



City of Davenport, Iowa

For the fiscal year ended June 30, 2018

Comprehensive Annual Financial Report



CITY OF DAVENPORT, IOWA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Prepared by:
Finance Department
Accounting Division**

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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December 19, 2018

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, 2018.

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, 2018 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, 2018 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, 2018 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 2018 unemployment rate (through eight months) was 3.9%. Of the 192,867 persons in the labor force in 2018, 185,399 were employed, which is indicative of the economic diversification that has occurred. Major employment in the area includes the health care, retail, meat packing and food processing, aluminum, and industrial and agricultural equipment sectors in addition to government, education, and utilities.

Tax base composition is diverse, consisting of 59% residential, 2% multi-residential, 30% commercial, 5% utility, 3% industrial properties, and 1% other. 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 5.5% of taxable value. More detailed information on permits and principal taxpayers can be found in the statistical section of this report.

Downtown Davenport has continued its revitalization. During FY 2018 eight project representing \$82 million in investment were completed. This includes the City Square, a \$60 million project that transformed a half-city downtown block housing the former Parker and Putnam buildings along 2nd Street. The buildings were developed into a mix of hotel, market rate housing, retail and Class A office space. EICC's Urban Campus, a \$32 million redevelopment project, was completed in January 2018. An additional 9 projects with \$48 million in investment are underway including Pershing Hill Lofts and Harborview. The downtown now has 1,392 housing units with an additional 137 market-rate units under construction. Sterilite Corporation finished construction on a \$87 million 2.5 million square foot manufacturing and warehouse facility. Kraft-Heinz in Davenport's Eastern Iowa Industrial Center is investing an addition \$8 million in their plant. Costco opened on 53rd Street on October 20, 2018. Additional new-to-market retail that opened this year includes: Dry Goods, H&M, and HomeGoods. The Genesis HealthPlex, a \$13.6 million 43,000 square foot health center opened in August and includes family medicine offices, pediatrics, convenient care, therapies, and labs.

Budget Challenges. Recent years' budget processes have faced many challenges presented by the current local, state, and national economies, including: state-shared revenue reductions; lower investment income due to lower returns in the recent-years 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, neighborhood services, 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 1.5% annually over the last ten fiscal years. For the upcoming FY 2019, total assessed value increased by 5.7%, while taxable values increased 4.8% 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 2019, 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 slightly from their 2015 highs, but remain high for historical comparison. Compared to the FY 2010 contribution rate the FY 2018 rate was \$2.0 million higher. In order to fully fund projected increases in the state-mandated MFPRSI system, the City Council approved a \$0.96 increase in the trust & agency property tax levy in FY 2013. The levy increase also funds increases in the City's self-funded health insurance costs.

Future budgets will challenge the City to continue current services within the current revenue and expenditure structure. It is important to note that the State does provide unlimited property tax levies for employee benefits (trust and agency levy), debt service (debt service levy), and insurance/claims (tort liability levy), whereas the general and emergency levies are limited as discussed above. The City also has the ability to collect a utility franchise fee on natural gas and has been successful in 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 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, 2018, and 2019. It was at \$2.15 in FY 2016 and 2017.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2019 include:

- Street resurfacing, full depth patching & reconstruction \$6.8 million
- Slopertown resurfacing, Harrison to Division \$1.4 million
- Airport runway reconstruction \$7.8 million
- Fire truck replacement \$1.2 million
- Rivercenter renovation \$3.8 million
- Main Street landing improvements \$1 million
- Sanitary sewer lining, construction and repair \$7.4 million

Awards and Acknowledgements

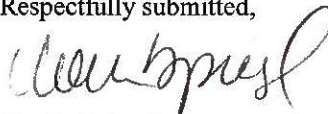
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the 35th consecutive 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 2019 budget document. This is the 24th 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

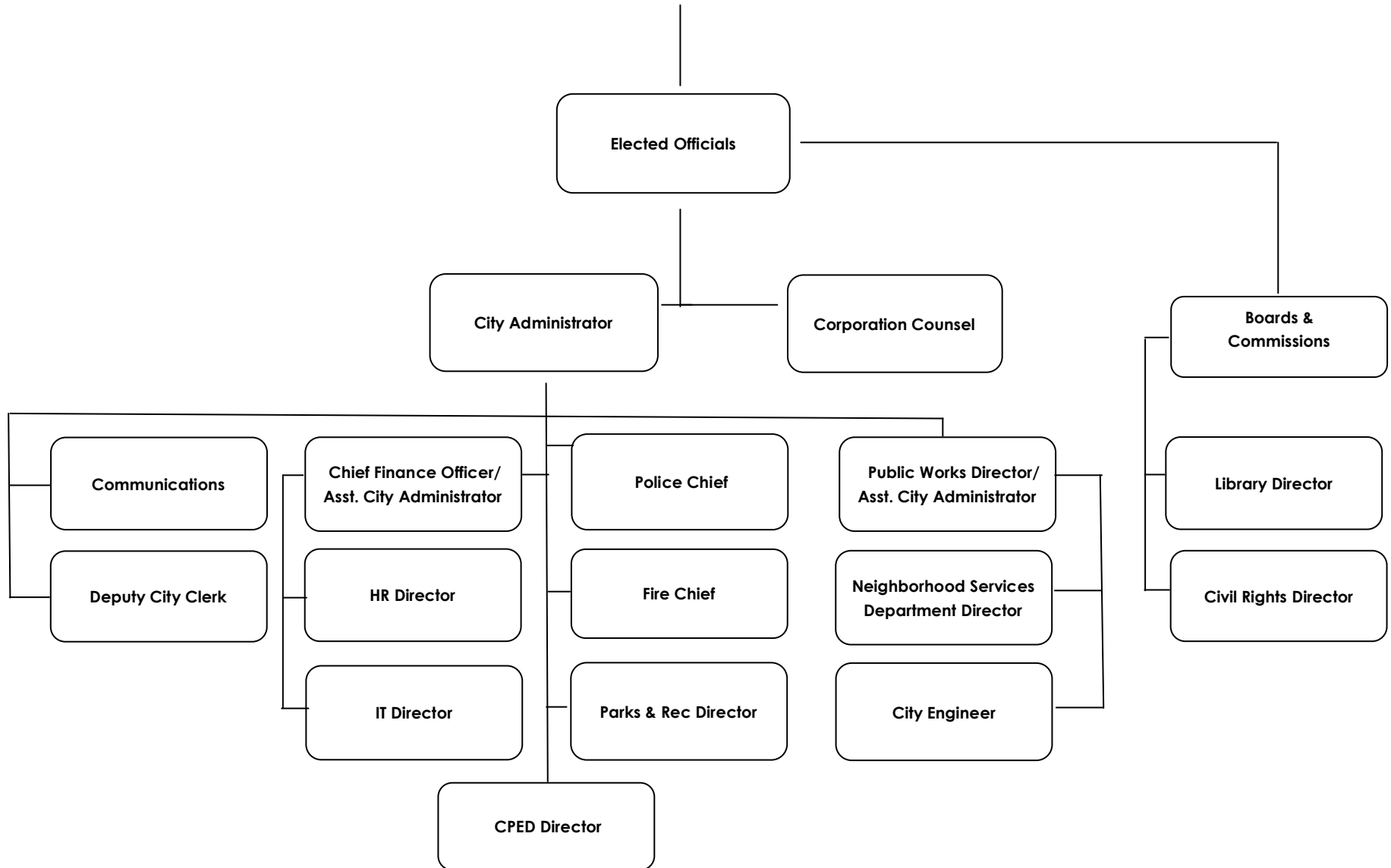
June 30, 2017

Christopher P. Morvill

Executive Director/CEO

FY 2018 ORGANIZATIONAL CHART

CITIZENS OF DAVENPORT



CITY OF DAVENPORT

CITY OFFICIALS

June 30, 2018

<u>OFFICIAL TITLE</u>	<u>OFFICIAL</u>	<u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u>
<u>Elected Officials</u>		
Mayor	Frank J. Klipsch	1/20
Alderman at Large	Kyle W. Gripp	1/20
Alderman at Large	James J. Condon	1/20
Alderman First Ward	Richard L. Dunn	1/20
Alderman Second Ward	Maria P. Dickman	1/20
Alderman Third Ward	Marion Meginnis	1/20
Alderman Fourth Ward	Raymond A. Ambrose	1/20
Alderman Fifth Ward	Rita L. Rawson	1/20
Alderman Sixth Ward	Richard A. Clewell	1/20
Alderman Seventh Ward	Mike J. Matson	1/20
Alderman Eighth Ward	Kerri K. Tompkins	1/20

Administration

City Administrator Corrin B. Spiegel

Department Directors

Civil Rights	Latrice L. Lacey
Community Planning and Economic Development	Bruce E. Berger
Finance	Brandon E. Wright
Fire	Michael P. Carlsten
Human Resources	Mallory L. Merritt
Information Technology	Cory J. Smith
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

Independent Auditor's Report

RSM US LLP

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, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 10 to the financial statements, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which restated beginning net position and other postemployment benefits liability of the governmental activities, business-type activities, each major enterprise fund and aggregate remaining funds. Our opinion is not modified with respect to this matter.

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, Schedule of Changes in the City's Total OPEB Liability and Related Ratios, 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 on 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 of Davenport, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
December 19, 2018

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, 2018. 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, 2018 by \$324,590 (net position). Current assets exceeded current liabilities by \$118,065.
- The government's total net position increased by \$14,877 during fiscal year (FY) 2018.
- At June 30, 2018, unassigned fund balance for the General Fund was \$11,549, or 16.1 percent of total General Fund expenditures, while total fund balance represents 29.0 percent of total expenditures.

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

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during FY 2018. 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/Adler Theatre (convention center/theatre), public transit, transload facility (rail service), 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 eleven 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/Adler Theatre, and clean water as these are considered to be major funds of the City of Davenport. Data from the other seven 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 75 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 2017 and 2018 are presented below. In Davenport, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$324,590 an increase of 1.9%, at the close of the fiscal year ended June 30, 2018.

City of Davenport’s Net Position

	Governmental Activities		Business-type activities		Total	
	<u>2018</u> (as restated)	<u>2017</u> (not restated)	<u>2018</u> (as restated)	<u>2017</u> (not restated)	<u>2018</u> (as restated)	<u>2017</u> (not restated)
Current and other assets	\$ 196,368	\$ 188,432	\$ 36,326	\$ 39,801	\$ 232,694	\$ 228,233
Capital assets	306,725	299,351	233,012	229,092	539,737	528,443
Total assets	503,093	487,783	269,338	268,893	772,431	756,676
Deferred outflows of resources	18,870	23,304	2,529	2,294	21,399	25,598
Noncurrent liabilities						
outstanding	232,302	234,034	85,935	87,797	318,237	321,831
Other liabilities	54,155	51,263	10,017	10,460	64,172	61,723
Total liabilities	286,457	285,297	95,952	98,257	382,409	383,554
Deferred inflows of resources	81,868	75,890	4,963	4,223	86,831	80,113
Net position:						
Net invested in capital assets	167,799	160,608	160,154	159,856	327,953	320,464
Restricted	28,189	24,931	2,734	3,923	30,923	28,854
Unrestricted (deficit)	(42,350)	(35,639)	8,064	4,928	(34,286)	(30,711)
Total net position	\$ 153,638	\$ 149,900	\$ 170,952	\$ 168,707	\$ 324,590	\$ 318,607

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 (18.3 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 \$118,065, \$103,728 and \$14,337 respectively.

In the governmental activities, the \$7,936 increase in current and other assets is due to an increase of \$3,648 in property tax receivable due to an increase of 2.38% in taxable values. Also, there is an increase of \$3,405 in due from other governments due to an increase in capital improvements completed in fiscal year 2018 that were partially funded from neighboring communities.

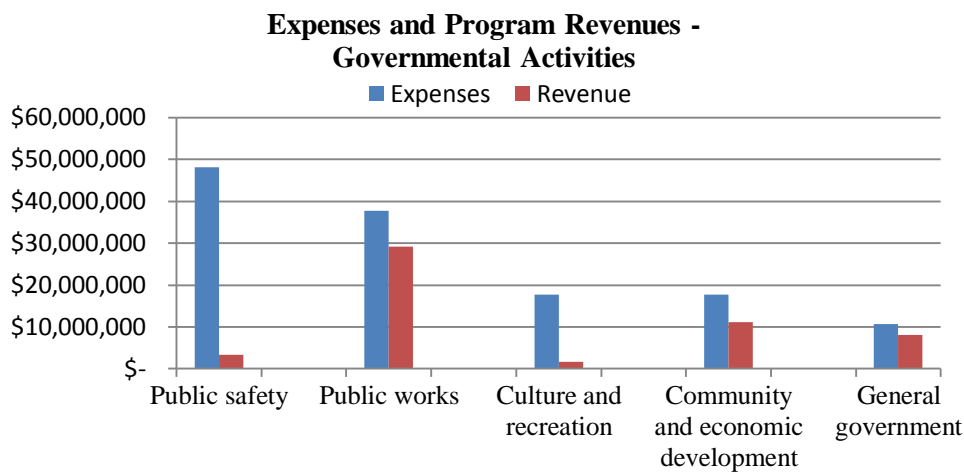
The \$3,475 decrease in current and other assets in the business-type activities is due to general obligation bonds crossover refunding being paid off in FY 2018. Previously the cash to pay off the bonds was held in escrow. Also, the \$1,725 decrease in noncurrent liabilities in the business-type activities is due to a decrease in general obligation bonds payable, with the previously mentioned crossover refunding occurring.

City of Davenport's Changes in Net Position

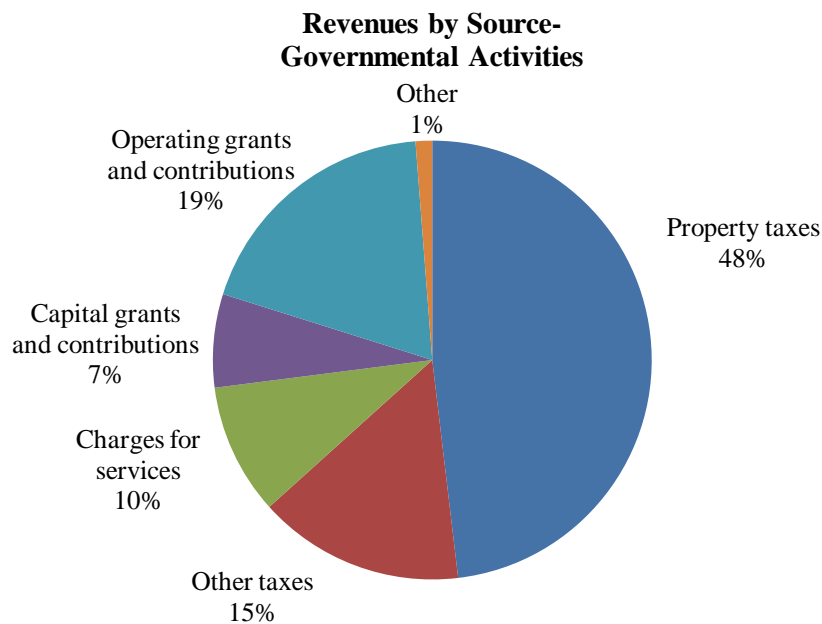
	Governmental Activities		Business-type Activities		Total	
	<u>2018</u> (as restated)	<u>2017</u> (not restated)	<u>2018</u> (as restated)	<u>2017</u> (not restated)	<u>2018</u> (as restated)	<u>2017</u> (not restated)
Revenues:						
Program revenues:						
Charges for services	\$ 14,565	\$ 11,290	\$ 41,688	\$ 37,531	\$ 56,253	\$ 48,821
Operating grants and contributions	28,534	26,423	2,432	2,610	30,966	29,033
Capital grants and contributions	10,371	11,337	4,854	4,129	15,225	15,466
General revenues:						
Property taxes	72,572	69,442	3,668	3,577	76,240	73,019
Other taxes	22,940	23,882	-	-	22,940	23,882
Other	1,845	1,320	1,363	1,245	3,208	2,565
Total revenues	<u>150,827</u>	<u>143,694</u>	<u>54,005</u>	<u>49,092</u>	<u>204,832</u>	<u>192,786</u>
Expenses:						
Public safety	48,066	37,918	-	-	48,066	37,918
Public works	37,675	29,892	-	-	37,675	29,892
Culture and recreation	17,784	16,717	-	-	17,784	16,717
Community and economic development	17,674	11,848	-	-	17,674	11,848
General government	10,645	10,658	-	-	10,645	10,658
Interest on long-term debt	6,094	6,738	-	-	6,094	6,738
Parking system	-	-	2,015	1,904	2,015	1,904
Sewer operations	-	-	21,619	20,356	21,619	20,356
RiverCenter	-	-	6,815	5,830	6,815	5,830
Public transit	-	-	7,022	6,822	7,022	6,822
Public housing	-	-	1,427	1,387	1,427	1,387
Golf courses	-	-	1,941	1,916	1,941	1,916
Airport	-	-	1,030	982	1,030	982
Curbside recycling	-	-	5,982	6,016	5,982	6,016
Clean water	-	-	2,791	2,757	2,791	2,757
Transload	-	-	526	525	526	525
Riversedge	-	-	849	799	849	799
Total expenses	<u>137,938</u>	<u>113,771</u>	<u>52,017</u>	<u>49,294</u>	<u>189,955</u>	<u>163,065</u>
Increase/(decrease) in net position before transfers	12,889	29,923	1,988	(202)	14,877	29,721
Transfers	(1,779)	(1,563)	1,779	1,563	-	-
Increase in net position	<u>11,110</u>	<u>28,360</u>	<u>3,767</u>	<u>1,361</u>	<u>14,877</u>	<u>29,721</u>
Net position-beginning as restated	142,528	121,540	167,185	167,346	309,713	288,886
Net position-ending	<u>\$ 153,638</u>	<u>\$ 149,900</u>	<u>\$ 170,952</u>	<u>\$ 168,707</u>	<u>\$ 324,590</u>	<u>\$ 318,607</u>

Governmental activities. Governmental activities increased the City’s net position by \$12,889, before transfers. This is a decrease of \$17,034 from 2017, due in part to an increase of expenses of \$24,167. Public safety function had an increase of expenses of \$10,148. This is largely due to the continued impact GASB Statement No. 68 is having on governments. The public works function also had an increase of expenses of \$7,783 mostly due to increase of capital expenditures due to an economic development project. Program revenues in governmental activities had a positive growth of \$4,420, this is mostly due to an increase in charges for sales and services of \$3,275. An increase in building permit revenues and an increased collection of fines are attributed to the positive revenue growth.

Certain revenues are generated that are specific to governmental program activities. These totaled \$53,470. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities. The operating grants and contributions category had an increase of \$2,111, partially due to an increased amount of Community Development Block Grant funding received in FY 18, an increase of \$519 from FY 17, as well as the timing of the deferrals and actual receipt of federal grant funds in the amount of \$1,876.



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



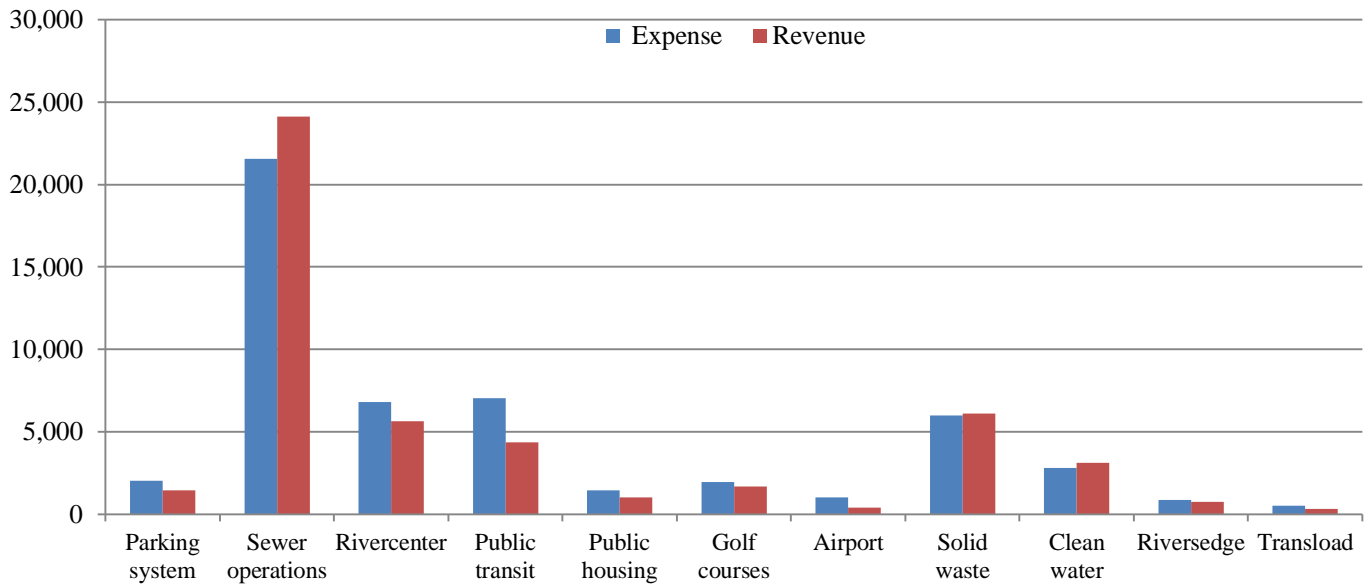
Total governmental activities’ revenues for FY 2018 were \$150,827, an increase of \$7,133 from FY 2017. This is primarily due to the increase in grants in FY 2018 as described above. The largest single revenue source was property taxes of \$72,572, which is an increase of \$3,130 from FY 2017, due to an increase in taxable values.

Business-type activities. Business-type activities increased the City of Davenport’s net position by \$1,988, before transfers. The increase in net position is partially due to an increase of sewer residential revenues of \$1,393, attributed to a 5.0% increase in sewer rates.

Total business-type activities revenue for the fiscal year was \$54,005.

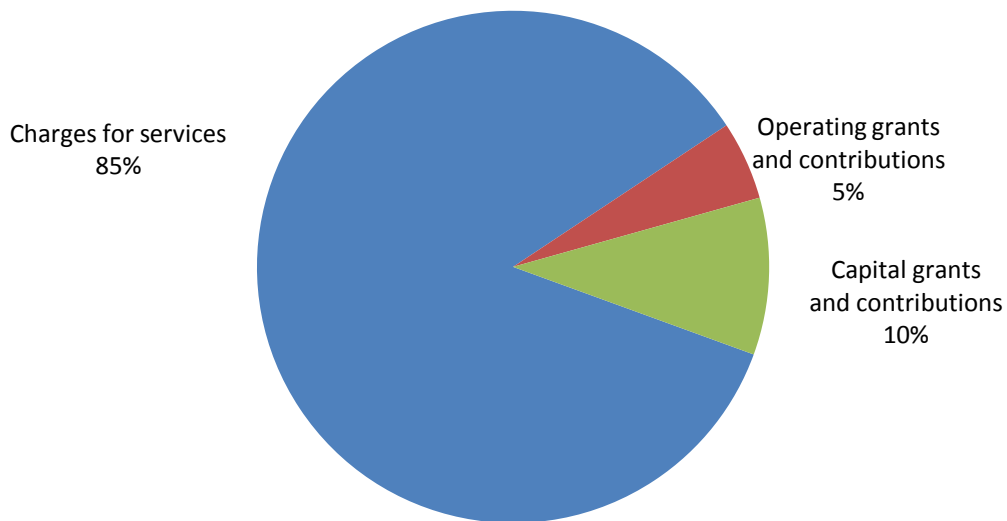
The graph below shows a comparison between the business-type activity expenditures and program revenues.

