512,346	-	-
Public works	4,392,200	1,731,243	-	-
Culture and recreation	11,739,607	231,363	-	-
Community and economic development	923,686	312,556	-	-
General government	9,544,076	116,272	2,500	-
Capital outlay	-	-	-	33,983,635
Debt service:				
Principal retirement	-	-	28,701,305	-
Interest	-	-	5,181,311	-
Bond issuance costs	-	-	177,993	166,746
Total Expenditures	<u>69,249,035</u>	<u>2,903,780</u>	<u>34,063,109</u>	<u>34,150,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,701,677</u>	<u>15,357,122</u>	<u>(23,584,123)</u>	<u>(22,713,531)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	14,345,000
Loan proceeds	-	-	-	290,000
Premium on debt issued	-	-	1,335,596	722,450
Sale of capital assets	30,342	-	197,306	-
Transfers in	327,500	-	10,679,276	7,007,125
Transfers out	(3,027,727)	(13,366,013)	(657,291)	(283,380)
Refunding bond issuance	-	-	16,935,000	-
Total net Other Financing Sources (Uses)	<u>(2,669,885)</u>	<u>(13,366,013)</u>	<u>28,489,887</u>	<u>22,081,195</u>
NET CHANGE IN FUND BALANCES	1,031,792	1,991,109	4,905,764	(632,336)
FUND BALANCES -BEGINNING	<u>17,973,418</u>	<u>5,369,868</u>	<u>12,184,187</u>	<u>17,774,609</u>
FUND BALANCES - ENDING	<u>\$ 19,005,210</u>	<u>\$ 7,360,977</u>	<u>\$ 17,089,951</u>	<u>\$ 17,142,273</u>

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 6,818,852	\$ 92,937,007
-	27,565
52,150	2,460,734
21,066,985	37,703,136
182,729	4,080,837
474,375	1,150,080
-	1,505,531
806,461	806,461
953,705	2,811,356
<u>30,355,257</u>	<u>143,482,707</u>
298,327	43,460,139
11,255,090	17,378,533
175,511	12,146,481
9,612,870	10,849,112
85,097	9,747,945
-	33,983,635
7,800,025	36,501,330
1,402,660	6,583,971
544	345,283
<u>30,630,124</u>	<u>170,996,429</u>
<u>(274,867)</u>	<u>(27,513,722)</u>
-	14,345,000
-	290,000
24,934	2,082,980
134,500	362,148
88,156	18,102,057
(2,622,599)	(19,957,010)
200,000	17,135,000
<u>(2,175,009)</u>	<u>32,360,175</u>
(2,449,876)	4,846,453
<u>13,777,783</u>	<u>67,079,865</u>
<u>\$ 11,327,907</u>	<u>\$ 71,926,318</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, 2017**

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

Net change in fund balances: total governmental funds \$ 4,846,453

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	28,772,686
Depreciation	<u>(15,286,180)</u>
	<u>13,486,506</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	125,781
Donations	190,145
Proceeds from sale of capital assets	<u>(362,148)</u>
	<u>(46,222)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (103,966)

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)	(32,312,802)
Loan payable	(290,000)
Repayment of bond principal	36,501,330
Interest on long-term debt	<u>(154,228)</u>
	<u>3,744,300</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	144,421
Other postemployment benefits	(1,325,382)
Pension expense	<u>7,793,959</u>
	<u>6,612,998</u>

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. (179,939)

Change in net position of governmental activities \$ 28,360,130

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

**CITY OF DAVENPORT**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION**

**June 30, 2017**

	<b>BUSINESS-TYPE ACTIVITIES -</b>	
<b>ASSETS</b>	<b>PARKING SYSTEM</b>	<b>SEWER OPERATIONS</b>
Current assets:		
Cash and cash equivalents	\$ 2,947	\$ 1,264,147
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	48,907	6,323,384
Interest	-	22,711
Due from other governments	-	277,713
Inventory	-	-
Prepays	-	1,825
Total current assets	<u>51,854</u>	<u>7,889,780</u>
Noncurrent assets:		
Restricted cash and cash equivalents	-	13,939,850
Restricted investments - held in escrow	-	3,748,471
Capital assets:		
Land	3,647,368	779,435
Buildings	26,615,470	36,569,007
Improvements other than buildings	189,547	389,718
Sanitary sewers	-	133,800,304
Paving	1,140,885	263,372
Equipment and vehicles	872,241	23,838,995
Storm sewers	-	-
Less accumulated depreciation	(12,427,591)	(89,685,618)
Construction in progress	-	20,034,069
Total noncurrent assets	<u>20,037,920</u>	<u>143,677,603</u>
Total assets	<u>20,089,774</u>	<u>151,567,383</u>
<b>DEFERED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	<u>55,166</u>	<u>922,249</u>
<b>LIABILITIES</b>		
LIABILITIES:		
Current liabilities:		
Wages payable	13,268	200,139
Accounts payable	24,526	460,309
Accrued interest payable	10,947	203,333
Compensated absences	21,692	356,550
Claims and judgments	-	-
Interfund loans payable	-	36,662
Unearned revenue	-	-
General obligation bonds - current	861,150	3,745,385
Total	<u>931,583</u>	<u>5,002,378</u>
Current liabilities payable from restricted assets:		
Deposits payable	-	436,302
Note payable - current	-	829,000
Total current liabilities payable from restricted assets	<u>-</u>	<u>1,265,302</u>
Total current liabilities	<u>931,583</u>	<u>6,267,680</u>
Noncurrent liabilities:		
Compensated absences	1,013	16,645
Claims and judgments	-	-
Other postemployment benefits	50,997	825,421
Net pension liability	230,901	3,498,949
Note payable - long term	-	18,968,839
General obligation bonds -long term, net	2,796,850	49,134,039
Total noncurrent liabilities	<u>3,079,761</u>	<u>72,443,893</u>
Total liabilities	<u>4,011,344</u>	<u>78,711,573</u>
<b>DEFERED INFLOWS OF RESOURCES</b>		
Succeeding year property tax	-	-
Deferred amount on refunding	24,237	3,255
Pension related deferred inflows	10,982	170,295
Total deferred inflows of resources	<u>35,219</u>	<u>173,550</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,355,683	67,073,932
Restricted for equipment replacement	-	3,923,153
Unrestricted (deficit)	(257,306)	2,607,424
Total net position	<u>\$ 16,098,377</u>	<u>\$ 73,604,509</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>	
\$ 798,386	\$ 2,426,484	\$ 1,153,405	\$ 5,645,369	\$ 10,707,543	
-	-	47,919	47,919	-	
-	-	3,712,689	3,712,689	-	
184,246	898,067	2,486,011	9,940,615	60,837	
-	6,629	3,765	33,105	32,498	
-	-	-	277,713	-	
31,898	-	219,763	251,661	-	
61,552	1,178	3,108	67,663	361,873	
<u>1,076,082</u>	<u>3,332,358</u>	<u>7,626,660</u>	<u>19,976,734</u>	<u>11,162,751</u>	
-	337,528	301,760	14,579,138	-	
-	357,529	245,801	4,351,801	-	
2,625,230	204,051	5,752,203	13,008,287	-	
30,940,021	-	31,305,005	125,429,503	-	
88,550	316,520	26,391,490	27,375,825	2,843,100	
-	-	-	133,800,304	-	
84,121	-	149,004	1,637,382	-	
616,323	1,153,207	15,156,911	41,637,677	4,893,271	
-	25,597,592	-	25,597,592	-	
(13,310,305)	(14,130,482)	(31,501,580)	(161,055,576)	(3,946,500)	
-	1,359,138	268,138	21,661,345	-	
<u>21,043,940</u>	<u>15,195,083</u>	<u>48,068,732</u>	<u>248,023,278</u>	<u>3,789,871</u>	
<u>22,120,022</u>	<u>18,527,441</u>	<u>55,695,392</u>	<u>268,000,012</u>	<u>14,952,622</u>	
<u>2,297</u>	<u>185,492</u>	<u>1,128,900</u>	<u>2,294,104</u>	<u>309,285</u>	
-	40,220	254,950	508,577	62,766	
120,952	117,482	483,821	1,207,090	355,623	
3,296	7,065	8,422	233,063	-	
-	57,997	308,160	744,399	142,744	
-	-	-	-	4,817,719	
-	25,332	-	61,994	-	
471,106	-	17,884	488,990	-	
60,000	170,000	667,245	5,503,780	-	
<u>655,354</u>	<u>418,096</u>	<u>1,740,482</u>	<u>8,747,893</u>	<u>5,378,852</u>	
-	-	37,209	473,511	-	
270,569	-	200,538	1,300,107	-	
<u>270,569</u>	<u>-</u>	<u>237,747</u>	<u>1,773,618</u>	<u>-</u>	
<u>925,923</u>	<u>418,096</u>	<u>1,978,229</u>	<u>10,521,511</u>	<u>5,378,852</u>	
-	2,707	14,385	34,750	6,664	
-	-	-	-	3,236,098	
4,289	149,871	890,719	1,921,297	266,797	
25,386	699,766	4,010,651	8,465,653	1,121,138	
-	-	1,601,699	20,570,538	-	
1,141,824	2,024,933	1,707,168	56,804,814	-	
<u>1,171,499</u>	<u>2,877,277</u>	<u>8,224,622</u>	<u>87,797,052</u>	<u>4,630,697</u>	
<u>2,097,422</u>	<u>3,295,373</u>	<u>10,202,851</u>	<u>98,318,563</u>	<u>10,009,549</u>	
-	-	3,712,689	3,712,689	-	
-	-	428	27,920	-	
3,084	40,553	257,498	482,412	71,189	
<u>3,084</u>	<u>40,553</u>	<u>3,970,615</u>	<u>4,223,021</u>	<u>71,189</u>	
19,571,547	13,000,150	43,854,445	159,855,757	3,789,871	
-	-	-	3,923,153	-	
450,266	2,376,857	(1,203,619)	3,973,622	1,391,298	
<u>\$ 20,021,813</u>	<u>\$ 15,377,007</u>	<u>\$ 42,650,826</u>	<u>\$ 167,752,532</u>	<u>\$ 5,181,169</u>	



**CITY OF DAVENPORT  
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

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Total enterprise funds net position	\$ 167,752,532
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.	(239,835)
Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds.	<u>1,194,715</u>
Net position of business-type activities	<u><u>\$ 168,707,412</u></u>

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

**CITY OF DAVENPORT**

**PROPRIETARY FUNDS**

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

**For the Fiscal Year Ended June 30, 2017**

	<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	\$ 1,076,377	\$ 20,629,974	\$ 4,009,938
Fines and forfeits	58,568	-	-
Other	388	281,188	200,767
Total Operating Revenues	<u>1,135,333</u>	<u>20,911,162</u>	<u>4,210,705</u>
OPERATING EXPENSES:			
Employee expenses	351,392	6,641,280	-
Supplies and services	625,150	7,132,091	4,800,572
Depreciation	751,804	5,375,751	934,391
Total Operating Expenses	<u>1,728,346</u>	<u>19,149,122</u>	<u>5,734,963</u>
OPERATING INCOME (LOSS)	<u>(593,013)</u>	<u>1,762,040</u>	<u>(1,524,258)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Non-operating grants	-	-	-
Use of monies and property	18,664	129,532	-
Interest expense	(146,096)	(1,153,784)	(73,569)
Gain (loss) on disposition of capital assets	-	3,892	-
Total Non-operating Revenues (Expenses)	<u>(127,432)</u>	<u>(1,020,360)</u>	<u>(73,569)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(720,445)	741,680	(1,597,827)
Capital contributions	496,583	1,975,743	104,522
Transfers in	657,291	17,613	987,387
Transfers out	-	(292,155)	-
Change in net position	<u>433,429</u>	<u>2,442,881</u>	<u>(505,918)</u>
Total net position - beginning	<u>15,664,948</u>	<u>71,161,628</u>	<u>20,527,731</u>
Total net position - ending	<u>\$ 16,098,377</u>	<u>\$ 73,604,509</u>	<u>\$ 20,021,813</u>

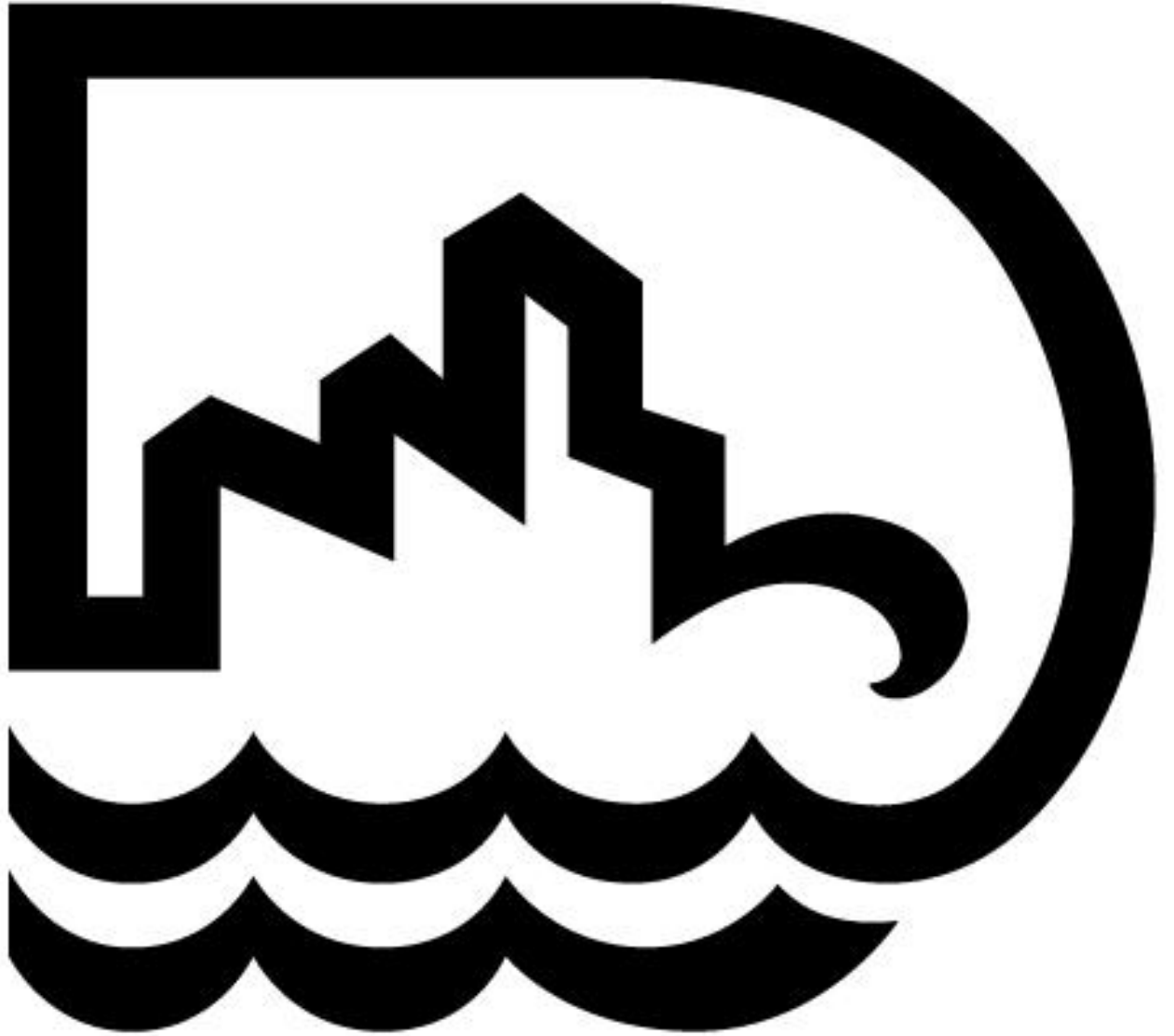
The notes to the financial statements are an integral part of this statement.

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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>
\$ 2,771,610	\$ 8,980,341	\$ 37,468,240	\$ 22,826,992
4,436	-	63,004	-
10,060	138,899	631,302	726,041
<u>2,786,106</u>	<u>9,119,240</u>	<u>38,162,546</u>	<u>23,553,033</u>
1,267,348	7,704,301	15,964,321	2,153,871
547,239	7,402,736	20,507,788	22,288,980
881,494	3,107,271	11,050,711	545,321
<u>2,696,081</u>	<u>18,214,308</u>	<u>47,522,820</u>	<u>24,988,172</u>
<u>90,025</u>	<u>(9,095,068)</u>	<u>(9,360,274)</u>	<u>(1,435,139)</u>
-	3,576,836	3,576,836	-
-	2,609,779	2,609,779	-
19,940	445,498	613,634	67,567
(12,850)	(92,361)	(1,478,660)	-
-	(8,113)	(4,221)	(60,525)
<u>7,090</u>	<u>6,531,639</u>	<u>5,317,368</u>	<u>7,042</u>
97,115	(2,563,429)	(4,042,906)	(1,428,097)
572,724	932,028	4,081,600	716,168
-	235,920	1,898,211	292,155
(17,613)	(25,645)	(335,413)	-
<u>652,226</u>	<u>(1,421,126)</u>	<u>1,601,492</u>	<u>(419,774)</u>
<u>14,724,781</u>	<u>44,071,952</u>	<u>166,151,040</u>	<u>5,600,943</u>
<u>\$ 15,377,007</u>	<u>\$ 42,650,826</u>	<u>\$ 167,752,532</u>	<u>\$ 5,181,169</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, 2017**

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Net change in net position in enterprise funds \$ 1,601,492

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.

