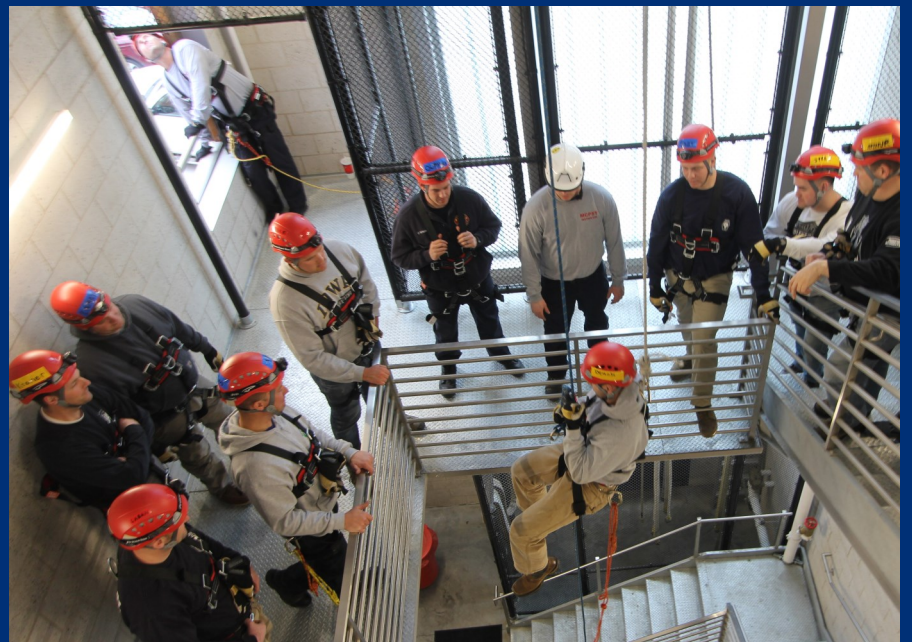




City of Davenport, Iowa

For the fiscal year ended June 30, 2019

Comprehensive Annual Financial Report



CITY OF DAVENPORT, IOWA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Prepared by:
Finance Department
Accounting Division**

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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December 17, 2019

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, 2019.

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, 2019 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, 2019 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, 2019 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 unemployment rate for July 2019 was 3.9%. Of the 198,300 persons in the labor force in July 2019, 190,600 were employed. 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 57% residential, 3% multi-residential, 36% commercial, 3% industrial properties, and 1% other. The tax base is not concentrated; the largest taxpayer accounts for 3.17% of total value and the remaining nine leading taxpayers account for just 6.57% 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 2019 \$43 million was invested in the downtown. This includes the Half Nelson, Bootleg Hill Meadery, Taste of Ethiopia, and Lopiez. An additional \$30 million in investment are underway in the downtown including a new \$22 million Davenport YMCA which broke ground this fall. The downtown now has over 1,500 residential units with the completion of Gordon Van Tine Lofts. Sterilite Corporation finished construction on a \$87 million 2.5 million square foot manufacturing and warehouse facility in 2018 and is continuing to ramp up its production. Kraft-Heinz in Davenport's Eastern Iowa Industrial Center continues to invest in their plant with over \$22 million in additions to their new facility. Costco opened its third location in North Davenport in October 2018. Additional new-to-market businesses that opened this year includes: Dry Goods, H&M, HomeGoods, Portillo's, Raising Cane's, and Stanton Optical. MMS Thermal in the Eastern Iowa Industrial Park completed a building expansion in excess of \$1 million. Over \$29 million in commercial and industrial building improvements were completed or underway within the Urban Revitalization Tax Exemption Areas by the end of 2019.

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 2.3% annually over the last ten fiscal years. For the upcoming FY 2020, total assessed value increased by 4.0%, while taxable values increased 5.2%.

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 2020, 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 4.1% 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 2019 rate was \$2.3 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 provides 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. 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, 2019, and 2020. It was at \$2.15 in FY 2016 and 2017.

Highlights of the Capital Improvement Program that is scheduled to begin in fiscal year 2020 include:

- Street resurfacing, full depth patching & reconstruction \$8 million
- 53rd Street reconstruction \$5 million (project total \$10.5 million)
- Elm Street bridge replacement \$2.9 million
- New buses \$1.3 million
- Continue Main Street Landing improvements \$1 million (project total \$7.5 million)
- Sanitary sewer lining, construction, and repair \$7.2 million
- Disinfection project at treatment plant \$5 million (project total \$8.5 million)

Awards and Acknowledgements

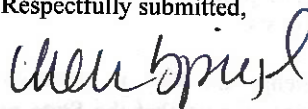
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 36th consecutive 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 2020 budget document. This is the 25th 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.