**Expenses and Program Revenue -
Business-type Activities**



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

**Revenues by Source -
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 2018, the City of Davenport's governmental funds reported combined ending fund balances of \$71,524, a decrease of \$402 in comparison with the prior year. The decrease is attributed to a decrease in the general debt service fund. In FY 2017 the City held \$10,715 in escrow for advance refunding of general obligation bonds. The outstanding refunding was fulfilled in FY 2018 using the funds in escrow. The City's general fund observed an increase of \$1,801 due to planned fund balance growth, the capital projects fund had an increase of \$3,101 due to an increase in capital project activity and the non-major governmental funds grew by \$3,567. Approximately 15.4 percent of this total amount, \$10,999, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) \$106; restricted by grantors and other legal restrictions \$53,713; committed by the City Council for revolving loans and the riverfront improvement commission \$2,245; and assigned by the Finance Director for future projects \$4,461.

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 2018, unassigned fund balance of the General Fund was \$11,549, while total fund balance was \$20,806. 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 16.1 percent of total General Fund expenditures, 23.9 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 29.0 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$1,801 during the current fiscal year and the unassigned fund balance increased by \$1,146. 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 17 to 25 percent of operating requirements, 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 \$7,841, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net decrease in fund balance during the current year in the General Debt Service Fund was \$9,249 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 \$7,738. 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 \$378, due to an increase in sales.

The Capital Projects Fund has a fund balance of \$20,243, due to unspent bond proceeds. The net increase in fund balance during the current year in the Capital Projects Fund was \$3,101.

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 \$206,158 was increased to \$244,785, an increase of \$38,627. 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 \$26,359. There were special revenue grant rollovers and new grants amounting to \$5,155.
- The total original expenditure budget of \$231,949 was increased to \$315,459, an increase of \$83,510. In the community and economic development category, \$4,791 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, \$45,666 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 \$26,964 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 \$8,450 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, \$3,997 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$48,721 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$6,550 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 \$72,367 was increased to \$74,050, an increase of \$1,683. In the intergovernmental revenue category, federal grants in the amount of \$516, and state grants in the amount of \$330, subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$71,581 was increased to \$73,206, an increase of \$1,625. Police forfeiture and seizure monies of \$479 held as reserved General Fund balance at June 30, 2017 were included in amendments in order to authorize the expenditure during FY 2018. Culture and recreation expenditures were amended to include grants carried forward of \$516 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 2018 was \$1,801, a positive variance from the budgeted change (\$94) of \$1,895.
- 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 \$937 were a part of the positive variance and a reservation of General Fund balance at June 30, 2018.

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, 2018, amounts to \$539,737 (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, 2018, and June 30, 2017 the depreciable capital assets of the City stayed consistent for both years at 45%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2018 include the following:

Governmental activities

- Street and road work completed by the City of \$6,118 including \$2,718 of full-depth patching and \$3,400 of street and alley resurfacing.
- Brady Street \$2,144
- Kimberly and Division Intersection \$2,090
- Veterans Memorial Parkway I74 to Forest Grove \$14,826
- Rockingham Road \$2,584
- Granite Way \$3,148
- Street equipment \$981
- Police body camera and in car camera equipment \$629
- Central Fire Station phase 2 \$2,692

Business-type activities

- Sanitary sewers built by City of Davenport \$9,598
- Sewer equipment \$1,144
- Five buses \$2,071
- City wide fiber \$330
- Adler Theatre Marquee \$335
- River's Edge roof replacement \$489

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 19,216	\$ 19,182	\$ 13,069	\$ 13,008	\$ 32,285	\$ 32,190
Buildings	123,389	122,794	125,995	125,430	249,384	248,224
Improvements other than buildings	31,841	31,151	27,462	27,376	59,303	58,527
Sanitary sewers	-	-	143,328	133,800	143,328	133,800
Equipment and vehicles	45,844	44,160	45,103	41,638	90,947	85,798
Bridges	10,800	10,800	-	-	10,800	10,800
Traffic signals	8,607	8,503	-	-	8,607	8,503
Storm sewers	-	-	25,880	25,598	25,880	25,598
Paving	274,248	240,235	1,637	1,637	275,885	241,872
Seawalls	2,685	2,685	-	-	2,685	2,685
Tunnels	54	54	-	-	54	54
Construction in progress	10,368	24,805	22,827	21,661	33,195	46,466
Accumulated depreciation	(220,327)	(205,018)	(172,289)	(161,056)	(392,616)	(366,074)
Total	\$ 306,725	\$ 299,351	\$ 233,012	\$ 229,092	\$ 539,737	\$ 528,443

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$211,185. Of this amount, \$121,442 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 155,542	\$ 160,831	\$ 55,643	\$ 58,949	\$ 211,185	\$ 219,780

The City of Davenport's total debt decreased by \$8,595 during the current fiscal year. New debt issuance of \$39,895 during the year was less than the debt retired of \$48,490. The issuance was to finance the City's capital improvement program including streets, buildings, and sanitary sewers (abated by user fees), solid waste (abated by user fees) and tax increment financing projects (abated by tax increment financing revenue).

The City's scheduled debt repayment is rapid, with 83 percent of outstanding bonded debt scheduled for repayment in 10 years and 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 \$330,626, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$211,185, and other debt subject to the debt limitation of \$5,844.

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 1.5% annually over the last ten fiscal years. For FY 2018, taxable assessed valuations increased 2.4% from FY 2017.

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 2019, 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 3.7% per year over the last ten years. State-mandated contributions to the statewide fire and police pension system decreased slightly from their FY 2015 highs, but remain high for historical comparison. Compared to the FY 2010 contribution rate, the FY 2018 rate was \$2.0 million higher. 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, 2.0% in FY 2018 and will be 2.0% in FY 2019, 2.5% for police, and an effectual increase of 3.0% for Fire. 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); and consideration of a natural gas franchise utility fee to further diversify revenue. The City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets.

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, 2018**

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Current assets:			
Cash and investments	\$ 61,709,255	\$ 8,400,312	\$ 70,109,567
Delinquent property taxes receivable	1,091,539	48,617	1,140,156
Succeeding year property taxes receivable	76,454,268	3,899,899	80,354,167
Other taxes receivable	3,709,749	-	3,709,749
Special assessments	1,071,485	-	1,071,485
Accounts receivable, net	1,808,340	10,566,180	12,374,520
Accrued interest receivable, net	365,246	57,784	423,030
Internal balances	(585,046)	585,046	-
Due from other governments	10,534,847	510,845	11,045,692
Inventory	-	241,912	241,912
Prepaid items	496,114	43,698	539,812
Loans receivable - net	1,227,459	-	1,227,459
Total unrestricted current assets	<u>157,883,256</u>	<u>24,354,293</u>	<u>182,237,549</u>
Noncurrent assets:			
Loans receivable - net	11,047,133	-	11,047,133
Restricted cash and cash equivalents	27,437,791	11,971,396	39,409,187
Capital assets:			
Land	19,216,060	13,069,267	32,285,327
Buildings	123,388,839	125,994,737	249,383,576
Improvements other than buildings	31,840,316	27,461,839	59,302,155
Sanitary sewers	-	143,328,240	143,328,240
Equipment and vehicles	45,844,121	45,102,772	90,946,893
Bridges	10,800,263	-	10,800,263
Traffic signals	8,606,940	-	8,606,940
Storm sewers	-	25,880,391	25,880,391
Streets and roads	274,248,238	1,637,383	275,885,621
Seawalls	2,685,289	-	2,685,289
Tunnels	54,326	-	54,326
Construction in progress	10,367,776	22,826,911	33,194,687
Accumulated depreciation	<u>(220,327,481)</u>	<u>(172,289,134)</u>	<u>(392,616,615)</u>
Total capital assets	<u>306,724,687</u>	<u>233,012,406</u>	<u>539,737,093</u>
Total noncurrent assets	<u>345,209,611</u>	<u>244,983,802</u>	<u>590,193,413</u>
Total assets	<u>\$ 503,092,867</u>	<u>\$ 269,338,095</u>	<u>\$ 772,430,962</u>
DEFERED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>18,869,695</u>	<u>2,528,606</u>	<u>21,398,301</u>

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 12,375,016	\$ 1,064,248	\$ 13,439,264
Contracts payable	1,491,851	-	1,491,851
Accrued wages payable	2,356,844	496,838	2,853,682
Accrued compensated absences	3,806,237	567,802	4,374,039
Claims and judgments	6,695,612	-	6,695,612
Accrued interest payable	701,255	225,534	926,789
General obligation bonds payable	16,757,040	5,687,960	22,445,000
Unearned revenue - other	9,800,765	387,197	10,187,962
Note payable	-	233,157	233,157
Total	<u>53,984,620</u>	<u>8,662,736</u>	<u>62,647,356</u>
Current liabilities payable from restricted assets:			
Accounts payable	54,590	-	54,590
Deposits payable	-	525,351	525,351
Notes payable	31,079	829,000	860,079
Loan payable	85,000	-	85,000
Total current liabilities payable from restricted assets	<u>170,669</u>	<u>1,354,351</u>	<u>1,525,020</u>
Total current liabilities	<u>54,155,289</u>	<u>10,017,087</u>	<u>64,172,376</u>
Noncurrent liabilities:			
Accrued compensated absences	131,521	146,466	277,987
Claims and judgments	2,959,343	-	2,959,343
Other postemployment benefits liability	17,030,672	3,631,726	20,662,398
Net pension liability	64,510,037	8,804,264	73,314,301
Note payable	217,554	20,109,465	20,327,019
Loan payable	115,000	-	115,000
General obligation bonds payable, net	146,265,759	53,243,268	199,509,027
Special assessment with government commitment	1,071,485	-	1,071,485
Total noncurrent liabilities	<u>232,301,371</u>	<u>85,935,189</u>	<u>318,236,560</u>
Total liabilities	<u>286,456,660</u>	<u>95,952,276</u>	<u>382,408,936</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	76,454,268	3,899,899	80,354,167
Deferred amount on refunding	1,985,513	446,972	2,432,485
Pension related deferred inflows	3,103,942	549,036	3,652,978
OPEB related deferred inflows	323,808	66,857	390,665
Total deferred inflows of resources	<u>81,867,531</u>	<u>4,962,764</u>	<u>86,830,295</u>
NET POSITION			
Net investment in capital assets	167,799,457	160,153,176	327,952,633
Restricted:			
Local option sales tax	7,711,197	-	7,711,197
Library	937,356	-	937,356
Police seizure	205,318	-	205,318
Debt retirement	16,534,303	-	16,534,303
Road use tax	1,853,992	-	1,853,992
Municipal improvement districts	816,940	-	816,940
Section 8	14,406	-	14,406
Youth Sports	114,927	-	114,927
Equipment replacement	-	2,734,362	2,734,362
Unrestricted (deficit)	(42,349,525)	8,064,123	(34,285,402)
Total net position	<u>\$ 153,638,371</u>	<u>\$ 170,951,661</u>	<u>\$ 324,590,032</u>

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, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 48,065,647	\$ 3,265,676	\$ 133,485	\$ -
Public works	37,675,297	4,581,686	14,295,470	10,371,486
Culture and recreation	17,783,557	1,537,648	150,873	-
Community and economic development	17,674,134	2,102,038	9,006,110	-
General government	10,644,664	3,077,903	4,947,849	-
Interest on long-term debt	6,094,200	-	-	-
Total governmental activities	<u>137,937,499</u>	<u>14,564,951</u>	<u>28,533,787</u>	<u>10,371,486</u>
Business-type activities:				
Parking system	2,015,335	1,425,193	-	-
Sewer operations	21,619,146	23,293,634	-	849,727
RiverCenter	6,814,585	4,901,894	-	730,684
Public transit	7,021,698	410,881	1,880,753	2,070,713
Public housing	1,427,019	467,588	551,025	-
Golf courses	1,941,131	1,660,901	-	9,000
Airport	1,030,450	207,143	-	182,650
Solid waste	5,982,688	6,123,533	-	-
Clean water	2,790,810	2,936,656	-	193,761
Transload	525,744	-	-	331,026
River's Edge	848,648	260,454	-	486,378
Total business-type activities	<u>52,017,254</u>	<u>41,687,877</u>	<u>2,431,778</u>	<u>4,853,939</u>
Total government	<u>\$ 189,954,753</u>	<u>\$ 56,252,828</u>	<u>\$ 30,965,565</u>	<u>\$ 15,225,425</u>

General Revenues:

Taxes:

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

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning as restated

Net position, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

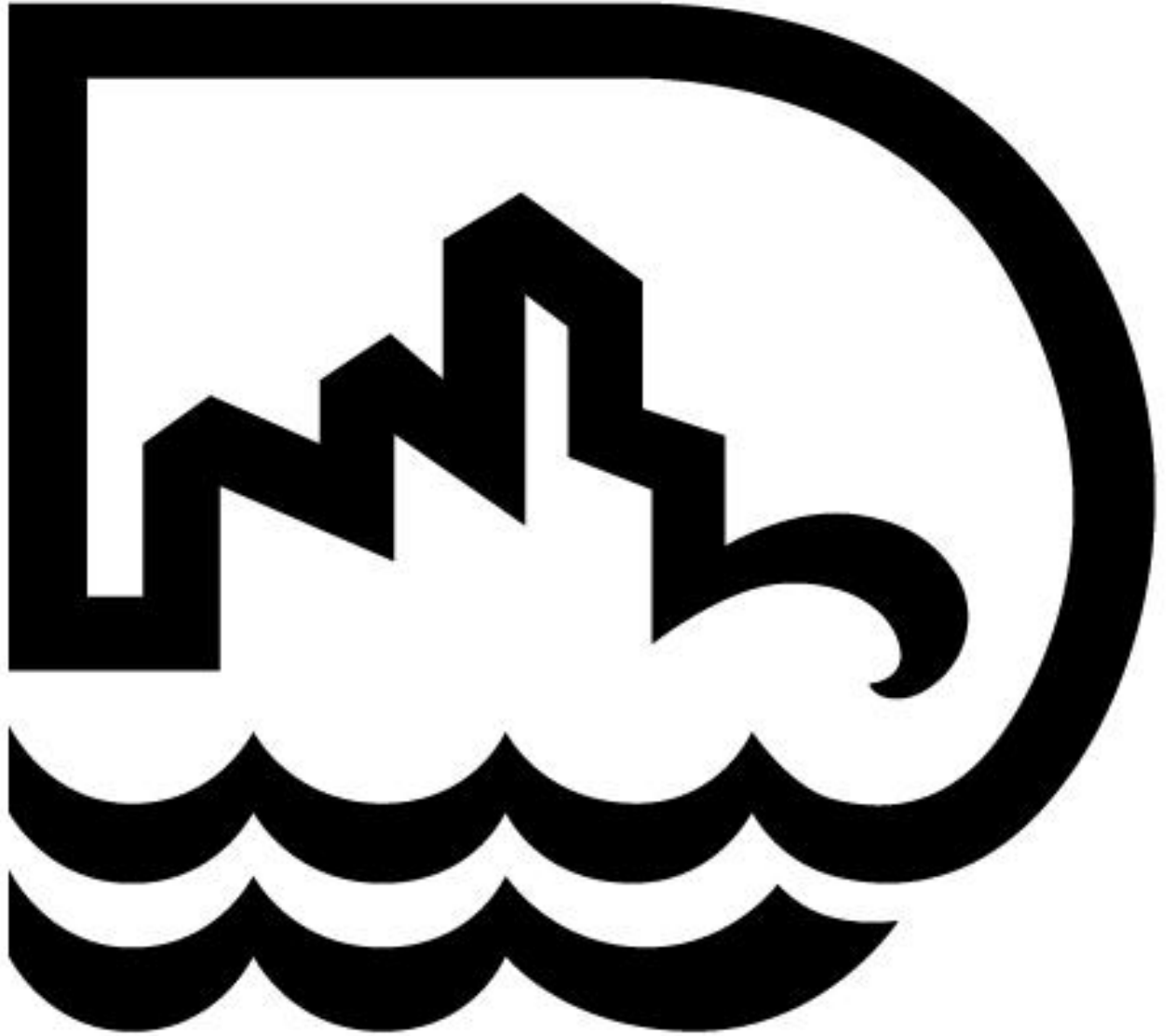
<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (44,666,486)	\$ -	\$ (44,666,486)
(8,426,655)	-	(8,426,655)
(16,095,036)	-	(16,095,036)
(6,565,986)	-	(6,565,986)
(2,618,912)	-	(2,618,912)
(6,094,200)	-	(6,094,200)
<u>(84,467,275)</u>	<u>-</u>	<u>(84,467,275)</u>
-	(590,142)	(590,142)
-	2,524,215	2,524,215
-	(1,182,007)	(1,182,007)
-	(2,659,351)	(2,659,351)
-	(408,406)	(408,406)
-	(271,230)	(271,230)
-	(640,657)	(640,657)
-	140,845	140,845
-	339,607	339,607
-	(194,718)	(194,718)
-	(101,816)	(101,816)
-	<u>(3,043,660)</u>	<u>(3,043,660)</u>
<u>(84,467,275)</u>	<u>(3,043,660)</u>	<u>(87,510,935)</u>
63,898,787	-	63,898,787
8,673,095	-	8,673,095
-	3,667,870	3,667,870
16,456,926	-	16,456,926
2,981,578	-	2,981,578
3,501,385	-	3,501,385
1,834,766	903,465	2,738,231
-	3,785	3,785
10,598	455,438	466,036
<u>(1,779,447)</u>	<u>1,779,447</u>	<u>-</u>
<u>95,577,688</u>	<u>6,810,005</u>	<u>102,387,693</u>
11,110,413	3,766,345	14,876,758
<u>142,527,958</u>	<u>167,185,316</u>	<u>309,713,274</u>
<u>\$ 153,638,371</u>	<u>\$ 170,951,661</u>	<u>\$ 324,590,032</u>

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018**

ASSETS	GENERAL FUND	LOCAL OPTION SALES TAX FUND
Cash and investments	\$ 20,467,320	\$ 8,266,650
Receivables:		
Property taxes:		
Delinquent	739,183	-
Succeeding year	59,281,679	-
Other taxes	1,053,801	2,246,496
Accounts	1,077,166	48,959
Special assessments	-	14,894
Loans, net	-	-
Interest	151,056	-
Interfund receivable	1,412,981	-
Due from other governments	432,683	-
Prepays	11,234	27,295
Restricted assets-cash and investments	-	-
TOTAL ASSETS	\$ 84,627,103	\$ 10,604,294
LIABILITIES		
Wages payable	\$ 1,927,506	\$ 72,315
Accounts payable	2,189,904	125,799
Contracts payable	-	-
Payable from restricted assets	-	-
Interfund payable	3,780	1,806,882
Unearned revenue	-	-
Note payable	-	-
Matured bonds payable	-	-
Matured interest payable	-	-
TOTAL LIABILITIES	4,121,190	2,004,996
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - succeeding year property tax	59,281,679	-
Unavailable revenue - intergovernmental, special assessments and loans	418,135	860,806
TOTAL DEFERRED INFLOWS OF RESOURCES	59,699,814	860,806
FUND BALANCES		
Nonspendable	\$ 11,234	\$ 27,295
Restricted	4,785,569	7,711,197
Committed	-	-
Assigned	4,460,502	-
Unassigned	11,548,794	-
TOTAL FUND BALANCES	20,806,099	7,738,492
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 84,627,103	\$ 10,604,294

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

GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 6,432,485	\$ 27,075,560	\$ 15,188,021	\$ 77,430,036
121,264	-	231,092	1,091,539
9,209,445	-	7,963,144	76,454,268
-	-	409,452	3,709,749
101,282	458,146	72,035	1,757,588
1,056,591	-	-	1,071,485
-	-	12,274,592	12,274,592
123,010	-	35,832	309,898
1,347,898	715,890	-	3,476,769
-	7,264,702	2,837,462	10,534,847
-	-	67,872	106,401
-	-	54,590	54,590
<u>\$ 18,391,975</u>	<u>\$ 35,514,298</u>	<u>\$ 39,134,092</u>	<u>\$ 188,271,762</u>
\$ -	\$ 3,855	\$ 279,307	\$ 2,282,983
-	8,259,996	1,614,843	12,190,542
-	1,491,851	-	1,491,851
-	-	54,590	54,590
-	-	1,471,667	3,282,329
-	-	9,800,765	9,800,765
248,633	-	-	248,633
20,000	-	-	20,000
3,381	-	-	3,381
<u>272,014</u>	<u>9,755,702</u>	<u>13,221,172</u>	<u>29,375,074</u>
9,209,445	-	7,963,144	76,454,268
1,069,342	5,515,338	3,054,677	10,918,298
<u>10,278,787</u>	<u>5,515,338</u>	<u>11,017,821</u>	<u>87,372,566</u>
\$ -	\$ -	\$ 67,872	\$ 106,401
7,841,174	20,243,258	13,131,907	53,713,105
-	-	2,244,583	2,244,583
-	-	-	4,460,502
-	-	(549,263)	10,999,531
<u>7,841,174</u>	<u>20,243,258</u>	<u>14,895,099</u>	<u>71,524,122</u>
<u>\$ 18,391,975</u>	<u>\$ 35,514,298</u>	<u>\$ 39,134,092</u>	<u>\$ 188,271,762</u>



**CITY OF DAVENPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total governmental fund balances	\$ 71,524,122
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.	303,094,366
Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds.	10,918,298
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.	4,179,562
Internal service funds activities allocated to business-type activities	(674,740)
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	18,528,069
Deferred inflows of resources	(3,023,565)
	<u>15,504,504</u>
Other post employment benefits related deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds:	(312,707)
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	(3,815,292)
Accrued interest payable	(697,874)
General Obligation bonds payable, special assessments, and loan payable, net	(164,274,284)
Deferred amounts on refunding	(1,985,513)
Other post employment benefits liability	(16,479,872)
Pension liability	(63,342,199)
	<u>(250,595,034)</u>
Net position of governmental activities	<u>\$ 153,638,371</u>

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

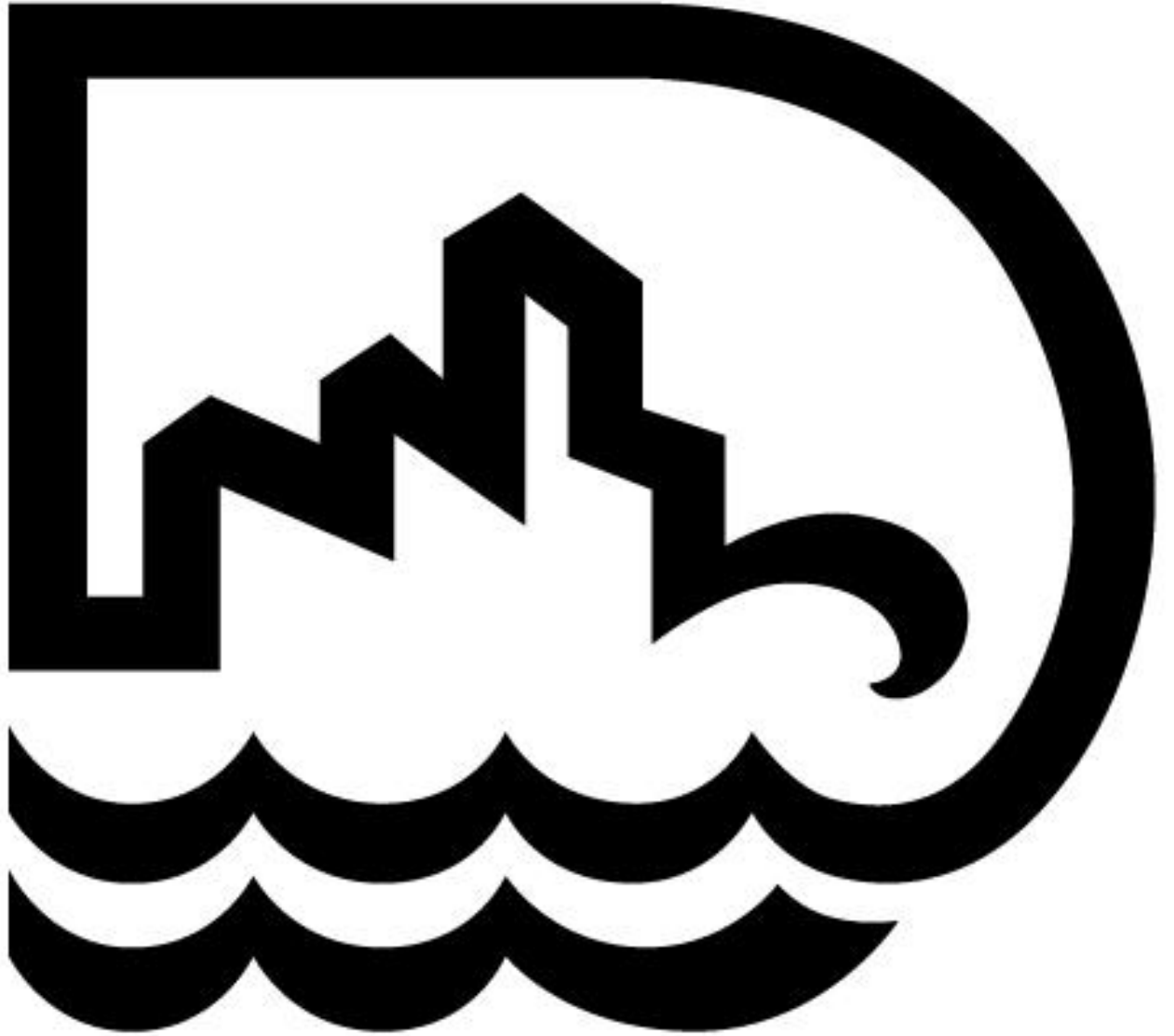
CITY OF DAVENPORT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018**