(239,835)

Change in net position of business-type activities

\$ 1,361,657

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, 2017**

	<b><u>BUSINESS-TYPE ACTIVITIES -</u></b>	
	<b><u>PARKING SYSTEM</u></b>	<b><u>SEWER OPERATIONS</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from users	\$ 1,301,768	\$ 20,337,385
Cash received from interfund services provided		
Cash paid to suppliers for goods and services	(655,443)	(7,397,313)
Cash paid to employees for services	(328,822)	(6,478,067)
Other operating revenue	388	281,188
Net Cash Provided by (Used for) Operating Activities	<u>317,891</u>	<u>6,743,193</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Proceeds (repayments) to other funds	-	36,662
Grants	-	-
Property tax	-	-
Transfers in	657,291	-
Transfers out	-	(292,155)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>657,291</u>	<u>(255,493)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from general obligation bonds	-	9,460,000
Proceeds from refunding bonds	-	145,000
Proceeds from loan	-	5,242,014
Refunding discount/issue costs and premiums, net	(10,447)	247,420
Proceeds from the sale of capital assets	-	36,591
Acquisition and construction of capital assets	-	(14,466,740)
Principal paid on long-term debt	(835,100)	(4,675,940)
Payments on capital lease	-	(95,914)
Interest paid on long-term debt	(148,385)	(1,126,446)
Deposits-other municipalities	-	(337,957)
Net Cash (Used for) Capital and Related Financing Activities	<u>(993,932)</u>	<u>(5,571,972)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	-	(3,748,471)
Sale of investments	-	156,954
Interest and other investment income	18,750	114,837
Net Cash provided by (used for) Investing Activities	<u>18,750</u>	<u>(3,476,680)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(2,560,952)
CASH AND CASH EQUIVALENTS-BEGINNING	<u>2,947</u>	<u>17,764,949</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 2,947</u>	<u>\$ 15,203,997</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>
\$ 3,756,930	\$ 2,725,698	\$ 8,858,923	\$ 36,980,704	\$ -
(4,881,380)	(519,666)	(7,266,698)	(20,720,500)	22,904,675
-	(1,212,573)	(7,508,126)	(15,527,588)	(20,677,569)
200,767	10,060	138,899	631,302	(2,110,506)
<u>(923,683)</u>	<u>1,003,519</u>	<u>(5,777,002)</u>	<u>1,363,918</u>	<u>726,041</u>
-	25,332	(1,182,223)	(1,120,229)	-
-	-	3,794,989	3,794,989	-
-	-	3,554,096	3,554,096	-
987,387	-	235,920	1,880,598	292,155
-	-	(25,645)	(317,800)	-
<u>987,387</u>	<u>25,332</u>	<u>6,377,137</u>	<u>7,791,654</u>	<u>292,155</u>
-	320,000	450,000	10,230,000	-
-	-	-	145,000	-
-	-	1,985,475	7,227,489	-
(14,146)	21,662	(5,208)	239,281	-
-	-	1,538	38,129	-
-	(1,007,636)	(2,314,355)	(17,788,731)	-
(308,272)	(165,000)	(794,868)	(6,779,180)	-
-	-	-	(95,914)	-
(75,101)	(11,554)	(92,017)	(1,453,503)	-
-	-	797	(337,160)	-
<u>(397,519)</u>	<u>(842,528)</u>	<u>(768,638)</u>	<u>(8,574,589)</u>	<u>-</u>
-	(357,529)	(245,801)	(4,351,801)	-
-	-	-	156,954	-
-	15,381	443,099	592,067	47,282
<u>-</u>	<u>(342,148)</u>	<u>197,298</u>	<u>(3,602,780)</u>	<u>47,282</u>
(333,815)	(155,825)	28,795	(3,021,797)	1,182,078
<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>
<u>\$ 798,386</u>	<u>\$ 2,764,012</u>	<u>\$ 1,455,165</u>	<u>\$ 20,224,507</u>	<u>\$ 10,707,543</u>

**CITY OF DAVENPORT**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
For the Fiscal Year Ended June 30, 2017**

	<b><u>BUSINESS-TYPE ACTIVITIES -</u></b>	
	<b><u>PARKING SYSTEM</u></b>	<b><u>SEWER OPERATIONS</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>		
Operating Income (Loss)	<u>\$ (593,013)</u>	<u>\$ 1,762,040</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	751,804	5,375,751
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	166,823	(460,925)
Decrease in due from other governments	-	168,336
Decrease (increase) in inventory and prepaids	-	(1,465)
Decrease (increase) in pension related deferred outflow	(2,523)	(42,639)
Increase (decrease) in accounts payable	(30,293)	(263,757)
Increase in other accrued liabilities	22,129	155,758
Increase (decrease) in net pension liability	38,976	658,644
Increase in pension related deferred inflows	(36,012)	(608,550)
Increase (decrease) in unearned revenue	-	-
Total Adjustments	<u>910,904</u>	<u>4,981,153</u>
NET CASH PROVIDED BY ( USED FOR) OPERATING ACTIVITIES	<u>\$ 317,891</u>	<u>\$ 6,743,193</u>
<b><u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u></b>		
Acquisition of capital assets through capital contributions	\$ 496,583	\$ 1,975,743
Contribution of capital assets by municipality	(496,583)	(119,353)
Contribution of capital assets by subdividers	-	(420,126)
Contribution of capital assets by state and federal governments	-	-
Contribution of capital assets by other	-	(1,436,264)
Capitalized interest	-	939,426
Transfer of capital assets	-	17,613

**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>
\$ (1,524,258)	\$ 90,025	\$ (9,095,068)	\$ (9,360,274)	\$ (1,435,139)
934,391	881,494	3,107,271	11,050,711	545,321
80,269	(50,348)	(136,917)	(401,098)	77,683
-	-	-	168,336	-
(19,650)	(88)	(5,208)	(26,411)	(34,221)
-	(7,995)	(51,535)	(104,692)	(14,087)
(61,158)	27,661	141,246	(186,301)	1,645,632
-	53,377	187,164	418,428	40,901
-	123,537	796,116	1,617,273	217,633
-	(114,144)	(735,570)	(1,494,276)	(201,082)
<u>(333,277)</u>	<u>-</u>	<u>15,499</u>	<u>(317,778)</u>	<u>-</u>
<u>600,575</u>	<u>913,494</u>	<u>3,318,066</u>	<u>10,724,192</u>	<u>2,277,780</u>
\$ <u>(923,683)</u>	\$ <u>1,003,519</u>	\$ <u>(5,777,002)</u>	\$ <u>1,363,918</u>	\$ <u>842,641</u>
\$ 104,522	\$ 572,724	\$ 932,028	\$ 4,081,600	\$ 716,168
(104,522)	(499,150)	(503,600)	(1,723,208)	(716,168)
-	(73,574)	-	(493,700)	-
-	-	(423,778)	(423,778)	-
-	-	(4,650)	(1,440,914)	-
-	57,672	-	997,098	-
-	(17,613)	-	-	-

**CITY OF DAVENPORT**

**AGENCY FUNDS  
STATEMENT OF ASSETS AND LIABILITIES  
June 30, 2017**

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	<u>AGENCY FUNDS</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 460,599
Interest receivable	1,396
Total assets	<u>\$ 461,995</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 52,392
Due to other governments	409,603
Total liabilities	<u>\$ 461,995</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, 2017**

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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.

##### **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 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.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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**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.

**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:

## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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- (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.

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

## **CITY OF DAVENPORT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)**

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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.

#### **F. Investments**

Investments are reported at fair value, except investments in State and Local Government Securities (SL65), 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 SLGS are reported at cost.

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.

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, 2017 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



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2016.

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, \$.91 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, 2017 was \$16.78 per \$1,000 of assessed valuation.

**I. Loans Receivable**

Loans receivable, net of allowance, consist of \$1,670,453 of financing provided to companies that are beginning operations. The remaining \$12,957,866 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 has recorded an allowances for estimated uncollectible amounts of approximately \$3,050,000 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. Accounts Receivable**

Accounts receivable result primarily from services provided to citizens and are presented net of an allowance for uncollectibles of approximately \$353,000.

**L. 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, 2017: unexpended general obligation bond proceeds and other monies restricted to capital outlay of \$10,016,697 and deposits and equipment replacements of \$3,923,153 in the Sewer Enterprise Fund, \$337,528 of unexpended bond proceeds in the Clean Water Enterprise Fund; \$237,770 of unexpended bond proceeds in the Solid Waste Enterprise Fund; \$26,781 of unexpended bond proceeds in the Public Housing Fund, security deposits of \$37,209 in the Public Housing Fund, and loan escrow payments of \$69,740 in the Community Development Act Special Revenue Fund. In governmental activities, there is also \$21,346,237 of unexpended general obligation proceeds restricted to capital outlay. In addition, \$10,714,704, \$223,456, \$3,748,471, \$357,529 and \$245,801 is held in escrow related to the refunding of bonds in the General Debt Service Fund, Tax Increment Financing Districts Debt Service Fund, Sewer Operations Fund, Clean Water Fund and Airport Fund, respectively.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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**M. 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 \$939,426 in the Sewer Operations Fund, and \$57,672 in the Clean Water Fund.

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

Buildings	40-50 years
Improvements	10-20 years
Equipment and vehicles	3-15 years
Sanitary sewers	40 years
Streets and roads	10-30 years
Storm sewers	30 years
Traffic signals	20-40 years
Bridges	25-50 years
Seawalls	30-50 years
Tunnels	20-40 years

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

**N. Deferred Outflows of Resources**

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflow 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.

**O. 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.

**P. 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, loans 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

## **CITY OF DAVENPORT**

### **NOTES TO FINANCIAL STATEMENTS**

#### **JUNE 30, 2017 (CONTINUED)**

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, the net difference between projected and actual earnings on investments, and the change in proportion and difference between the City's contributions and proportionate share of contributions all related to pensions.

#### **Q. 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, the TIF Increment Financing Debt Service Fund and the General Fund for projects that were built in the Capital Projects Fund, but funded from the other funds. The General Debt Service Fund subsidized the Parking Fund. There was a transfer from the Sewer Fund to the Risk Fund for the monies collected for the Sewer Back Up program. 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."

#### **R. 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.

#### **S. 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 \$10,016,697, \$337,528, \$237,770 and \$26,781 respectively. Unspent debt proceeds for the Capital Projects Fund were \$21,346,237. 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 \$7,342,332 for local option sales tax; \$871,889 for library; \$12,745,079 for debt service; \$1,257,348 for road use tax and \$687,124 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, 2017 (CONTINUED)**

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**T. 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.

**U. 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.

**V. 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.

**W. Inventory**

Consists of consumable supplies and are valued at cost using first-in first-out (FIFO) method.

**X. 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

## **CITY OF DAVENPORT**

### **NOTES TO FINANCIAL STATEMENTS**

#### **JUNE 30, 2017 (CONTINUED)**

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cannot be determined at this time although City management and counsel expect such amounts, if any, to be immaterial.

### **3. DEPOSITS AND INVESTMENTS**

#### **A. Deposits**

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$73,327,079 and the bank balances were \$75,039,416. As of June 30, 2017, 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 U.S. Agency Securities fall within this policy. The City's investments in State and Local Government Securities (SLGS) exceed the 397 day investment period but the maturities match the crossover refundings and are valued at a cost of \$15,289,961.

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 \$1,926,796.

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 SLGS are rated AA+ and the Iowa Public Agency Investment Trust is unrated. See next page for credit ratings for U.S. Agency securities.

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 or other short-term corporate debt, of more than 10 percent of the investment portfolio or perfected repurchase agreements, open-end management investment company or Iowa Public Agency Investment Trust of more than 25 percent of the investment portfolio and more than 5 percent of the investment portfolio with a single issuer. The Policy does not limit obligations of the United States Government, its agencies or instrumentalities. 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.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

**C. Fair value measurements**

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs- other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in markets that are not active; and c) inputs other than quoted prices that are observable for the asset or liability, such as: (1) interest rates and yield curves observable at commonly quoted intervals; (2) implied volatilities and (3) credit spreads. Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

U.S. treasury and agency securities classified in Level 2 of the fair value hierarchy are valued by obtaining market information from various dealers and inter-dealer brokers or using a matrix pricing technique. Matrix pricing is used to value securities based on obtaining relevant trade data and benchmark quotes and spreads.

The City has the following recurring fair value measurement as of June 30, 2017:

	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. Treasury Securities					
U.S. Treasury Bill	\$ -	\$ 995,334	\$ -	\$ 995,334	Not rated
U.S. Treasury Note	-	3,995,017	-	3,995,017	Not rated
U.S. Agency Securities					
FHLMC	-	7,165,789	-	7,165,789	AA+
FHLB	-	3,690,676	-	3,690,676	Not rated
FNMA	-	1,299,675	-	1,299,675	AA+
	<u>\$ -</u>	<u>\$ 17,146,491</u>	<u>\$ -</u>	<u>\$ 17,146,491</u>	

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

Depository Accounts	\$ 73,327,079
Investment at fair value	17,146,491
Investments at amortized cost	<u>17,216,757</u>
	<u>\$ 107,690,327</u>
Cash and investments	\$ 55,944,652
Restricted cash and cash equivalents	35,995,115
Restricted cash and investments- held in escrow	15,289,961
Cash and investments, Agency Funds	<u>460,599</u>
	<u>\$ 107,690,327</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (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 out:	Transfer in:									Total Transfer
	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Parking Fund	RiverCenter Fund	Non-major Enterprise Funds	Risk Mgmt Internal Service Fund	Sewer Fund	
General Fund	\$ -	\$ -	\$ 2,184,838	\$ 10,553	\$ -	\$ 704,007	\$ 128,329	\$ -	\$ -	\$ 3,027,727
Local Option Sales Tax Fund	-	10,679,276	2,538,146	41,000	-	-	107,591	-	-	13,366,013
General Debt Service Fund	-	-	-	-	657,291	-	-	-	-	657,291
Capital Projects Fund	-	-	-	-	-	283,380	-	-	-	283,380
Sewer Fund	-	-	-	-	-	-	-	292,155	-	292,155
Clean Water Fund	-	-	-	-	-	-	-	-	17,613	17,613
Other Non-major Governmental Funds	327,500	-	2,284,141	10,958	-	-	-	-	-	2,622,599
Other Non-major Enterprise Funds	-	-	-	25,645	-	-	-	-	-	25,645
<b>Total transfer</b>	<b>\$ 327,500</b>	<b>\$ 10,679,276</b>	<b>\$ 7,007,125</b>	<b>\$ 88,156</b>	<b>\$ 657,291</b>	<b>\$ 987,387</b>	<b>\$ 235,920</b>	<b>\$ 292,155</b>	<b>\$ 17,613</b>	<b>\$ 20,292,423</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.

**5. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2017, interfund receivables and payables are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Non-major Governmental Funds	\$ 134,045
General Debt Service	Local Option Sales Tax Fund	1,381,946
Capital Projects	Clean Water Fund	25,332
	Sewer Operations Fund	36,662
	General Fund	34,195
	Local Option Sales Tax Fund	201,309
	Non-major Governmental Funds	860
		<u>298,358</u>
		<u>\$ 1,814,349</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, 2017 (CONTINUED)**

**6. Changes in Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30,2017:

	<b>BEGINNING BALANCE 07/1/16</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE 06/30/17</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets, not being depreciated:				
Land	\$ 19,143,313	\$ 38,189	\$ -	\$ 19,181,502
Construction in progress	6,985,759	23,241,378	(5,421,926)	24,805,211
Total capital assets, not being depreciated	<u>26,129,072</u>	<u>23,279,567</u>	<u>(5,421,926)</u>	<u>43,986,713</u>
Capital assets being depreciated				
Buildings	122,492,196	846,422	(544,125)	122,794,493
Improvements other than buildings	30,133,377	1,017,280	-	31,150,657
Equipment and vehicles	43,382,882	2,419,843	(1,642,981)	44,159,744
Bridges	9,461,243	1,339,020	-	10,800,263
Traffic Signals	8,502,673	-	-	8,502,673
Streets and roads	234,035,912	6,198,793	-	240,234,705
Seawalls	2,685,289	-	-	2,685,289
Tunnels	54,326	-	-	54,326
Total capital assets being depreciated	<u>450,747,898</u>	<u>11,821,358</u>	<u>(2,187,106)</u>	<u>460,382,150</u>
Less accumulated depreciation for:				
Buildings	40,048,157	3,091,434	(310,705)	42,828,886
Improvements other than buildings	15,046,648	1,593,422	-	16,640,070
Equipment and vehicles	32,487,125	2,457,025	(1,579,509)	33,364,641
Bridges	3,337,815	292,032	-	3,629,847
Traffic signals	6,414,279	207,455	-	6,621,734
Streets and roads	93,263,182	8,103,095	-	101,366,277
Seawalls	453,368	84,322	-	537,690
Tunnels	26,482	2,716	-	29,198
Total accumulated depreciation	<u>191,077,056</u>	<u>15,831,501</u>	<u>(1,890,214)</u>	<u>205,018,343</u>
Total capital assets being depreciated, net	<u>259,670,842</u>	<u>(4,010,143)</u>	<u>(296,892)</u>	<u>255,363,807</u>
Governmental activities capital assets, net	<u>\$ 285,799,914</u>	<u>\$ 19,269,424</u>	<u>\$ (5,718,818)</u>	<u>\$ 299,350,520</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets, not being depreciated:				
Land	\$ 13,008,287	\$ -	\$ -	\$ 13,008,287
Construction in progress	13,928,415	10,838,101	(3,105,171)	21,661,345
Total capital assets not being depreciated	<u>26,936,702</u>	<u>10,838,101</u>	<u>(3,105,171)</u>	<u>34,669,632</u>
Capital assets, being depreciated:				
Buildings	124,128,976	1,410,013	(109,486)	125,429,503
Improvements other than buildings	26,153,116	1,564,333	(341,624)	27,375,825
Equipment and vehicles	39,418,218	4,023,764	(1,804,305)	41,637,677
Sanitary sewer	127,171,989	6,628,315	-	133,800,304
Storm Sewer	25,069,005	528,587	-	25,597,592
Streets and roads	1,637,382	-	-	1,637,382
Total capital assets being depreciated	<u>343,578,686</u>	<u>14,155,012</u>	<u>(2,255,415)</u>	<u>355,478,283</u>
Less accumulated depreciation for:				
Buildings	57,696,076	3,483,311	(71,600)	61,107,787
Improvements other than buildings	9,631,113	999,019	(341,624)	10,288,508
Equipment and vehicles	26,837,260	2,280,675	(1,782,228)	27,335,707
Sanitary sewer	45,482,451	3,439,656	-	48,922,107
Storm sewer	12,282,471	787,398	-	13,069,869
Streets and roads	270,946	60,652	-	331,598
Total accumulated depreciation	<u>152,200,317</u>	<u>11,050,711</u>	<u>(2,195,452)</u>	<u>161,055,576</u>
Total capital assets,being depreciated, net	<u>191,378,369</u>	<u>3,104,301</u>	<u>(59,963)</u>	<u>194,422,707</u>
Business-type activities capital assets, net	<u>\$ 218,315,071</u>	<u>\$ 13,942,402</u>	<u>\$ (3,165,134)</u>	<u>\$ 229,092,339</u>