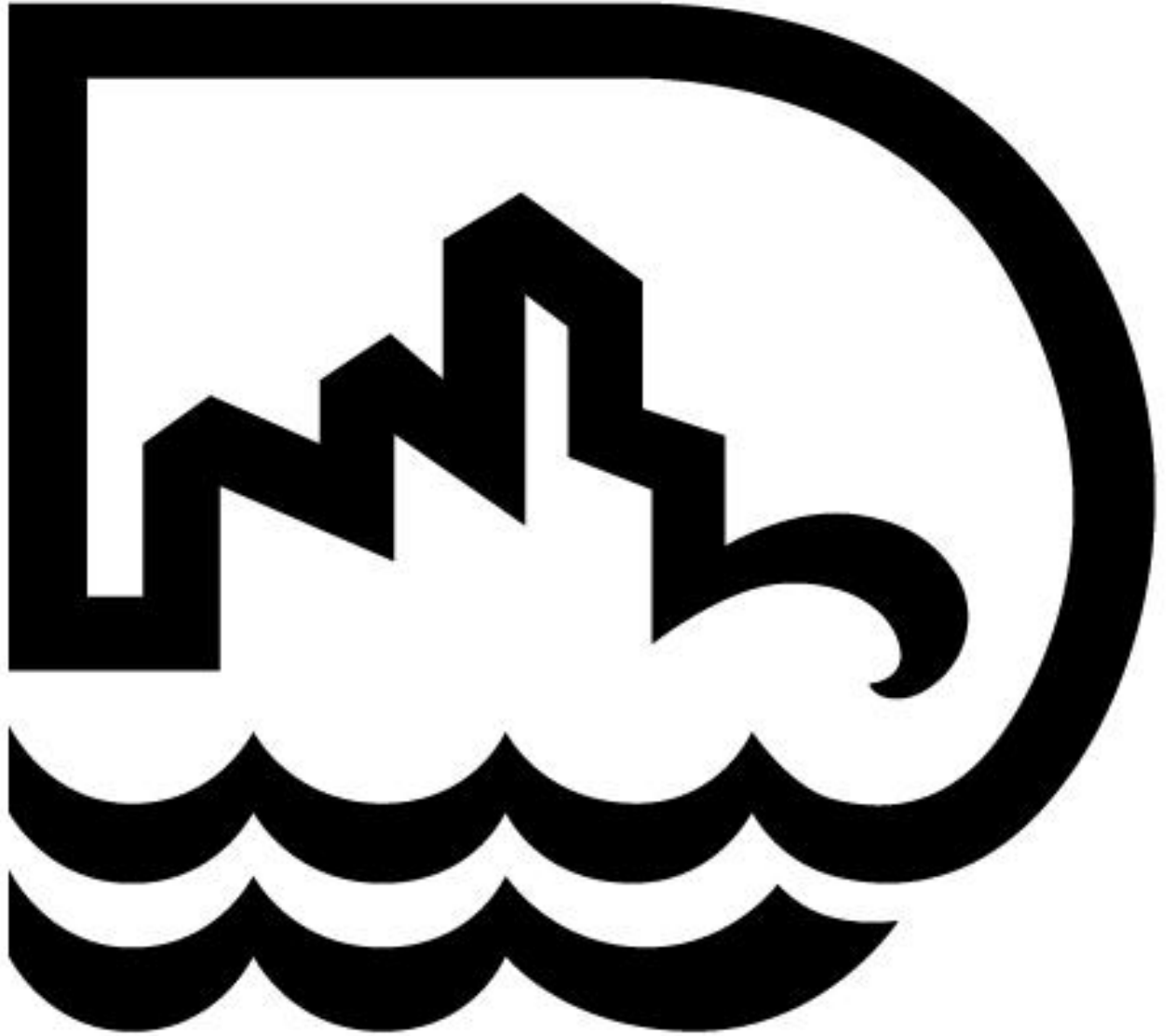
Respectfully submitted,



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

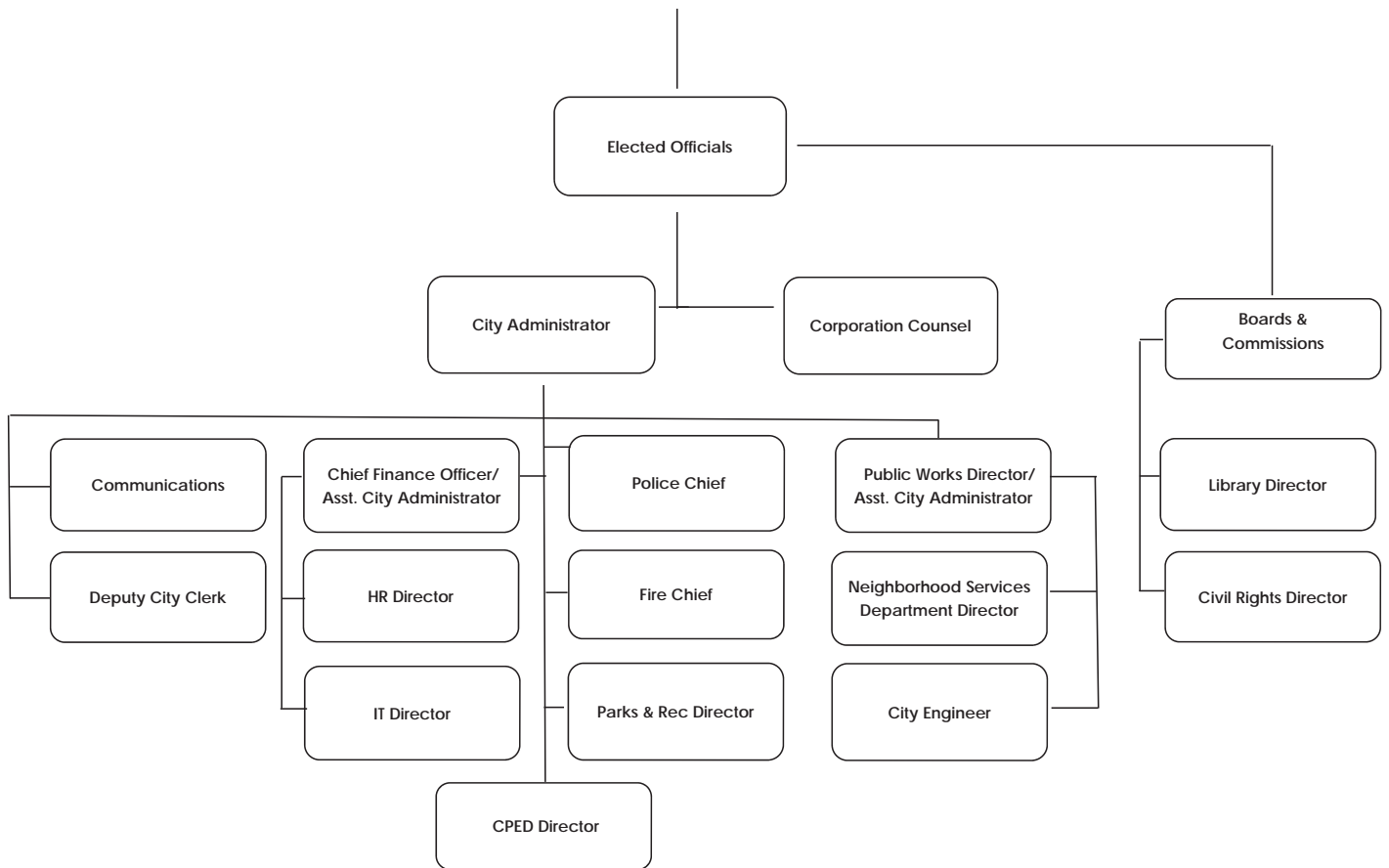
June 30, 2018

Christopher P. Morill

Executive Director/CEO

FY 2019 ORGANIZATIONAL CHART

CITIZENS OF DAVENPORT



CITY OF DAVENPORT

CITY OFFICIALS

June 30, 2019

<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	Chad B. Dyson
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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget to Actual—Government and Proprietary Funds, 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 16, 2019 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 16, 2019

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, 2019. 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 and deferred outflows of resources of the City of Davenport exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$347,144 (net position).
- The City of Davenport's total net position increased by \$22,554 during fiscal year 2019
- At the close of the current fiscal year, the City of Davenport's governmental funds reported combined fund balances of \$78,398, an increase of \$6,874 in comparison with the prior year. Approximately 14.3% of this amount (\$11,246) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$17,208, or approximately 22.9% of total general fund 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 2019. 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 74 of this report.

Supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal services funds, and agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 90 through 111 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. Comparative data from fiscal year 2018 and 2019 are presented below. In Davenport, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$347,144 an increase of 6.9%, at the close of the fiscal year ended June 30, 2019.

City of Davenport’s Net Position

	Governmental Activities		Business-type activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(not restated)	(as restated)	(not restated)	(as restated)	(not restated)	(as restated)
Current and other assets	\$ 203,477	\$ 196,368	\$ 41,422	\$ 36,326	\$ 244,899	\$ 232,694
Capital assets	310,382	306,725	240,124	233,012	550,506	539,737
Total assets	513,859	503,093	281,546	269,338	795,405	772,431
Deferred outflows of resources	19,147	18,870	2,488	2,529	21,635	21,399
Noncurrent liabilities						
outstanding	231,580	232,302	86,077	85,935	317,657	318,237
Other liabilities	52,711	54,155	10,355	10,017	63,066	64,172
Total liabilities	284,291	286,457	96,432	95,952	380,723	382,409
Deferred inflows of resources	84,057	81,868	5,116	4,963	89,173	86,831
Net position:						
Net invested in capital						
assets	165,833	167,799	168,189	160,154	334,022	327,953
Restricted	33,895	28,189	2,289	2,734	36,184	30,923
Unrestricted (deficit)	(35,069)	(42,350)	12,007	8,064	(23,062)	(34,286)
Total net position	\$ 164,659	\$ 153,638	\$ 182,485	\$ 170,952	\$ 347,144	\$ 324,590

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, \$36,184 (10.4 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 \$137,453, \$119,183 and \$18,270 respectively.