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	\$ 61,303,330	\$ 16,478,320	\$ 8,667,862	\$ -
Special assessments	-	4,615	37,731	-
Licenses and permits	2,398,087	-	-	-
Intergovernmental	4,894,515	-	544,123	10,047,484
Charges for services	4,322,216	124,564	-	-
Use of monies and property	792,275	38,482	466,718	-
Fines and forfeits	2,466,534	-	-	-
Loan repayments	-	-	-	-
Other	604,781	4,644	824,798	734,529
Total Revenues	<u>76,781,738</u>	<u>16,650,625</u>	<u>10,541,232</u>	<u>10,782,013</u>
EXPENDITURES:				
Current:				
Public safety	44,249,801	508,392	-	-
Public works	4,607,368	1,846,815	-	-
Culture and recreation	12,104,998	174,621	-	-
Community and economic development	984,647	341,227	-	-
General government	9,814,967	200,992	9,500	-
Capital outlay	-	-	-	36,299,217
Debt service:				
Principal retirement	-	-	31,202,760	-
Interest	-	-	5,184,136	-
Bond issuance costs	-	-	52,504	149,019
Total Expenditures	<u>71,761,781</u>	<u>3,072,047</u>	<u>36,448,900</u>	<u>36,448,236</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,019,957</u>	<u>13,578,578</u>	<u>(25,907,668)</u>	<u>(25,666,223)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	22,695,000
Premium on debt issued	-	-	690,679	1,120,409
Sale of capital assets	-	10,440	-	-
Transfers in	327,500	-	10,316,455	4,951,799
Transfers out	(3,546,568)	(13,211,503)	(763,243)	-
Refunding bond issuance	-	-	6,415,000	-
Total net Other Financing Sources (Uses)	<u>(3,219,068)</u>	<u>(13,201,063)</u>	<u>16,658,891</u>	<u>28,767,208</u>
NET CHANGE IN FUND BALANCES	1,800,889	377,515	(9,248,777)	3,100,985
FUND BALANCES -BEGINNING	<u>19,005,210</u>	<u>7,360,977</u>	<u>17,089,951</u>	<u>17,142,273</u>
FUND BALANCES - ENDING	<u>\$ 20,806,099</u>	<u>\$ 7,738,492</u>	<u>\$ 7,841,174</u>	<u>\$ 20,243,258</u>

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 8,662,302	\$ 95,111,814
-	42,346
168,149	2,566,236
21,018,208	36,504,330
168,158	4,614,938
537,291	1,834,766
-	2,466,534
1,120,466	1,120,466
1,909,455	4,078,207
<u>33,584,029</u>	<u>148,339,637</u>
45,009	44,803,202
11,329,644	17,783,827
183,574	12,463,193
14,173,460	15,499,334
82,785	10,108,244
-	36,299,217
3,811,610	35,014,370
938,886	6,123,022
706	202,229
<u>30,565,674</u>	<u>178,296,638</u>
<u>3,018,355</u>	<u>(29,957,001)</u>
325,000	23,020,000
46,975	1,858,063
-	10,440
1,301,248	16,897,002
(1,414,386)	(18,935,700)
290,000	6,705,000
<u>548,837</u>	<u>29,554,805</u>
3,567,192	(402,196)
<u>11,327,907</u>	<u>71,926,318</u>
<u>\$ 14,895,099</u>	<u>\$ 71,524,122</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, 2018**

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

Net change in fund balances: total governmental funds \$ (402,196)

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	23,248,306
Depreciation	(15,987,398)
	7,260,908

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

Loss on disposal of capital assets	(49,772)
Donations	324,000
Transfer of capital assets from Enterprise Fund	9,020
Proceeds from sale of capital assets	(10,440)
	272,808

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,163,723

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)	(30,526,782)
Repayment of bond principal	35,014,370
Interest on long-term debt	28,822
	4,516,410

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	181,017
Other postemployment benefits	(1,193,559)
Pension expense	(1,219,966)
	(2,232,508)

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. (468,732)

Change in net position of governmental activities \$ 11,110,413

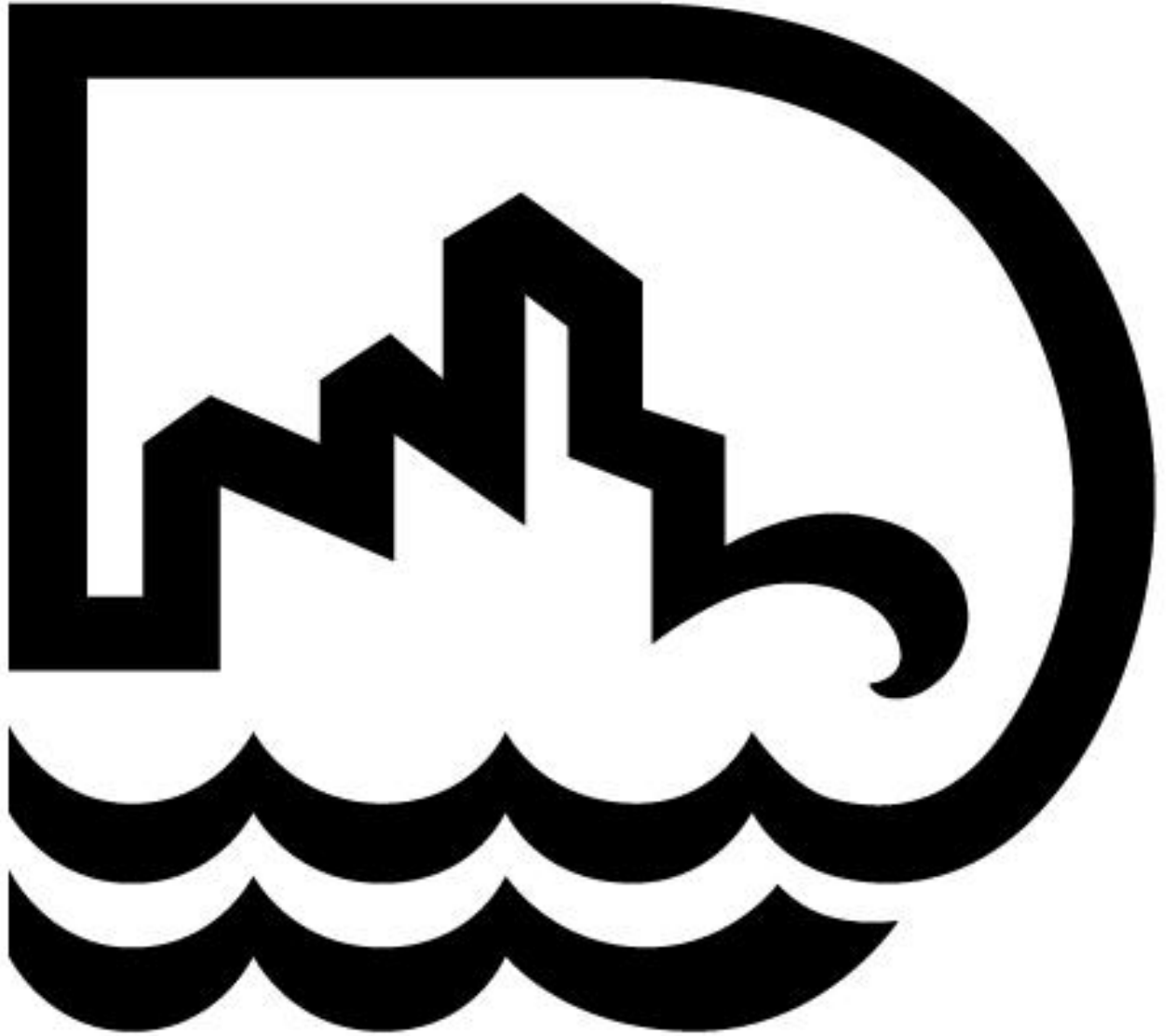
The notes to the financial statements are an integral part of this statement

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2018

	BUSINESS-TYPE ACTIVITIES -	
ASSETS	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	\$ 2,947	\$ 3,680,789
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	13,743	6,837,500
Interest	1,729	38,491
Due from other governments	-	395,791
Inventory	-	-
Prepays	-	10,298
Total current assets	<u>18,419</u>	<u>10,962,869</u>
Noncurrent assets:		
Restricted cash and cash equivalents	-	11,689,605
Capital assets:		
Land	3,647,368	849,435
Buildings	26,615,470	36,478,155
Improvements other than buildings	189,547	389,718
Sanitary sewers	-	143,328,240
Paving	1,140,885	263,373
Equipment and vehicles	872,241	24,767,203
Storm sewers	-	-
Less accumulated depreciation	(13,216,841)	(95,164,421)
Construction in progress	-	19,852,470
Total noncurrent assets	<u>19,248,670</u>	<u>142,453,778</u>
Total assets	<u>19,267,089</u>	<u>153,416,647</u>
DEFERED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	<u>60,561</u>	<u>1,014,469</u>
LIABILITIES		
LIABILITIES:		
Current liabilities:		
Wages payable	10,070	193,566
Accounts payable	31,383	310,431
Accrued interest payable	12,120	200,474
Compensated absences	16,665	236,698
Claims and judgments	-	-
Interfund payable	-	49,649
Unearned revenue	-	-
Note payable - current	-	-
General obligation bonds - current	855,000	4,014,800
Total	<u>925,238</u>	<u>5,005,618</u>
Current liabilities payable from restricted assets:		
Deposits payable	-	489,986
Note payable - current	-	829,000
Total current liabilities payable from restricted assets	<u>-</u>	<u>1,318,986</u>
Total current liabilities	<u>925,238</u>	<u>6,324,604</u>
Noncurrent liabilities:		
Compensated absences	576	134,997
Claims and judgments	-	-
Other postemployment benefits liability	82,293	1,574,534
Net pension liability	238,690	3,632,110
Note payable - long term	-	18,594,118
General obligation bonds -long term, net	1,960,101	47,942,360
Total noncurrent liabilities	<u>2,281,660</u>	<u>71,878,119</u>
Total liabilities	<u>3,206,898</u>	<u>78,202,723</u>
DEFERRED INFLOWS OF RESOURCES		
Succeeding year property tax	-	-
Deferred amount on refunding	114,638	285,827
Pension related deferred inflows	12,515	196,496
OPEB related deferred inflows	1,223	29,282
Total deferred inflows of resources	<u>128,376</u>	<u>511,605</u>
NET POSITION		
Net investment in capital assets	16,318,931	66,542,234
Restricted for equipment replacement	-	2,734,362
Unrestricted (deficit)	(326,555)	6,440,192
Total net position	<u>\$ 15,992,376</u>	<u>\$ 75,716,788</u>

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

ENTERPRISE FUNDS					
<u>RIVERCENTER</u>	<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>	
\$ 706,105	\$ 2,702,626	\$ 1,307,845	\$ 8,400,312	\$ 11,662,420	
-	-	48,617	48,617	-	
-	-	3,899,899	3,899,899	-	
198,208	983,012	2,533,717	10,566,180	50,752	
-	11,035	6,529	57,784	55,348	
-	-	115,054	510,845	-	
29,282	-	212,630	241,912	-	
26,900	2,500	4,000	43,698	389,713	
<u>960,495</u>	<u>3,699,173</u>	<u>8,128,291</u>	<u>23,769,247</u>	<u>12,158,233</u>	
-	-	281,791	11,971,396	-	
2,625,230	204,051	5,743,183	13,069,267	-	
30,970,686	-	31,930,426	125,994,737	-	
88,550	373,021	26,421,003	27,461,839	3,173,072	
-	-	-	143,328,240	-	
84,121	-	149,004	1,637,383	-	
1,055,836	1,242,008	17,165,484	45,102,772	4,797,115	
-	25,880,391	-	25,880,391	-	
(14,260,373)	(15,035,376)	(34,612,123)	(172,289,134)	(4,339,866)	
260,506	1,974,435	739,500	22,826,911	-	
<u>20,824,556</u>	<u>14,638,530</u>	<u>47,818,268</u>	<u>244,983,802</u>	<u>3,630,321</u>	
<u>21,785,051</u>	<u>18,337,703</u>	<u>55,946,559</u>	<u>268,753,049</u>	<u>15,788,554</u>	
2,297	204,694	1,246,585	2,528,606	341,626	
-	37,328	255,874	496,838	73,861	
232,376	43,088	446,970	1,064,248	184,474	
3,046	4,967	4,927	225,534	-	
-	28,422	286,017	567,802	118,376	
-	-	-	-	6,695,612	
-	40,045	-	89,694	104,746	
367,122	-	20,075	387,197	-	
-	-	233,157	233,157	-	
65,000	170,000	583,160	5,687,960	-	
<u>667,544</u>	<u>323,850</u>	<u>1,830,180</u>	<u>8,752,430</u>	<u>7,177,069</u>	
-	-	35,365	525,351	-	
-	-	-	829,000	-	
-	-	35,365	1,354,351	-	
<u>667,544</u>	<u>323,850</u>	<u>1,865,545</u>	<u>10,106,781</u>	<u>7,177,069</u>	
-	1,010	9,883	146,466	4,090	
-	-	-	-	2,959,343	
4,289	309,821	1,660,789	3,631,726	550,800	
25,386	727,492	4,180,586	8,804,264	1,167,838	
-	-	1,515,347	20,109,465	-	
1,065,634	1,462,021	813,152	53,243,268	-	
<u>1,095,309</u>	<u>2,500,344</u>	<u>8,179,757</u>	<u>85,935,189</u>	<u>4,682,071</u>	
<u>1,762,853</u>	<u>2,824,194</u>	<u>10,045,302</u>	<u>96,041,970</u>	<u>11,859,140</u>	
-	-	3,899,899	3,899,899	-	
-	27,026	19,481	446,972	-	
3,084	46,008	290,933	549,036	80,377	
-	6,252	30,100	66,857	11,101	
<u>3,084</u>	<u>79,286</u>	<u>4,240,413</u>	<u>4,962,764</u>	<u>91,478</u>	
19,693,922	12,979,483	44,618,606	160,153,176	3,630,321	
-	-	-	2,734,362	-	
327,489	2,659,434	(1,711,177)	7,389,383	549,241	
<u>\$ 20,021,411</u>	<u>\$ 15,638,917</u>	<u>\$ 42,907,429</u>	<u>\$ 170,276,921</u>	<u>\$ 4,179,562</u>	



**CITY OF DAVENPORT
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total enterprise funds net position	\$ 170,276,921
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.	(280,140)
Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds.	<u>954,880</u>
Net position of business-type activities	<u><u>\$ 170,951,661</u></u>

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

CITY OF DAVENPORT

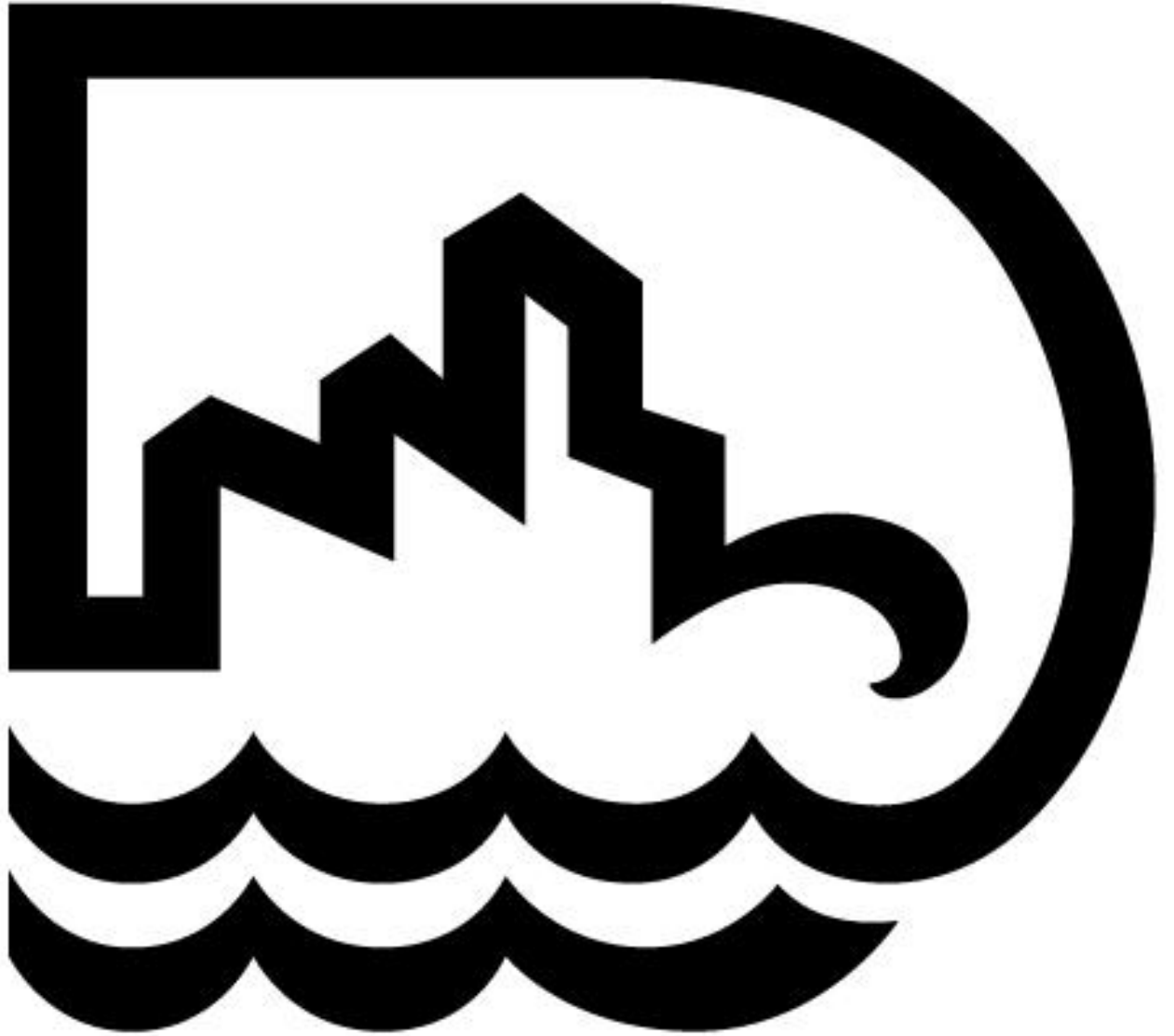
**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018**

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>
OPERATING REVENUES:			
Charges for services	\$ 1,249,271	\$ 23,293,634	\$ 4,901,894
Fines and forfeits	175,922	-	-
Other	6	120,400	262,458
Total Operating Revenues	<u>1,425,199</u>	<u>23,414,034</u>	<u>5,164,352</u>
OPERATING EXPENSES:			
Employee expenses	311,601	6,402,685	-
Supplies and services	661,213	7,273,135	5,818,179
Depreciation	789,250	5,763,596	950,068
Total Operating Expenses	<u>1,762,064</u>	<u>19,439,416</u>	<u>6,768,247</u>
OPERATING INCOME (LOSS)	<u>(336,865)</u>	<u>3,974,618</u>	<u>(1,603,895)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Non-operating grants	-	-	-
Use of monies and property	22,360	302,960	-
Interest expense	(222,940)	(2,054,690)	(28,110)
Gain (loss) on disposition of capital assets	-	(43,476)	-
Total Non-operating Revenues (Expenses)	<u>(200,580)</u>	<u>(1,795,206)</u>	<u>(28,110)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(537,445)	2,179,412	(1,632,005)
Capital contributions	-	849,727	730,684
Transfers in	459,294	-	900,919
Transfers out	-	(250,231)	-
Change in net position	<u>(78,151)</u>	<u>2,778,908</u>	<u>(402)</u>
Total net position - beginning as restated	<u>16,070,527</u>	<u>72,937,880</u>	<u>20,021,813</u>
Total net position - ending	<u>\$ 15,992,376</u>	<u>\$ 75,716,788</u>	<u>\$ 20,021,411</u>

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

ENTERPRISE FUNDS

<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 2,936,656	\$ 9,130,500	\$ 41,511,955	\$ 23,076,384
-	-	175,922	-
18,367	54,207	455,438	1,110,485
<u>2,955,023</u>	<u>9,184,707</u>	<u>42,143,315</u>	<u>24,186,869</u>
1,308,969	7,688,666	15,711,921	2,133,180
503,098	7,658,092	21,913,717	23,064,682
904,894	3,237,682	11,645,490	613,686
<u>2,716,961</u>	<u>18,584,440</u>	<u>49,271,128</u>	<u>25,811,548</u>
<u>238,062</u>	<u>(9,399,733)</u>	<u>(7,127,813)</u>	<u>(1,624,679)</u>
-	3,667,870	3,667,870	-
-	2,431,778	2,431,778	-
41,394	536,751	903,465	177,964
(68,969)	(46,685)	(2,421,394)	-
-	2,669	(40,807)	-
<u>(27,575)</u>	<u>6,592,383</u>	<u>4,540,912</u>	<u>177,964</u>
210,487	(2,807,350)	(2,586,901)	(1,446,715)
193,761	3,079,767	4,853,939	447,609
-	678,485	2,038,698	250,231
-	(9,020)	(259,251)	-
<u>404,248</u>	<u>941,882</u>	<u>4,046,485</u>	<u>(748,875)</u>
<u>15,234,669</u>	<u>41,965,547</u>	<u>166,230,436</u>	<u>4,928,437</u>
<u>\$ 15,638,917</u>	<u>\$ 42,907,429</u>	<u>\$ 170,276,921</u>	<u>\$ 4,179,562</u>



**CITY OF DAVENPORT
RECONCILIATION OF THE CHANGE IN NET POSITION OF
ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018**

Net change in net position in enterprise funds	\$ 4,046,485
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Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of various activities internally to individual funds. Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(280,140)</u>
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Change in net position of business-type activities	<u><u>\$ 3,766,345</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018**