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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

Governmental activities:	
General government	\$ 589,001
Community & economic development	33,189
Public works	9,678,815
Public safety	1,846,964
Culture & recreation	3,138,211
Internal service assets are charged to the various functions based on their usage of the assets	<u>545,321</u>
Total depreciation expense-governmental activities	<u>\$15,831,501</u>
Business-type activities:	
Parking systems	\$ 751,804
Sewer operations	5,375,751
RiverCenter	934,391
Public transit	446,926
Public housing	334,881
Golf courses	159,856
Airport	692,218
Solid Waste	836,780
Clean Water Utility	881,494
Rivers Edge	116,209
Transload	<u>520,401</u>
Total depreciation expense-business-type activities	<u>\$11,050,711</u>

The City has active construction projects as of June 30, 2017. 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	\$ 18,584,441	\$ 5,012,286
Sanitary Sewer/WPCP	12,204,695	2,750,306
Parks	175,299	28,417
Public Buildings	<u>195,798</u>	<u>73,162</u>
Total	<u>\$ 31,160,233</u>	<u>\$ 7,864,171</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, 2017.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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**7. EMPLOYEE RETIREMENT SYSTEMS**

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by a nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI. Below is a summary of amounts reported by the City as of and for the year ended June 30, 2017:

	IPERS	MFPRSI	Total
Deferred Outflow of Resources	\$ 7,161,714	\$ 18,436,657	\$ 25,598,371
Deferred Inflow of Resources	(1,405,137)	(1,182,757)	(2,587,894)
Net Pension Liability	(26,435,481)	(50,729,727)	(77,165,208)
Pension Expense	68,851	(7,842,041)	(7,773,190)

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.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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

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

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

In fiscal year 2017, 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, 2017 were \$2,758,533.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$26,435,481 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's collective proportion was 0.4200566 percent which was a decrease of 0.017768 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$68,851. At June 30, 2017, 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	\$ 233,637	\$ (315,495)
Change of assumptions	403,323	-
Net difference between projected and actual earnings on pension plan investments	3,766,221	-
Changes in proportion and differences between City contributions subsequent to the measurement date	-	(1,089,642)
Total deferred amounts to be recognized in pension expense in future periods	4,403,181	(1,405,137)
City contributions subsequent to the measurement date	2,758,533	-
Total	<u>\$ 7,161,714</u>	<u>\$ (1,405,137)</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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\$2,758,533 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, 2018. The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The other deferred inflows and outflows will be recognized in pension expense using the average expected remaining service lives of all IPERS members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Total</u>
2018	\$ 186,965
2019	186,965
2020	1,724,100
2021	959,721
2022	(59,707)
	<u>\$ 2,998,044</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2016)	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, 2016 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 Generational Mortality Tables 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>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. Tips	5	1.36
Other real assets	2	6.42
Cash	1	-0.26
Total	<u>100%</u>	

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (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:	\$ 42,769,005	\$ 26,435,481	\$ 12,649,744

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, 2017, 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, 2017 (CONTINUED)

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, 2017.

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 25.92% for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 was \$5,746,552.

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, 2017.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions  
At June 30, 2017, the City reported a liability of \$50,729,727 for its proportionate share of the net pension

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (CONTINUED)**

liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 8.113369% which was a increase of .017316% from its proportions measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$(7,842,041). At June 30, 2017, 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	\$ 1,309,269	\$ (47,047)
Change of assumptions	2,141,837	(694,860)
Net difference between projected and actual earnings on pension plan investments	8,970,191	-
Changes in proportion and differences between City contributions subsequent to the measurement date	<u>268,808</u>	<u>(440,850)</u>
Total deferred amounts to be recognized in pension expense in future periods	12,690,105	(1,182,757)
City contributions subsequent to the measurement date	<u>5,746,552</u>	<u>-</u>
Total	<u>\$ 18,436,657</u>	<u>\$ (1,182,757)</u>

\$5,746,552 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, 2018. The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The other deferred inflows and outflows will be recognized in pension expense using the average expected remaining service lives of all IPERS members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Total</u>
2018	\$ 1,773,985
2019	1,773,985
2020	5,019,832
2021	2,951,219
2022	<u>(11,673)</u>
	<u>\$ 11,507,348</u>

Actuarial Assumptions The total pension liability in the June 30, 2016, 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 15.00 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, 2017 (CONTINUED)**

The actuarial assumptions used in the June 30, 2016 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 on RP 2000 Blue Collar Combined Healthy table with males set-back two years, females set-forward one year and disableds set-forward one year (male only rates), with no projection of future mortality improvement.

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 of return (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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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>
Large Cap		6.0%
Small Cap		5.8%
International Large Cap		7.0%
Core Plus Fixed Income		3.8%
Emerging Markets		8.8%
Emerging Market Debt		6.5%
Treasury Inflation Protected Securities		2.8%
Master Limited Partnerships		8.5%
<b>Core Investments</b>	40.0%	
<b>Private Equity</b>	15.0%	9.8%
Private Core Real Estate		6.8%
Private Non-Core Real Estate		9.3%
<b>Real Estate</b>	10.0%	
<b>Tactical Asset Allocation</b>	35.0%	6.0%
	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that 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:	\$ 79,618,035	\$ 50,729,727	\$ 26,672,285

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, 2017 (CONTINUED)**

Payables to the Pension Plan - At June 30, 2017, the City of Davenport had no payables to the defined benefit pension plan.

**C. 457 Deferred Compensation Contributions**

The City offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code*, Section 457. The Section 457 plan, named the City of Davenport Section 457B Deferred Compensation Plan and Trust, is available to all City full time employees and permits them to defer a portion of their salary until future years. Employees are vested immediately and the deferred compensation is available to employees at termination, retirement, death, unforeseeable emergency or attainment of age 70 1/2.

In accordance with federal legislation (the Small Business and Wage Protection Act of 1996), the City has established trust arrangements for all of the assets in the plan, to ensure those assets are protected and used exclusively for plan participants and beneficiaries. As a result of these arrangements, the deferred compensation plan is not reported in the City's financial statements.

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 match rates are established through contract negotiations and the budget. The City's contributions for the years ended June 30, 2017, 2016 and 2015 were \$2,248,213, \$2,058,035, and \$1,953,660 respectively.

**8. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities, including premiums, for the year ended June 30, 2017 (numbers shown in thousands):

**Bonds Payable:**

General Obligation Bonds	\$ 164,739	\$ 31,480	\$ (36,476)	\$ 159,743	\$ 16,781
Premium on issuance	8,085	2,083	(1,500)	8,668	-
Special Assessment Debt	1,114	-	(26)	1,088	-
Total Bonds Payable	173,938	33,563	(38,002)	169,499	16,781
Compensated Absences	4,302	5,139	(5,295)	4,146	3,961
Other post employment benefits payable	7,372	1,375	-	8,747	-
Net pension liability	61,789	6,910	-	68,699	-
Notes Payable	311	290	(31)	570	121
	<u>\$ 247,712</u>	<u>\$ 47,277</u>	<u>\$ (43,328)</u>	<u>\$ 251,661</u>	<u>\$ 20,863</u>

**Business-type Activities:**

**Bonds Payable:**

General Obligation Bonds	\$ 54,097	\$ 10,375	\$ (5,523)	\$ 58,949	\$ 5,504
Premium on issuance	3,100	799	(539)	3,360	-
Total Bonds Payable	57,197	11,174	(6,062)	62,309	5,504
Compensated Absences	727	1,403	(1,351)	779	744
Other post employment benefits payable	1,624	297	-	1,921	-
Net pension liability	6,848	1,618	-	8,466	-
Capital lease	96	-	(96)	-	-
Notes Payable	15,899	7,228	(1,256)	21,871	1,300
	<u>\$ 82,391</u>	<u>\$ 21,720</u>	<u>\$ (8,765)</u>	<u>\$ 95,346</u>	<u>\$ 7,548</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end \$149,408 of internal service funds compensated absences, \$266,797 of other post-employment benefits, and \$1,121,138 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 compensated absences and other post-employment benefits.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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General obligation bonds payable at June 30, 2017, is comprised of the following individual issues:

		Outstanding Balance June 30, 2017 (in thousands of dollars)
<b>A.</b>	Matured bonds not presented for payment.	\$ 20
<b>B.</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).	9,410
<b>C.</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).	2,760
<b>D.</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).	1,625
<b>E.</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).	16,620
<b>F.</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).	18,710
<b>G.</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).	1,855

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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<b>H.</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).	3,300
<b>I.</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).	12,730
<b>J.</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).	14,515
<b>K.</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).	18,815
<b>L.</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).	8,110
<b>M.</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).	15,375
<b>N.</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).	40,985

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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<b>O.</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).	5,954
<b>P.</b>	\$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
<b>Q.</b>	\$20,825,000 2017A General Obligation Streets, Sewers, Buildings, Parks, Solid Waste, Tax Increment Financing, and Equipment serial bonds due in annual installments of \$1,060,000 to \$1,640,000 through June 1, 2032; interest at 3.125 to 5.0 percent (\$6,250,000, \$230,000, \$1,135,000 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).	20,825
<b>R.</b>	\$7,345,000 2017B General Obligation Refunding of \$7,380,000 of 2009C General Obligation Communication Building bonds maturing June 1, 2018 through 2029 due in annual installments of \$455,000 to \$760,000; interest at 2.0 to 3.0 percent.	7,345
<b>S.</b>	\$13,685,000 2017C General Obligation Crossover Refunding of \$14,705,000 of 2010 D General Obligation Bonds maturing June 1, 2019 through 2025 due in annual installments of \$1,795,000 to \$2,175,000; interest at 2.0 to 5.0 percent (\$3,355,000, \$320,000, \$220,000 and \$200,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund, Clean Water Enterprise Fund, Airport Enterprise Fund and Tax Increment Financing Districts Debt Service Fund, respectively).	13,685
	Total general obligation bonds and special assessment debt	219,780
	General obligation bonds serviced by Enterprise Funds	(58,949)
	General obligation bonds and special assessment debt reported in Governmental Activities	<hr/> <u>\$160,831</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (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 \$58,948,675. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,087,889. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$279,550. 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, 2017, the statutory limit for the City was \$323,975,819 providing a debt margin of \$102,026,314.

The City has entered into an agreement (note payable) 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, 2016, the City had 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>
2018	\$ 244,000	\$ 260,610
2019	252,000	253,290
2020	261,000	245,730
2021	269,000	237,900
2022	278,000	229,830
2023-2027	1,531,000	1,018,530
2028-2032	1,798,000	773,370
2033-2037	2,108,000	485,670
2038-2041	1,946,000	148,290
	<u>\$ 8,687,000</u>	<u>\$ 3,653,220</u>

The City has entered into a second agreement (note payable) 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, 2017 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.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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The note is expected to be paid as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 269,000	\$ 37,170
2019	272,000	35,153
2020	274,000	33,113
2021	277,000	31,058
2022	280,000	28,980
2023-2027	1,442,000	112,972
2028-2032	1,515,000	57,825
2033-2036	627,000	7,065
	<u>\$ 4,956,000</u>	<u>\$ 343,336</u>

The City has entered into a third agreement (note payable) 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, 2017, the City had drawn \$6,464,839 of which \$310,000 in principal payments have been made resulting in a note payable balance of \$6,154,839 as of June 30, 2017. 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 the City is required to follow the amortization schedule provided below:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 316,000	\$ 121,029
2019	323,000	120,960
2020	329,000	115,308
2021	336,000	109,550
2022	343,000	103,670
2023-2027	1,818,000	425,985
2028-2032	2,008,000	260,365
2033-2036	1,755,000	77,543
	<u>\$ 7,228,000</u>	<u>\$ 1,334,410</u>

The City has a note payable with Quad City Bank & Trust (QCBT) for \$528,841. The final payment of principal and interest of \$270,569 and \$12,811, respectively is due in July 2017.

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 was reworked due to a change in the completion date of the project and terms of the loan. The City made the first payment in June 2017, below is the debt schedule.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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The payment schedule is:

<u>Year ending June 30</u>	<u>Principal</u>
2018	\$ 31,079
2019	31,079
2020	31,079
2021	31,079
2022	31,079
2023-2026	124,315
	<u>\$ 279,712</u>

The City was awarded \$37,100 from the Iowa Department of Natural Resources, Solid Waste Alternatives Program (SWAP) for single-stream recycling outreach programs (note payable). The award includes a \$20,000 forgivable loan and a \$17,100 zero-interest loan. The City has entered an agreement with the Scott County Solid Waste Commission (SCWC) as the single stream recycling is a community effort. The first payment was due in October 2016 and the final payment is due in July 2019. When all payments have been made and the project is closed, the forgivable loan portion will be forgiven. The loan is expected to be repaid as follows:

<u>Year ending June 30</u>	<u>Principal</u>
2018	\$ 5,700
2019	5,700
2020	1,425
	<u>\$ 12,825</u>

The City has entered an agreement with the Scott County Solid Waste Commission (SCWC) to implement single stream recycling within Scott County. The SCWC entered into a written agreement with the Closed Loop Fund, LP to purchase recycling carts at zero percent interest over a 10 year period. The City took possession of 71.7% of the carts and the associated debt. The City is responsible for 120 monthly payments of \$16,282. The City has agreed to forgo all profits generated by the sale of recyclables delivered to the SCWS until the loan is paid in full. The City's share of the sale of recyclables reduce the monthly payment of the City. The loan is expected to be paid as follows:

<u>Year ending June 30</u>	<u>Principal</u>
2018	\$ 194,838
2019	194,838
2020	194,838
2021	194,838
2022	194,838
2023-2027	795,222
	<u>\$ 1,769,412</u>

The City entered into a financing agreement for \$290,000 to purchase lighting for Modern Woodmen Ballpark. The agreement calls for annual principal payment commencing July 1, 2017 at 0 percent interest. The loan is expected to be paid back as follows:

<u>Year ending June 30</u>	<u>Principal</u>
2018	\$ 90,000
2019	85,000
2020	115,000
	<u>\$ 290,000</u>



**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

The annual requirements including interest (in thousands of dollars), to service bonds payable are as follows:

Year Ending June 30	Governmental Activities General Obligation Bonds and Special Assessments		Business-type Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 16,761	\$ 6,110	\$ 5,504	\$ 2,303
2019	17,266	5,251	6,024	2,022
2020	16,334	4,544	5,851	1,766
2021	15,440	3,867	5,865	1,519
2022	13,955	3,225	4,990	1,272
2023-2027	53,775	8,996	22,110	3,439
2028-2032	27,280	2,125	8,605	633
	<u>160,811</u>	<u>34,118</u>	<u>58,949</u>	<u>12,954</u>
Matured	20	2	-	-
Totals	<u>\$ 160,831</u>	<u>\$ 34,120</u>	<u>\$ 58,949</u>	<u>\$ 12,954</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. In FY 2017 The Lutheran Home for the Aged Association utilized the City of Davenport as its conduit in issuance and sale of \$2,800,000 Health Care Facility Revenue Bonds, Series 2016. 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.

**9. 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 \$12,000,000 for 2017. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims lag report provided by the third party administrator. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year. Based on experience, the claims payable balance of \$1,168,503 as of June 30, 2017 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 2017. Coverage from private insurers is maintained for losses in excess of the individual stop loss amounts. All claims handling procedures are performed by the risk management division of the finance department. A private attorney specializing in workers' compensation law is retained to defend workers' compensation claims filed with the state Workers' Compensation Commissioner by claimants. Incurred but not reported claims have been accrued as a liability based upon an independent actuarial study. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year. Based on experience, \$3,649,216 of the claims payable as of June 30, 2017 is considered current and due within one year.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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Changes in reported liabilities for the fiscal years ended June 30, 2016 and 2017 are summarized as follows:

	Employee Insurance Fund	Risk Management Fund	Total
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	(15,220,744)	(2,623,821)	(17,844,565)
Liabilities at June 30, 2016	1,124,748	5,250,057	6,374,805
Claims and changes in estimates during fiscal year 2017	13,928,078	3,896,584	17,824,662
Claim payments	(13,884,323)	(2,261,327)	(16,145,650)
Liabilities at June 30, 2017	\$ 1,168,503	\$ 6,885,314	\$ 8,053,817

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

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

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

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

The required contribution is based on projected pay-as-you-go financing. The source of payment is the fund that pays the benefits for the current employees; either the General Fund or a proprietary fund. Retirees receiving benefits contributed \$947,550 through their required contribution of \$908.58 per month for single health coverage, \$1,451.92 per month for single plus one health coverage and \$2,029.25 per month for family health coverage.

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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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Annual required contribution	\$1,644,767
Interest on net OPEB obligation	327,736
Adjustment to annual required contribution	<u>(299,849)</u>
Annual OPEB cost (expense)	1,672,654
Contributions made	<u>0</u>
Increase (decrease) in net OPEB obligation	1,672,654
Net OPEB obligation - July 1, 2016	<u>8,995,496</u>
Net OPEB obligation - June 30, 2017	<u>\$10,668,150</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 2015 thru 2017 are presented in the following table:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2015	\$ 1,630,819	0%	\$ 7,283,020
06/30/2016	\$ 1,712,476	0%	\$ 8,995,496
06/30/2017	\$1,672,654	0%	\$10,668,150

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)	48,219,997
UAAL as a percentage of covered payroll	34.56%

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

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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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.

**11. 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, 2017 and classified fund balances into the following five categories:

Nondisposable – 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, 2017 (CONTINUED)**

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**12. TAX ABATEMENT DISCLOSURE**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**City Tax Abatements**

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated approximately \$1,469,000 of property tax under the urban renewal and economic development projects.