The City of Davenport's total assets increased by \$22,974 or 3.0 percent from 2018 to \$795,405 mainly due to an increase in capital assets of roads and sewers. Current and other assets increased by \$12,205 partially due to an increase of \$3,155 in property tax revenues due to an increase of 4.8 percent in taxable values and an increase in capital grants and contributions revenues due to capital improvement projects being funded with grants. Deferred outflows of resources increased by \$237 or 1 percent largely due to the change of OPEB related deferred outflows.

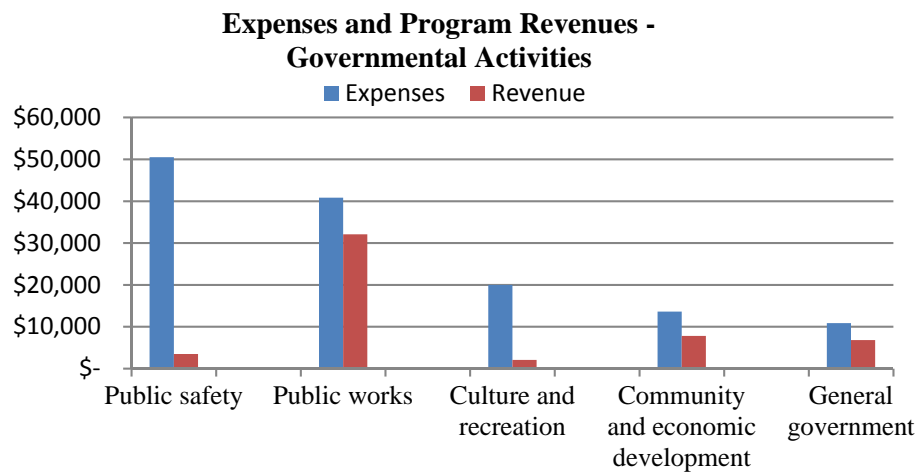
Total liabilities of the City of Davenport decreased by \$1,686 or 0.5 percent from 2018 to \$380,723. Noncurrent liabilities decreased by \$580, which is a result of a decrease in general obligation bonds of \$835. Deferred inflows of resources increased by \$2,342 or 2.7 percent largely due to the increase of \$2,380 in succeeding year property tax for reasons mentioned above.

City of Davenport's Changes in Net Position

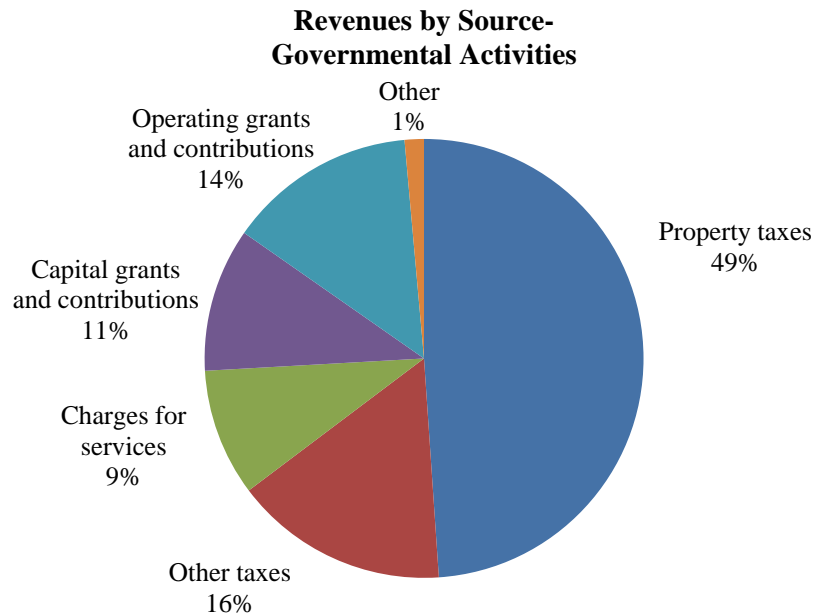
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(not restated)	(as restated)	(not restated)	(as restated)	(not restated)	(as restated)
Revenues:						
Program revenues:						
Charges for services	\$ 14,484	\$ 14,565	\$ 41,088	\$ 41,688	\$ 55,572	\$ 56,253
Operating grants and contributions	21,421	28,534	3,124	2,432	24,545	30,966
Capital grants and contributions	16,355	10,371	11,912	4,854	28,267	15,225
General revenues:						
Property taxes	75,543	72,572	3,852	3,668	79,395	76,240
Other taxes	24,381	22,940	-	-	24,381	22,940
Other	2,206	1,845	1,586	1,363	3,792	3,208
Total revenues	<u>154,390</u>	<u>150,827</u>	<u>61,562</u>	<u>54,005</u>	<u>215,952</u>	<u>204,832</u>
Expenses:						
Public safety	50,491	48,066	-	-	50,491	48,066
Public works	40,840	37,675	-	-	40,840	37,675
Culture and recreation	20,002	17,784	-	-	20,002	17,784
Community and economic development	13,593	17,674	-	-	13,593	17,674
General government	10,842	10,645	-	-	10,842	10,645
Interest on long-term debt	5,701	6,094	-	-	5,701	6,094
Parking system	-	-	1,750	2,015	1,750	2,015
Sewer operations	-	-	21,512	21,619	21,512	21,619
RiverCenter	-	-	6,270	6,815	6,270	6,815
Public transit	-	-	7,685	7,022	7,685	7,022
Public housing	-	-	1,340	1,427	1,340	1,427
Golf courses	-	-	1,959	1,941	1,959	1,941
Airport	-	-	981	1,030	981	1,030
Curbside recycling	-	-	6,162	5,982	6,162	5,982
Clean water	-	-	2,899	2,791	2,899	2,791
Transload	-	-	524	526	524	526
Riversedge	-	-	847	849	847	849
Total expenses	<u>141,469</u>	<u>137,938</u>	<u>51,929</u>	<u>52,017</u>	<u>193,398</u>	<u>189,955</u>
Increase/(decrease) in net position before transfers	12,921	12,889	9,633	1,988	22,554	14,877
Transfers	(1,900)	(1,779)	1,900	1,779	-	-
Increase in net position	<u>11,021</u>	<u>11,110</u>	<u>11,533</u>	<u>3,767</u>	<u>22,554</u>	<u>14,877</u>
Net position-beginning as restated	153,638	142,528	170,952	167,185	324,590	309,713
Net position-ending	<u>\$ 164,659</u>	<u>\$ 153,638</u>	<u>\$ 182,485</u>	<u>\$ 170,952</u>	<u>\$ 347,144</u>	<u>\$ 324,590</u>