	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,460,357	\$ 22,661,440
Cash received from interfund services provided	-	-
Cash paid to suppliers for goods and services	(654,356)	(7,431,486)
Cash paid to employees for services	(311,667)	(6,231,850)
Other operating revenue	6	120,400
Net Cash Provided by (Used for) Operating Activities	<u>494,340</u>	<u>9,118,504</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds (repayments) to other funds	-	12,987
Grants	-	-
Property tax	-	-
Transfers in	459,294	-
Transfers out	-	(250,231)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>459,294</u>	<u>(237,244)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
General obligation bonds issuance	2,700,000	7,470,000
Refunding discount/issue costs and premiums, net	205,502	210,692
Proceeds from the sale of capital assets	-	-
Notes payable issuance	-	-
Acquisition and construction of capital assets	-	(9,732,237)
Principal paid on long-term debt	(3,658,000)	(8,695,105)
Payments to notes payable	-	-
Interest paid on long-term debt	(221,767)	(2,057,549)
Deposits-other municipalities	-	53,684
Net Cash (Used for) Capital and Related Financing Activities	<u>(974,265)</u>	<u>(12,750,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	3,748,471
Interest and other investment income	20,631	287,181
Net Cash provided by Investing Activities	<u>20,631</u>	<u>4,035,652</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	166,397
CASH AND CASH EQUIVALENTS-BEGINNING	<u>2,947</u>	<u>15,203,997</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 2,947</u>	<u>\$ 15,370,394</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>
\$ 4,783,948	\$ 2,851,711	\$ 9,084,985	\$ 40,842,441	\$ -
-	-	-	-	23,086,469
(5,669,487)	(578,814)	(7,688,702)	(22,022,845)	(21,662,533)
-	(1,305,290)	(7,513,811)	(15,362,618)	(2,083,108)
<u>262,458</u>	<u>18,367</u>	<u>54,207</u>	<u>455,438</u>	<u>1,110,485</u>
<u>(623,081)</u>	<u>985,974</u>	<u>(6,063,321)</u>	<u>3,912,416</u>	<u>451,313</u>
-	14,713	(1,191)	26,509	104,746
-	-	2,317,915	2,317,915	-
-	-	3,667,172	3,667,172	-
900,919	-	678,485	2,038,698	250,231
-	-	-	(250,231)	-
<u>900,919</u>	<u>14,713</u>	<u>6,662,381</u>	<u>7,800,063</u>	<u>354,977</u>
-	-	-	10,170,000	-
(11,190)	(10,886)	2,736	396,854	-
-	-	3,251	3,251	-
-	-	163,115	163,115	-
-	(849,637)	(182,822)	(10,764,696)	(6,527)
(330,569)	(525,000)	(1,162,322)	(14,370,996)	-
-	-	(16,310)	(16,310)	-
(28,360)	(71,067)	(50,180)	(2,428,923)	-
-	-	(1,844)	51,840	-
<u>(370,119)</u>	<u>(1,456,590)</u>	<u>(1,244,376)</u>	<u>(16,795,865)</u>	<u>(6,527)</u>
-	357,529	-	4,106,000	-
-	36,988	533,986	878,786	155,114
-	394,517	533,986	4,984,786	155,114
(92,281)	(61,386)	(111,330)	(98,600)	954,877
<u>798,386</u>	<u>2,764,012</u>	<u>1,700,966</u>	<u>20,470,308</u>	<u>10,707,543</u>
<u>\$ 706,105</u>	<u>\$ 2,702,626</u>	<u>\$ 1,589,636</u>	<u>\$ 20,371,708</u>	<u>\$ 11,662,420</u>

(continued)

CITY OF DAVENPORT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2018**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (336,865)	\$ 3,974,618
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	789,250	5,763,596
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	35,164	(514,116)
Increase in due from other governments	-	(118,078)
Decrease (increase) in inventory and prepaids	-	(8,473)
Increase in pension related deferred outflow	(5,395)	(92,220)
Increase (decrease) in accounts payable	6,857	(149,878)
Decrease in other accrued liabilities	(8,662)	(8,073)
Increase in net pension liability	7,789	133,161
Increase in total OPEB liability	3,446	82,484
Increase in pension related deferred inflows	1,533	26,201
Increase in OPEB related deferred inflows	1,223	29,282
Increase (decrease) in unearned revenue	-	-
Total Adjustments	<u>831,205</u>	<u>5,143,886</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 494,340</u>	<u>\$ 9,118,504</u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Acquisition of capital assets through capital contributions	\$ -	\$ 849,727
Contribution of capital assets by municipality	-	(467,015)
Contribution of capital assets by subdividers	-	(157,123)
Contribution of capital assets by state and federal governments	-	-
Contribution of capital assets by other	-	(225,589)
Capitalized interest	-	-
Transfer of capital assets	-	-

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>
\$ (1,603,895)	\$ 238,062	\$ (9,399,733)	\$ (7,127,813)	\$ (1,624,679)
950,068	904,894	3,237,682	11,645,490	613,686
(13,962)	(84,945)	(47,706)	(625,565)	10,085
-	-	-	(118,078)	-
37,268	(1,322)	6,241	33,714	(27,840)
-	(19,202)	(117,685)	(234,502)	(32,341)
111,424	(74,394)	(36,851)	(142,842)	1,429,989
-	(34,164)	(25,721)	(76,620)	(15,847)
-	27,726	169,935	338,611	46,700
-	17,612	84,791	188,333	31,271
-	5,455	33,435	66,624	9,188
-	6,252	30,100	66,857	11,101
(103,984)	-	2,191	(101,793)	-
<u>980,814</u>	<u>747,912</u>	<u>3,336,412</u>	<u>11,040,229</u>	<u>2,075,992</u>
\$ (623,081)	\$ 985,974	\$ (6,063,321)	\$ 3,912,416	\$ 451,313
\$ 730,684	\$ 193,761	\$ 3,079,767	\$ 4,853,939	\$ 447,609
(498,976)	(126,584)	(1,213,030)	(2,305,605)	(447,609)
-	(67,177)	-	(224,300)	-
-	-	(1,866,737)	(1,866,737)	-
(231,708)	-	-	(457,297)	-
-	-	-	-	-
-	-	-	-	-

CITY OF DAVENPORT

**AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2018**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and investments	\$ 413,312
Interest receivable	2,013
Total assets	<u>\$ 415,325</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 19,398
Due to other governments	395,927
Total liabilities	<u>\$ 415,325</u>

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018 (CONTINUED)**

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 to finance the debt service requirements not abated by special assessments. The fund balance is restricted.

(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, 2018 (CONTINUED)

- (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, 2018 (CONTINUED)**

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

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

G. Statement of Cash Flows

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

H. Property Tax Receivable

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

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, 2018 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, 2018 (CONTINUED)**

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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2017.

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, 2018 was \$16.78 per \$1,000 of assessed valuation.

I. Loans Receivable

Loans receivable, net of allowance, consist of \$12,274,592 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 \$2,740,000 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 \$150,000.

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, 2018: unexpended general obligation bond proceeds and other monies restricted to capital outlay of \$8,955,243 and deposits and equipment replacements of \$2,734,362 in the Sewer Enterprise Fund, \$237,770 of unexpended bond proceeds in the Solid Waste Enterprise Fund; \$8,657 of unexpended bond proceeds in the Public Housing Fund, security deposits of \$35,364 in the Public Housing Fund, and loan escrow payments of \$54,590 in the Community Development Act Special Revenue Fund. In governmental activities, there is also \$27,383,201 of unexpended general obligation proceeds restricted to capital outlay.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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. The City adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, as a result no interest costs were capitalized during the fiscal year.

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 in the government-wide statements.

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, 2018 (CONTINUED)

refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. There are also pension and OPEB 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, change in assumptions, 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, Solid Waste and Public Housing Funds were \$8,952,243, \$237,770 and \$8,657 respectively. Unspent debt proceeds for the Capital Projects Fund were \$27,383,201. 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 \$7,711,197 for local option sales tax; \$937,356 for library; \$17,235,558 for debt service; \$1,853,992 for road use tax and \$816,940 for municipal improvement districts. Net position is reported as unrestricted when it does not meet the definition of the two preceding

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

categories. Deficits will require future funding. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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. Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

V. 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 and interest payments are reported as debt service expenditures.

W. Prepays

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

X. Inventory

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

Y. 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.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

B. Grants

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

3. DEPOSITS AND INVESTMENTS

A. Deposits

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$97,873,734 and the bank balances were \$98,955,310. As of June 30, 2018, 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 had investments in the Iowa Public Agency Investment Trust (IPAIT) with maturity of 1 day, which are valued at an amortized cost of \$ 33,573.

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. Credit risk is discussed in the City's investment policy. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment in the Iowa Public Agency Investment Trust is unrated. The City's investment policy limits their investment in obligations of the United States government, its agencies and instrumentalities, IPAIT, prime bankers' acceptances, commercial paper or other short-term corporate debt to be rated within the two highest classifications as established by at least one of the standard rating services. 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

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

debt shall be invested in paper and debt rated in the second highest classification. More than 5 percent of the City's investments are invested in Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB) and U.S. Treasury Notes.

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

C. Fair value measurements

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, 2018:

	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 Note	\$ -	\$ 1,988,760	\$ -	\$ 1,988,760	AAA
U.S. Government Bonds					
FHLMC	-	5,054,050	-	5,054,050	AA+
FHLB	-	4,981,950	-	4,981,950	Not rated
	<u>\$ -</u>	<u>\$ 12,024,760</u>	<u>\$ -</u>	<u>\$ 12,024,760</u>	

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

Depository Accounts	\$ 97,873,733
Investment at fair value	12,024,760
Investments at amortized cost	33,573
	<u>\$ 109,932,066</u>
Cash and investments	\$ 70,109,567
Restricted cash and cash equivalents	39,409,187
Cash and investments, Agency Funds	413,312
	<u>\$ 109,932,066</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (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 Proprietary Funds	Risk Mgmt Internal Service Fund	Governmental Activities	
General Fund	\$ -	\$ -	\$ 977,485	\$ 1,260,248	\$ -	\$ 630,350	\$ 678,485	\$ -	\$ -	\$ 3,546,568
Local Option Sales Tax Fund	-	10,316,455	2,854,048	41,000	-	-	-	-	-	13,211,503
General Debt Service Fund	-	-	33,380	-	459,294	270,569	-	-	-	763,243
Sewer Fund	-	-	-	-	-	-	-	250,231	-	250,231
Other Non-major Proprietary Funds	-	-	-	-	-	-	-	-	9,020	9,020
Other Non-major Governmental Funds	327,500	-	1,086,886	-	-	-	-	-	-	1,414,386
Total transfer	\$ 327,500	\$ 10,316,455	\$ 4,951,799	\$ 1,301,248	\$ 459,294	\$ 900,919	\$ 678,485	\$ 250,231	\$ 9,020	\$ 19,194,951

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, 2018, interfund receivables and payables are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Non-major Governmental Funds	\$ 1,308,235
	Internal Service Fund	104,746
General Debt Service	Local Option Sales Tax	1,347,898
Capital Projects	General Fund	3,780
	Non-major Governmental Funds	163,432
	Sewer Fund	49,649
	Clean Water Fund	40,045
	Local Option Sales Tax	458,984
		<u>\$ 3,476,769</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, 2018 (CONTINUED)**

6. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	BEGINNING BALANCE 07/1/17	ADDITIONS	TRANSFERS	REDUCTIONS	ENDING BALANCE 06/30/18
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 19,181,502	\$ 25,538	\$ 9,020	\$ -	\$ 19,216,060
Construction in progress	24,805,211	14,320,644	-	(28,758,079)	\$ 10,367,776
Total capital assets, not being depreciated	<u>43,986,713</u>	<u>14,346,182</u>	<u>9,020</u>	<u>(28,758,079)</u>	<u>29,583,836</u>
Capital assets being depreciated					
Buildings	122,794,493	745,955	-	(151,609)	123,388,839
Improvements other than buildings	31,150,657	745,372	-	(55,713)	31,840,316
Equipment and vehicles	44,159,744	2,829,213	(56,036)	(1,088,800)	45,844,121
Bridges	10,800,263	-	-	-	10,800,263
Traffic Signals	8,502,673	104,267	-	-	8,606,940
Streets and roads	240,234,705	34,013,533	-	-	274,248,238
Seawalls	2,685,289	-	-	-	2,685,289
Tunnels	54,326	-	-	-	54,326
Total capital assets being depreciated	<u>460,382,150</u>	<u>38,438,340</u>	<u>(56,036)</u>	<u>(1,296,122)</u>	<u>497,468,332</u>
Less accumulated depreciation for:					
Buildings	42,828,886	3,130,462	-	(147,756)	45,811,592
Improvements other than buildings	16,640,070	1,636,785	-	(50,630)	18,226,225
Equipment and vehicles	33,364,641	2,499,127	(56,036)	(1,037,524)	34,770,208
Bridges	3,629,847	297,611	-	-	3,927,458
Traffic signals	6,621,734	178,149	-	-	6,799,883
Streets and roads	101,366,277	8,771,912	-	-	110,138,189
Seawalls	537,690	84,322	-	-	622,012
Tunnels	29,198	2,716	-	-	31,914
Total accumulated depreciation	<u>205,018,343</u>	<u>16,601,084</u>	<u>(56,036)</u>	<u>(1,235,910)</u>	<u>220,327,481</u>
Total capital assets being depreciated, net	<u>255,363,807</u>	<u>21,837,256</u>	<u>-</u>	<u>(60,212)</u>	<u>277,140,851</u>
Governmental activities capital assets, net	<u>\$ 299,350,520</u>	<u>\$ 36,183,438</u>	<u>\$ 9,020</u>	<u>\$ (28,818,291)</u>	<u>\$ 306,724,687</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 13,008,287	\$ 70,000	\$ (9,020)	\$ -	\$ 13,069,267
Construction in progress	21,661,345	7,556,838	-	(6,391,272)	22,826,911
Total capital assets not being depreciated	<u>34,669,632</u>	<u>7,626,838</u>	<u>(9,020)</u>	<u>(6,391,272)</u>	<u>35,896,178</u>
Capital assets, being depreciated:					
Buildings	125,429,503	665,461	-	(100,227)	125,994,737
Improvements other than buildings	27,375,825	86,014	-	-	27,461,839
Equipment and vehicles	41,637,677	3,825,248	56,036	(416,189)	45,102,772
Sanitary sewer	133,800,304	9,527,936	-	-	143,328,240
Storm Sewer	25,597,592	282,799	-	-	25,880,391
Streets and roads	1,637,383	-	-	-	1,637,383
Total capital assets being depreciated	<u>355,478,284</u>	<u>14,387,458</u>	<u>56,036</u>	<u>(516,416)</u>	<u>369,405,362</u>
Less accumulated depreciation for:					
Buildings	61,107,787	3,543,780	-	(53,685)	64,597,882
Improvements other than buildings	10,288,508	1,036,393	-	-	11,324,901
Equipment and vehicles	27,335,707	2,419,774	56,036	(414,280)	29,397,237
Sanitary sewer	48,922,107	3,769,129	-	-	52,691,236
Storm sewer	13,069,869	815,760	-	-	13,885,629
Streets and roads	331,598	60,651	-	-	392,249
Total accumulated depreciation	<u>161,055,576</u>	<u>11,645,487</u>	<u>56,036</u>	<u>(467,965)</u>	<u>172,289,134</u>
Total capital assets, being depreciated, net	<u>194,422,708</u>	<u>2,741,971</u>	<u>-</u>	<u>(48,451)</u>	<u>197,116,228</u>
Business-type activities capital assets, net	<u>\$ 229,092,340</u>	<u>\$ 10,368,809</u>	<u>\$ (9,020)</u>	<u>\$ (6,439,723)</u>	<u>\$ 233,012,406</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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

Governmental activities:	
General government	\$ 621,903
Community & economic development	36,224
Public works	10,248,143
Public safety	1,843,998
Culture & recreation	3,237,129
Internal service assets are charged to the various functions based on their usage of the assets	<u>613,686</u>
Total depreciation expense-governmental activities	<u>\$16,601,084</u>
Business-type activities:	
Parking systems	\$ 789,250
Sewer operations	5,763,596
RiverCenter	950,068
Public transit	594,591
Public housing	334,477
Golf courses	150,981
Airport	723,888
Solid Waste	785,932
Clean Water Utility	904,894
Rivers Edge	127,409
Transload	<u>520,401</u>
Total depreciation expense-business-type activities	<u>\$11,645,487</u>

The City has active construction projects as of June 30, 2018. 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	\$ 25,560,060	\$ 9,905,901
Sanitary Sewer/WPCP	15,332,613	4,203,228
Neighborhood Projects	183,167	111,833
Public Buildings	<u>212,221</u>	<u>1,219,626</u>
Total	<u>\$ 41,288,061</u>	<u>\$ 15,440,588</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, 2018.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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, 2018:

	IPERS	MFPRSI	Total
Deferred Outflow of Resources	\$ 7,882,160	\$ 13,516,141	\$ 21,398,301
Deferred Inflow of Resources	(1,612,076)	(2,040,902)	(3,652,978)
Net Pension Liability	(27,487,240)	(45,827,061)	(73,314,301)
Pension Expense	(538,252)	(875,995)	(1,414,247)

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.

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, 2018 (CONTINUED)**

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 2018, 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, 2018 were \$2,853,786.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$27,487,240 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's collective proportion was 0.4126429 percent which was a decrease of 0.007414 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$538,252. At June 30, 2018, 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	\$ 252,359	\$ (238,156)
Change of assumptions	4,776,015	-
Net difference between projected and actual earnings on pension plan investments	-	(287,095)
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	-	(1,086,825)
Total deferred amounts to be recognized in pension expense in future periods	5,028,374	(1,612,076)
City contributions subsequent to the measurement date	2,853,786	-
Total	<u>\$ 7,882,160</u>	<u>\$ (1,612,076)</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

\$2,853,786 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, 2019. 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>
2019	\$ 269,417
2020	1,780,306
2021	1,031,574
2022	32,209
2023	302,792
	<u>\$ 3,416,298</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.6 percent per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group
Long-term Investment rate of return (effective June 30, 2017)	7.00 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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:

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core-plus fixed income	27%	2.25%
Domestic equity	24	6.25
International equity	16	6.71
Private equity	11	11.15
Private real assets	7.5	4.18
Public real estate	7	3.27
Public credit	3.5	3.46
Private credit	3	4.25
Cash	1	-0.31
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.0 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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City’s proportionate share of the net pension liability:	\$ 45,287,944	\$ 27,487,240	\$ 12,531,228

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

Payables to the Pension Plan - At June 30, 2018, 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.

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.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

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

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

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

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

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

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, 2018.

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 25.6% for the year ended June 30, 2018.

The City's contributions to MFPRSI for the year ended June 30, 2018 was \$5,806,691.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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, 2018.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions
At June 30, 2018, the City reported a liability of \$45,827,061 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City’s proportion was 7.813983% which was a decrease of .299386% from its proportions measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$875,995. At June 30, 2018, 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	\$ 1,758,621	\$ (27,883)
Change of assumptions	3,894,312	(520,504)
Net difference between projected and actual earnings on pension plan investments	1,877,711	-
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	<u>178,806</u>	<u>(1,492,515)</u>
Total deferred amounts to be recognized in pension expense in future periods	7,709,450	(2,040,902)
City contributions subsequent to the measurement date	<u>5,806,691</u>	<u>-</u>
Total	<u>\$ 13,516,141</u>	<u>\$ (2,040,902)</u>

\$5,806,691 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, 2019. 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 MFPRSI 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>
2019	\$ 732,711
2020	3,857,728
2021	1,865,667
2022	(985,519)
2023	<u>197,961</u>
	<u>\$ 5,668,548</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

Actuarial Assumptions The total pension liability in the June 30, 2017, 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

The actuarial assumptions used in the June 30, 2017 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 5 years projection of future mortality improvement with Scale BB.

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		5.5%
Small Cap		5.8%
International Large Cap		7.3%
Core Plus Fixed Income		3.3%
Emerging Markets		9.0%
Emerging Market Debt		6.3%
Master Limited Partnerships		9.0%
Core Investments	40.0%	
Private Equity	15.0%	9.0%
Private Core Real Estate		6.0%
Private Non-Core Real Estate		8.0%
Real Estate	10.0%	
Tactical Asset Allocation	35.0%	6.4%
	<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.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 75,314,016	\$ 45,827,061	\$ 21,301,446

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

Payables to the Pension Plan - At June 30, 2018, 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 2% to 6.5% 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, 2018, 2017 and 2016 were \$2,123,957, \$2,248,213, and \$2,058,035 respectively.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities, including premiums, for the year ended June 30, 2018 (numbers shown in thousands):

	Balance			Balance	
	June 30, 2017			June 30, 2018	Due Within
	as restated	Additions	Retirements		One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 159,743	\$ 29,725	\$ (34,998)	\$ 154,470	\$ 16,757
Special Assessment Debt	1,088	-	(16)	1,072	-
Premium on issuance	8,668	1,858	(1,974)	8,552	-
Total Bonds Payable	169,499	31,583	(36,988)	164,094	16,757
Compensated Absences	4,146	4,928	(5,136)	3,938	3,806
Total other post employment benefits liability	16,119	912	-	17,031	-
Net pension liability	68,699	-	(4,189)	64,510	-
Note Payable	570	-	(121)	449	116
	\$ 259,033	\$ 37,423	\$ (46,434)	\$ 250,022	\$ 20,679
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 58,949	\$ 10,170	\$ (13,476)	\$ 55,643	\$ 5,688
Premium on issuance	3,360	660	(732)	3,288	-
Total Bonds Payable	62,309	10,830	(14,208)	58,931	5,688
Compensated Absences	779	1,112	(1,177)	714	568
Total other post employment benefits liability	3,443	188	-	3,631	-
Net pension liability	8,466	338	-	8,804	-
Notes Payable	21,871	617	(1,316)	21,172	1,062
	\$ 96,868	\$ 13,085	\$ (16,701)	\$ 93,252	\$ 7,318

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 \$122,466 of internal service funds compensated absences, \$550,800 of other post-employment benefits, and \$1,167,838 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, 2018 (CONTINUED)**

General obligation bonds payable at June 30, 2018, is comprised of the following individual issues:

	Outstanding Balance June 30, 2018 (in thousands of dollars)
A.	Matured bonds not presented for payment. \$ 20
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). 17,020
C.	\$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). 1,170
D.	\$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). 1,060
E.	\$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). 10,645
F.	\$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). 13,155
G.	\$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). 17,345

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

H.	\$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).	6,585
I.	\$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).	14,075
J.	\$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).	38,570
K.	\$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).	5,040
L.	\$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).	6,265
M.	\$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).	19,765
N.	\$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.	6,890
O.	\$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

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

P.	\$31,620,000 2018A General Obligation Streets, Sewers, Buildings, Tax Increment Financing, Equipment and Refunding serial bonds due in annual installments of \$1,360,000 to \$3,185,000 through June 1, 2032; interest at 3.0 to 5.0 percent (\$1,885,000, \$7,470,000, \$1,450,000 and \$195,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund, Parking Fund and Municipal Self Supporting Tax District Fund, respectively). Included was a current refunding of \$7,390,000 with an average coupon rate of 5% to refund \$8,170,000 of its General Obligation Bonds dated 01/05/2010 with an average coupon rate of 5.0%. The City refunded these bonds to reduce its total debt service payments over the next 6 years by \$311,244 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new) of \$279,156.	31,620
Q.	\$8,275,000 2018B General Obligation Economic Development, Infrastructure and Refunding serial bonds due in annual installments of \$410,000 to \$830,000 through June 1, 2032; interest at 3.0 to 3.55 percent (\$7,025,000 and \$1,250,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Parking Fund, respectively). Included was a current refunding of \$1,250,000 with an average coupon rate of 3% to refund \$1,250,000 of its General Obligation Bonds dated 03/22/2010 with an average coupon rate of 4.22%. The City refunded these bonds to reduce its total debt service payments over the next 3 years by \$25,848 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new) of \$24,219.	8,275
	Total general obligation bonds and special assessment debt	211,185
	General obligation bonds serviced by Enterprise Funds	(55,643)
	General obligation bonds and special assessment debt reported in Governmental Activities	<hr/> <u>\$155,542</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

The City of Davenport's Capital Improvement Program has been funded in part from general obligation bonds which are intended to be abated by user fees, special assessment collections, municipal improvement district taxes, and levee rents. The debt to be abated by user fees is accounted for in the Enterprise Funds in the amount of \$55,643,045. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,071,485. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$195,000. 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, 2018, the statutory limit for the City was \$330,626,114 providing a debt margin of \$113,597,090.