The City has entered into an Economic Development agreement on October 22, 2008 with a local hotel and the agreement was approved by City Council on the same day. Under the agreement the City agreed to refund a portion of its share of the hotel/motel tax collected by the hotel's owner. The hotel/motel tax abatement shall be for Hotel Taxes collected starting with the substantial completion of the Economic Development Project.

For the year ended June 30, 2017, the City abated approximately \$328,000 of hotel/motel taxes under the Economic Development agreement.

The City provides sales tax abatements for urban renewal projects as provided for in Chapter 423B of the Code of Iowa. To support economic development the City agreed to rebate a percentage of the 1% sales tax generated by new retail business established in the City. This incentive is consistent with the City's sales tax rebate ordinance adopted June 22, 2011. The amount rebated each year will be dependent upon the actual sales generated by qualified businesses. The obligations of the City under this Agreement are conditioned upon the faithful performance by the Company of all the terms and conditions of the agreement.

For the year ended June 30, 2017, the City abated approximately of \$118,000 in local options sales tax.

The City was not subject to any tax abatement agreements entered into by other governmental entities.

**13. SUBSEQUENT EVENTS**

On April 26, 2017 the sale of not-to-exceed \$25,320,000 Series 2018 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 2018.

**14. RECENTLY ISSUED PRONOUNCEMENTS**

The Governmental Accounting Standard Board (GASB) has issued five 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:

## CITY OF DAVENPORT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 (CONTINUED)

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GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2016, 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. 83, *Certain Asset Retirement Obligations*, issued December 2017, 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 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.

GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, will be effective for the City beginning with its fiscal year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its fiscal year ending June 30, 2018. Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 (CONTINUED)**

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GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its fiscal year ending June 30, 2018. Statement No. 86 is designed to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also requires the inclusion of any remaining prepaid insurance related to extinguished debt in the net carrying amount of the debt when calculating the difference between the reacquisition price and the net carrying amount of the debt for debt that is extinguished through a legal extinguishment or an in-substance defeasance. This Statement also improves notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.





**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, 2017**

	<u>GOVERNMENTAL FUNDS ACTUAL</u>	<u>PROPRIETARY FUNDS ACTUAL</u>	<u>TOTAL ACTUAL</u>
REVENUES:			
Taxes	\$ 92,937,007	\$ 3,576,836	\$ 96,513,843
Special assessments	27,565	-	27,565
Licenses and permits	2,460,734	-	2,460,734
Intergovernmental	37,703,136	2,609,779	40,312,915
Charges for services	4,080,837	60,295,232	64,376,069
Use of monies and property	1,150,080	681,201	1,831,281
Fines and forfeits	1,505,531	63,004	1,568,535
Loan repayments	806,461	-	806,461
Other	2,811,356	1,357,343	4,168,699
Total Revenues	<u>143,482,707</u>	<u>68,583,395</u>	<u>212,066,102</u>
EXPENDITURES:			
Current:			
Public safety	43,460,139	-	43,460,139
Public works	17,378,533	-	17,378,533
Culture and recreation	12,146,481	-	12,146,481
Community and economic development	10,849,112	-	10,849,112
General government	9,747,945	-	9,747,945
Capital outlay	33,983,635	-	33,983,635
Debt service:			
Principal retirement	36,501,330	-	36,501,330
Interest	6,583,971	-	6,583,971
Bond issuance costs	345,283	-	345,283
Business type activities	-	62,393,620	62,393,620
	<u>170,996,429</u>	<u>62,393,620</u>	<u>233,390,049</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(27,513,722)</u>	<u>6,189,775</u>	<u>(21,323,947)</u>
OTHER FINANCING SOURCES (USES), NET	<u>32,360,175</u>	<u>1,854,953</u>	<u>34,215,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	4,846,453	8,044,728	12,891,181
BALANCES BEGINNING OF YEAR,	<u>67,079,865</u>	<u>62,940,590</u>	<u>130,020,455</u>
BALANCES END OF YEAR	<u>\$ 71,926,318</u>	<u>\$ 70,985,318</u>	<u>\$ 142,911,636</u>

See note to Required Supplementary Information

<u>BUDGETED AMOUNTS</u>			
<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL TO ACTUAL VARIANCE</u>
\$ 94,801,076	\$ 95,032,139	\$ 1,481,704	
32,500	32,500	(4,935)	
1,645,800	1,642,200	818,534	
30,660,736	61,000,371	(20,687,456)	
61,691,683	65,179,714	(803,645)	
1,240,710	1,243,710	587,571	
1,646,258	1,646,258	(77,723)	
957,084	957,084	(150,623)	
2,815,095	14,182,407	(10,013,708)	
<u>195,490,942</u>	<u>240,916,383</u>	<u>(28,850,281)</u>	
43,307,224	45,105,186	1,645,047	
18,887,949	19,596,393	2,217,860	
11,989,669	13,070,852	924,371	
11,762,665	15,489,297	4,640,185	
10,649,635	10,143,270	395,325	
38,649,000	75,634,105	41,650,470	
-	-	-	
19,760,000	36,501,330	-	
2,763,435	6,615,050	31,079	
-	345,283	-	
64,804,082	71,168,269	8,774,649	
<u>222,573,659</u>	<u>293,669,035</u>	<u>60,278,986</u>	
<u>(27,082,717)</u>	<u>(52,752,652)</u>	<u>31,428,705</u>	
<u>26,568,500</u>	<u>39,119,000</u>	<u>(4,903,872)</u>	
(514,217)	(13,633,652)	26,524,833	
<u>85,774,829</u>	<u>118,861,453</u>	<u>11,159,002</u>	
<u>\$ 85,260,612</u>	<u>\$ 105,227,801</u>	<u>\$ 37,683,835</u>	

**CITY OF DAVENPORT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING  
JUNE 30, 2017**

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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 \$71,095,376. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 212,066,102	-	\$ 212,066,102
Expenditures/expenses	<u>233,390,048</u>	<u>11,596,032</u>	<u>244,986,080</u>
Net	(21,323,946)	(11,596,032)	(32,919,978)
Other financing sources, net	34,215,128	4,733,021	38,948,149
Beginning fund balance/ net position	<u>129,570,455</u>	<u>109,261,393</u>	<u>238,831,848</u>
Ending fund balance/ net position	\$ <u><u>142,461,637</u></u>	<u><u>102,398,382</u></u>	<u><u>244,860,019</u></u>

**CITY OF DAVENPORT**

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

**Required Supplementary Information**

**For the Fiscal Year Ended June 30, 2017**

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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)
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%
2017	7/1/2015	-	16,664,753	16,664,753	-	48,219,997	34.56%

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, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 2,759	\$ 2,706	\$ 2,679	\$ 2,667
Contributions in relation to the statutorily required contributions	(2,759)	(2,706)	(2,679)	(2,667)
Contribution deficiency (excess)		-	-	-
City's covered-employee payroll	30,891	\$ 30,307	\$ 29,996	\$ 29,880
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%

See note to Required Supplementary Information - IPERS pension liability

	2013	2012	2011	2010	2009	2008
\$	2,568	\$ 2,514	\$ 2,114	\$ 1,954	\$ 1,789	\$ 1,664
	(2,568)	(2,514)	(2,114)	(1,954)	(1,789)	(1,664)
	-	-	-	-	-	-
\$	29,619	\$ 31,152	\$ 30,396	\$ 29,383	\$ 28,173	\$ 27,504
	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

**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, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability (asset)	0.42005666%	0.437825%	0.456666%
City's proportionate share of the net pension liability	\$ 26,435	\$ 21,631	\$ 18,111.00
City's covered-employee payroll	\$ 30,307	\$ 29,996	\$ 29,880.00
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.58%	72.11%	60.61%
Plan fiduciary net position as a percentage of the total pension liability	81.82%	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, 2017**

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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, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	5,747	\$ 6,090	\$ 6,445	\$ 6,292
Contributions in relation to the statutorily required contributions	(5,747)	(6,090)	(6,445)	(6,292)
Contribution deficiency (excess)		-	-	-
City's covered-employee payroll	22,170	\$ 21,930	\$ 21,194	\$ 20,891
Contributions as a percentage of covered-employee payroll	25.92%	27.77%	30.41%	30.12%

See note to Required Supplementary Information - MFPRSI pension liability.

2013	2012	2011	2010	2009	2008
\$ 5,330	\$ 5,320	\$ 4,023	\$ 3,816	\$ 3,543	\$ 4,595
(5,330)	(5,320)	(4,023)	(3,816)	(3,543)	(4,595)
-	-	-	-	-	-
\$ 20,406	\$ 21,486	\$ 20,216	\$ 22,447	\$ 18,898	\$ 18,034
26.12%	24.76%	19.90%	17.00%	18.75%	25.48%

**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, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability	8.1133690%	8.0960530%	8.2312780%
City's proportionate share of the net pension liability	\$ 50,730	\$ 47,007	\$ 38,534
City's covered-employee payroll	\$ 21,930	\$ 21,194	\$ 20,891
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	231.33%	221.79%	184.45%
Plan fiduciary net position as a percentage of the total pension liability	78.20%	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, 2017**

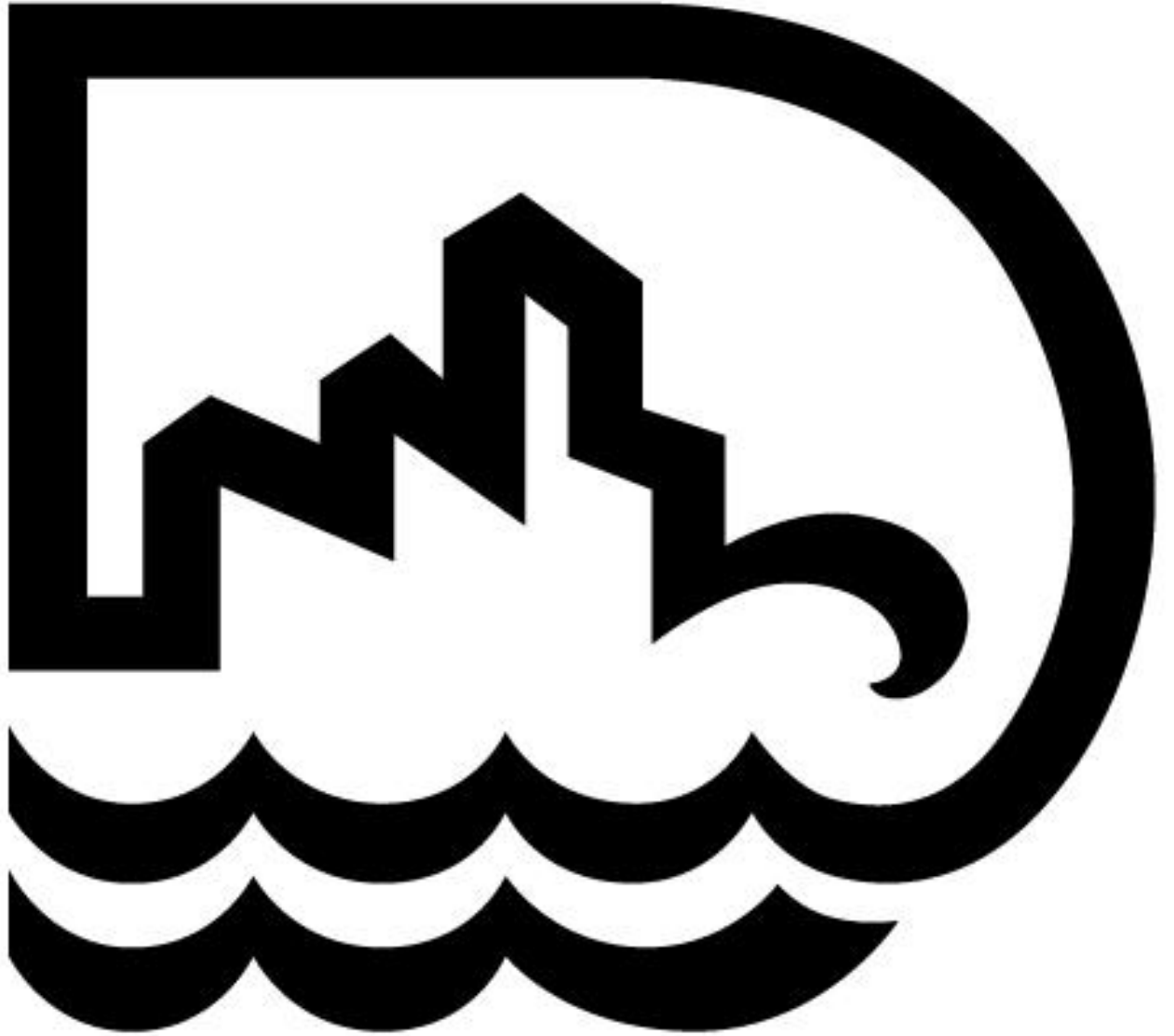
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**Changes of benefit terms:**

There were no significant changes to the benefit terms.

**Changes of assumptions:**

Mortality rates were based on RP 2000 Blue Collar Combined Healthy table with males set-back two years, females set-forward one year and disableds set-forward one year (male only rates), with no projection of future mortality improvement.



## **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.

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

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, 2017**

<b>ASSETS</b>	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	RIVERFRONT IMPROVEMENT FUND	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ 759,003	\$ -	\$ 166,598	\$ 31,897	\$ 947,736
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	4,858
Succeeding year	-	-	-	-	717,441
Other Taxes	-	-	-	-	-
Accounts	186,759	-	10,475	10,813	-
Loans	-	2,881,700	-	-	-
Interest	-	-	818	100	2,549
Due from other governments	1,291,497	73,520	-	-	-
Prepays	-	990	7,073	-	-
Restricted assets-cash and investments	-	69,740	-	-	-
Restricted investments held in escrow	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,237,259</b>	<b>\$ 3,025,950</b>	<b>\$ 184,964</b>	<b>\$ 42,810</b>	<b>\$ 1,672,584</b>
<b>LIABILITIES</b>					
Wages payable	210,509	16,356	12,691	3,374	-
Accounts payable	768,542	20,054	7,309	15,863	266,350
Payable from restricted assets	-	69,740	-	-	-
Interfund loans payable	860	10,827	-	-	-
Unearned revenue	-	-	-	5,425	-
<b>TOTAL LIABILITIES</b>	<b>979,911</b>	<b>116,977</b>	<b>20,000</b>	<b>24,662</b>	<b>266,350</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Succeeding year property tax	-	-	-	-	717,441
Unavailable revenue	-	2,881,700	-	-	1,669
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>2,881,700</b>	<b>-</b>	<b>-</b>	<b>719,110</b>
<b>FUND BALANCES</b>					
Nonspendable fund balance	\$ -	\$ 990	7,073	\$ -	\$ -
Restricted fund balance	1,257,348	26,283	157,891	-	687,124
Committed fund balance	-	-	-	18,148	-
Unassigned fund balance	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,257,348</b>	<b>27,273</b>	<b>164,964</b>	<b>18,148</b>	<b>687,124</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
	<b>\$ 2,237,259</b>	<b>\$ 3,025,950</b>	<b>\$ 184,964</b>	<b>\$ 42,810</b>	<b>\$ 1,672,584</b>

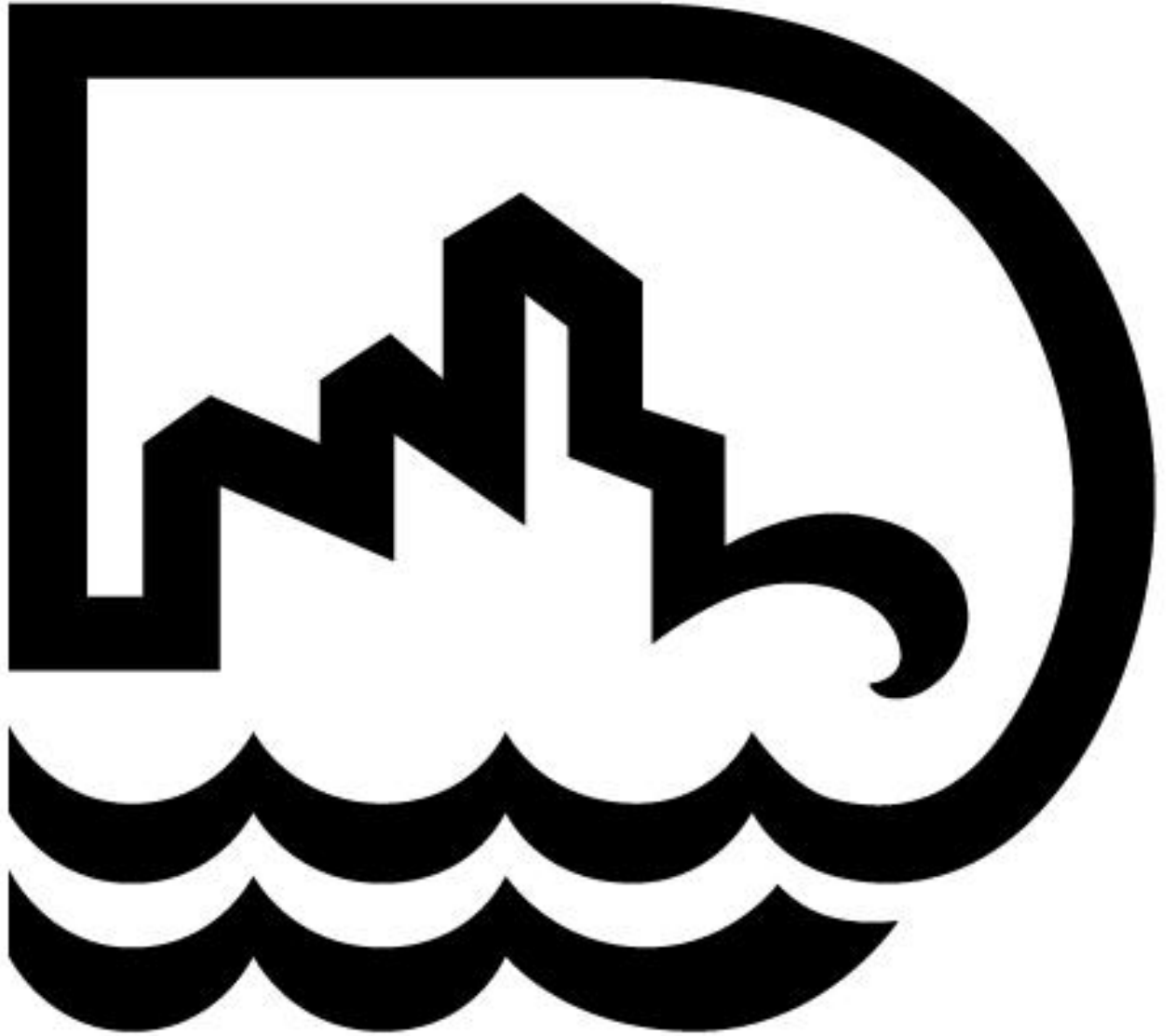
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 1,237,808	\$ 292,988	\$ 26,140	\$ 137,662	\$ 6,689,979	\$ 10,289,811
-	-	-	-	27,290	32,148
-	-	-	-	6,874,465	7,591,906
-	-	-	-	15,754	15,754
-	-	-	-	1,922	209,969
1,250,421	8,575,824	249,921	-	407,780	13,365,646
3,621	-	-	-	14,202	21,290
-	57,864	273,080	-	-	1,695,961
-	-	-	-	-	8,063
-	-	-	-	-	69,740
-	-	-	-	223,456	223,456
<u>\$ 2,491,850</u>	<u>\$ 8,926,676</u>	<u>\$ 549,141</u>	<u>\$ 137,662</u>	<u>\$ 14,254,848</u>	<u>\$ 33,523,744</u>
-	2,714	12,568	3,655	-	261,867
197	981	361	3,664	53,792	1,137,113
-	-	-	-	-	69,740
-	-	123,218	-	-	134,905
1,250,421	8,575,824	261,590	-	-	10,093,260
<u>1,250,618</u>	<u>8,579,519</u>	<u>397,737</u>	<u>7,319</u>	<u>53,792</u>	<u>11,696,885</u>
-	-	-	-	6,874,465	7,591,906
-	-	17,070	-	6,607	2,907,046
-	-	<u>17,070</u>	-	<u>6,881,072</u>	<u>10,498,952</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,063
-	347,157	134,334	130,343	7,319,984	10,060,464
1,241,232	-	-	-	-	1,259,380
-	-	-	-	-	-
<u>1,241,232</u>	<u>347,157</u>	<u>134,334</u>	<u>130,343</u>	<u>7,319,984</u>	<u>11,327,907</u>
<u>\$ 2,491,850</u>	<u>\$ 8,926,676</u>	<u>\$ 549,141</u>	<u>\$ 137,662</u>	<u>\$ 14,254,848</u>	<u>\$ 33,523,744</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, 2017**