Governmental activities. Governmental activities increased the City’s net position by \$12,921, before transfers. This is an increase of \$32 from 2018, due in part to a proportionate increase of expenses and revenues. There was an increase of expenses of \$3,531 and an increase of revenues of \$3,563. Public safety function had an increase of expenses of \$2,425, due to the increase in personnel costs from hiring four officers funded by the newly created special public safety fund. The public works function also had an increase of expenses of \$3,165 mostly due to increase in personnel costs due to increased snow removal costs and increased costs due to record flooding. The increase in revenues was mostly due to an increase of \$2,971 in property tax revenues due to reasons mentioned earlier.

Certain revenues are generated that are specific to governmental program activities. These totaled \$52,260. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities. The capital grants and contributions category had an increase of \$5,984, partially due to an increase amount of Public Works funding received in FY 2019. The total operating and capital funds decreased \$1,129 primarily due to the completion of a Community Development Block Grant Disaster Recovery funded project in fiscal year 2019, as discussed above.



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



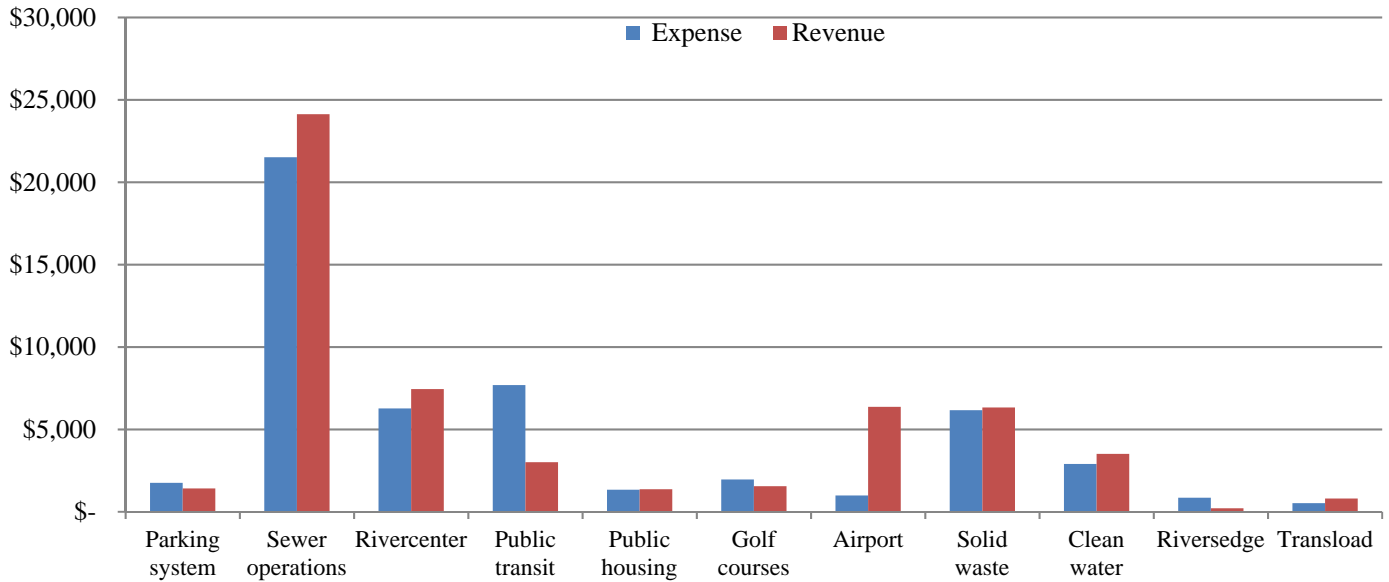
Total governmental activities’ revenues for FY 2019 were \$154,390, an increase of \$3,563 from FY 2018. This is primarily due to the increase in property taxes in FY 2019 due to an increase in taxable valuations. The largest single revenue source was property taxes of \$75,543, which is an increase of \$2,971 from FY 2018.