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>
2019	\$ 252,000	\$ 253,290
2020	261,000	245,730
2021	269,000	237,900
2022	278,000	229,830
2023	287,000	221,490
2024-2028	1,581,000	972,600
2029-2033	1,856,000	719,430
2034-2039	2,176,000	422,430
2040-2041	1,483,000	89,910
	<u>\$ 8,443,000</u>	<u>\$ 3,392,610</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, 2018. As of June 30, 2018 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, 2018 (CONTINUED)**

The note is expected to be paid as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 272,000	\$ 35,153
2020	274,000	33,113
2021	277,000	31,058
2022	280,000	28,980
2023	283,000	26,880
2024-2028	1,456,000	102,157
2029-2033	1,530,000	46,463
2034	315,000	2,362
	<u>\$ 4,687,000</u>	<u>\$ 306,166</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. 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. Principal repayment is annually each June 1, commencing June 1, 2018. As of June 30, 2018, the City had drawn \$6,609,118 of which \$316,000 in principal payments have been made resulting in a note payable balance of \$6,293,118 as of June 30, 2018. 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>
2019	\$ 323,000	\$ 120,960
2020	329,000	115,308
2021	336,000	109,550
2022	343,000	103,670
2023	349,000	97,668
2024-2028	1,855,000	394,170
2029-2033	2,048,000	225,225
2034-2036	1,329,000	46,830
	<u>\$ 6,912,000</u>	<u>\$ 1,213,381</u>

The City has entered into an agreement with the Iowa Department of Transportation to borrow \$310,791 from the Railroad Revolving Loan Program. The City drew the funds from the Iowa Department of Transportation for construction of a new rail spur line to serve the Eastern Iowa Industrial Center. The loan bears interest at 3% with principal and interest payments payable semiannually originally commencing in June 2013. However, the loan agreement 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 2018, below is the debt schedule.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

The payment schedule is:

<u>Year ending June 30</u>	<u>Principal</u>
2019	\$ 31,079
2020	31,079
2021	31,079
2022	31,079
2023	31,079
2024-2026	93,238
	<u>\$ 248,633</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>
2019	\$ 5,700
2020	1,425
	<u>\$ 7,125</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>
2019	\$ 194,838
2020	194,838
2021	194,838
2022	194,838
2023	194,838
2024-2027	600,384
	<u>\$ 1,574,574</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, 2018 at 0 percent interest. The loan is expected to be paid back as follows:

<u>Year ending June 30</u>	<u>Principal</u>
2019	\$ 85,000
2020	115,000
	<u>\$ 200,000</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

The City has entered into an agreement with the Iowa Department of Transportation Office of Public Transit for a capital match revolving loan. The funds were used along with a Federal Grant to purchase a bus. The City borrowed \$163,115 to be repaid quarterly over the next 5 years. The loan is expected to be repaid as follows:

<u>Year ending June 30</u>	<u>Principal</u>
2019	\$ 32,620
2020	32,620
2021	32,620
2022	32,620
2023	16,325
	<u>\$ 146,805</u>

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

Year Ending June 30	<u>Governmental Activities General Obligation Bonds and Special Assessments</u>		<u>Business-type Activities General Obligation Bonds</u>	
	Principal	Interest	Principal	Interest
2019	\$ 16,737	\$ 5,908	\$ 5,688	\$ 2,200
2020	16,050	5,009	5,575	1,880
2021	15,285	4,330	5,590	1,636
2022	13,840	3,681	4,745	1,394
2023	14,125	3,166	4,865	1,200
2024-2028	51,150	9,242	20,610	3,273
2029-2032	28,335	2,145	8,570	633
	<u>155,522</u>	<u>33,481</u>	<u>55,643</u>	<u>12,216</u>
Matured	20	2	-	-
Totals	<u>\$ 155,542</u>	<u>\$ 33,483</u>	<u>\$ 55,643</u>	<u>\$ 12,216</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 2018 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 2018. 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 \$1,434,559 as of June 30, 2018 is considered current and due within one year.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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 2018. 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, \$5,261,053 of the claims payable as of June 30, 2018 is considered current and due within one year.

Changes in reported liabilities for the fiscal years ended June 30, 2017 and 2018 are summarized as follows:

	Employee Insurance Fund	Risk Management Fund	Total
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
Claims and changes in estimates during fiscal year 2018	14,334,724	3,741,071	18,075,795
Claim payments	(14,068,668)	(2,405,989)	(16,474,657)
Liabilities at June 30, 2018	\$ 1,434,559	\$ 8,220,396	\$ 9,654,955

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

As a result of the adoption of GASB Statement No. 75, the beginning net position of the governmental activities, business type activities, each enterprise fund and aggregate remaining fund information were restated. The effect on the beginning net position is as follows:

	Governmental activities	Business type activities	Parking System	Sewer Operations	RiverCenter	Clean Water	Aggregate Remaining
Net position July 1, 2017 as previously reported	\$ 149,899,657	\$ 168,707,412	\$ 16,098,377	\$ 73,604,509	\$ 20,021,813	\$ 15,377,007	\$ 47,831,995
OPEB liability	(16,118,552)	(3,443,393)	(78,847)	(1,492,050)	(4,289)	(292,209)	(2,095,527)
Removal of net OPEB obligation	8,746,853	1,921,297	50,997	825,421	4,289	149,871	1,157,516
Net position July 1, 2017, as restated	\$ 142,527,958	\$ 167,185,316	\$ 16,070,527	\$ 72,937,880	\$ 20,021,813	\$ 15,234,669	\$ 46,893,984

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 is administered by the City and the City has the authority to establish or amend the plan provisions or contribution requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan does not issue a stand-alone financial report.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

Benefits provided: As required under Iowa Code Chapter 509A.13, the City provides postemployment health benefits. 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.

Contributions: The current funding policy of the City is to pay health claims as they occur. The City does not explicitly subsidize retiree health care coverage. Retirees pay 100% of the group rate calculated on the expected costs based on the entire group of active, COBRA participants and retirees. Retirees receiving benefits contributed \$803,236 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 coverage.

The source of payment is the fund that pays the benefits for the current employees; either the General Fund or a proprietary fund. Other postemployment liabilities attributed to governmental activities are generally liquidated by the Employee Health Insurance Internal Service Fund.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

Active participants	738
Retired participants	55
	<u>793</u>

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance as of July 1, 2017	\$ 19,561,945
Changes for the year:	
Service cost	1,489,078
Interest	741,026
Changes in assumptions or other inputs	(425,711)
Contributions and payments made	<u>(703,940)</u>
Net changes	1,100,453
Balance as of June 30, 2018	<u>\$20,662,398</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the approximate total OPEB liability of the City, as well as what the City's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(2.87%)	(3.87%)	(4.87%)
Total OPEB Liability	\$ 22,376,263	\$ 20,662,398	\$ 19,059,693

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the approximate total OPEB liability of the City, as well as what the City's approximate total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease (7.5% decreasing to 3.5%)	Current Discount Rate (8.5% decreasing to 4.5%)	1% Increase Rate (9.5% decreasing to 5.5%)
Total OPEB Liability	\$ 18,319,472	\$ 20,662,398	\$ 23,424,157

OPEB Expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2018, the City recognized OPEB expense of \$1,491,122. At June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following source:

	<u>Deferred Inflow of Resources</u>
Changes in assumptions or other inputs	\$ (390,665)

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Year Ending June30:	<u>Deferred Inflow of Resources</u>
2019	\$ (35,046)
2020	(35,046)
2021	(35,046)
2022	(35,046)
2023	(35,046)
Thereafter	(215,435)
	<u>\$ (390,665)</u>

The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.00% to 15.61%
Discount rate	3.87%
Health care cost trend rates	8.5% for 2018 decreasing 0.50% per year to an ultimate rate of 4.5%
Mortality rates	RP2014 base rated projected to 2018 using scale MP2017 for general. RP2000 projected to 2018 using scale AA for Police and Fire

The discount rate was based on the 20-year municipal bond rate.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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, 2018 and classified fund balances into the following five categories:

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

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

Committed – items that have been committed by formal action by the entity’s “highest level of decision-making authority”, which are City Council resolutions. The commitment of fund balances took place on May 18, 2011. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned – any balances that have no restrictions on them. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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

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

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

Fund balances:	General Fund	Major Special Revenue Local Option Sales Tax Fund	Major Debt Service Fund	Major Capital Projects Fund	Non major special revenue funds	Non major debt service fund	Total
Nonspendable:							
Prepays	\$ 11,234	\$ 27,295	\$ -	\$ -	\$ 67,872	\$ -	\$ 106,401
	11,234	27,295	-	-	67,872	-	106,401
Restricted for:							
Debt Service	-	-	7,841,174	-	-	9,394,384	17,235,558
Capital Projects	-	-	-	20,243,258	-	-	20,243,258
Police Non-recurring	205,318	-	-	-	-	-	205,318
Library	937,356	-	-	-	-	-	937,356
Employee Benefits	3,642,895	-	-	-	-	-	3,642,895
HUD Section 8 rents	-	-	-	-	14,406	-	14,406
Municipal Improvement projects	-	-	-	-	816,940	-	816,940
Youth Sports	-	-	-	-	114,927	-	114,927
Road Use Tax projects	-	-	-	-	1,841,447	-	1,841,447
Home Investment Partnership	-	-	-	-	949,803	-	949,803
Local Option Sales Tax	-	7,711,197	-	-	-	-	7,711,197
	4,785,569	7,711,197	7,841,174	20,243,258	3,737,523	9,394,384	53,713,105
Committed for:							
Riverfront Improvement projects	-	-	-	-	62,629	-	62,629
Revolving Loans	-	-	-	-	2,181,954	-	2,181,954
	-	-	-	-	2,244,583	-	2,244,583
Assigned for:							
Library projects	196,305	-	-	-	-	-	196,305
Public Safety projects	742,184	-	-	-	-	-	742,184
Parks projects	14,313	-	-	-	-	-	14,313
Reforestation	21,587	-	-	-	-	-	21,587
City Hall projects	9,116	-	-	-	-	-	9,116
River Center projects	1,430,464	-	-	-	-	-	1,430,464
Parks Special Needs Program	26,512	-	-	-	-	-	26,512
Next year budgeted deficits	2,020,021	-	-	-	-	-	2,020,021
	4,460,502	-	-	-	-	-	4,460,502
Unassigned:	11,548,794	-	-	-	(549,263)	-	10,999,531
Total Fund Balance:	\$ 20,806,099	\$ 7,738,492	\$ 7,841,174	\$ 20,243,258	\$ 5,500,715	\$ 9,394,384	\$ 71,524,122

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

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, 2018, the City abated approximately \$2,716,000 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, 2018, the City abated approximately \$459,000 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, 2018, the City abated approximately of \$112,000 in local option sales tax.

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

13. SUBSEQUENT EVENTS

On May 23, 2018 the sale of not-to-exceed \$27,500,000 Series 2019 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 2019.

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. The statements, which may impact the City of Davenport, are as follows:

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 (CONTINUED)

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a 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. 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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued March 2018, will be effective for the City beginning with its fiscal year ending June 30, 2019. Statement No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. This Statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 (CONTINUED)**

with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowings and direct placements of debt from other debt.

GASB Statement No. 90, *Majority Equity Interests*, will be effective for the City beginning with its fiscal year ending June 30, 2019. Statement No. 90 which clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. Under Statement No. 90 a government entity should report its majority equity interest in a legally separate organization as an investment if that equity interest meets the GASB's definition of an investment. In many instances, a majority equity interest that meets the definition of an investment should be measured using the equity method. For a majority equity interest in a legally separate entity that does not meet the definition of an investment, Statement No. 90 requires a government to report the legally separate entity as a component unit. Statement No. 90 also establishes guidance for remeasuring assets and liabilities of wholly acquired governmental organizations that remain legally separate. That guidance brings the reporting of those acquisitions in line now with existing standards that apply to acquisitions that do not remain legally separate.

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, 2018

	<u>GOVERNMENTAL FUNDS ACTUAL</u>	<u>PROPRIETARY FUNDS ACTUAL</u>	<u>TOTAL ACTUAL</u>
REVENUES:			
Taxes	\$ 95,111,814	\$ 3,667,870	\$ 98,779,684
Special assessments	42,346	-	42,346
Licenses and permits	2,566,236	-	2,566,236
Intergovernmental	36,504,330	2,431,778	38,936,108
Charges for services	4,614,938	64,588,339	69,203,277
Use of monies and property	1,834,766	1,081,429	2,916,195
Fines and forfeits	2,466,534	175,922	2,642,456
Loan repayments	1,120,466	-	1,120,466
Other	4,078,207	1,565,923	5,644,130
Total Revenues	<u>148,339,637</u>	<u>73,511,261</u>	<u>221,850,898</u>
EXPENDITURES:			
Current:			
Public safety	44,803,202	-	44,803,202
Public works	17,783,827	-	17,783,827
Culture and recreation	12,463,193	-	12,463,193
Community and economic development	15,499,334	-	15,499,334
General government	10,108,244	-	10,108,244
Capital outlay	36,299,217	-	36,299,217
Debt service:			
Principal retirement	35,014,370	-	35,014,370
Interest	6,123,022	-	6,123,022
Bond issuance costs	202,229	-	202,229
Business type activities	-	65,244,894	65,244,894
	<u>178,296,638</u>	<u>65,244,894</u>	<u>243,541,532</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(29,957,001)</u>	<u>8,266,367</u>	<u>(21,690,634)</u>
OTHER FINANCING SOURCES (USES), NET	<u>29,554,805</u>	<u>2,029,678</u>	<u>31,584,483</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(402,196)	10,296,045	9,893,849
BALANCES BEGINNING OF YEAR, as restated	<u>71,926,318</u>	<u>68,760,489</u>	<u>140,686,807</u>
BALANCES END OF YEAR	<u>\$ 71,524,122</u>	<u>\$ 79,056,534</u>	<u>\$ 150,580,656</u>

See note to Required Supplementary Information

<u>BUDGETED AMOUNTS</u>			
<u>ORIGINAL</u>	<u>FINAL</u>	<u>FINAL TO ACTUAL VARIANCE</u>	
\$ 98,259,627	\$ 98,394,427	\$ 385,257	
32,500	32,500	9,846	
1,775,900	1,772,200	794,036	
32,950,206	65,900,198	(26,964,090)	
65,349,508	65,819,204	3,384,073	
1,183,470	1,236,470	1,679,725	
1,715,270	1,715,270	927,186	
1,240,000	1,088,959	31,507	
3,651,979	8,826,054	(3,181,924)	
<u>206,158,460</u>	<u>244,785,282</u>	<u>(22,934,384)</u>	
44,406,490	44,967,522	164,320	
19,196,560	19,200,726	1,416,899	
12,302,014	13,267,564	804,371	
14,081,426	19,496,474	3,997,140	
10,599,520	10,743,604	635,360	
39,354,213	85,020,500	48,721,283	
-			
16,913,221	35,113,789	99,419	
5,684,153	6,123,024	2	
-	202,229	-	
69,411,413	81,323,176	16,078,282	
<u>231,949,010</u>	<u>315,458,608</u>	<u>71,917,076</u>	
<u>(25,790,550)</u>	<u>(70,673,326)</u>	<u>48,982,692</u>	
<u>25,274,068</u>	<u>37,319,000</u>	<u>(5,734,517)</u>	
(516,482)	(33,354,326)	43,248,175	
<u>118,347,236</u>	<u>131,752,634</u>	<u>8,934,173</u>	
<u>\$ 117,830,754</u>	<u>\$ 98,398,308</u>	<u>\$ 52,182,348</u>	

CITY OF DAVENPORT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
JUNE 30, 2018**

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 \$83,509,598. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 221,850,898	-	\$ 221,850,898
Expenditures/expenses	<u>243,541,535</u>	<u>12,259,171</u>	<u>255,800,706</u>
Net	(21,690,637)	(12,259,171)	(33,949,808)
Other financing sources, net	31,593,503	5,251,721	36,845,224
Beginning fund balance/ net position	<u>140,686,807</u>	<u>102,398,382</u>	<u>243,085,189</u>
Ending fund balance/ net position	\$ <u>150,589,673</u>	<u>95,390,932</u>	\$ <u>245,980,605</u>

CITY OF DAVENPORT

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
(In Thousands)

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 1,489
Interest	741
Changes in assumptions or other inputs	(426)
Contributions and payments made	(704)
Net Change in total OPEB liability	<u>\$ 1,100</u>
Total Liability, beginning	<u>19,562</u>
Total OPEB Liability, ending	<u><u>\$ 20,662</u></u>
Covered payroll	48,624
Total OPEB liability as percentage of covered payroll	42.49%

Note to schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the changes in the discount rate each period.
The following are discount rates used in each period.

2017	3.57%
2018	3.87%

GASB statement No. 75 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

**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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 2,854	\$ 2,759	\$ 2,706	\$ 2,679	\$ 2,667
Contributions in relation to the statutorily required contributions	<u>(2,854)</u>	<u>(2,759)</u>	<u>(2,706)</u>	<u>(2,679)</u>	<u>(2,667)</u>
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	\$ 31,957	\$ 30,891	\$ 30,307	\$ 29,996	\$ 29,880
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%	8.93%

See note to Required Supplementary Information - IPERS pension liability

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,568	\$ 2,514	\$ 2,114	\$ 1,954	\$ 1,789
<u>(2,568)</u>	<u>(2,514)</u>	<u>(2,114)</u>	<u>(1,954)</u>	<u>(1,789)</u>
-	-	-	-	-
\$ 29,619	\$ 31,152	\$ 30,396	\$ 29,383	\$ 28,173
8.67%	8.07%	6.95%	6.65%	6.35%

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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability (asset)	0.4126429%	0.4200566%	0.437825%	0.456666%
City's proportionate share of the net pension liability	\$ 27,487	\$ 26,435	\$ 21,631	\$ 18,111.00
City's covered payroll	\$ 30,891	\$ 30,307	\$ 29,996	\$ 29,880.00
City's proportionate share of the net pension liability as a percentage of its covered payroll	86.01%	85.58%	72.11%	60.61%
Plan fiduciary net position as a percentage of the total pension liability	81.23%	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, 2018

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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00 percent to 2.60 percent.
- Decreased the assumed rate of interest on member accounts from 3.75 percent to 3.50 percent per year.
- Decreased the discount rate from 7.50 percent to 7.00 percent.
- Decreased the wage growth assumption from 4.00 percent to 3.25 percent.
- Decreased the payroll growth assumption from 4.00 percent to 3.25 percent.

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

- Decreased the inflation assumption from 3.00 percent to 2.60 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, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 5,807	\$ 5,747	\$ 6,090	\$ 6,445	\$ 6,292
Contributions in relation to the statutorily required contributions	<u>(5,807)</u>	<u>(5,747)</u>	<u>(6,090)</u>	<u>(6,445)</u>	<u>(6,292)</u>
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	\$ 22,612	\$ 22,170	\$ 21,930	\$ 21,194	\$ 20,891
Contributions as a percentage of covered payroll	25.68%	25.92%	27.77%	30.41%	30.12%

See note to Required Supplementary Information - MFPRSI pension liability.

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

CITY OF DAVENPORT

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

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability	7.8139830%	8.1133690%	8.0960530%	8.2312780%
City's proportionate share of the net pension liability	\$ 45,827	\$ 50,730	\$ 47,007	\$ 38,534
City's covered payroll	\$ 22,170	\$ 21,930	\$ 21,194	\$ 20,891
City's proportionate share of the net pension liability as a percentage of its covered payroll	206.71%	231.33%	221.79%	184.45%
Plan fiduciary net position as a percentage of the total pension liability	80.60%	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

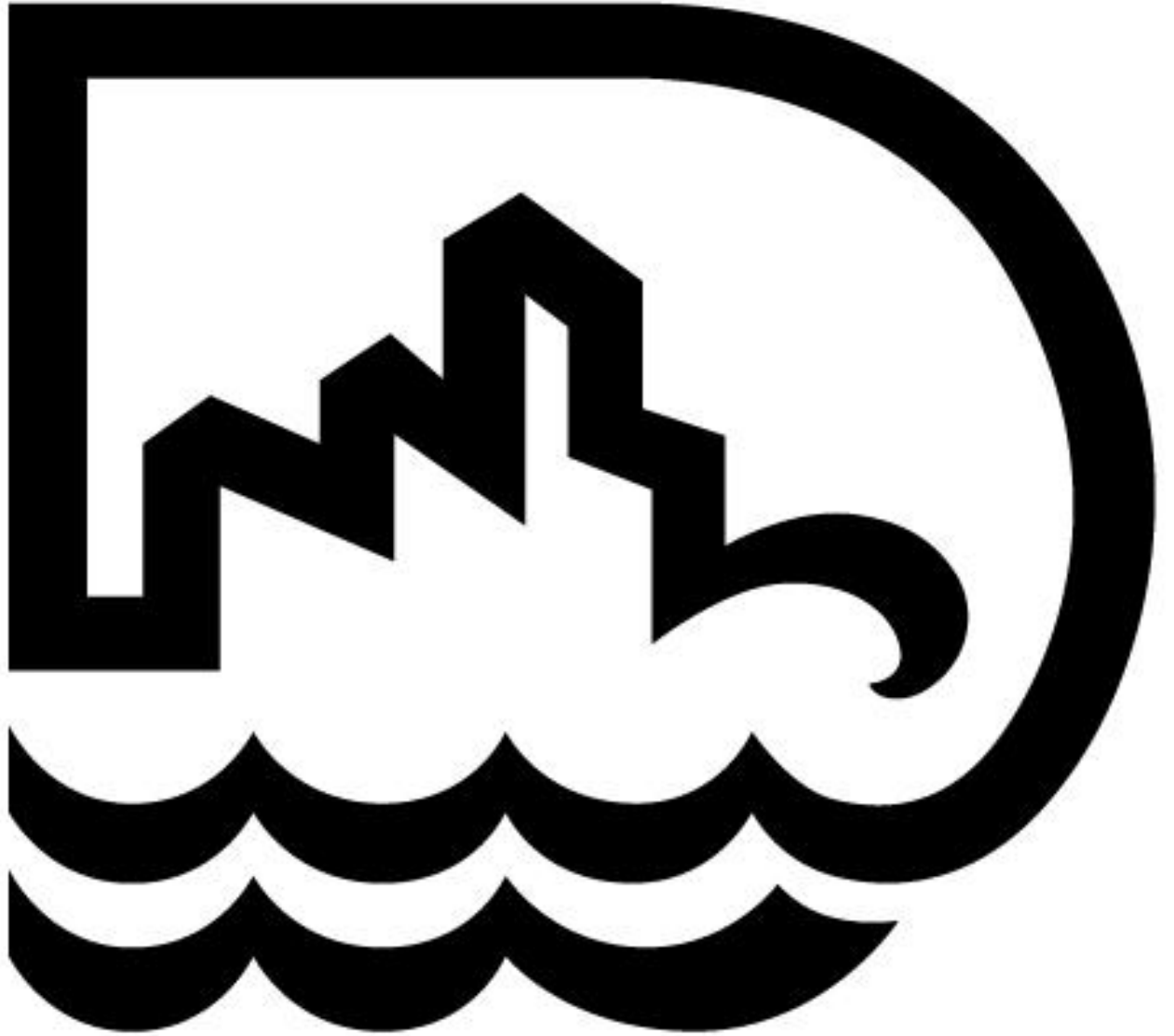
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- MFPRSI
PENSION LIABILITY
JUNE 30, 2018**

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 five years projection of future mortality improvement with Scale BB.