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	RIVERFRONT IMPROVEMENT FUND	MUNICIPAL IMPROVEMENT DISTRICTS
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,184,598
Licenses and permits	52,150	-	-	-	-
Intergovernmental	12,739,031	945,908	3,427,051	-	123,357
Use of monies and property	-	49,931	1,700	218,147	5,300
Charges for services	-	-	-	-	-
Loan repayments	-	444,403	-	-	-
Other	777,495	1,000	7,357	53,645	-
<b>Total Revenues</b>	<b>13,568,676</b>	<b>1,441,242</b>	<b>3,436,108</b>	<b>271,792</b>	<b>1,313,255</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Public safety	-	-	-	-	-
Public works	11,255,090	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	1,389,071	3,482,123	266,536	1,114,270
General government	-	-	-	-	-
<b>Debt service:</b>					
Principal retirement	-	-	-	-	65,325
Interest	-	-	-	-	10,545
Bond issuance costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>11,255,090</b>	<b>1,389,071</b>	<b>3,482,123</b>	<b>266,536</b>	<b>1,190,140</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,313,586</b>	<b>52,171</b>	<b>(46,015)</b>	<b>5,256</b>	<b>123,115</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium on debt issued	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	25,645	41,000	-
Transfers out	(2,284,141)	-	-	(52,500)	-
Refunding bond issuance	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,284,141)</b>	<b>-</b>	<b>25,645</b>	<b>(11,500)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>29,445</b>	<b>52,171</b>	<b>(20,370)</b>	<b>(6,244)</b>	<b>123,115</b>
<b>FUND BALANCES (DEFICITS) - BEGINNING</b>	<b>1,227,903</b>	<b>(24,898)</b>	<b>185,334</b>	<b>24,392</b>	<b>564,009</b>
<b>FUND BALANCES (DEFICITS) - ENDING</b>	<b>\$ 1,257,348</b>	<b>\$ 27,273</b>	<b>\$ 164,964</b>	<b>\$ 18,148</b>	<b>\$ 687,124</b>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 5,634,254	\$ 6,818,852
-	-	-	-	-	52,150
-	466,797	3,109,014	-	255,827	21,066,985
16,572	75,161	4,576	-	102,988	474,375
-	-	-	182,729	-	182,729
50,001	308,484	3,573	-	-	806,461
-	-	-	4,927	109,281	953,705
<u>66,573</u>	<u>850,442</u>	<u>3,117,163</u>	<u>187,656</u>	<u>6,102,350</u>	<u>30,355,257</u>
-	-	298,327	-	-	298,327
-	-	-	-	-	11,255,090
-	-	-	175,511	-	175,511
62,294	502,642	1,327,053	-	1,468,881	9,612,870
-	-	85,097	-	-	85,097
-	-	-	-	7,734,700	7,800,025
-	-	-	-	1,392,115	1,402,660
-	-	-	-	544	544
<u>62,294</u>	<u>502,642</u>	<u>1,710,477</u>	<u>175,511</u>	<u>10,596,240</u>	<u>30,630,124</u>
<u>4,279</u>	<u>347,800</u>	<u>1,406,686</u>	<u>12,145</u>	<u>(4,493,890)</u>	<u>(274,867)</u>
-	-	-	-	24,934	24,934
-	-	-	-	134,500	134,500
-	-	21,511	-	-	88,156
(10,958)	-	-	-	(275,000)	(2,622,599)
-	-	-	-	200,000	200,000
<u>(10,958)</u>	<u>-</u>	<u>21,511</u>	<u>-</u>	<u>84,434</u>	<u>(2,175,009)</u>
(6,679)	347,800	1,428,197	12,145	(4,409,456)	(2,449,876)
<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>\$ 1,241,232</u>	<u>\$ 347,157</u>	<u>\$ 134,334</u>	<u>\$ 130,343</u>	<u>\$ 7,319,984</u>	<u>\$ 11,327,907</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.

**CITY OF DAVENPORT**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 180,250	\$ 13,500	\$ -
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	57,920	13,030	10,344
Interest	107	-	-
Inventory	-	-	-
Prepays	-	2,748	-
Total current assets	<u>238,277</u>	<u>29,278</u>	<u>10,344</u>
Noncurrent assets:			
Restricted cash and cash equivalents	63,990	-	-
Restricted investments - held in escrow	-	-	245,801
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	8,522,633	508,833	2,657,444
Improvements other than buildings	200,000	2,657,068	17,283,526
Paving	131,163	10,953	-
Equipment and vehicles	321,677	1,459,624	200,226
Storm sewers	-	-	-
Less accumulated depreciation	(7,014,437)	(3,619,809)	(8,582,022)
Construction in progress	-	-	67,890
Total noncurrent assets	<u>2,751,097</u>	<u>2,288,791</u>	<u>12,622,221</u>
Total assets	<u>2,989,374</u>	<u>2,318,069</u>	<u>12,632,565</u>
<b>DEFERED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	<u>24,466</u>	<u>130,474</u>	<u>17,429</u>
<b>LIABILITIES</b>			
LIABILITIES:			
Current liabilities:			
Wages payable	4,036	40,259	3,523
Accounts payable	31,947	56,633	3,659
Accrued interest payable	362	-	2,153
Compensated absences	9,463	30,185	3,578
Unearned revenue	2,385	-	-
Note payable-current	-	-	-
General obligation bonds - current	5,000	-	47,245
Total current liabilities	<u>53,193</u>	<u>127,077</u>	<u>60,158</u>
Current liabilities payable from restricted assets:			
Deposits payable	<u>37,209</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	441	1,409	167
Other postemployment benefits	21,436	102,361	10,284
Net pension liability	101,120	552,355	63,813
Note payable	-	-	-
General obligation bonds - long term	112,712	-	509,488
Total noncurrent liabilities	<u>235,709</u>	<u>656,125</u>	<u>583,752</u>
Total liabilities	<u>326,111</u>	<u>783,202</u>	<u>643,910</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	-	-	-
Deferred charge on refunding	-	-	428
Pension related deferred inflows	4,109	11,323	3,901
Total deferred inflows of resources	<u>4,109</u>	<u>11,323</u>	<u>4,329</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,596,176	2,288,791	12,065,060
Unrestricted	87,444	(634,773)	(63,305)
Total net position	<u>\$ 2,683,620</u>	<u>\$ 1,654,018</u>	<u>\$ 12,001,755</u>

**ENTERPRISE FUNDS**

PUBLIC TRANSIT	SOLID WASTE	TRANSLOAD	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ 2,213	\$ 954,077	-	\$ 3,365	\$ 1,153,405
47,919	-	-	-	47,919
3,712,689	-	-	-	3,712,689
6,520	2,397,947	-	250	2,486,011
-	3,658	-	-	3,765
219,763	-	-	-	219,763
-	-	-	360	3,108
<u>3,989,104</u>	<u>3,355,682</u>	<u>-</u>	<u>3,975</u>	<u>7,626,660</u>
-	237,770	-	-	301,760
-	-	-	-	245,801
1,599,288	-	1,605,366	-	5,752,203
6,356,053	24,888	11,946,185	1,288,969	31,305,005
514,234	-	4,887,809	848,853	26,391,490
6,888	-	-	-	149,004
5,547,900	7,231,040	-	396,444	15,156,911
-	-	-	-	-
(7,681,675)	(2,909,878)	(954,069)	(739,690)	(31,501,580)
187,448	-	-	12,800	268,138
<u>6,530,136</u>	<u>4,583,820</u>	<u>17,485,291</u>	<u>1,807,376</u>	<u>48,068,732</u>
<u>10,519,240</u>	<u>7,939,502</u>	<u>17,485,291</u>	<u>1,811,351</u>	<u>55,695,392</u>
509,655	383,755	-	63,121	1,128,900
115,667	80,637	-	10,828	254,950
257,184	115,337	182	18,879	483,821
-	5,907	-	-	8,422
95,444	149,193	-	20,297	308,160
15,499	-	-	-	17,884
-	200,538	-	-	200,538
-	615,000	-	-	667,245
<u>483,794</u>	<u>1,166,612</u>	<u>182</u>	<u>50,004</u>	<u>1,941,020</u>
-	-	-	-	37,209
4,456	6,965	-	947	14,385
371,470	345,936	-	39,232	890,719
1,657,004	1,433,100	-	203,259	4,010,651
-	1,601,699	-	-	1,601,699
-	1,084,968	-	-	1,707,168
<u>2,032,930</u>	<u>4,472,668</u>	<u>-</u>	<u>243,438</u>	<u>8,224,622</u>
<u>2,516,724</u>	<u>5,639,280</u>	<u>182</u>	<u>293,442</u>	<u>10,202,851</u>
3,712,689	-	-	-	3,712,689
-	-	-	-	428
119,243	84,092	-	34,830	257,498
<u>3,831,932</u>	<u>84,092</u>	<u>-</u>	<u>34,830</u>	<u>3,970,615</u>
6,530,136	1,081,615	17,485,291	1,807,376	43,854,445
(1,849,897)	1,518,270	(182)	(261,176)	(1,203,619)
<u>\$4,680,239</u>	<u>\$ 2,599,885</u>	<u>17,485,109</u>	<u>\$ 1,546,200</u>	<u>\$ 42,650,826</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, 2017**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<b>PUBLIC HOUSING</b>	<b>GOLF COURSES</b>	<b>AIRPORT</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 475,951	\$ 1,668,727	\$ 208,418
Other	71,157	24,999	12,212
Total Operating Revenues	<u>547,108</u>	<u>1,693,726</u>	<u>220,630</u>
<b>OPERATING EXPENSES:</b>			
Employee expenses	188,137	820,009	82,686
Supplies and services	834,696	929,385	189,583
Depreciation	334,881	159,856	692,218
Total Operating Expenses	<u>1,357,714</u>	<u>1,909,250</u>	<u>964,487</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(810,606)</u>	<u>(215,524)</u>	<u>(743,857)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Operating grants	562,596	-	-
Use of monies and property	-	-	71,711
Interest expense	(4,481)	-	(12,042)
Gain (loss) on disposition of capital assets	(9,651)	-	-
Total Non-operating Revenues (Expenses)	<u>548,464</u>	<u>-</u>	<u>59,669</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(262,142)</u>	<u>(215,524)</u>	<u>(684,188)</u>
Capital contributions	16,889	115,586	420,695
Transfers in	-	25,082	40,780
Transfers out	(25,645)	-	-
Change in net position	<u>(270,898)</u>	<u>(74,856)</u>	<u>(222,713)</u>
Total net position - beginning	<u>2,954,518</u>	<u>1,728,874</u>	<u>12,224,468</u>
Total net position - ending	<u>\$ 2,683,620</u>	<u>\$ 1,654,018</u>	<u>\$ 12,001,755</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>
\$ 399,774	\$ 5,964,275	\$ -	\$ 263,196	\$ 8,980,341
22,796	197	4,168	3,370	138,899
<u>422,570</u>	<u>5,964,472</u>	<u>4,168</u>	<u>266,566</u>	<u>9,119,240</u>
3,400,345	2,887,705	-	325,419	7,704,301
2,918,360	2,171,094	4,523	355,095	7,402,736
446,926	836,780	520,401	116,209	3,107,271
<u>6,765,631</u>	<u>5,895,579</u>	<u>524,924</u>	<u>796,723</u>	<u>18,214,308</u>
<u>(6,343,061)</u>	<u>68,893</u>	<u>(520,756)</u>	<u>(530,157)</u>	<u>(9,095,068)</u>
3,576,836	-	-	-	3,576,836
2,047,183	-	-	-	2,609,779
16,500	15,636	-	341,651	445,498
-	(75,838)	-	-	(92,361)
1,538	-	-	-	(8,113)
<u>5,642,057</u>	<u>(60,202)</u>	<u>-</u>	<u>341,651</u>	<u>6,531,639</u>
(701,004)	8,691	(520,756)	(188,506)	(2,563,429)
283,200	-	-	95,658	932,028
107,591	-	409	62,058	235,920
-	-	-	-	(25,645)
<u>(310,213)</u>	<u>8,691</u>	<u>(520,347)</u>	<u>(30,790)</u>	<u>(1,421,126)</u>
4,990,452	2,591,194	18,005,456	1,576,990	44,071,952
<u>\$ 4,680,239</u>	<u>\$ 2,599,885</u>	<u>\$ 17,485,109</u>	<u>\$ 1,546,200</u>	<u>\$ 42,650,826</u>

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**CITY OF DAVENPORT****NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2017**

	<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	\$ 453,361	\$ 1,668,755	\$ 200,789
Cash paid to suppliers for goods and services	(826,538)	(914,727)	(186,930)
Cash paid to employees for services	(187,707)	(798,108)	(79,079)
Other operating revenue	71,157	24,999	12,212
Net Cash Provided by (Used for) Operating Activities	<u>(489,727)</u>	<u>(19,081)</u>	<u>(53,008)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Proceeds (repayments) to other funds	-	-	-
Grants	562,596	-	-
Property tax	-	-	-
Transfers in	-	25,082	40,780
Transfers out	(25,645)	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>536,951</u>	<u>25,082</u>	<u>40,780</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from general obligation bonds	-	-	220,000
Proceeds from loan	-	-	-
Refunding discount/issue costs	(1,356)	-	23,994
Proceeds from the sale of capital assets	-	-	-
Acquisition and construction of capital assets	-	(6,001)	-
Principal paid on long-term debt	(5,000)	-	(46,630)
Interest paid on long-term debt	(4,494)	-	(11,046)
Deposits-other municipalities	797	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(10,053)</u>	<u>(6,001)</u>	<u>186,318</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investments	-	-	(245,801)
Interest and other investment income	(107)	-	71,711
Net Cash provided by Investing Activities	<u>(107)</u>	<u>-</u>	<u>(174,090)</u>
Net increase (decrease) in Cash and Cash Equivalents	37,064	-	-
CASH AND CASH EQUIVALENTS-BEGINNING	<u>207,176</u>	<u>13,500</u>	<u>-</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 244,240</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
\$ 420,818	\$ 5,852,204	\$ 262,996	\$ -	\$ 8,858,923
(2,840,227)	(2,142,008)	(351,691)	(4,577)	(7,266,698)
(3,319,081)	(2,805,967)	(318,184)	-	(7,508,126)
<u>22,796</u>	<u>197</u>	<u>3,370</u>	<u>4,168</u>	<u>138,899</u>
<u>(5,715,694)</u>	<u>904,426</u>	<u>(403,509)</u>	<u>(409)</u>	<u>(5,777,002)</u>
(1,182,223)	-	-	-	(1,182,223)
3,232,393	-	-	-	3,794,989
3,554,096	-	-	-	3,554,096
107,591	-	62,058	409	235,920
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,645)</u>
<u>5,711,857</u>	<u>-</u>	<u>62,058</u>	<u>409</u>	<u>6,377,137</u>
-	230,000	-	-	450,000
-	1,985,475	-	-	1,985,475
-	(27,846)	-	-	(5,208)
1,538	-	-	-	1,538
(11,988)	(2,296,366)	-	-	(2,314,355)
-	(743,238)	-	-	(794,868)
-	(76,477)	-	-	(92,017)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>797</u>
<u>(10,450)</u>	<u>(928,452)</u>	<u>-</u>	<u>-</u>	<u>(768,638)</u>
-	-	-	-	(245,801)
<u>16,500</u>	<u>13,344</u>	<u>341,651</u>	<u>-</u>	<u>443,099</u>
<u>16,500</u>	<u>13,344</u>	<u>341,651</u>	<u>-</u>	<u>197,298</u>
2,213	(10,682)	200	-	28,795
<u>-</u>	<u>1,202,529</u>	<u>3,165</u>	<u>-</u>	<u>1,426,370</u>
<u>\$ 2,213</u>	<u>\$ 1,191,847</u>	<u>\$ 3,365</u>	<u>\$ -</u>	<u>\$ 1,455,165</u>