Business-type activities. Business-type activities increased the City of Davenport’s net position by \$9,633, before transfers. The increase in net position is partially due to an increase of capital grants and contributions revenues of \$7,058, attributed to an Airport project.

Total business-type activities revenue for the fiscal year was \$61,562.

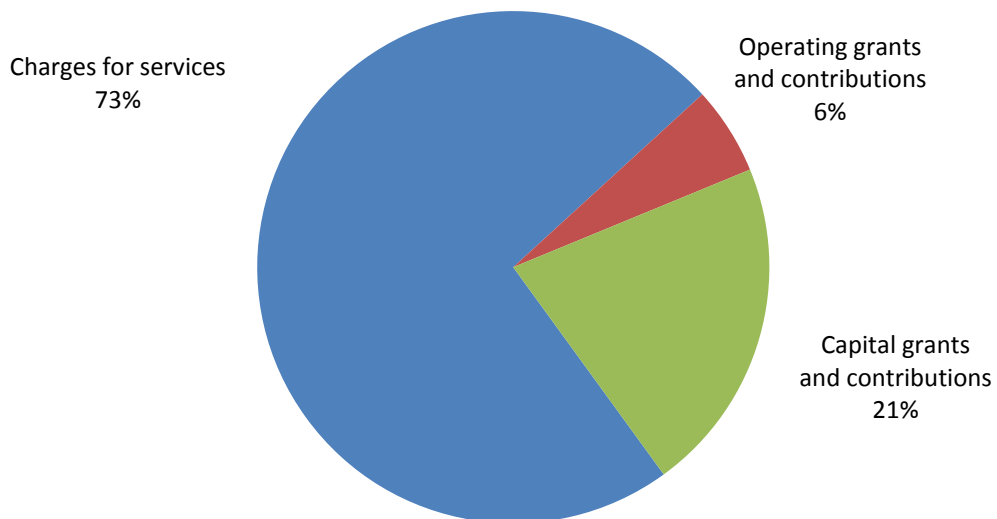
The graph below shows a comparison between the business-type activity expenditures and program revenues.

**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 2019, the City of Davenport's governmental funds reported combined ending fund balances of \$78,398, an increase of \$6,874 in comparison with the prior year. The increase is attributed to an increase across the governmental funds fund balances. The City's general fund observed an increase of \$1,974 due to planned fund balance growth, the local option sales tax fund had an increase of \$1,471 due to decreased amount of funds being transferred to the debt service fund, the debt service fund had an increase of \$1,147 partially due to an increase in property tax revenues previously mentioned, and the non-major governmental funds grew by \$2,235. Approximately 14.3 percent of this total amount, \$11,246, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) \$843; restricted by grantors and other legal restrictions \$58,375; committed by the City Council for revolving loans and the riverfront improvement commission \$2,754; and assigned by the Finance Director for future projects \$5,180.

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; Special Public Safety Fund; and the Flood Fund. At the end of the current fiscal year 2019, unassigned fund balance of the General Fund was \$12,029, while total fund balance was \$22,780. 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 16.0 percent of total General Fund expenditures and 24.8 percent of General Fund expenditures excluding the specific purpose funds, while total fund balance represents 30.3 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by \$1,974 during the current fiscal year and the unassigned fund balance increased by \$480. The State of Iowa allows a maximum property tax levy rate of \$8.10 per thousand dollars of taxable 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 \$8,988, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net increase in fund balance during the current year in the General Debt Service Fund was \$1,146 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 \$9,209. 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 (primarily to replace the debt service levy) and 40 percent for capital improvements. A transfer of up to 60 percent of tax proceeds is made to the General Debt Service Fund or other available levy options and the remainder is spent on capital expenditures or transferred to the

Capital Projects Fund as expenditures occur. The net increase in fund balance during the current year was \$1,471, due to an increase in sales tax collected and transferred from the General Debt Service Fund.