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, 2018**

ASSETS	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	RIVERFRONT IMPROVEMENT FUND	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ 1,955,739	\$ -	\$ 26,599	\$ 39,623	\$ 1,132,961
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	35,030
Succeeding year	-	-	-	-	856,913
Other Taxes	-	-	-	-	-
Accounts	12,876	-	14,406	44,753	-
Loans	-	2,486,049	-	-	-
Interest	-	-	-	109	4,545
Due from other governments	950,674	170,263	-	-	-
Prepays	12,545	-	55,327	-	-
Restricted assets-cash and investments	-	54,590	-	-	-
TOTAL ASSETS	\$ 2,931,834	\$ 2,710,902	\$ 96,332	\$ 84,485	\$ 2,029,449
LIABILITIES					
Wages payable	232,827	24,484	10,326	3,454	-
Accounts payable	681,583	101,793	16,273	12,977	345,102
Payable from restricted assets	-	54,590	-	-	-
Interfund payable	163,432	71,374	-	-	-
Unearned revenue	-	-	-	5,425	-
TOTAL LIABILITIES	1,077,842	252,241	26,599	21,856	345,102
DEFERRED INFLOWS OF RESOURCES					
Succeeding year property tax	-	-	-	-	856,913
Unavailable revenue	-	2,486,049	-	-	10,494
TOTAL DEFERRED INFLOWS OF RESOURCES	-	2,486,049	-	-	867,407
FUND BALANCES					
Nonspendable fund balance	\$ 12,545	\$ -	55,327	\$ -	\$ -
Restricted fund balance	1,841,447	-	14,406	-	816,940
Committed fund balance	-	-	-	62,629	-
Unassigned fund balance	-	(27,388)	-	-	-
TOTAL FUND BALANCES	1,853,992	(27,388)	69,733	62,629	816,940
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	\$ 2,931,834	\$ 2,710,902	\$ 96,332	\$ 84,485	\$ 2,029,449

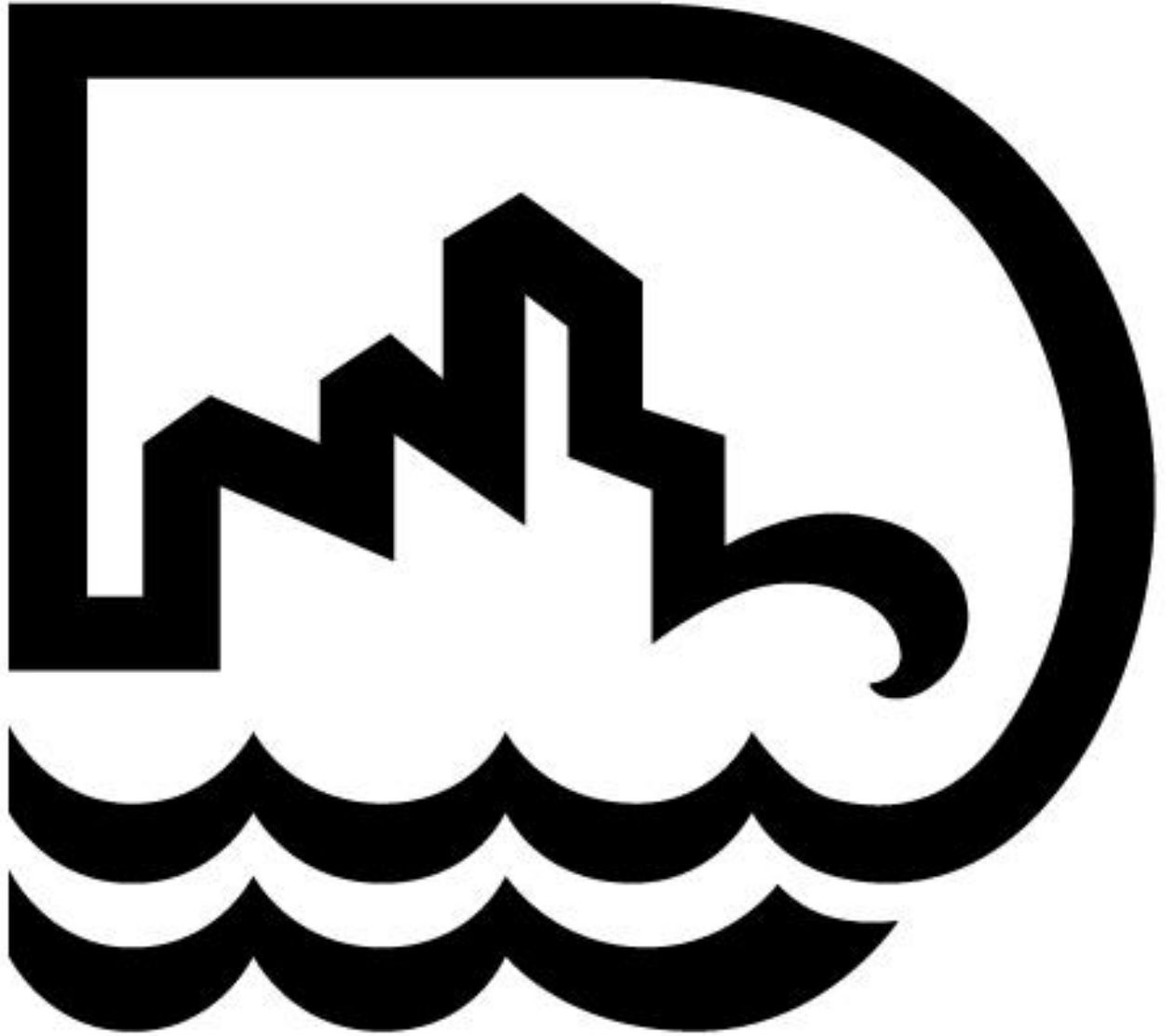
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 2,186,412	\$ 915,982	\$ -	\$ 119,760	\$ 8,810,945	\$ 15,188,021
-	-	-	-	196,062	231,092
-	-	-	-	7,106,231	7,963,144
-	-	-	-	409,452	409,452
-	-	-	-	-	72,035
1,158,850	8,387,688	242,005	-	-	12,274,592
5,542	-	-	-	25,636	35,832
-	35,644	1,680,881	-	-	2,837,462
-	-	-	-	-	67,872
-	-	-	-	-	54,590
<u>\$ 3,350,804</u>	<u>\$ 9,339,314</u>	<u>\$ 1,922,886</u>	<u>\$ 119,760</u>	<u>\$ 16,548,326</u>	<u>\$ 39,134,092</u>
-	1,823	3,373	3,020	-	279,307
10,000	-	445,302	1,813	-	1,614,843
-	-	-	-	-	54,590
-	-	1,236,861	-	-	1,471,667
1,158,850	8,387,688	248,802	-	-	9,800,765
<u>1,168,850</u>	<u>8,389,511</u>	<u>1,934,338</u>	<u>4,833</u>	<u>-</u>	<u>13,221,172</u>
-	-	-	-	7,106,231	7,963,144
-	-	510,423	-	47,711	3,054,677
-	-	<u>510,423</u>	-	<u>7,153,942</u>	<u>11,017,821</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,872
-	949,803	-	114,927	9,394,384	13,131,907
2,181,954	-	-	-	-	2,244,583
-	-	(521,875)	-	-	(549,263)
<u>2,181,954</u>	<u>949,803</u>	<u>(521,875)</u>	<u>114,927</u>	<u>9,394,384</u>	<u>14,895,099</u>
<u>\$ 3,350,804</u>	<u>\$ 9,339,314</u>	<u>\$ 1,922,886</u>	<u>\$ 119,760</u>	<u>\$ 16,548,326</u>	<u>\$ 39,134,092</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, 2018**

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	RIVERFRONT IMPROVEMENT FUND	MUNICIPAL IMPROVEMENT DISTRICTS
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,392,328
Licenses and permits	168,149	-	-	-	-
Intergovernmental	12,378,001	1,464,695	3,526,139	-	147,455
Use of monies and property	-	40,997	-	210,565	14,616
Charges for services	-	-	-	-	-
Loan repayments	-	455,442	-	-	-
Other	467,024	326	14,905	63,359	-
Total Revenues	13,013,174	1,961,460	3,541,044	273,924	1,554,399
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	11,329,644	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	2,016,121	3,916,636	271,193	1,344,828
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	279,550
Interest	-	-	-	-	8,748
Bond issuance costs	-	-	-	-	224
Total Expenditures	11,329,644	2,016,121	3,916,636	271,193	1,633,350
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,683,530	(54,661)	(375,592)	2,731	(78,951)
OTHER FINANCING SOURCES (USES):					
Bond issuance	-	-	-	-	-
Premium on debt issued	-	-	-	-	13,767
Transfers in	-	-	280,361	94,250	-
Transfers out	(1,086,886)	-	-	(52,500)	-
Refunding bond issuance	-	-	-	-	195,000
Total Other Financing Sources (Uses)	(1,086,886)	-	280,361	41,750	208,767
NET CHANGE IN FUND BALANCES	596,644	(54,661)	(95,231)	44,481	129,816
FUND BALANCES - BEGINNING	1,257,348	27,273	164,964	18,148	687,124
FUND BALANCES (DEFICITS) - ENDING	\$ 1,853,992	\$ (27,388)	\$ 69,733	\$ 62,629	\$ 816,940

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 7,269,974	\$ 8,662,302
-	-	-	-	-	168,149
-	505,924	2,721,388	-	274,606	21,018,208
26,804	72,858	4,089	-	167,362	537,291
-	-	-	168,158	-	168,158
51,570	605,538	7,916	-	-	1,120,466
-	1,000	-	-	1,362,841	1,909,455
<u>78,374</u>	<u>1,185,320</u>	<u>2,733,393</u>	<u>168,158</u>	<u>9,074,783</u>	<u>33,584,029</u>
-	-	45,009	-	-	45,009
-	-	-	-	-	11,329,644
-	-	-	183,574	-	183,574
37,652	582,674	3,288,445	-	2,715,911	14,173,460
-	-	82,785	-	-	82,785
-	-	-	-	3,532,060	3,811,610
-	-	-	-	930,138	938,886
-	-	-	-	482	706
<u>37,652</u>	<u>582,674</u>	<u>3,416,239</u>	<u>183,574</u>	<u>7,178,591</u>	<u>30,565,674</u>
40,722	602,646	(682,846)	(15,416)	1,896,192	3,018,355
-	-	-	-	325,000	325,000
-	-	-	-	33,208	46,975
900,000	-	26,637	-	-	1,301,248
-	-	-	-	(275,000)	(1,414,386)
-	-	-	-	95,000	290,000
<u>900,000</u>	<u>-</u>	<u>26,637</u>	<u>-</u>	<u>178,208</u>	<u>548,837</u>
940,722	602,646	(656,209)	(15,416)	2,074,400	3,567,192
<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>\$ 2,181,954</u>	<u>\$ 949,803</u>	<u>\$ (521,875)</u>	<u>\$ 114,927</u>	<u>\$ 9,394,384</u>	<u>\$ 14,895,099</u>



Non-Major Enterprise Funds

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

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

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

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

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

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

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

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2018**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 74,388	\$ 14,877	\$ -
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	29,033	12,601	8,022
Interest	667	-	-
Inventory	-	-	-
Due from other governments	113,863	-	-
Prepays	-	-	-
Total current assets	<u>217,951</u>	<u>27,478</u>	<u>8,022</u>
Noncurrent assets:			
Restricted cash and cash equivalents	44,021	-	-
Capital assets:			
Land	526,071	1,263,102	749,356
Buildings	8,522,632	508,833	2,657,444
Improvements other than buildings	200,000	2,657,068	17,313,039
Paving	131,163	10,953	-
Equipment and vehicles	321,677	1,488,147	200,226
Less accumulated depreciation	(7,348,914)	(3,786,820)	(9,305,910)
Construction in progress	-	-	221,027
Total noncurrent assets	<u>2,396,650</u>	<u>2,141,283</u>	<u>11,835,182</u>
Total assets	<u>2,614,601</u>	<u>2,168,761</u>	<u>11,843,204</u>
DEFERED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>26,749</u>	<u>144,272</u>	<u>19,245</u>
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	5,174	43,912	3,608
Accounts payable	36,555	46,894	2,135
Accrued interest payable	349	-	857
Compensated absences	6,177	24,658	1,988
Unearned revenue	2,385	-	-
Note payable-current	-	-	-
General obligation bonds - current	5,000	-	33,160
Total current liabilities	<u>55,640</u>	<u>115,464</u>	<u>41,748</u>
Current liabilities payable from restricted assets:			
Deposits payable	<u>35,365</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	213	852	69
Other postemployment benefits liability	41,716	157,372	20,249
Net pension liability	104,418	572,279	66,435
Note payable	-	-	-
General obligation bonds - long term	106,356	-	216,367
Total noncurrent liabilities	<u>252,703</u>	<u>730,503</u>	<u>303,120</u>
Total liabilities	<u>343,708</u>	<u>845,967</u>	<u>344,868</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	-	-	-
Deferred charge on refunding	-	-	19,481
Pension related deferred inflows	4,757	15,243	4,417
OPEB related deferred inflows	792	2,150	390
Total deferred inflows of resources	<u>5,549</u>	<u>17,393</u>	<u>24,288</u>
NET POSITION			
Net investment in capital assets	2,249,929	2,141,283	11,566,174
Unrestricted	42,164	(691,610)	(72,881)
Total net position	<u>\$ 2,292,093</u>	<u>\$ 1,449,673</u>	<u>\$ 11,493,293</u>

ENTERPRISE FUNDS

PUBLIC TRANSIT	SOLID WASTE	TRANSLOAD	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ 88,906	\$ 1,120,803	4,475	\$ 4,396	\$ 1,307,845
48,617	-	-	-	48,617
3,899,899	-	-	-	3,899,899
15,336	2,454,650	-	14,075	2,533,717
-	5,862	-	-	6,529
212,630	-	-	-	212,630
1,191	-	-	-	115,054
-	4,000	-	-	4,000
<u>4,266,579</u>	<u>3,585,315</u>	<u>4,475</u>	<u>18,471</u>	<u>8,128,291</u>
-	237,770	-	-	281,791
1,599,288	-	1,605,366	-	5,743,183
6,501,407	24,888	11,946,185	1,769,037	31,930,426
514,234	-	4,887,809	848,853	26,421,003
6,888	-	-	-	149,004
7,653,123	7,101,617	-	400,694	17,165,484
(8,276,266)	(3,566,388)	(1,474,470)	(853,355)	(34,612,123)
187,447	-	331,026	-	739,500
<u>8,186,121</u>	<u>3,797,887</u>	<u>17,295,916</u>	<u>2,165,229</u>	<u>47,818,268</u>
<u>12,452,700</u>	<u>7,383,202</u>	<u>17,300,391</u>	<u>2,183,700</u>	<u>55,946,559</u>
562,838	424,771	-	68,710	1,246,585
111,565	80,191	-	11,424	255,874
192,904	143,528	-	24,954	446,970
-	3,721	-	-	4,927
98,079	136,953	-	18,162	286,017
17,690	-	-	-	20,075
32,620	200,537	-	-	233,157
-	545,000	-	-	583,160
<u>452,858</u>	<u>1,109,930</u>	<u>-</u>	<u>54,540</u>	<u>1,830,180</u>
-	-	-	-	35,365
3,389	4,732	-	628	9,883
695,768	693,855	-	51,829	1,660,789
1,733,798	1,492,327	-	211,329	4,180,586
114,185	1,401,162	-	-	1,515,347
-	490,429	-	-	813,152
<u>2,547,140</u>	<u>4,082,505</u>	<u>-</u>	<u>263,786</u>	<u>8,179,757</u>
<u>2,999,998</u>	<u>5,192,435</u>	<u>-</u>	<u>318,326</u>	<u>10,045,302</u>
3,899,899	-	-	-	3,899,899
-	-	-	-	19,481
134,353	95,745	-	36,418	290,933
12,676	13,600	-	492	30,100
<u>4,046,928</u>	<u>109,345</u>	<u>-</u>	<u>36,910</u>	<u>4,240,413</u>
8,039,316	1,160,759	17,295,916	2,165,229	44,618,606
(2,070,704)	1,345,434	4,475	(268,055)	(1,711,177)
<u>\$ 5,968,612</u>	<u>\$ 2,506,193</u>	<u>17,300,391</u>	<u>\$ 1,897,174</u>	<u>\$ 42,907,429</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, 2018**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
OPERATING REVENUES:			
Charges for services	\$ 467,588	\$ 1,660,901	\$ 207,143
Other	18,157	27,878	1,553
Total Operating Revenues	<u>485,745</u>	<u>1,688,779</u>	<u>208,696</u>
OPERATING EXPENSES:			
Employee expenses	163,288	846,973	81,170
Supplies and services	911,158	920,660	191,462
Depreciation	334,479	150,981	723,888
Total Operating Expenses	<u>1,408,925</u>	<u>1,918,614</u>	<u>996,520</u>
OPERATING INCOME (LOSS)	<u>(923,180)</u>	<u>(229,835)</u>	<u>(787,824)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	551,025	-	-
Use of monies and property	1,650	-	77,721
Interest expense	(2,975)	-	(26,696)
Gain (loss) on disposition of capital assets	-	534	-
Total Non-operating Revenues (Expenses)	<u>549,700</u>	<u>534</u>	<u>51,025</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(373,480)</u>	<u>(229,301)</u>	<u>(736,799)</u>
Capital contributions	-	9,000	182,650
Transfers in	-	73,930	54,555
Transfers out	-	(9,020)	-
Change in net position	<u>(373,480)</u>	<u>(155,391)</u>	<u>(499,594)</u>
Total net position - beginning as restated	<u>2,665,573</u>	<u>1,605,064</u>	<u>11,992,887</u>
Total net position - ending	<u>\$ 2,292,093</u>	<u>\$ 1,449,673</u>	<u>\$ 11,493,293</u>

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>TRANSLOAD</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 410,881	\$ 6,123,533	\$ -	\$ 260,454	\$ 9,130,500
2,829	-	-	3,790	54,207
<u>413,710</u>	<u>6,123,533</u>	<u>-</u>	<u>264,244</u>	<u>9,184,707</u>
3,382,692	2,882,732	-	331,811	7,688,666
2,995,600	2,257,898	5,343	375,971	7,658,092
594,591	785,933	520,401	127,409	3,237,682
<u>6,972,883</u>	<u>5,926,563</u>	<u>525,744</u>	<u>835,191</u>	<u>18,584,440</u>
<u>(6,559,173)</u>	<u>196,970</u>	<u>(525,744)</u>	<u>(570,947)</u>	<u>(9,399,733)</u>
3,667,870	-	-	-	3,667,870
1,880,753	-	-	-	2,431,778
16,800	32,711	10,000	397,869	536,751
-	(17,014)	-	-	(46,685)
-	3,251	-	(1,116)	2,669
<u>5,565,423</u>	<u>18,948</u>	<u>10,000</u>	<u>396,753</u>	<u>6,592,383</u>
(993,750)	215,918	(515,744)	(174,194)	(2,807,350)
2,070,713	-	331,026	486,378	3,079,767
500,000	-	-	50,000	678,485
-	-	-	-	(9,020)
<u>1,576,963</u>	<u>215,918</u>	<u>(184,718)</u>	<u>362,184</u>	<u>941,882</u>
<u>4,391,649</u>	<u>2,290,275</u>	<u>17,485,109</u>	<u>1,534,990</u>	<u>41,965,547</u>
<u>\$ 5,968,612</u>	<u>\$ 2,506,193</u>	<u>\$ 17,300,391</u>	<u>\$ 1,897,174</u>	<u>\$ 42,907,429</u>

CITY OF DAVENPORT**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 496,475	\$ 1,661,330	\$ 209,465
Cash paid to suppliers for goods and services	(906,550)	(927,651)	(192,986)
Cash paid to employees for services	(160,976)	(831,151)	(79,964)
Other operating revenue	18,157	27,878	1,553
Net Cash Provided by (Used for) Operating Activities	<u>(552,894)</u>	<u>(69,594)</u>	<u>(61,932)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Proceeds (repayments) to other funds	-	-	-
Grants	437,162	-	-
Property tax	-	-	-
Transfers in	-	73,930	54,555
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>437,162</u>	<u>73,930</u>	<u>54,555</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Refunding discount/issue costs	(1,356)	-	4,092
Proceeds from the sale of capital assets	-	-	-
Notes payable issuance	-	-	-
Acquisition and construction of capital assets	-	(2,959)	-
Principal paid on long-term debt	(5,000)	-	(292,245)
Payments on note payable	-	-	-
Interest paid on long-term debt	(2,988)	-	(27,992)
Deposits-other municipalities	(1,844)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(11,188)</u>	<u>(2,959)</u>	<u>(316,145)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Sale of investments	-	-	-
Interest and other investment income	1,089	-	77,721
Net Cash provided by Investing Activities	<u>1,089</u>	<u>-</u>	<u>77,721</u>
Net increase (decrease) in Cash and Cash Equivalents	(125,831)	1,377	(245,801)
CASH AND CASH EQUIVALENTS-BEGINNING	<u>244,240</u>	<u>13,500</u>	<u>245,801</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 118,409</u>	<u>\$ 14,877</u>	<u>\$ -</u>

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TRANSLOAD FACILITY</u>	<u>TOTAL NON- MAJOR ENTERPRISE FUNDS</u>
\$ 404,256	\$ 6,066,830	\$ 246,629	\$ -	\$ 9,084,985
(3,052,747)	(2,233,707)	(369,536)	(5,525)	(7,688,702)
(3,298,121)	(2,815,878)	(327,721)	-	(7,513,811)
2,829	-	3,790	-	54,207
<u>(5,943,783)</u>	<u>1,017,245</u>	<u>(446,838)</u>	<u>(5,525)</u>	<u>(6,063,321)</u>
(1,191)	-	-	-	(1,191)
1,880,753	-	-	-	2,317,915
3,667,172	-	-	-	3,667,172
500,000	-	50,000	-	678,485
<u>6,046,734</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>6,662,381</u>
-	-	-	-	2,736
-	3,251	-	-	3,251
163,115	-	-	-	163,115
(179,863)	-	-	-	(182,822)
-	(865,077)	-	-	(1,162,322)
(16,310)	-	-	-	(16,310)
-	(19,200)	-	-	(50,180)
-	-	-	-	(1,844)
<u>(33,058)</u>	<u>(881,026)</u>	<u>-</u>	<u>-</u>	<u>(1,244,376)</u>
-	-	-	-	-
16,800	30,507	397,869	10,000	533,986
<u>16,800</u>	<u>30,507</u>	<u>397,869</u>	<u>10,000</u>	<u>533,986</u>
86,693	166,726	1,031	4,475	(111,330)
<u>2,213</u>	<u>1,191,847</u>	<u>3,365</u>	<u>-</u>	<u>1,700,966</u>
<u>\$ 88,906</u>	<u>\$ 1,358,573</u>	<u>\$ 4,396</u>	<u>\$ 4,475</u>	<u>\$ 1,589,636</u>

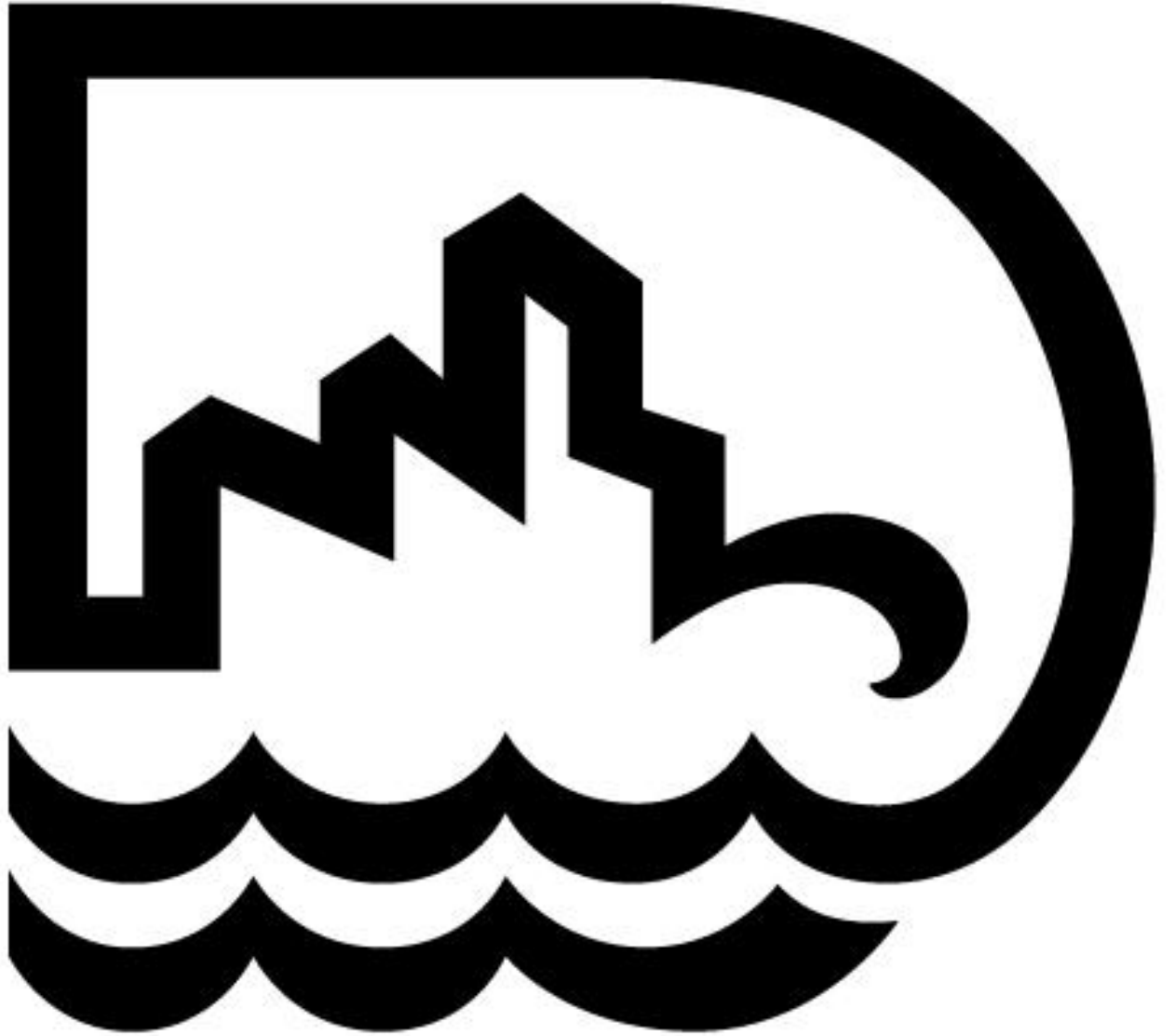
(continued)