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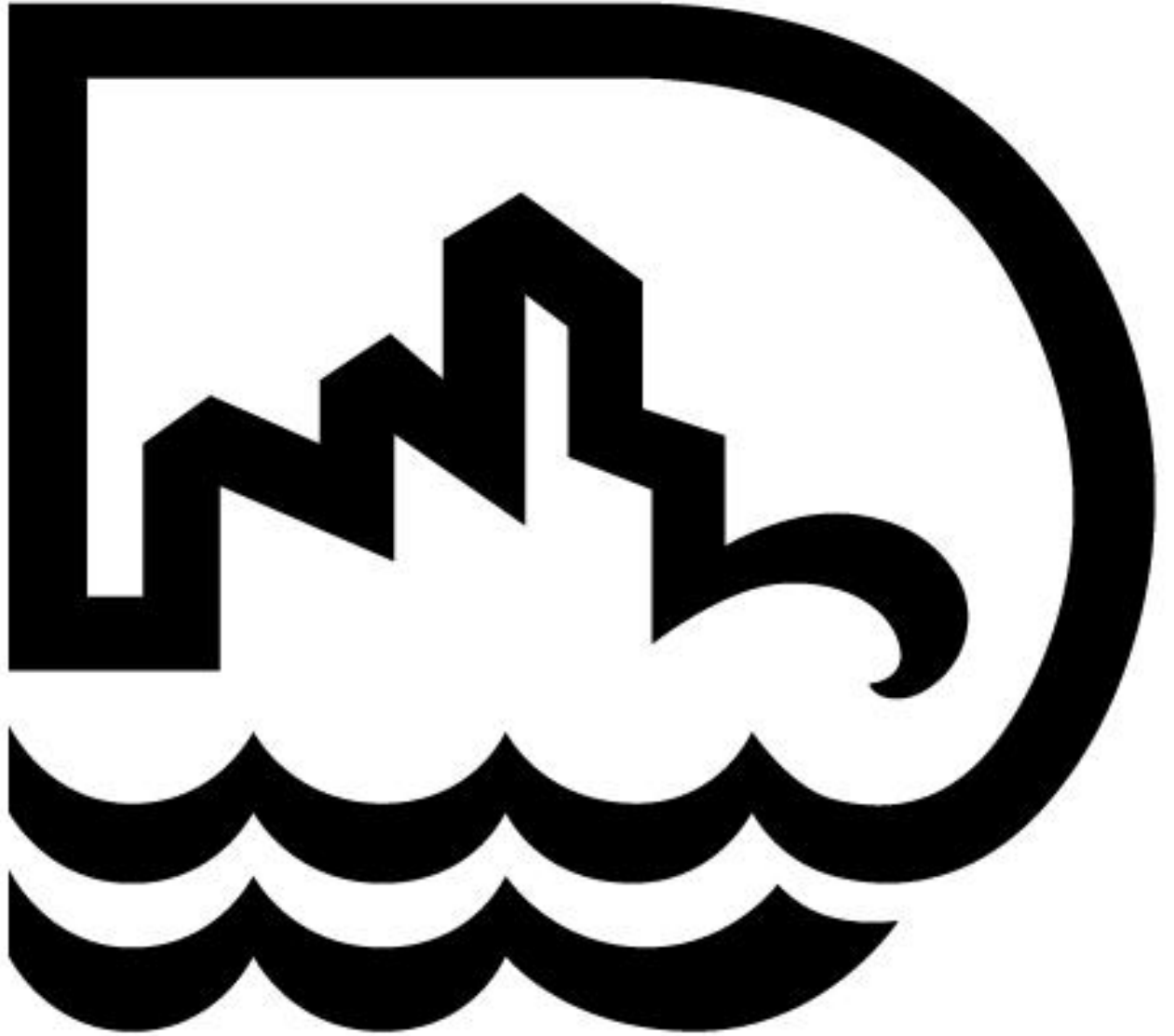
(continued)

**CITY OF DAVENPORT**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2017**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<b><u>PUBLIC HOUSING</u></b>	<b><u>GOLF COURSES</u></b>	<b><u>AIRPORT</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>			
Operating (loss) income	<u>\$ (810,606)</u>	<u>\$ (215,524)</u>	<u>\$ (743,857)</u>
Adjustments to Reconcile Operating (loss) income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	334,881	159,856	692,218
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(22,590)	28	(7,629)
Decrease (increase) in prepaids and inventories	-	(2,748)	-
Decrease (increase) in pension related deferred outflows	(1,153)	(6,014)	(788)
Increase (decrease) in accounts payable	8,158	17,406	2,653
Increase (decrease) in other accrued liabilities	228	20,849	3,470
Increase (decrease) in net pension liability	17,812	92,909	12,166
Increase (decrease) in pension related deferred inflows	(16,457)	(85,843)	(11,241)
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	<u>320,879</u>	<u>196,443</u>	<u>690,849</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (489,727)</u>	<u>\$ (19,081)</u>	<u>\$ (53,008)</u>
<b><u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u></b>			
Acquisition of capital assets through capital contributions	\$ 16,889	\$ 115,586	\$ 420,695
Contribution of capital assets by municipality	(16,889)	(115,586)	(173,875)
Contribution of capital assets by subdividers	-	-	-
Contribution of capital assets by state and federal governments	-	-	(246,820)
Contribution of capital assets by other	-	-	-

<b>ENTERPRISE FUNDS</b>				
<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TRANSLOAD</u>	<u>TOTAL NON- MAJOR ENTERPRISE FUNDS</u>
<u>\$ (6,343,061)</u>	<u>\$ 68,893</u>	<u>\$ (530,157)</u>	<u>\$ (520,756)</u>	<u>\$ (9,095,068)</u>
446,926	836,780	116,209	520,401	3,107,271
5,545	(112,071)	(200)	-	(136,917)
(2,100)	-	(360)	-	(5,208)
(23,341)	(17,958)	(2,281)	-	(51,535)
80,233	29,086	3,764	(54)	141,246
77,183	78,598	6,836	-	187,164
360,552	277,432	35,245	-	796,116
(333,130)	(256,334)	(32,565)	-	(735,570)
15,499	-	-	-	15,499
<u>627,367</u>	<u>835,533</u>	<u>126,648</u>	<u>520,347</u>	<u>3,318,066</u>
<u>\$ (5,715,694)</u>	<u>\$ 904,426</u>	<u>\$ (403,509)</u>	<u>\$ (409)</u>	<u>\$ (5,777,002)</u>
\$ 283,200	\$ -	\$ 95,658	\$ -	\$ 932,028
(106,242)	-	(91,008)	-	(503,600)
-	-	-	-	-
(176,958)	-	-	-	(423,778)
-	-	(4,650)	-	(4,650)



### **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, 2017**

<b>ASSETS</b>	<b>EMPLOYEE INSURANCE</b>	<b>RISK MANAGEMENT</b>	<b>INFORMATION MANAGEMENT SERVICES</b>	<b>TOTAL INTERNAL SERVICE FUNDS</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 3,382,034	\$ 7,145,290	\$ 180,219	\$ 10,707,543
Accounts receivable	57,628	3,209	-	60,837
Interest receivable	8,524	23,974	-	32,498
Prepays	-	52,131	309,742	361,873
Total current assets	<u>3,448,186</u>	<u>7,224,604</u>	<u>489,961</u>	<u>11,162,751</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Improvements other than buildings	-	-	2,843,100	2,843,100
Equipment and vehicles	-	-	4,893,271	4,893,271
Less accumulated depreciation	-	-	<u>(3,946,500)</u>	<u>(3,946,500)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,789,871</u>	<u>3,789,871</u>
Total assets	<u>3,448,186</u>	<u>7,224,604</u>	<u>4,279,832</u>	<u>14,952,622</u>
<b>DEFERED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows	<u>15,394</u>	<u>143,071</u>	<u>150,820</u>	<u>309,285</u>
<b>LIABILITIES</b>				
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Wages payable	3,415	31,251	28,100	62,766
Accounts payable	58,894	244,358	52,371	355,623
Compensated absences	892	87,495	54,357	142,744
Claims and judgments	1,168,503	3,649,216	-	4,817,719
Total current liabilities	<u>1,231,704</u>	<u>4,012,320</u>	<u>134,828</u>	<u>5,378,852</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	42	4,084	2,538	6,664
Claims and judgments	-	3,236,098	-	3,236,098
Other postemployment benefits	11,584	125,046	130,167	266,797
Net pension liability	53,404	537,737	529,997	1,121,138
Total noncurrent liabilities	<u>65,030</u>	<u>3,902,965</u>	<u>662,702</u>	<u>4,630,697</u>
Total liabilities	<u>1,296,734</u>	<u>7,915,285</u>	<u>797,530</u>	<u>10,009,549</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	<u>3,451</u>	<u>31,437</u>	<u>36,301</u>	<u>71,189</u>
<b>NET POSITION</b>				
Investment in capital assets	-	-	3,789,871	3,789,871
Unrestricted (deficit)	2,163,395	(579,047)	(193,050)	1,391,298
Total net position (deficit)	<u>\$ 2,163,395</u>	<u>\$ (579,047)</u>	<u>\$ 3,596,821</u>	<u>\$ 5,181,169</u>

**CITY OF DAVENPORT****INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Fiscal Year Ended June 30, 2017**

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	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 15,623,481	\$ 4,945,173	\$ 2,258,338	\$ 22,826,992
Other	436,937	289,104	-	726,041
Total Operating Revenues	<u>16,060,418</u>	<u>5,234,277</u>	<u>2,258,338</u>	<u>23,553,033</u>
<b>OPERATING EXPENSES:</b>				
Employee expenses	110,340	995,919	1,047,612	2,153,871
Supplies and services	15,930,060	5,285,802	1,073,118	22,288,980
Depreciation	-	-	545,321	545,321
Total Operating Expenses	<u>16,040,400</u>	<u>6,281,721</u>	<u>2,666,051</u>	<u>24,988,172</u>
OPERATING INCOME (LOSS)	20,018	(1,047,444)	(407,713)	(1,435,139)
<b>NON-OPERATING REVENUES:</b>				
Use of monies and property	17,723	49,844	-	67,567
Gain (loss) on disposition of capital assets	-	-	(60,525)	(60,525)
Total Non-operating Revenues	<u>17,723</u>	<u>49,844</u>	<u>(60,525)</u>	<u>7,042</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	37,741	(997,600)	(468,238)	(1,428,097)
Capital contributions	-	-	716,168	716,168
Transfers in	-	292,155	-	292,155
Change in net position	<u>37,741</u>	<u>(705,445)</u>	<u>247,930</u>	<u>(419,774)</u>
Total net position - beginning	<u>2,125,654</u>	<u>126,398</u>	<u>3,348,891</u>	<u>5,600,943</u>
Total net position (deficit) - ending	<u>\$ 2,163,395</u>	<u>\$ (579,047)</u>	<u>\$ 3,596,821</u>	<u>\$ 5,181,169</u>

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**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2017**

	<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	\$ 15,629,605	\$ 5,016,732	\$ 2,258,338	22,904,675
Cash paid to suppliers for goods and services	(15,945,916)	(3,644,767)	(1,086,886)	(20,677,569)
Cash paid to employees for services	(107,007)	(957,388)	(1,046,111)	(2,110,506)
Other operating revenue	436,937	289,104	-	726,041
Net Cash provided by (used for) Operating Activities	<u>13,619</u>	<u>703,681</u>	<u>125,341</u>	<u>842,641</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	292,155	-	292,155
Net Cash used for Non-Capital Financing Activities	<u>-</u>	<u>292,155</u>	<u>-</u>	<u>292,155</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and investment income	12,467	34,815	-	47,282
Net increase (decrease) in Cash and Cash Equivalents	26,086	1,030,651	125,341	1,182,078
CASH AND CASH EQUIVALENTS- BEGINNING	<u>3,355,948</u>	<u>6,114,639</u>	<u>54,878</u>	<u>9,525,465</u>
CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 3,382,034</u>	<u>\$ 7,145,290</u>	<u>\$ 180,219</u>	<u>\$ 10,707,543</u>

**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2017**

	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 20,018	\$ (1,047,444)	\$ (407,713)	\$ (1,435,139)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	545,321	545,321
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	6,124	71,559	-	77,683
Decrease (increase) in prepaids	-	(2,386)	(31,835)	(34,221)
Decrease (increase) in pension related deferred outflows	(700)	(6,678)	(6,709)	(14,087)
Increase (decrease) in accounts payable	(15,856)	1,643,421	18,067	1,645,632
Increase (decrease) in other accrued liabilities	3,210	37,363	328	40,901
Increase (decrease) in net pension liability	10,808	103,162	103,663	217,633
Increase (decrease) in pension related deferred inflows	(9,985)	(95,316)	(95,781)	(201,082)
Total Adjustments	<u>(6,399)</u>	<u>1,751,125</u>	<u>533,054</u>	<u>2,277,780</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 13,619</u>	<u>\$ 703,681</u>	<u>\$ 125,341</u>	<u>\$ 842,641</u>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Acquisition of capital assets through capital contributions	\$ -	\$ -	\$ 716,168	\$ 716,168
Contribution of capital assets by municipality	-	-	(716,168)	(716,168)

### **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, 2017**

	BALANCE JUNE 30, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
<b>RIVERFRONT TASK FORCE</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 3,669	\$ 26	\$ 11	\$ 3,684
Interest receivable	-	11	-	11
<b>TOTAL ASSETS</b>	<b>\$ 3,669</b>	<b>\$ 37</b>	<b>\$ 11</b>	<b>\$ 3,695</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 3,669	\$ 26	\$ -	\$ 3,695
<b>LIBRARY GIFT</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 445,446	\$ 171,473	\$ 162,193	\$ 454,726
Interest receivable	558	1,380	558	1,380
<b>TOTAL ASSETS</b>	<b>\$ 446,004</b>	<b>\$ 172,853</b>	<b>\$ 162,751</b>	<b>\$ 456,106</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 34,591	\$ 139,818	\$ 122,017	\$ 52,392
Due to other governments	411,413	33,035	40,734	403,714
<b>TOTAL LIABILITIES</b>	<b>\$ 446,004</b>	<b>\$ 172,853</b>	<b>\$ 162,751</b>	<b>\$ 456,106</b>
<b>M.D. PETERSEN MEMORIAL</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 2,180	\$ 14	\$ 5	\$ 2,189
Interest receivable	-	5	-	5
<b>TOTAL ASSETS</b>	<b>\$ 2,180</b>	<b>\$ 19</b>	<b>\$ 5</b>	<b>\$ 2,194</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 2,180	\$ 14	\$ -	\$ 2,194
<b>TOTAL LIABILITIES</b>	<b>\$ 2,180</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 2,194</b>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 451,295	\$ 171,513	\$ 162,209	\$ 460,599
Interest receivable	558	1,396	558	1,396
<b>TOTAL ASSETS</b>	<b>\$ 451,853</b>	<b>\$ 172,909</b>	<b>\$ 162,767</b>	<b>\$ 461,995</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 34,591	\$ 139,818	\$ 122,017	\$ 52,392
Due to other governments	417,262	33,075	40,734	409,603
<b>TOTAL LIABILITIES</b>	<b>\$ 451,853</b>	<b>\$ 172,893</b>	<b>\$ 162,751</b>	<b>\$ 461,995</b>

City of Davenport, Iowa

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Direct:</b>				
<b>U.S. Department of Housing and Urban Development (HUD)</b>				
N/C S/R Section 8 Programs	14.182	IA05 0002 0001	\$ -	\$ 362,090
Community Development Block Grants/Entitlement Grants	14.218	B 14 MC 19 0002	-	734,188
Community Development Block Grants/Entitlement Grants	14.218	B 15 MC 19 0002	-	186,545
Community Development Block Grants/Entitlement Grants	14.218	B 16 MC 19 0002	243,359	468,338
Subtotal CFDA 14.218			243,359	1,389,071
HOME Investment Partnerships Program	14.239	M 11 MC 190200	-	48,592
HOME Investment Partnerships Program	14.239	M 12 MC 190200	-	61,274
HOME Investment Partnerships Program	14.239	M 13 MC 190200	-	285,551
HOME Investment Partnerships Program	14.239	M 14 MC 190200	-	35,303
HOME Investment Partnerships Program	14.239	M 15 MC 190200	-	71,923
Subtotal CFDA 14.239			-	502,643
Fair Housing Assistance Program	14.401	FF 207 K 157015	-	2,073
Fair Housing Assistance Program	14.401	FF 207 K 167015	-	63,600
Subtotal CFDA 14.401			-	65,673
Public and Indian Housing	14.850	IA 05 S04 5501	-	147,368
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	-	3,427,051
Public Housing - Capital Fund Program	14.872	IA 01P04 550116	-	53,138
<b>Total U.S. Department of Housing and Urban Development</b>			243,359	5,947,034
<b>Equal Employment Opportunity Commission</b>				
Equal Employment Opportunity Commission	30.001	EE CCN 1001 14	-	43,700
<b>U.S. Department of Transportation</b>				
<b>Federal Aviation Administration</b>				
Runway 15/33 Reconstruction	20.106	319 00 24 19	-	199,331
<b>Federal Transit Authority</b>				
Federal Transit - Formula Grants	20.507	IA 90 X 399 00	-	98,141
Federal Transit - Formula Grants	20.507	IA 90 X 412 00	-	149,958
Federal Transit - Formula Grants	20.507	IA 2017-009-00	-	193,335
Federal Transit - Formula Grants	20.507	IA 2017-010-00	-	407,854
Federal Transit - Formula Grants	20.507	IA 2017-011-00	-	634,000
Subtotal CFDA 20.507			-	1,483,288
<b>Total U.S. Department of Transportation</b>			-	1,682,619
<b>U.S. Department of Homeland Security</b>				
Port Security Grant Program	97.056	EMW 2014 PU 00045		55,140
Staffing for Adequate Fire and Emergency Response	97.083	EMW 2013 FH 00603		289,724
<b>Total U.S. Department of Homeland Security</b>			-	344,864
<b>Total direct</b>			243,359	8,018,217

(Continued)

**City of Davenport, Iowa**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Indirect:</b>				
<b>Historic Preservation Fund Grants-in-Aid</b>				
Passed through Iowa Department of Economic Development:				
Certified Local Government Grant	15.904	2014-S-02	-	12,000
<b>U.S. Department of Housing and Urban Development (HUD)</b>				
Passed through Iowa Department of Economic Development:				
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	-	1,352,657
<b>U.S. Department of Transportation</b>				
Passed through Iowa Department of Transportation				
Highway Planning and Construction:				
Recreational Trails	20.205	STPE 1827 (666) 8V 82	-	4,981
Veteran's Memorial Parkway	20.205	STPU 1827 (663) 70 82	-	169,933
Veteran's Memorial Parkway	20.205	STPU 1827 (672) 70 82	-	163,688
Veteran's Memorial Parkway	20.205	STPU 1827 (674) 70 82	-	3,384,886
Veteran's Memorial Parkway	20.205	STPU 1827 (665) 70 82	-	3,699,280
Kimberly and Division	20.205	STPU 1827 (667) 70 82	-	509,613
Division St	20.205	STPU 1827 (648) 70 82	-	42,064
Extension of West 76th St	20.205	STPU 1827 (677) 70 82	-	197,015
Bridge Deck Replacement	20.205	BHM-1827 (673) 8K 82	-	756,997
Subtotal CFDA 20.205			-	8,928,457
<b>National Highway Traffic Safety Administration</b>				
Passed through Governor's Traffic Safety Bureau, State and Community Highway Safety				
	20.600	PAP 11-04 Task 10	-	37,989
<b>Corporation For National and Community Service</b>				
Passed through Iowa Commission on Volunteer Service:				
AmeriCorps	94.003	15 AC 03	-	127,802
AmeriCorps	94.003	16 AC 03	-	254,370
Subtotal CFDA 94.003			-	382,172
<b>Total indirect</b>			-	10,713,275
<b>Total expenditures of federal awards</b>			<b>\$ 243,359</b>	<b>\$ 18,731,492</b>

See notes to schedule of expenditures of federal awards.