The Capital Projects Fund has a fund balance of \$20,291, due to unspent bond proceeds. The net increase in fund balance during the current year in the Capital Projects Fund was \$47.

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 through 78.

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

- The total original revenue budget of \$212,419 was increased to \$239,942, an increase of \$26,823. 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 \$22,190. There were special revenue grant rollovers and new grants amounting to \$2,886.
- The total original expenditure budget of \$230,745 was increased to \$277,106, an increase of \$46,358. In the community and economic development category, \$2,172 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, \$29,754 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 \$16,164 were not accrued or received due to construction projects not completed and special revenue grants not yet spent.
- In the other revenue category, there was \$7,238 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, \$4,366 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$32,549 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$6,768 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 \$75,037 was increased to \$77,271, an increase of \$2,234. In the intergovernmental revenue category, federal grants in the amount of \$608, and state grants in the amount of \$278, subsequent to original budget adoption are included as both revenues and expenditures.
- The total original expenditure budget of \$76,942 was increased to \$77,604, an increase of \$662. Police forfeiture and seizure monies of \$308 held as reserved General Fund balance at June 30, 2018 were included in amendments in order to authorize the expenditure during FY 2019. Culture and recreation expenditures were amended to include grants carried forward of \$201 and new grants received of \$685 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 2019 was \$1,974, a positive variance from the budgeted change (\$51) of \$2,025.
- 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, 2019.

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, 2019, amounts to \$550,507 (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, 2019, and June 30, 2018 the depreciable capital assets of the City were 46% and 45%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities completed by the City of Davenport during fiscal year 2019 include the following:

Governmental activities

- Street and road work \$7,320
- Extension of West 76th Street \$4,429
- East Locust resurfacing \$1,294
- Veterans Memorial Parkway, Jersey Ridge to Elmore \$7,437
- Traffic signals and interconnect system \$1,631
- Main Library air handler \$632
- Street equipment \$795
- City Hall elevator \$348

Business-type activities

- Sanitary sewers \$8,881
- Storm sewers \$1,851
- Sewer equipment \$694
- RiverCenter HVAC upgrade \$1,566
- Phone system upgrade \$466

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 19,252	\$ 19,216	\$ 12,969	\$ 13,069	\$ 32,221	\$ 32,285
Buildings	124,601	123,389	127,358	125,995	251,959	249,384
Improvements other than buildings	31,821	31,841	27,614	27,462	59,435	59,303
Sanitary sewers	-	-	152,737	143,328	152,737	143,328
Equipment and vehicles	46,757	45,844	45,556	45,103	92,313	90,947
Bridges	11,148	10,800	-	-	11,148	10,800
Traffic signals	10,238	8,607	-	-	10,238	8,607
Storm sewers	-	-	28,097	25,880	28,097	25,880
Paving	295,653	274,248	1,637	1,637	297,290	275,885
Seawalls	2,685	2,685	-	-	2,685	2,685
Tunnels	54	54	-	-	54	54
Construction in progress	3,842	10,368	27,644	22,827	31,486	33,195
Accumulated depreciation	(235,668)	(220,327)	(183,488)	(172,289)	(419,156)	(392,616)
Total	\$ 310,383	\$ 306,725	\$ 240,124	\$ 233,012	\$ 550,507	\$ 539,737

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$210,350. Of this amount, \$122,510 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 beginning on page 64 of this report.

City of Davenport's Outstanding Debt

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 153,240	\$ 155,542	\$ 57,110	\$ 55,643	\$ 210,350	\$ 211,185

The City of Davenport's total debt decreased by \$835 during the current fiscal year. New debt issuance of \$21,590 during the year was less than the debt retired of \$22,425. The issuance was to finance the City's capital improvement program including streets, buildings, and sanitary sewers (abated by user fees), solid waste (abated by user fees) and tax increment financing projects (abated by tax increment financing revenue).

The City's scheduled debt repayment is rapid, with 84 percent of outstanding bonded debt scheduled for repayment in 10 years and 100 percent in 15 years. State Statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Davenport is \$362,148, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$210,350, and other debt subject to the debt limitation of \$2,451.

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 2019, taxable assessed valuations increased 4.8% from FY 2018.