CITY OF DAVENPORT**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2018**

	BUSINESS-TYPE ACTIVITIES -		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating (loss) income	\$ (923,180)	\$ (229,835)	\$ (787,824)
Adjustments to Reconcile Operating (loss) income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	334,479	150,981	723,888
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	28,887	429	2,322
Decrease (increase) in prepaids and inventories	-	2,748	-
Increase in pension related deferred outflows	(2,283)	(13,798)	(1,816)
Increase (decrease) in accounts payable	4,608	(9,739)	(1,524)
Decrease in other accrued liabilities	(2,376)	(2,431)	(1,603)
Increase in net pension liability	3,298	19,924	2,622
Increase in total OPEB liability	2,233	6,057	1,097
Increase in pension related deferred inflows	648	3,920	516
Increase in OPEB related deferred inflows	792	2,150	390
Increase in unearned revenue	-	-	-
Total Adjustments	<u>370,286</u>	<u>160,241</u>	<u>725,892</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (552,894)</u>	<u>\$ (69,594)</u>	<u>\$ (61,932)</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Acquisition of capital assets through capital contributions	\$ -	\$ 9,000	\$ 182,650
Contribution of capital assets by municipality	-	(9,000)	(36,261)
Contribution of capital assets by subdividers	-	-	-
Contribution of capital assets by state and federal governments	-	-	(146,389)
Contribution of capital assets by other	-	-	-

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TRANSLOAD</u>	<u>TOTAL NON- MAJOR ENTERPRISE FUNDS</u>
<u>\$ (6,559,173)</u>	<u>\$ 196,970</u>	<u>\$ (570,947)</u>	<u>\$ (525,744)</u>	<u>\$ (9,399,733)</u>
594,591	785,933	127,409	520,401	3,237,682
(8,816)	(56,703)	(13,825)	-	(47,706)
7,133	(4,000)	360	-	6,241
(53,183)	(41,016)	(5,589)	-	(117,685)
(64,280)	28,191	6,075	(182)	(36,851)
(2,534)	(14,919)	(1,858)	-	(25,721)
76,794	59,227	8,070	-	169,935
35,708	38,309	1,387	-	84,791
15,110	11,653	1,588	-	33,435
12,676	13,600	492	-	30,100
2,191	-	-	-	2,191
<u>615,390</u>	<u>820,275</u>	<u>124,109</u>	<u>520,219</u>	<u>3,336,412</u>
<u>\$ (5,943,783)</u>	<u>\$ 1,017,245</u>	<u>\$ (446,838)</u>	<u>\$ (5,525)</u>	<u>\$ (6,063,321)</u>
\$ 2,070,713	\$ -	\$ 486,378	\$ 331,026	\$ 3,079,767
(350,365)	-	(486,378)	(331,026)	(1,213,030)
-	-	-	-	-
(1,720,348)	-	-	-	(1,866,737)
-	-	-	-	-



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, 2018**

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 3,965,097	\$ 7,697,323	\$ -	\$ 11,662,420
Accounts receivable	50,752	-	-	50,752
Interest receivable	15,527	39,821	-	55,348
Prepays	40,653	57,506	291,554	389,713
Total current assets	<u>4,072,029</u>	<u>7,794,650</u>	<u>291,554</u>	<u>12,158,233</u>
Noncurrent assets:				
Capital assets:				
Improvements other than buildings	-	-	3,173,072	3,173,072
Equipment and vehicles	-	-	4,797,115	4,797,115
Less accumulated depreciation	-	-	(4,339,866)	(4,339,866)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,630,321</u>	<u>3,630,321</u>
Total assets	<u>4,072,029</u>	<u>7,794,650</u>	<u>3,921,875</u>	<u>15,788,554</u>
DEFERED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	<u>16,294</u>	<u>158,035</u>	<u>167,297</u>	<u>341,626</u>
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	4,260	31,493	38,108	73,861
Accounts payable	12,397	136,604	35,473	184,474
Compensated absences	3,801	50,347	64,228	118,376
Claims and judgments	1,434,559	5,261,053	-	6,695,612
Interfund payable	-	-	104,746	104,746
Total current liabilities	<u>1,455,017</u>	<u>5,479,497</u>	<u>242,555</u>	<u>7,177,069</u>
Noncurrent liabilities:				
Compensated absences	131	1,740	2,219	4,090
Claims and judgments	-	2,959,343	-	2,959,343
Other postemployment benefits liability	20,395	256,492	273,913	550,800
Net pension liability	54,703	559,345	553,790	1,167,838
Total noncurrent liabilities	<u>75,229</u>	<u>3,776,920</u>	<u>829,922</u>	<u>4,682,071</u>
Total liabilities	<u>1,530,246</u>	<u>9,256,417</u>	<u>1,072,477</u>	<u>11,859,140</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	3,707	35,688	40,982	80,377
OPEB related deferred inflows	344	5,138	5,619	11,101
Total deferred inflows of resources	<u>4,051</u>	<u>40,826</u>	<u>46,601</u>	<u>91,478</u>
NET POSITION				
Investment in capital assets	-	-	3,630,321	3,630,321
Unrestricted (deficit)	2,554,026	(1,344,558)	(660,227)	549,241
Total net position (deficit)	<u>\$ 2,554,026</u>	<u>\$ (1,344,558)</u>	<u>\$ 2,970,094</u>	<u>\$ 4,179,562</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Fiscal Year Ended June 30, 2018**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 15,577,950	\$ 5,234,489	\$ 2,263,945	\$ 23,076,384
Other	1,029,608	80,877	-	1,110,485
Total Operating Revenues	<u>16,607,558</u>	<u>5,315,366</u>	<u>2,263,945</u>	<u>24,186,869</u>
OPERATING EXPENSES:				
Employee expenses	64,645	967,124	1,101,411	2,133,180
Supplies and services	16,194,366	5,375,050	1,495,266	23,064,682
Depreciation	-	-	613,686	613,686
Total Operating Expenses	<u>16,259,011</u>	<u>6,342,174</u>	<u>3,210,363</u>	<u>25,811,548</u>
OPERATING INCOME (LOSS)	348,547	(1,026,808)	(946,418)	(1,624,679)
NON-OPERATING REVENUES:				
Use of monies and property	49,925	128,039	-	177,964
INCOME (LOSS) BEFORE CONTRIBUTIONS	398,472	(898,769)	(946,418)	(1,446,715)
Capital contributions	-	-	447,609	447,609
Transfers in	-	250,231	-	250,231
Change in net position	<u>398,472</u>	<u>(648,538)</u>	<u>(498,809)</u>	<u>(748,875)</u>
Total net position (deficit) - beginning as restated	<u>2,155,554</u>	<u>(696,020)</u>	<u>3,468,903</u>	<u>4,928,437</u>
Total net position (deficit) - ending	<u>\$ 2,554,026</u>	<u>\$ (1,344,558)</u>	<u>\$ 2,970,094</u>	<u>\$ 4,179,562</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 15,584,826	\$ 5,237,698	\$ 2,263,945	23,086,469
Cash paid to suppliers for goods and services	(16,015,460)	(4,153,097)	(1,493,976)	(21,662,533)
Cash paid to employees for services	(58,833)	(975,868)	(1,048,407)	(2,083,108)
Other operating revenue	1,029,608	80,877	-	1,110,485
Net Cash provided by (used for) Operating Activities	<u>540,141</u>	<u>189,610</u>	<u>(278,438)</u>	<u>451,313</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Repayments to other funds	-	-	104,746	104,746
Transfers in	-	250,231	-	250,231
Net Cash used for Non-Capital Financing Activities	<u>-</u>	<u>250,231</u>	<u>104,746</u>	<u>354,977</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(6,527)	(6,527)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(6,527)</u>	<u>(6,527)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	42,922	112,192	-	155,114
Net increase (decrease) in Cash and Cash Equivalents	583,063	552,033	(180,219)	954,877
CASH AND CASH EQUIVALENTS-BEGINNING	<u>3,382,034</u>	<u>7,145,290</u>	<u>180,219</u>	<u>10,707,543</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 3,965,097</u>	<u>\$ 7,697,323</u>	<u>\$ -</u>	<u>\$ 11,662,420</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2018**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 348,547	\$ (1,026,808)	\$ (946,418)	\$ (1,624,679)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	613,686	613,686
Change in assets and liabilities:				
Decrease in accounts receivable	6,876	3,209	-	10,085
Decrease (increase) in prepaids	(40,653)	(5,375)	18,188	(27,840)
Decrease (increase) in pension related deferred outflows	(900)	(14,964)	(16,477)	(32,341)
Increase (decrease) in accounts payable	219,559	1,227,328	(16,898)	1,429,989
Increase (decrease) in other accrued liabilities	3,843	(39,250)	19,560	(15,847)
Increase in net pension liability	1,299	21,608	23,793	46,700
Increase in total OPEB liability	970	14,473	15,828	31,271
Increase in pension related deferred inflows	256	4,251	4,681	9,188
Increase in OPEB related deferred inflows	344	5,138	5,619	11,101
Total Adjustments	<u>191,594</u>	<u>1,216,418</u>	<u>667,980</u>	<u>2,075,992</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 540,141</u>	<u>\$ 189,610</u>	<u>\$ (278,438)</u>	<u>\$ 451,313</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Acquisition of capital assets through capital contributions	\$ -	\$ -	\$ 447,609	\$ 447,609
Contribution of capital assets by municipality	-	-	(447,609)	(447,609)

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, 2018**

	BALANCE JUNE 30, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
RIVERFRONT TASK FORCE				
ASSETS:				
Cash and investments	\$ 3,684	\$ 62	\$ 16	\$ 3,730
Interest receivable	11	16	11	16
TOTAL ASSETS	\$ 3,695	\$ 78	\$ 27	\$ 3,746
LIABILITIES:				
Due to other governments	\$ 3,695	\$ 78	\$ 27	\$ 3,746
LIBRARY GIFT				
ASSETS:				
Cash and investments	\$ 454,726	\$ 211,841	\$ 259,201	\$ 407,366
Interest receivable	1,380	1,987	1,380	1,987
TOTAL ASSETS	\$ 456,106	\$ 213,828	\$ 260,581	\$ 409,353
LIABILITIES:				
Accounts payable	\$ 52,392	\$ 183,288	\$ 216,282	\$ 19,398
Due to other governments	403,714	30,540	44,299	389,955
TOTAL LIABILITIES	\$ 456,106	\$ 213,828	\$ 260,581	\$ 409,353
M.D. PETERSEN MEMORIAL				
ASSETS:				
Cash and investments	\$ 2,189	\$ 37	\$ 10	\$ 2,216
Interest receivable	5	10	5	10
TOTAL ASSETS	\$ 2,194	\$ 47	\$ 15	\$ 2,226
LIABILITIES:				
Due to other governments	\$ 2,194	\$ 47	\$ 15	\$ 2,226
TOTAL LIABILITIES	\$ 2,194	\$ 47	\$ 15	\$ 2,226
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 460,599	\$ 211,940	\$ 259,227	\$ 413,312
Interest receivable	1,396	2,013	1,396	2,013
TOTAL ASSETS	\$ 461,995	\$ 213,953	\$ 260,623	\$ 415,325
LIABILITIES:				
Accounts payable	\$ 52,392	\$ 183,288	\$ 216,282	\$ 19,398
Due to other governments	409,603	30,665	44,341	395,927
TOTAL LIABILITIES	\$ 461,995	\$ 213,953	\$ 260,623	\$ 415,325

CITY OF DAVENPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Direct:				
<u>U. S. Department of Housing and Urban Development (HUD)</u>				
N/C S/R Section 8 Programs	14.182		\$ -	\$ 352,194
Community Development Block Grants/Entitlement Grants	14.218		221,014	1,988,733
HOME Investment Partnerships Program	14.239		-	582,674
Fair Housing Assistance Program	14.401		-	4,872
Fair Housing Assistance Program	14.401		-	55,700
Public and Indian Housing	14.850		-	145,614
Section 8 Housing Choice Vouchers	14.871		-	3,526,139
Public Housing - Capital Fund Program	14.872		-	53,217
Total U.S. Department of Housing and Urban Development			<u>221,014</u>	<u>6,709,143</u>
<u>Equal Employment Opportunity Commission</u>				
Equal Employment Opportunity Commission	30.001		-	28,920
<u>U. S. Department of Transportation</u>				
Federal Aviation Administration				
Runway 15/33 Reconstruction	20.106		-	136,992
Federal Transit Authority				
Federal Transit - Formula Grants	20.507		-	2,109,962
Federal Transit - Formula Grants	20.526		-	27,642
Subtotal			-	2,137,604
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513		-	98,094
Total U.S. Department of Transportation			<u>-</u>	<u>2,372,690</u>
<u>U. S. Department of Homeland Security</u>				
Staffing For Adequate Fire and Emergency Response	97.083		-	53,612
Total U.S. Department of Homeland Security			<u>-</u>	<u>53,612</u>
Total Direct			<u>221,014</u>	<u>9,164,365</u>

CITY OF DAVENPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Indirect:				
<u>U. S. Department of Housing and Urban Development (HUD)</u>				
Passed through Iowa Department of Economic Development:				
HERA - Neighborhood Stabilization Program	14.228	08-NSP-017	-	56,608
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	-	3,043,950
Subtotal CFDA 14.228			-	3,100,558
<u>U. S. Department of Transportation</u>				
Passed through Iowa Department of Transportation				
Highway Planning and Construction:				
Veteran's Memorial Parkway	20.205	STPU 1827 (674) 70 82	-	445,110
Veteran's Memorial Parkway	20.205	STPU 1827 (665) 70 82	-	699,345
Veteran's Memorial Parkway	20.205	STPU 1827 (672) 70 82	-	2,598,365
Kimberly and Division	20.205	STPU 1827 (667) 70 82	-	905,186
Extension of West 76th St	20.205	STPU 1827 (677) 70 82	-	1,876,727
53rd St signal	20.205	STP A 1827(669) 86 82	-	84,784
Locust St signal	20.205	STP A 1827(670) 86 82	-	146,036
Kimberly Rd signal	20.205	STP A 1827(675) 86 82	-	110,115
Bus purchases	20.205	IA 95 X018	-	652,460
Subtotal Highway Planning and Construction Cluster			-	7,518,128
<u>National Highway Traffic Safety Administration</u>				
Governor's Traffic Safety Bureau:				
State and Community Highway Safety	20.600	17.402-MOAL, TASK 06	-	22,893
State and Community Highway Safety	20.600	17.402-MOAL, TASK 07	-	16,125
Subtotal CFDA 20.600			-	39,018
Total U.S. Department of Transportation			-	7,557,146
<u>Corporation For National And Community Service</u>				
Iowa Commission on Volunteer Service:				
AmeriCorps	94.006	16 AC 03	-	115,809
AmeriCorps	94.006	17 AC 02-2.1	-	256,782
Subtotal CFDA 94.006			-	372,591
Total Indirect			-	11,030,295
Total expenditures of federal awards			\$ 221,014	\$ 20,194,660

STATISTICAL SECTION

Statistical Section

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

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

Revenue Capacity – These schedules contain information to help the reader assess Davenport's most significant 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 167,799,457	\$ 160,607,820	\$ 132,744,626	\$ 157,084,943
Restricted	28,188,439	24,930,751	19,896,007	16,152,056
Unrestricted	(42,349,525)	(35,638,914)	(31,101,106)	(52,363,648)
Total governmental activities net position	<u>\$ 153,638,371</u>	<u>\$ 149,899,657</u>	<u>\$ 121,539,527</u>	<u>\$ 120,873,351</u>
Business-type activities				
Net investment in capital assets	\$ 160,153,176	\$ 159,855,757	\$ 158,399,016	\$ 131,173,938
Restricted	2,734,362	3,923,153	3,461,195	4,146,716
Unrestricted	8,064,123	4,928,502	5,485,544	1,009,918
Total business-type activities net position	<u>\$ 170,951,661</u>	<u>\$ 168,707,412</u>	<u>\$ 167,345,755</u>	<u>\$ 136,330,572</u>
Primary government				
Net investment in capital assets	\$ 327,952,633	\$ 320,463,577	\$ 291,143,642	\$ 288,258,881
Restricted	30,922,801	28,853,904	23,357,202	20,298,772
Unrestricted	(34,285,402)	(30,710,412)	(25,615,562)	(51,353,730)
Total primary government net position	<u>\$ 324,590,032</u>	<u>\$ 318,607,069</u>	<u>\$ 288,885,282</u>	<u>\$ 257,203,923</u>

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 145,746,153	\$ 140,160,840	\$ 107,161,965	\$ 126,691,668	\$ 125,751,423	\$ 105,380,683
29,555,409	32,606,806	44,110,046	12,739,452	26,268,566	37,923,794
(8,126,653)	(18,726,532)	(12,343,725)	(3,483,506)	(22,165,731)	2,694,253
<u>\$ 167,174,909</u>	<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>
\$ 124,953,410	\$ 124,901,380	\$ 136,518,021	\$ 123,757,219	\$ 113,558,845	\$ 106,460,687
4,610,003	4,904,259	4,049,687	3,849,157	4,414,849	-
5,295,999	2,491,018	(5,484,405)	(1,280,067)	4,336,900	13,226,200
<u>\$ 134,859,412</u>	<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>
\$ 270,699,563	\$ 265,062,220	\$ 243,679,986	\$ 250,448,887	\$ 239,310,268	\$ 211,841,370
34,165,412	37,511,065	48,159,733	16,588,609	30,683,415	37,923,794
(2,830,654)	(16,235,514)	(17,828,130)	(4,763,573)	(17,828,831)	15,920,453
<u>\$ 302,034,321</u>	<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>

CITY OF DAVENPORT

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government:										
Government	\$ 10,644,664	\$ 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
Public safety	48,065,647	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
Public works	37,675,297	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
Culture and recreation	17,783,557	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
Community and economic development	17,674,134	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
Interest on long-term debt	6,094,200	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
Total governmental activities expenses	137,937,499	113,771,739	114,343,735	124,354,009	117,615,141	109,438,719	126,577,744	130,606,419	159,732,708	107,669,118
Business-type activities:										
Sewer operations	21,619,146	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
Parking system	2,015,335	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
Rivercenter	6,814,585	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
Public transit	7,021,698	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
Public housing	1,427,019	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
Golf courses	1,941,131	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
Airport	1,030,450	982,356	790,378	690,092	611,884	784,792	606,160	578,765	555,304	536,281
Solid waste	5,982,688	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
Clean water (1)	2,790,810	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
Transload	525,744	524,924	434,003							
Riversedge	848,648	799,436		900,627	806,140	746,906	960,907	1,087,614	166,168	
Total business-type activities expenses	52,017,254	49,293,343	47,265,568	44,113,487	41,906,913	41,178,399	40,619,689	38,088,540	35,716,913	33,312,799
Total primary government expenses	\$ 189,954,753	\$ 163,065,082	\$ 161,609,303	\$ 168,467,496	\$ 159,522,054	\$ 150,617,118	\$ 167,197,433	\$ 168,694,959	\$ 195,449,621	\$ 140,981,917
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,077,903	\$ 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
Public safety	3,265,676	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
Public works	4,581,686	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
Culture and recreation	1,537,648	1,015,055	859,124	380,929	593,369	850,025	772,321	1,698,503	1,420,156	1,255,539
Community and economic development	2,102,038	778,980	1,337,828	167,130	457,258	1,467,138	749,931	630,293	2,134,740	762,264
Operating grants and contributions	28,533,787	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
Capital grant and contributions	10,371,486	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
Total governmental activities program revenues	53,470,224	49,050,337	43,708,217	43,607,522	40,543,622	35,245,764	47,999,402	52,043,529	65,395,499	30,705,747
Business-type activities:										
Charges for services:										
Sewer operations	23,293,634	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
Parking system	1,425,193	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
Rivercenter	4,901,894	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
Public transit	410,881	399,774	479,037	494,410	533,804	515,210	516,315	506,706	479,090	479,056
Public housing	467,588	475,951	437,150	454,434	424,386	431,545	421,850	415,874	369,711	388,302
Golf courses	1,660,901	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
Airport	207,143	208,418	192,412	193,518	187,444	206,821	209,121	179,002	188,984	181,104
Solid waste	6,123,533	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
Clean water	2,936,656	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
Transload (2)	-	-	-	-	-	-	-	-	-	-
River's Edge (1)	260,454	263,196	289,056	312,180	237,388	184,325	247,685	255,061	36,618	
Operating grants and contributions	2,431,778	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
Capital grant and contributions	4,853,939	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
Total business-type activities program revenues	48,973,594	44,270,430	41,446,950	44,460,496	37,890,938	32,096,692	43,961,396	38,835,483	34,169,298	27,265,735
Total primary government program revenues	\$ 102,443,818	\$ 93,320,767	\$ 85,155,167	\$ 88,068,018	\$ 78,434,560	\$ 67,342,456	\$ 91,960,798	\$ 90,879,012	\$ 99,564,797	\$ 57,971,482

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenue										
Governmental activities	\$ (84,467,275)	\$ (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)
Business-type activities	(3,043,660)	(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)
Total primary government net expense	\$ (87,510,935)	\$ (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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 72,571,882	\$ 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
Local option sales tax	16,456,926	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
Hotel/motel tax	2,981,578	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
Franchise tax	3,501,385	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
Investment earnings	1,834,766	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
Gain on sale of capital assets	-	125,781	320,726	-	17,355	1,634,804	108,867	728,558	65,547	4,905
Miscellaneous	10,598	44,318	80,787	12,363	52,581	34,114	72,124	58,419	53,761	96,087
Transfers	(1,779,447)	(1,562,798)	(21,484,837)	(2,931,002)	(1,706,916)	(502,762)	(911,944)	1,128,264	(448,666)	(346,707)
Total governmental activities	95,577,688	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
Business-type activities:										
Property taxes (public transit)	3,667,870	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
Investment earnings	903,465	613,634	548,823	616,868	618,220	660,890	700,403	658,157	259,257	400,305
Gain on sale of capital assets	3,785	-	-	-	61,731	25,446	-	-	-	-
Loss on donation of capital assets	-	-	-	141	-	-	-	-	-	-
Miscellaneous	455,438	631,302	902,323	1,380,690	545,287	2,048,686	309,788	362,652	140,098	109,302
Transfers	1,779,447	1,562,798	21,484,837	2,931,002	1,706,916	502,762	911,944	(1,128,264)	448,666	346,707
Total business-type activities	6,810,005	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
Total primary government	\$ 102,387,693	\$ 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
Change in Net Position										
Governmental activities	\$ 11,110,413	\$ 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
Business-type activities	3,766,345	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)
Total primary government	\$ 14,876,758	\$ 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)