## **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 s1

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 160,607,820	\$ 132,744,626	\$ 157,084,943	\$ 145,746,153
Restricted	24,930,751	19,896,007	16,152,056	29,555,409
Unrestricted	(35,638,914)	(31,101,106)	(52,363,648)	(8,126,653)
Total governmental activities net position	<u>\$ 149,899,657</u>	<u>\$ 121,539,527</u>	<u>\$ 120,873,351</u>	<u>\$ 167,174,909</u>
Business-type activities				
Net investment in capital assets	\$ 159,855,757	\$ 158,399,016	\$ 131,173,938	\$ 124,953,410
Restricted	3,923,153	3,461,195	4,146,716	4,610,003
Unrestricted	4,928,502	5,485,544	1,009,918	5,295,999
Total business-type activities net position	<u>\$ 168,707,412</u>	<u>\$ 167,345,755</u>	<u>\$ 136,330,572</u>	<u>\$ 134,859,412</u>
Primary government				
Net investment in capital assets	\$ 320,463,577	\$ 291,143,642	\$ 288,258,881	\$ 270,699,563
Restricted	28,853,904	23,357,202	20,298,772	34,165,412
Unrestricted	(30,710,412)	(25,615,562)	(51,353,730)	(2,830,654)
Total primary government net position	<u>\$ 318,607,069</u>	<u>\$ 288,885,282</u>	<u>\$ 257,203,923</u>	<u>\$ 302,034,321</u>

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 140,160,840	\$ 107,161,965	\$ 126,691,668	\$ 125,751,423	\$ 105,380,683	\$ 107,377,588
32,606,806	44,110,046	12,739,452	26,268,566	37,923,794	34,634,008
(18,726,532)	(12,343,725)	(3,483,506)	(22,165,731)	2,694,253	3,975,550
<u>\$ 154,041,114</u>	<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>
\$ 124,901,380	\$ 136,518,021	\$ 123,757,219	\$ 113,558,845	\$ 106,460,687	\$ 109,164,803
4,904,259	4,049,687	3,849,157	4,414,849	-	-
2,491,018	(5,484,405)	(1,280,067)	4,336,900	13,226,200	12,464,481
<u>\$ 132,296,657</u>	<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>
\$ 265,062,220	\$ 243,679,986	\$ 250,448,887	\$ 239,310,268	\$ 211,841,370	\$ 216,542,391
37,511,065	48,159,733	16,588,609	30,683,415	37,923,794	34,634,008
(16,235,514)	(17,828,130)	(4,763,573)	(17,828,831)	15,920,453	16,440,031
<u>\$ 286,337,771</u>	<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>

**CITY OF DAVENPORT**

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 10,658,200	\$ 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
Public safety	37,917,817	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
Public works	29,892,693	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
Culture and recreation	16,716,723	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
Community and economic development	11,848,107	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
Interest on long-term debt	6,738,199	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
<b>Total governmental activities expenses</b>	<b>113,771,739</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>Business-type activities:</b>										
Sewer operations	20,355,807	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
Parking system	1,903,915	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
Rivercenter	5,829,685	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
Public transit	6,822,220	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
Public housing	1,387,020	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
Golf courses	1,915,769	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
Airport	982,356	790,378	690,092	611,884	784,792	606,160	578,765	555,304	536,281	564,139
Solid waste	6,015,481	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
Clean water (1)	2,756,730	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
Transload	524,924	434,003								
Riversedge	799,436	808,738	900,627	806,140	746,906	960,907	1,087,614	166,168		
<b>Total business-type activities expenses</b>	<b>49,293,343</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>Total primary government expenses</b>	<b>\$ 163,065,082</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>Program revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 3,443,975	\$ 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
Public safety	2,458,524	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
Public works	3,593,572	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
Culture and recreation	1,015,055	859,124	380,929	593,369	850,025	772,321	1,698,503	1,420,156	1,255,539	1,110,907
Community and economic development	778,980	1,337,828	167,130	457,258	1,467,138	749,931	630,293	2,134,740	762,264	842,579
Operating grants and contributions	26,423,222	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
Capital grant and contributions	11,337,009	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
<b>Total governmental activities program revenues</b>	<b>49,050,337</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>Business-type activities:</b>										
Charges for services:										
Sewer operations	20,629,974	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
Parking system	1,134,945	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
Rivercenter	4,009,938	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
Public transit	399,774	479,037	494,410	533,804	515,210	516,315	506,706	479,090	479,056	451,139
Public housing	475,951	437,150	454,434	424,386	431,545	421,850	415,874	369,711	388,302	388,640
Golf courses	1,668,727	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
Airport	208,418	192,412	193,518	187,444	206,821	209,121	179,002	188,984	181,104	185,644
Solid waste	5,964,275	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
Clean water	2,776,046	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
Transload (2)	-	-	-	-	-	-	-	-	-	-
River's Edge (1)	263,196	289,056	312,180	237,388	184,325	247,685	255,061	36,618		
Operating grants and contributions	2,609,779	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
Capital grant and contributions	4,129,407	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
<b>Total business-type activities program revenues</b>	<b>44,270,430</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>Total primary government program revenues</b>	<b>\$ 93,320,767</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>

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (64,721,402)	\$ (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)
Business-type activities	(5,022,913)	(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)
Total primary government net expense	\$ (69,744,315)	\$ (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)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 69,442,176	\$ 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
Local option sales tax	17,955,296	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
Hotel/motel tax	2,882,153	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
Franchise tax	3,044,526	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
Investment earnings	1,150,080	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
Gain on sale of capital assets	125,781	320,726	-	17,355	1,634,804	108,867	728,558	65,547	4,905	51,385
Miscellaneous	44,318	80,787	12,363	52,581	34,114	72,124	58,419	53,761	96,087	62,432
Transfers	(1,562,798)	(21,484,837)	(2,931,002)	(1,706,916)	(502,762)	(911,944)	1,128,264	(448,666)	(346,707)	(501,515)
Total governmental activities	93,081,532	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
Business-type activities:										
Property taxes (public transit)	3,576,836	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
Investment earnings	613,634	548,823	616,868	618,220	660,890	700,403	658,157	259,257	400,305	649,905
Gain on sale of capital assets	-	-	-	61,731	25,446	-	-	-	-	-
Loss on donation of capital assets	-	-	141	-	-	-	-	-	-	-
Miscellaneous	631,302	902,323	1,380,690	545,287	2,048,686	309,788	362,652	140,098	109,302	65,564
Transfers	(1,562,798)	(21,484,837)	(2,931,002)	(1,706,916)	(502,762)	(911,944)	(1,128,264)	448,666	(346,707)	(501,515)
Total business-type activities	6,384,570	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
Total primary government	\$ 99,466,102	\$ 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
<b>Change in Net Position</b>										
Governmental activities	\$ 28,360,130	\$ 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
Business-type activities	1,361,657	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)
Total primary government	\$ 29,721,787	\$ 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

(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			
	2017	2016	2015	2014
General Fund				
Nonspendable	\$ 7,312	\$ 4,477	\$ 5,446	\$ 5,440
Restricted	4,711,470	5,384,949	5,896,292	5,999,441
Committed	-	-	-	-
Assigned	3,883,192	3,384,228	1,585,151	778,856
Unassigned	10,403,236	9,199,764	8,889,540	8,536,778
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 19,005,210</u>	<u>\$ 17,973,418</u>	<u>\$ 16,376,429</u>	<u>15,320,515</u>
All Other Governmental funds				
Nonspendable	26,708	1,000	22,875	5,868
Restricted	51,635,020	49,153,408	28,690,404	37,530,085
Committed	1,259,380	1,272,303	1,191,168	1,184,409
Assigned	-	-	-	-
Unassigned	-	(1,320,264)	-	(344,161)
Reserved	-	-	-	-
Unreserved, reported in special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Total All Other Governmental funds	<u>\$ 52,921,108</u>	<u>\$ 49,106,447</u>	<u>\$ 29,904,447</u>	<u>\$ 38,376,201</u>

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



Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 2,949	\$ 23,179	\$ 17,069	\$ -	\$ -	\$ -
5,476,184	3,717,150	3,883,934	-	-	-
-	-	-	-	-	-
555,034	545,488	551,836	-	-	-
7,582,938	5,606,312	5,392,141	-	-	-
-	-	-	4,781,365	5,837,263	5,468,328
-	-	-	5,640,835	4,961,376	5,057,016
<u>13,617,105</u>	<u>9,892,129</u>	<u>9,844,980</u>	<u>10,422,200</u>	<u>10,798,639</u>	<u>10,525,344</u>
-	-	-	-	-	-
32,686,164	40,119,368	14,266,498	-	-	-
1,103,032	844,461	1,058,755	-	-	-
-	-	-	-	-	-
(600,249)	(906,693)	(1,035,514)	-	-	-
-	-	-	8,558,420	32,666,636	27,199,618
-	-	-	(1,956,132)	980,072	3,754,094
-	-	-	(503,939)	-	-
<u>\$ 33,188,947</u>	<u>\$ 40,057,136</u>	<u>\$ 14,289,739</u>	<u>\$ 6,098,349</u>	<u>\$ 33,646,708</u>	<u>\$ 30,953,712</u>

**CITY OF DAVENPORT**

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

	Fiscal Year			
	2017	2016	2015	2014
<b>Revenues</b>				
Taxes	\$ 92,937,007	\$ 90,241,335	\$ 90,499,909	\$ 90,421,947
Special assessments	27,565	27,648	38,992	96,245
Licenses and permits	2,460,734	2,366,468	2,017,908	1,749,752
Intergovernmental	37,703,136	32,846,621	32,296,554	25,530,812
Charges for services	4,080,837	4,132,842	3,963,968	4,051,619
Use of monies and property	1,150,080	1,094,433	1,213,198	1,176,460
Fines and forfeits	1,505,531	2,513,779	2,050,224	1,931,967
Loan repayments	806,461	832,955	907,318	1,065,290
Other	2,811,356	2,390,338	3,078,817	4,108,428
Total revenues	143,482,707	136,446,419	136,066,888	130,132,520
<b>Expenditures</b>				
General government	9,747,945	9,623,464	9,692,385	8,820,719
Public safety	43,460,139	43,927,733	42,149,652	41,216,850
Public works	17,378,533	16,862,825	18,030,045	17,557,791
Culture and recreation	12,146,481	11,689,298	11,267,593	11,281,713
Community and economic development	10,849,112	12,645,088	10,370,910	13,853,663
Capital outlay	33,983,635	42,999,366	31,737,839	15,247,456
Debt service				
Principal	36,501,330	16,690,365	26,622,260	16,024,785
Interest	6,583,971	5,452,856	6,004,485	6,101,313
Bond issuance expense	345,283	463,321	192,668	249,658
Total expenditures	170,996,429	160,354,316	156,067,837	130,353,948
Excess of revenues over (under) expenditures	(27,513,722)	(23,907,897)	(20,000,949)	(221,428)
<b>Other Financing Sources (Uses)</b>				
Bond issuance	14,345,000	31,205,000	12,995,000	14,850,000
Loan Proceeds	290,000	-	-	-
Discount on debt issued	-	-	-	-
Premium on debt issued	2,082,980	3,367,176	1,207,558	2,405,596
Refunding bonds issued	17,135,000	13,080,000	-	10,335,000
Payment to refunded bond escrow agent	-	-	-	(18,735,000)
Sale of capital assets	362,148	345,941	15,451	17,355
Transfers in	18,102,057	16,061,991	15,775,415	12,026,555
Transfers out	(19,957,010)	(19,353,222)	(17,408,315)	(13,787,414)
Total other financing sources (uses)	32,360,175	44,706,886	12,585,109	7,112,092
Net change in fund balances	\$ 4,846,453	\$ 20,798,989	\$ (7,415,840)	\$ 6,890,664
Debt service as a percentage of noncapital expenditures	30.29%	18.39%	24.50%	18.32%

		Fiscal Year					
		2013	2012	2011	2010	2009	2008
\$	88,262,578	\$ 80,884,683	\$ 78,730,720	\$ 77,168,031	\$ 75,503,579	\$ 73,900,380	
	93,757	58,964	157,683	37,717	6,806	139,517	
	1,619,350	1,317,804	1,238,659	1,275,935	1,154,269	1,496,632	
	22,837,172	35,240,010	31,332,008	29,024,273	22,579,386	17,417,503	
	4,210,684	4,479,467	4,146,542	3,926,869	4,081,012	3,616,388	
	1,036,972	1,218,685	1,014,156	1,035,244	1,390,993	2,953,986	
	1,740,494	1,936,641	1,967,004	1,314,564	938,544	554,937	
	860,284	723,850	839,699	648,896	611,113	584,230	
	3,659,461	4,598,710	4,519,410	4,362,836	1,257,734	2,106,748	
	<u>124,320,752</u>	<u>130,458,814</u>	<u>123,945,881</u>	<u>118,794,365</u>	<u>107,523,436</u>	<u>102,770,321</u>	
	8,601,095	8,992,941	8,178,030	8,370,902	7,849,694	7,908,979	
	40,160,927	39,554,541	39,137,701	38,211,590	37,719,742	37,817,252	
	15,288,713	15,505,355	17,073,051	17,169,622	15,838,441	15,316,163	
	10,975,613	11,305,093	11,485,665	12,738,612	11,113,692	10,182,468	
	10,629,873	15,234,614	13,823,997	20,305,456	17,030,912	9,930,122	
	17,188,086	38,425,489	35,710,271	56,227,626	25,959,860	24,969,390	
	16,241,175	17,234,350	17,071,575	14,912,225	12,125,079	12,466,632	
	6,987,409	6,200,955	6,233,849	6,078,034	5,030,293	5,151,715	
	216,403	125,781	150,055	153,704	285,250	84,386	
	<u>126,289,294</u>	<u>152,579,119</u>	<u>148,864,194</u>	<u>174,167,771</u>	<u>132,952,963</u>	<u>123,827,107</u>	
	<u>(1,968,542)</u>	<u>(22,120,305)</u>	<u>(24,918,313)</u>	<u>(55,373,406)</u>	<u>(25,429,527)</u>	<u>(21,056,786)</u>	
	12,382,000	11,790,000	25,299,250	28,676,000	26,820,000	9,910,000	
	-	-	-	(66,902)	56,945	155,453	
	482,773	3,321,543	1,377,130	30,668	-	4,380,000	
	2,310,000	33,637,890	3,687,250	6,546,400	-	(4,354,806)	
	(17,900,000)	-	(3,880,000)	(6,555,500)	-	51,385	
	2,016,593	108,867	728,558	66,608	4,905	14,574,161	
	14,170,133	20,129,136	17,023,775	16,951,068	17,244,760	14,574,161	
	<u>(14,636,170)</u>	<u>(21,052,585)</u>	<u>(15,224,330)</u>	<u>(17,399,734)</u>	<u>(15,730,792)</u>	<u>(14,052,777)</u>	
	<u>(1,174,671)</u>	<u>47,934,851</u>	<u>29,011,633</u>	<u>28,248,608</u>	<u>28,395,818</u>	<u>10,663,416</u>	
\$	<u>(3,143,213)</u>	<u>\$ 25,814,546</u>	<u>\$ 4,093,320</u>	<u>\$ (27,124,798)</u>	<u>\$ 2,966,291</u>	<u>\$ (10,393,370)</u>	
	20.55%	18.24%	17.28%	12.92%	15.26%	17.72%	