(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			
	2018	2017	2016	2015
General Fund				
Nonspendable	\$ 11,234	\$ 7,312	\$ 4,477	\$ 5,446
Restricted	4,785,569	4,711,470	5,384,949	5,896,292
Committed	-	-	-	-
Assigned	4,460,502	3,883,192	3,384,228	1,585,151
Unassigned	11,548,794	10,403,236	9,199,764	8,889,540
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 20,806,099</u>	<u>\$ 19,005,210</u>	<u>\$ 17,973,418</u>	<u>\$ 16,376,429</u>
All Other Governmental funds				
Nonspendable	95,167	26,708	1,000	22,875
Restricted	48,927,536	51,635,020	49,153,408	28,690,404
Committed	2,244,583	1,259,380	1,272,303	1,191,168
Assigned	-	-	-	-
Unassigned	(549,263)	-	(1,320,264)	-
Reserved	-	-	-	-
Unreserved, reported in special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Total All Other Governmental funds	<u>\$ 50,718,023</u>	<u>\$ 52,921,108</u>	<u>\$ 49,106,447</u>	<u>\$ 29,904,447</u>

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

						Fiscal Year					
2014		2013		2012		2011		2010		2009	
\$	5,440	\$	2,949	\$	23,179	\$	17,069	\$	-	\$	-
	5,999,441		5,476,184		3,717,150		3,883,934		-		-
	-		-		-		-		-		-
	778,856		555,034		545,488		551,836		-		-
	8,536,778		7,582,938		5,606,312		5,392,141		-		-
	-		-		-		-		4,781,365		5,837,263
	-		-		-		-		5,640,835		4,961,376
	15,320,515		13,617,105		9,892,129		9,844,980		10,422,200		10,798,639
	5,868		-		-		-		-		-
	37,530,085		32,686,164		40,119,368		14,266,498		-		-
	1,184,409		1,103,032		844,461		1,058,755		-		-
	-		-		-		-		-		-
	(344,161)		(600,249)		(906,693)		(1,035,514)		-		-
	-		-		-		-		8,558,420		32,666,636
	-		-		-		-		(1,956,132)		980,072
	-		-		-		-		(503,939)		-
\$	38,376,201	\$	33,188,947	\$	40,057,136	\$	14,289,739	\$	6,098,349	\$	33,646,708

CITY OF DAVENPORT

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

	Fiscal Year			
	2018	2017	2016	2015
Revenues				
Taxes	\$ 95,111,814	\$ 92,937,007	\$ 90,241,335	\$ 90,499,909
Special assessments	42,346	27,565	27,648	38,992
Licenses and permits	2,566,236	2,460,734	2,366,468	2,017,908
Intergovernmental	36,504,330	37,703,136	32,846,621	32,296,554
Charges for services	4,614,938	4,080,837	4,132,842	3,963,968
Use of monies and property	1,834,766	1,150,080	1,094,433	1,213,198
Fines and forfeits	2,466,534	1,505,531	2,513,779	2,050,224
Loan repayments	1,120,466	806,461	832,955	907,318
Other	4,078,207	2,811,356	2,390,338	3,078,817
Total revenues	<u>148,339,637</u>	<u>143,482,707</u>	<u>136,446,419</u>	<u>136,066,888</u>
Expenditures				
General government	10,108,244	9,747,945	9,623,464	9,692,385
Public safety	44,803,202	43,460,139	43,927,733	42,149,652
Public works	17,783,827	17,378,533	16,862,825	18,030,045
Culture and recreation	12,463,193	12,146,481	11,689,298	11,267,593
Community and economic development	15,499,334	10,849,112	12,645,088	10,370,910
Capital outlay	36,299,217	33,983,635	42,999,366	31,737,839
Debt service				
Principal	35,014,370	36,501,330	16,690,365	26,622,260
Interest	6,123,022	6,583,971	5,452,856	6,004,485
Bond issuance expense	202,229	345,283	463,321	192,668
Total expenditures	<u>178,296,638</u>	<u>170,996,429</u>	<u>160,354,316</u>	<u>156,067,837</u>
Excess of revenues over (under) expenditures	<u>(29,957,001)</u>	<u>(27,513,722)</u>	<u>(23,907,897)</u>	<u>(20,000,949)</u>
Other Financing Sources (Uses)				
Bond issuance	23,020,000	14,345,000	31,205,000	12,995,000
Loan Proceeds	-	290,000	-	-
Discount on debt issued	-	-	-	-
Premium on debt issued	1,858,063	2,082,980	3,367,176	1,207,558
Refunding bonds issued	6,705,000	17,135,000	13,080,000	-
Payment to refunded bond escrow agent	-	-	-	-
Sale of capital assets	10,440	362,148	345,941	15,451
Transfers in	16,897,002	18,102,057	16,061,991	15,775,415
Transfers out	<u>(18,935,700)</u>	<u>(19,957,010)</u>	<u>(19,353,222)</u>	<u>(17,408,315)</u>
Total other financing sources (uses)	<u>29,554,805</u>	<u>32,360,175</u>	<u>44,706,886</u>	<u>12,585,109</u>
Net change in fund balances	<u>\$ (402,196)</u>	<u>\$ 4,846,453</u>	<u>\$ 20,798,989</u>	<u>\$ (7,415,840)</u>
Debt service as a percentage of noncapital expenditures	26.53%	30.29%	18.39%	24.50%

		Fiscal Year					
		2014	2013	2012	2011	2010	2009
\$	90,421,947	\$ 88,262,578	\$ 80,884,683	\$ 78,730,720	\$ 77,168,031	\$ 75,503,579	
	96,245	93,757	58,964	157,683	37,717	6,806	
	1,749,752	1,619,350	1,317,804	1,238,659	1,275,935	1,154,269	
	25,530,812	22,837,172	35,240,010	31,332,008	29,024,273	22,579,386	
	4,051,619	4,210,684	4,479,467	4,146,542	3,926,869	4,081,012	
	1,176,460	1,036,972	1,218,685	1,014,156	1,035,244	1,390,993	
	1,931,967	1,740,494	1,936,641	1,967,004	1,314,564	938,544	
	1,065,290	860,284	723,850	839,699	648,896	611,113	
	4,108,428	3,659,461	4,598,710	4,519,410	4,362,836	1,257,734	
	<u>130,132,520</u>	<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>	
	8,820,719	8,601,095	8,992,941	8,178,030	8,370,902	7,849,694	
	41,216,850	40,160,927	39,554,541	39,137,701	38,211,590	37,719,742	
	17,557,791	15,288,713	15,505,355	17,073,051	17,169,622	15,838,441	
	11,281,713	10,975,613	11,305,093	11,485,665	12,738,612	11,113,692	
	13,853,663	10,629,873	15,234,614	13,823,997	20,305,456	17,030,912	
	15,247,456	17,188,086	38,425,489	35,710,271	56,227,626	25,959,860	
	16,024,785	16,241,175	17,234,350	17,071,575	14,912,225	12,125,079	
	6,101,313	6,987,409	6,200,955	6,233,849	6,078,034	5,030,293	
	249,658	216,403	125,781	150,055	153,704	285,250	
	<u>130,353,948</u>	<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>	
	(221,428)	(1,968,542)	(22,120,305)	(24,918,313)	(55,373,406)	(25,429,527)	
	14,850,000	12,382,000	11,790,000	25,299,250	28,676,000	26,820,000	
	-	-	-	-	(66,902)	56,945	
	2,405,596	482,773	3,321,543	1,377,130	30,668	-	
	10,335,000	2,310,000	33,637,890	3,687,250	6,546,400	-	
	(18,735,000)	(17,900,000)	-	(3,880,000)	(6,555,500)	-	
	17,355	2,016,593	108,867	728,558	66,608	4,905	
	12,026,555	14,170,133	20,129,136	17,023,775	16,951,068	17,244,760	
	(13,787,414)	(14,636,170)	(21,052,585)	(15,224,330)	(17,399,734)	(15,730,792)	
	<u>7,112,092</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>6,890,664</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>	
	18.32%	20.55%	18.24%	17.28%	12.92%	15.26%	

CITY OF DAVENPORT

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

		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>
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
2016	2018	4,322,960	1,412,125	128,593	124,234	33,137	389,113

		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>
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
2016	2018	2,457,883	1,253,347	114,238	101,120	15,739	197,431

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

Source: Iowa Department of Management website

<u>Other</u>	<u>Gross valuation</u>	<u>Less military exemption</u>	<u>Net valuation</u>	<u>Total direct tax rate</u>
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%
4,024	6,414,186	(8,414)	6,405,772	16.78%

<u>Other</u>	<u>Gross valuation</u>	<u>Less military exemption</u>	<u>Net valuation</u>
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
3,622	4,143,380	(8,414)	4,134,966

CITY OF DAVENPORT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

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

City Direct Rates

<u>Fiscal Year</u>	<u>General</u>	<u>Tort Liability</u>	<u>Trust & Agency</u>	<u>Library (1)</u>	<u>Transit</u>	<u>Emergency</u>	<u>Debt Service</u>	<u>Total</u>
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
2018	8.10	0.25	4.83	0.27	0.91	0.27	2.15	16.78

Source: City of Davenport Finance Department

Overlapping Rates

<u>Scott County</u>	<u>Davenport Schools</u>	<u>Area IX College</u>	<u>Other</u>	<u>Total</u>
5.54	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
5.82	15.90	1.03	0.40	39.93

CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal</u> <u>Year</u>	<u>Taxes</u> <u>Levied</u>	<u>Current</u> <u>Collections</u>	<u>Percentage</u> <u>of Levy</u>
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%
2018	77,183,627	75,926,282	98.37%

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

CITY OF DAVENPORT

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Name of Property	Property type	2017			2008		
		Taxable Valuation	Rank	% of taxable value	Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	\$ 134,266,737	1	3.10%	\$ 176,940,766	1	5.17%
Macerich North Park Mall LLC/SDG Macerich Properties	Shopping Center	52,515,135	2	1.21%	64,106,783	2	1.87%
Iowa-American Water Co.	Utility	50,196,206	3	1.16%	37,398,237	3	1.09%
John Deere Construction	Commercial	28,106,784	4	0.65%	-	-	-
Putnam Landlord LLC	Commercial	21,441,754	5	0.50%	-	-	-
ARCP JDDPTIA01 LLC	Commercial	18,547,299	6	0.43%	-	-	-
Falls Plaza LLC	Commercial	17,830,323	7	0.41%	-	-	-
Menard Inc	Commercial	16,711,885	8	0.39%	-	-	-
The Davenport North Development	Commercial	16,430,562	9	0.38%	16,673,792	10	0.49%
City Square LLC	Commercial	15,018,080	10	0.35%	-	-	-
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>\$ 371,064,765</u>		<u>8.58%</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)

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			
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	5.50%	2,482
2017	169,499	-	570	62,309	21,871	-	254,249	unavailable	2,551
2018	164,094	-	449	59,068	21,172	-	244,783	unavailable	2,456

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

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

The personal income and population data is not yet available.

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

CITY OF DAVENPORT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(dollars in thousands, except per capita)

Fiscal Year	General Obligation Debt	Less Amount Available for Debt Service	Net General Bonded Debt	Percentage of Taxable Value of Property (1)	Per Capita
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
2018	223,162	(17,236)	205,926	4.98%	2,066

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

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

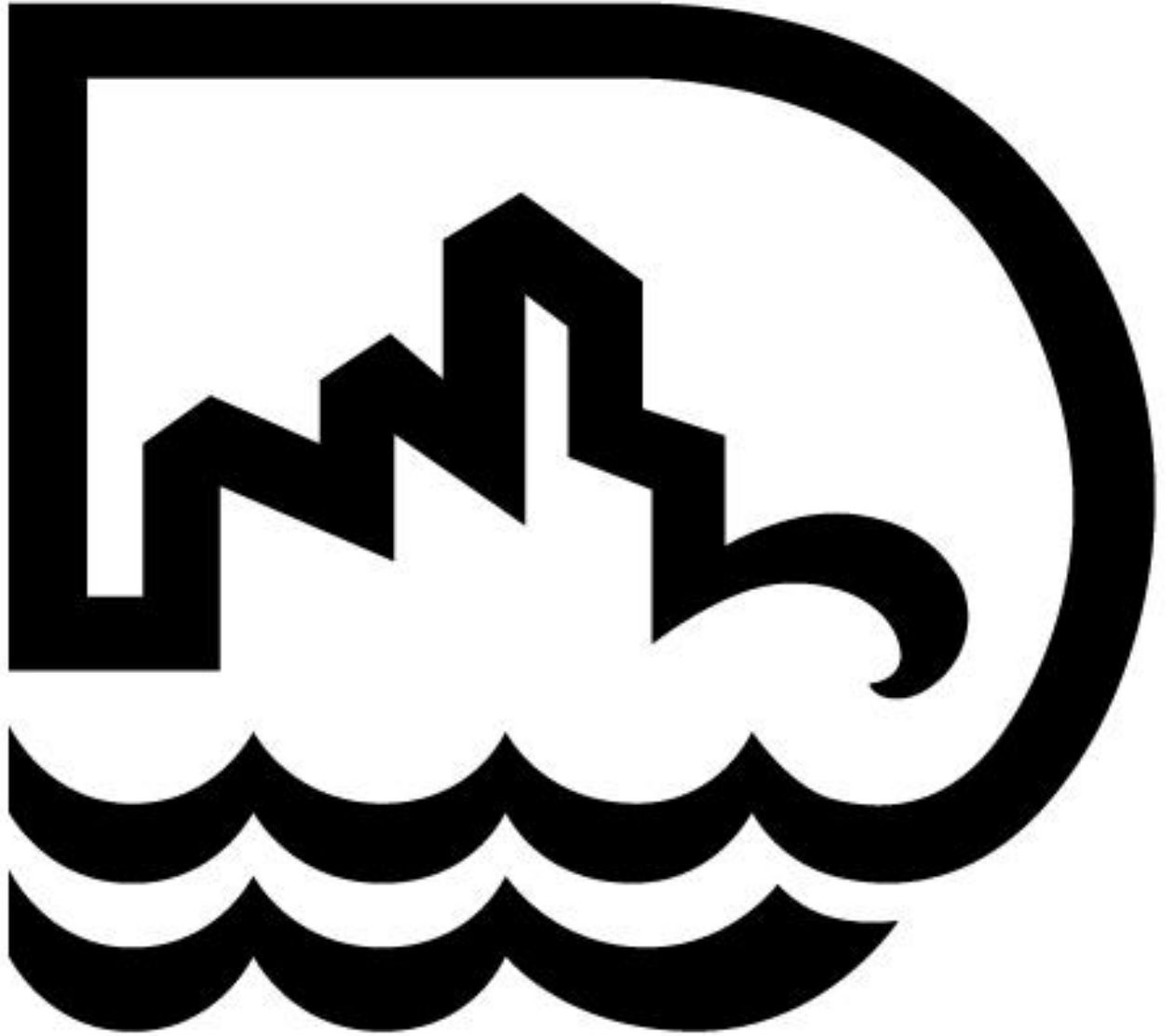
Source: City of Davenport Finance Department and Scott County Auditor's Office.

CITY OF DAVENPORT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(dollars in thousands)

Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	34,086,612	50.04%	17,056,941
Eastern Iowa Community College	42,990,000	29.56%	<u>12,707,844</u>
Subtotal, overlapping debt			<u>29,764,785</u>
City direct debt			<u>164,094,284</u>
Total direct and overlapping debt			<u><u>\$ 193,859,069</u></u>

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



CITY OF DAVENPORT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal year	2009	2010	2011	2012
Debt limit	\$ 290,703,247	\$ 295,219,101	297,663,843	303,752,150
Total net debt applicable to limit	<u>159,957,382</u>	<u>176,092,605</u>	<u>\$ 189,966,525</u>	<u>235,046,500</u>
Legal debt margin	\$ 130,745,865	\$ 119,126,496	\$ 107,697,318	\$ 68,705,650
Total net debt applicable to the limit as a percentage of debt limit	55.02%	59.65%	63.82%	77.38%

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

Source: City of Davenport Finance Department.

Legal debt margin calculation for Fiscal Year 2018

Assessed valuation	\$ 6,612,522,270	
Debt limit (5% of assessed value)		\$ 330,626,114
Debt applicable to limit:		
General Obligation Bonds	211,185,000	
Tax Increment Financing Rebate Agreements subject to limit	5,844,024	
Total G.O. Indebtedness		<u>217,029,024</u>
Legal debt margin		<u><u>\$ 113,597,090</u></u>

2013	2014	2015	2016	2017	2018
306,921,649	\$ 307,269,293	\$ 312,585,544	\$ 318,401,799	\$ 323,975,819	\$ 330,626,114
<u>221,979,300</u>	<u>205,587,350</u>	<u>189,866,175</u>	<u>223,801,529</u>	<u>221,949,505</u>	<u>217,029,024</u>
\$ 84,942,349	\$ 101,681,943	\$ 122,719,369	\$ 94,600,270	\$ 102,026,314	\$ 113,597,090
72.32%	66.91%	60.74%	70.29%	68.51%	65.64%

CITY OF DAVENPORT

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Year	Population (2)	Personal Income	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
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	4,803,919,835	48,191	15,162	5.5%
2017	99,685	N/A	(1) N/A	(1) 15,489	4.2%
2018	99,685	N/A	(1) N/A	(1) 15,233	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**

Employer	12/31/08			12/31/17		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	4,900	1	9.67%	4,805	1	4.82%
Arconic/ALCOA	-		0.00%	2,600	2	2.61%
Davenport Community Schools	2,500	2	4.93%	2,279	3	2.29%
Kraft Foods/Oscar Mayer	1,650	3	3.26%	1,500	4	1.50%
City of Davenport	1,003	6	1.98%	1,170	5	1.17%
MidAmerican Energy Company	1,025	4	2.02%	1,025	6	1.03%
Rhythm City Casino/Isle Capri	600	10	1.18%	900	7	0.90%
APAC Teleservices	900	7	1.78%	900	8	0.90%
Sears Manufacturing	600	11	1.18%	855	9	0.86%
Eastern Iowa Community College	1,005	5	1.98%	758	10	0.76%
United Parcel Service	590	12	1.16%	646	11	0.65%
Wells Fargo-Davenport Region	-		0.00%	610	12	0.61%
AT&T	610	9	1.20%	610	13	0.61%
St. Ambrose University	636	8	1.26%	605	14	0.61%
Von Maur	560	13	1.11%	590	15	0.59%
John Deere Davenport Works	520	14	1.03%			0.00%
Scott County	455	15	0.90%	485	16	0.49%
	<u>17,554</u>		<u>34.64%</u>	<u>20,338</u>		<u>20.40%</u>

Source: Quad City Development Group, Direct staff contact with Company (December 2008)

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

CITY OF DAVENPORT

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS
June 30, 2018**

FUNCTION/PROGRAM	2017		2016		2015		2014		2013	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
PUBLIC SAFETY										
Police	181	22	180	25	186	23	186	24	189	26
Fire	133	-	136	-	142	-	143	-	138	1
PUBLIC WORKS	291	46	288	45	287	50	289	48	290	45
CULTURE & RECREATION										
Leisure Facilities and Services	18	308	19	290	18	218	17	209	18	257
Library	40	40	39	40	39	36	37	35	39	39
COMMUNITY & ECONOMIC DEVELOPMENT	24	-	22	-	23	-	20	2	24	2
GENERAL GOVERNMENT										
Mayor	2	-	2	-	2	-	2	-	2	-
Council	-	10	-	10	-	10	-	10	-	10
Finance	24	-	22	1	23	1	24	-	25	2
Information Technology	7	1	8	1	8	2	8	1	8	2
Administration	8	1	7	1	5	4	6	4	5	8
Legal	4	-	4	-	4	-	4	-	4	-
Human Resources	4	1	5	1	5	2	6	2	6	2
Civil Rights	4	1	4	1	4	3	4	3	4	1
Total	740	430	736	415	746	349	746	338	752	395

(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.

2012		2011		2010		2009		2008	
FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
189	24	195	34	194	35	217	29	209	27
138	-	140	-	149	-	153	2	155	-
296	56	289	46	281	31	284	34	278	30
21	231 (1)	34	170	34	131	34	129	32	76
40	42	41	40	43	44	41	37	39	35
23	2	27	-	32	12	39	13	37	12
1	1	2	-	2	-	2	-	2	-
-	10	1	10	1	10	-	11	1	11
25	1	26	2	26	2	22	5	23	2
7	2	7	2	8	2	10	-	10	-
6	7	6	1	6	-	7	-	7	-
4	-	4	-	4	-	4	-	4	-
5	2	5	2	5	2	5	2	5	3
4	1	4	1	4	1	4	2	4	1
<u>759</u>	<u>379</u>	<u>781</u>	<u>308</u>	<u>789</u>	<u>270</u>	<u>822</u>	<u>264</u>	<u>806</u>	<u>197</u>

CITY OF DAVENPORT

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2018**

FUNCTION/PROGRAM	FISCAL YEAR					
	2018	2017	2016	2015	2014	2013
PUBLIC SAFETY						
Fire calls answered	18,363	18,741	18,056	16,690	16,373	16,467
Police-arrests (1)	6,244	5,963	5,944	6,887	7,632	5,072
Construction permits issued	2,515	2,873	3,142	2,395	2,602	2,483
PUBLIC WORKS						
Refuse collected (tons) (2)	29,996	26,331	27,907	27,197	26,920	26,759
Gallons of wastewater processed (in millions) (1)	9,919	11,525	12,200	10,494	8,541	9,855
Yard waste composted (cu yds)	156,990	155,373	136,197	110,723	101,373	109,972
Citibus ridership	622,937	659,155	1,278,115	1,503,419	1,362,174	1,407,131
Utility service customers	38,140	38,970	39,800	39,800	39,500	39,000
CULTURE & RECREATION						
Rounds of golf played	57,380	57,785	63,671	64,701	64,063	64,029
Swimming pools attendance	20,212	16,302	28,398	24,026	28,191	28,170
Recreation programs available	720	795	768	943	984	845
Recreation program enrollment	13,811	12,378	11,502	6,130	5,733	6,342
Library - walk-in patrons served	372,431	388,185	428,684	445,272	481,592	463,971
COMMUNITY & ECONOMIC DEVELOPMENT						
Planning & zoning-final development review	3	6	7	8	9	13
Households assisted with rental assistance	1,001	913	897	867	842	825

Source: Various City of Davenport departments.

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

CITY OF DAVENPORT

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2018**

FUNCTION/PROGRAM	FISCAL YEAR				
	2018	2017	2016	2015	2014
PUBLIC SAFETY					
Police cars	122	117	115	109	105
Fire stations	7	7	7	7	7
Fire trucks	16	16	16	16	16
PUBLIC WORKS					
Streets (miles)	703	703	701	695	695
Traffic signals	167	166	166	166	166
Street lights	9,712	9,712	9,712	9,708	9,708
Refuse collection trucks	30	31	29	32	32
Buses	25	21	22	22	22
CULTURE & RECREATION					
Golf courses	3	3	3	3	3
Acres of parks	1,981	1,981	1,981	1,981	1,981
Swimming pools	3	3	3	3	3
Libraries	3	3	3	3	3

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

Source: City of Davenport Summary of Fixed Assets Report.

FISCAL YEAR				
2013	2012	2011	2010	2009
104	82	83	74	64
7	7	7	7	7
16	16	16	16	16
695	695	695	695	695
166	161	156	153	153
9,703	9,691	9,691	9,680	9,632
32	29	31	31	34
21	23	21	21	21
3	3	3	3	3
1,913	1,913	1,700	1,700	1,700
3	3	3	3	3
3	3	3	3	2