**CITY OF DAVENPORT**

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

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		ACTUAL VALUE					
<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Multiresidential</u>	<u>Agricultural</u>	<u>Utilities</u>
2006	2008	3,531,282	1,451,082	158,288		14,580	247,982
2007	2009	3,747,601	1,562,748	171,687		14,782	239,523
2008	2010	3,784,782	1,579,002	163,691		14,589	262,718
2009	2011	3,838,410	1,569,003	154,658		20,246	272,575
2010	2012	3,924,743	1,610,948	146,875		20,370	278,170
2011	2013	4,011,589	1,566,209	139,106		24,753	287,690
2012	2014	4,060,982	1,517,909	137,393		24,607	302,338
2013	2015	4,139,557	1,499,395	134,969		33,295	304,795
2014	2016	4,182,509	1,494,888	133,490		32,887	356,733
2015	2017	4,278,328	1,378,334	129,085	120,091	33,517	372,546

		TAXABLE VALUE					
<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Multiresidential</u>	<u>Agricultural</u>	<u>Utilities</u>
2006	2008	1,607,643	1,451,082	158,288		14,580	203,541
2007	2009	1,650,821	1,558,379	171,687		13,319	208,017
2008	2010	1,721,872	1,579,002	163,691		13,693	209,530
2009	2011	1,797,306	1,569,003	154,658		13,417	205,383
2010	2012	1,902,023	1,610,948	146,875		14,058	213,792
2011	2013	2,033,254	1,566,209	139,106		14,243	216,271
2012	2014	2,141,742	1,517,909	137,393		14,747	222,312
2013	2015	2,248,111	1,418,141	127,631		14,440	213,031
2014	2016	2,331,065	1,345,399	120,141		14,700	213,293
2015	2017	2,376,004	1,226,060	114,434	103,271	15,440	208,482

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>Other</u>	<u>Gross valuation</u>	<u>Less military exemption</u>	<u>Net valuation</u>	<u>Total direct tax rate</u>
1,418	5,404,632	(10,496)	5,394,136	15.58%
2,317	5,738,658	(10,515)	5,728,143	15.58%
3,076	5,807,858	(10,350)	5,797,508	15.58%
3,088	5,857,980	(10,216)	5,847,764	15.53%
3,074	5,984,180	(9,957)	5,974,223	15.53%
2,832	6,032,179	(9,707)	6,022,472	16.78%
3,120	6,046,349	(9,483)	6,036,866	16.78%
3,024	6,115,035	(9,153)	6,105,882	16.78%
2,900	6,203,407	(8,932)	6,194,475	16.78%
3,535	6,315,436	(8,667)	6,306,769	16.78%

<u>Other</u>	<u>Gross valuation</u>	<u>Less military exemption</u>	<u>Net valuation</u>
1,418	3,436,552	(10,496)	3,426,056
2,311	3,604,534	(10,515)	3,594,019
3,077	3,690,865	(10,350)	3,680,515
3,088	3,742,855	(10,216)	3,732,639
3,074	3,890,770	(9,956)	3,880,814
2,832	3,971,915	(9,705)	3,962,210
3,120	4,037,223	(9,483)	4,027,740
2,873	4,024,227	(9,153)	4,015,074
2,610	4,027,208	(8,932)	4,018,276
3,182	4,046,873	(8,667)	4,038,206

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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</u> <u>Year</u>	<u>General</u>	<u>Tort</u> <u>Liability</u>	<u>Trust &amp;</u> <u>Agency</u>	<u>Library (1)</u>	<u>Transit</u>	<u>Emergency</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>
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	4.83	0.27	0.91	0.27	2.15	16.78
2017	8.10	0.25	4.83	0.27	0.91	0.27	2.15	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>
5.54	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
5.82	15.37	1.01	0.39	39.37

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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>
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%
2017	74,432,127	72,761,618	97.76%

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

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**CITY OF DAVENPORT**

**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Name of Property	Property type	2016			2007		
		Taxable Valuation	Rank	% of taxable value	Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	\$ 150,202,626	1	3.62%	\$ 176,940,766	1	5.17%
Macerich North Park Mall LLC/SDG Macerich Properties	Shopping Center	52,533,450	2	1.26%	64,106,783	2	1.87%
Iowa-American Water Co.	Utility	49,542,230	3	1.19%	37,398,237	3	1.09%
John Deere Construction	Commercial	23,278,680	4	0.56%			
Falls Plaza LLC	Commercial	18,723,240	5	0.45%			
ARCP JDDPTIA01 LLC	Commercial	17,881,470	6	0.43%			
THF Davenport North Development	Realty	15,976,710	7	0.38%	16,673,792	10	0.49%
Genesis Health System	Health Care	13,575,403	8	0.33%			
Senior Star Investments I LLC	Retirement Home	13,218,484	9	0.32%			
Wal-Mart Real Estate Business	Commercial	12,866,670	10	0.31%			
Deere & Company	Manufacturing	-			20,929,097	4	0.61%
Quanex	Manufacturing	-			20,862,200	5	0.61%
National Amusement Inc.	Theatre Complexes	-			19,897,078	6	0.58%
Davenport 1031 LLC	Logistics	-			18,517,300	7	0.54%
Northbrook Housing Partners	Property Managers	-			18,277,160	8	0.53%
Qwest	Utility	-			18,258,177	9	0.53%
Total		<u>\$ 367,798,963</u>		<u>8.85%</u>	<u>\$ 411,860,590</u>		<u>12.03%</u>

Source: Scott County Auditor.

**CITY OF DAVENPORT**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**

**(dollars in thousands, except per capita)**

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Fiscal Year	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			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			
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	4.20%	1,777
2012	180,909	-	311	41,206	9,798	-	232,224	5.42%	2,330
2013	165,485	-	311	45,934	9,798	-	221,528	5.14%	2,222
2014	157,606	-	311	50,837	14,208	280	223,242	5.15%	2,239
2015	144,085	-	311	50,103	14,147	189	208,835	4.72%	2,095
2016	173,938	-	311	57,197	15,899	96	247,441	unavailable	2,482
2017	169,499	-	570	62,309	21,871	-	254,249	unavailable	2,551

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

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

The personal income and population data is not yet available.

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

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**CITY OF DAVENPORT**

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

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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
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	(9,686)	221,449	5.51%	2,221
2017	231,808	(12,745)	219,063	5.42%	2,198

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**

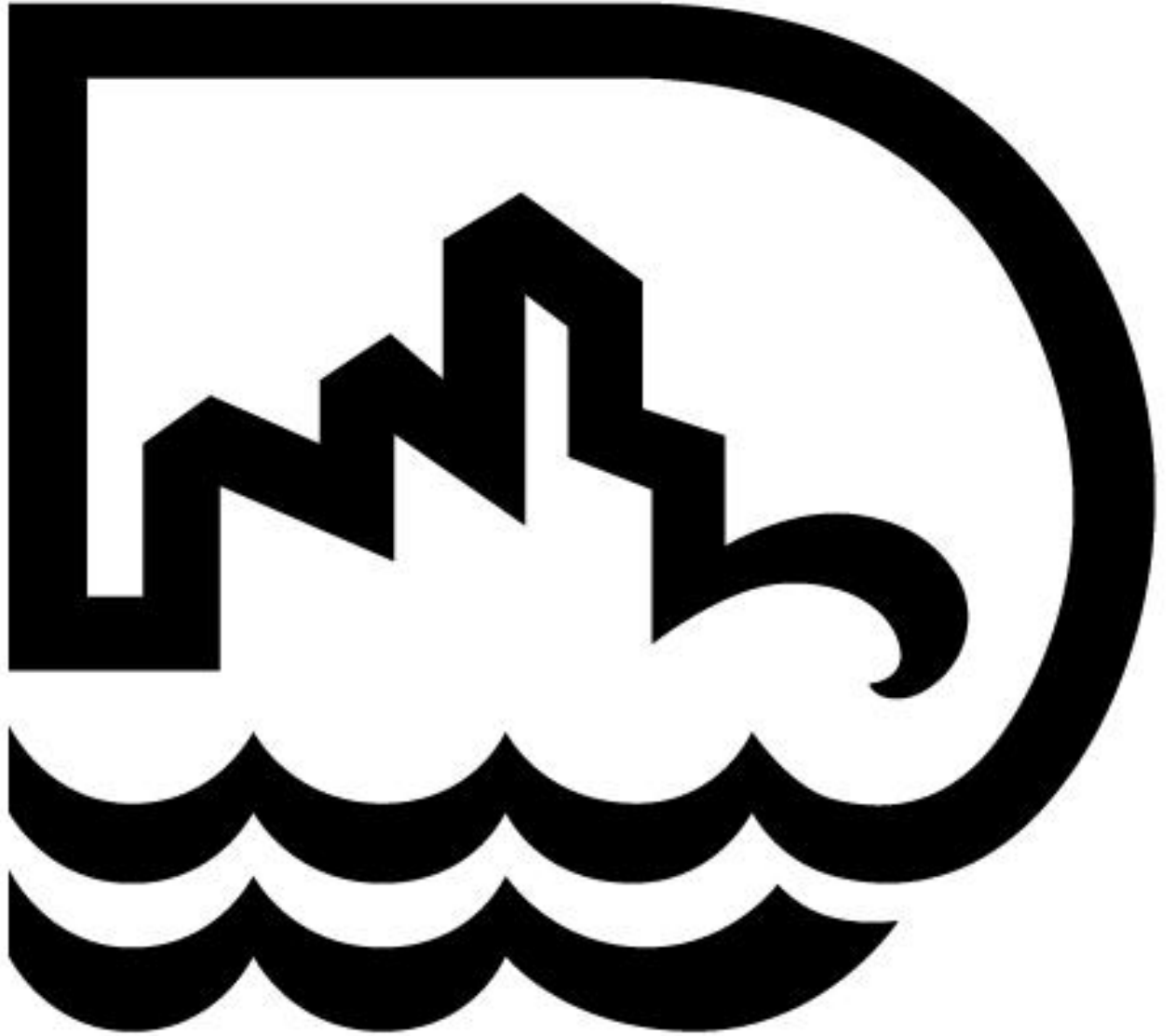
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2017**  
**(dollars in thousands)**

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Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	2,950,000	50.11%	1,478,245
Eastern Iowa Community College	46,185,000	29.58%	<u>13,661,523</u>
Subtotal, overlapping debt			<u>27,419,574</u>
City direct debt			<u>170,068,577</u>
Total direct and overlapping debt			<u><u>\$ 197,488,151</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	2008	2009	2010	2011
Debt limit	\$ 274,332,381	\$ 290,703,247	\$ 295,219,101	297,663,843
Total net debt applicable to limit	<u>148,501,164</u>	<u>159,957,382</u>	<u>176,092,605</u>	<u>\$ 189,966,525</u>
Legal debt margin	\$ 125,831,217	\$ 130,745,865	\$ 119,126,496	\$ 107,697,318
Total net debt applicable to the limit as a percentage of debt limit	54.13%	55.02%	59.65%	63.82%

**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 2017**

Assessed valuation		\$ 6,479,516,370	
Debt limit (5% of assessed value)			\$ 323,975,819
Debt applicable to limit:			
General Obligation Bonds		219,780,000	
Tax Increment Financing Rebate Agreements subject to limit		2,169,505	
Total G.O. Indebtedness			<u>221,949,505</u>
Legal debt margin			<u><u>\$ 102,026,314</u></u>

2012	2013	2014	2015	2016	2017
303,752,150	306,921,649	\$ 307,269,293	\$ 312,585,544	\$ 318,401,799	\$ 323,975,819
235,046,500	221,979,300	205,587,350	189,866,175	223,801,529	221,949,505
\$ 68,705,650	\$ 84,942,349	\$ 101,681,943	\$ 122,719,369	\$ 94,600,270	\$ 102,026,314
77.38%	72.32%	66.91%	60.74%	70.29%	68.51%

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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)
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	4,489,114,605	45,033	15,823	6.3%
2016	99,685	N/A	(1) N/A	(1) 15,162	5.5%
2017	99,685	N/A	(1) N/A	(1) 15,489	N/A (1)

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	12/31/07			12/31/16		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	4,900	1	9.79%	4,805	1	5.10%
Davenport Community Schools	2,500	2	5.00%	2,279	2	2.42%
Arconic/ALCOA	-		0.00%	2,194	3	2.33%
Kraft Foods/Oscar Mayer	1,650	3	3.30%	1,600	4	1.70%
City of Davenport	948	7	1.89%	1,151	5	1.22%
Rhythm City Casino/Isle Capri	600	9	1.20%	1,000	6	1.06%
APAC Teleservices	950	6	1.90%	900	7	0.96%
Sears Manufacturing	600	9	1.20%	884	8	0.94%
Eastern Iowa Community College	1,005	5	2.01%	845	9	0.90%
MidAmerican Energy Company	1,230	4	2.46%	801	10	0.85%
John Deere Davenport Works	875	8	1.75%			0.00%
	<u>15,258</u>		<u>30.49%</u>	<u>16,459</u>		<u>17.47%</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, 2017**

FUNCTION/PROGRAM	2016		2015		2014		2013		2012	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
PUBLIC SAFETY										
Police	180	25	186	23	186	24	189	26	189	24
Fire	136	-	142	-	143	-	138	1	138	-
PUBLIC WORKS	288	45	287	50	289	48	290	45	296	56
CULTURE & RECREATION										
Leisure Facilities and Services	19	290	18	218	17	209	18	257	21	231 (1)
Library	39	40	39	36	37	35	39	39	40	42
COMMUNITY & ECONOMIC DEVELOPMENT	22	-	23	-	20	2	24	2	23	2
GENERAL GOVERNMENT										
Mayor	2	-	2	-	2	-	2	-	1	1
Council	-	10	-	10	-	10	-	10	-	10
Finance	22	1	23	1	24	-	25	2	25	1
Information Technology	8	1	8	2	8	1	8	2	7	2
Administration	7	1	5	4	6	4	5	8	6	7
Legal	4	-	4	-	4	-	4	-	4	-
Human Resources	5	1	5	2	6	2	6	2	5	2
Civil Rights	4	1	4	3	4	3	4	1	4	1
Total	<u>736</u>	<u>415</u>	<u>746</u>	<u>349</u>	<u>746</u>	<u>338</u>	<u>752</u>	<u>395</u>	<u>759</u>	<u>379</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 explains the increase in part-time employees.

Source: City of Davenport Department of Human Resources.

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2011		2010		2009		2008		2007	
FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
195	34	194	35	217	29	209	27	212	23
140	-	149	-	153	2	155	-	153	1
289	46	281	31	284	34	278	30	278	29
34	170	34	131	34	129	32	76	35	23
41	40	43	44	41	37	39	35	38	34
27	-	32	12	39	13	37	12	37	11
2	-	2	-	2	-	2	-	2	-
1	10	1	10	-	11	1	11	1	10
26	2	26	2	22	5	23	2	23	-
7	2	8	2	10	-	10	-	11	-
6	1	6	-	7	-	7	-	7	-
4	-	4	-	4	-	4	-	4	-
5	2	5	2	5	2	5	3	6	4
4	1	4	1	4	2	4	1	4	2
<u>781</u>	<u>308</u>	<u>789</u>	<u>270</u>	<u>822</u>	<u>264</u>	<u>806</u>	<u>197</u>	<u>811</u>	<u>137</u>

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**CITY OF DAVENPORT**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
June 30, 2017**

FUNCTION/PROGRAM	FISCAL YEAR				
	2017	2016	2015	2014	2013
<b>PUBLIC SAFETY</b>					
Fire calls answered	18,741	18,056	16,690	16,373	16,467
Police-arrests (1)	5,963	5,944	6,887	7,632	5,072
Construction permits issued	2,873	3,142	2,395	2,602	2,483
<b>PUBLIC WORKS</b>					
Refuse collected (tons) (2)	26,331	27,907	27,197	26,920	26,759
Gallons of wastewater processed (in millions) (1)	11,525	12,200	10,494	8,541	9,855
Yard waste composted (cu yds)	155,373	136,197	110,723	101,373	109,972
Citibus ridership	659,155	1,278,115	1,503,419	1,362,174	1,407,131
Utility service customers		39,800	39,800	39,500	39,000
<b>CULTURE &amp; RECREATION</b>					
Rounds of golf played	57,755	63,671	64,701	64,063	64,029
Swimming pools attendance	16,302	28,398	24,026	28,191	28,170
Recreation programs available	795	768	943	984	845
Recreation program enrollment	12,378	11,502	6,130	5,733	6,342
Library - walk-in patrons served	388,185	428,684	445,272	481,592	463,971
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>					
Planning & zoning-final development review	6	7	8	9	13
Households assisted with rental assistance	913	897	867	842	825

(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

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2012	2011	2010	2009	2008
15,523	14,965	14,399	13,842	13,188
6,907	7,151	7,529	8,526	8,960
2,402	2,510	2,426	2,196	2135
24,949	25,604	25,737	26,789	71,000
8,015	10,877	11,607	10,038	10,731
152,564	103,379	102,176	109,800	98,030
1,414,496	1,202,929	1,180,383	1,125,000	1,088,000
38,000	40,000	40,000	40,000	40,000
77,519	71,243	80,113	101,813	136,386
32,590	40,874	30,830	27,708	28,000
1,272	910	549	636	1,061
6,235	57,600	42,500	38,844	30,396
503,778	578,957	511,259	449,218	395,498
13	5	2	5	8
783	768	750	716	701

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**CITY OF DAVENPORT**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
June 30, 2017**

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FUNCTION/PROGRAM	FISCAL YEAR				
	2017	2016	2015	2014	2013
<b>PUBLIC SAFETY</b>					
Police cars	117	115	109	105	104
Fire stations	7	7	7	7	7
Fire trucks	16	16	16	16	16
<b>PUBLIC WORKS</b>					
Streets (miles)	703	701	695	695	695
Traffic signals	166	166	166	166	166
Street lights	9,712	9,712	9,708	9,708	9,703
Refuse collection trucks	31	29	32	32	32
Buses	21	22	22	22	21
<b>CULTURE &amp; RECREATION</b>					
Golf courses	3	3	3	3	3
Acres of parks	1,981	1,981	1,981	1,981	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				
2012	2011	2010	2009	2008
82	83	74	64	67
7	7	7	7	7
16	16	16	16	16
695	695	695	695	692
161	156	153	153	152
9,691	9,691	9,680	9,632	9,558
29	31	31	34	30
23	21	21	21	20
3	3	3	3	4
1,913	1,700	1,700	1,700	1,700
3	3	3	3	4
3	3	3	2	2

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