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 4.1% 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 2019 rate was \$2.3 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 2.0% in FY 2015, an effectual increase of 2.0% in FY 2016, 2.0% in FY 2017, 2.0% in FY 2018, 2.0% in FY 2019, 2.5% for police, and an effectual increase of 3.0% for Fire, and will be 1.0% in FY 2020, 2.5% for police and 1.5% 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, 2019**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current assets:			
Cash and investments	\$ 76,932,663	\$ 12,525,321	\$ 89,457,984
Delinquent property taxes receivable	743,129	41,101	784,230
Succeeding year property taxes receivable	78,662,451	4,071,473	82,733,924
Other taxes receivable	4,636,355	-	4,636,355
Special assessments	1,055,746	-	1,055,746
Accounts receivable, net	1,093,057	10,760,471	11,853,528
Accrued interest receivable, net	336,495	61,033	397,528
Internal balances	(573,255)	573,255	-
Due from other governments	6,491,099	277,385	6,768,484
Inventory	761,704	262,165	1,023,869
Prepaid items	512,265	52,951	565,216
Loans receivable - net	1,241,865	-	1,241,865
Total unrestricted current assets	<u>171,893,574</u>	<u>28,625,155</u>	<u>200,518,729</u>
Noncurrent assets:			
Loans receivable - net	11,176,787	-	11,176,787
Restricted cash and cash equivalents	20,406,664	12,797,054	33,203,718
Capital assets:			
Land	19,251,560	12,969,267	32,220,827
Buildings	124,601,130	127,357,403	251,958,533
Improvements other than buildings	31,820,955	27,613,640	59,434,595
Sanitary sewers	-	152,737,218	152,737,218
Equipment and vehicles	46,757,022	45,556,273	92,313,295
Bridges	11,148,080	-	11,148,080
Traffic signals	10,237,769	-	10,237,769
Storm sewers	-	28,097,090	28,097,090
Streets and roads	295,652,827	1,637,383	297,290,210
Seawalls	2,685,289	-	2,685,289
Tunnels	54,326	-	54,326
Construction in progress	3,841,894	27,644,009	31,485,903
Accumulated depreciation	(235,668,292)	(183,488,440)	(419,156,732)
Total capital assets	<u>310,382,560</u>	<u>240,123,843</u>	<u>550,506,403</u>
Total noncurrent assets	<u>341,966,011</u>	<u>252,920,897</u>	<u>594,886,908</u>
Total assets	\$ 513,859,585	\$ 281,546,052	\$ 795,405,637
DEFERED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	18,770,430	2,410,567	21,180,997
OPEB related deferred outflows	376,680	77,016	453,696
Total deferred outflows of resources	<u>19,147,110</u>	<u>2,487,583</u>	<u>21,634,693</u>

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 10,377,951	\$ 963,919	\$ 11,341,870
Contracts payable	1,540,131	-	1,540,131
Accrued wages payable	2,517,855	509,776	3,027,631
Accrued compensated absences	3,913,388	667,859	4,581,247
Claims and judgments	7,447,482	-	7,447,482
Accrued interest payable	494,485	228,612	723,097
General obligation bonds payable	16,769,915	5,960,085	22,730,000
Unearned revenue - other	9,446,704	488,391	9,935,095
Note payable	-	228,883	228,883
Total	52,507,911	9,047,525	61,555,436
Current liabilities payable from restricted assets:			
Accounts payable	56,714	-	56,714
Deposits payable	-	443,926	443,926
Notes payable	31,079	864,000	895,079
Loan payable	115,000	-	115,000
Total current liabilities payable from restricted assets	202,793	1,307,926	1,510,719
Total current liabilities	52,710,704	10,355,451	63,066,155
Noncurrent liabilities:			
Accrued compensated absences	138,158	23,579	161,737
Claims and judgments	3,166,898	-	3,166,898
Other postemployment benefits liability	18,664,176	3,965,711	22,629,887
Net pension liability	64,431,376	8,612,769	73,044,145
Note payable	186,475	18,896,812	19,083,287
Loan payable	-	-	-
General obligation bonds payable, net	143,937,217	54,577,876	198,515,093
Special assessment with government commitment	1,055,746	-	1,055,746
Total noncurrent liabilities	231,580,046	86,076,747	317,656,793
Total liabilities	284,290,750	96,432,198	380,722,948
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	78,662,451	4,071,473	82,733,924
Deferred amount on refunding	1,398,585	299,436	1,698,021
Pension related deferred inflows	3,700,766	684,661	4,385,427
OPEB related deferred inflows	294,712	60,907	355,619
Total deferred inflows of resources	84,056,514	5,116,477	89,172,991
NET POSITION			
Net investment in capital assets	165,833,362	168,189,352	334,022,714
Restricted:			
Local option sales tax	9,173,072	-	9,173,072
Library	937,356	-	937,356
Police seizure	141,471	-	141,471
Debt retirement	19,944,242	-	19,944,242
Road use tax	1,319,419	-	1,319,419
Municipal improvement districts	969,771	-	969,771
Section 8	148,749	-	148,749
Home investment partnership projects	1,034,694	-	1,034,694
Youth Sports	97,679	-	97,679
Equipment replacement	-	2,289,024	2,289,024
Other grants	129,022	-	129,022
Unrestricted (deficit)	(35,069,406)	12,006,584	(23,062,822)
Total net position	\$ 164,659,431	\$ 182,484,960	\$ 347,144,391

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, 2019**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 50,490,722	\$ 3,417,939	\$ 61,390	\$ -
Public works	40,840,250	5,584,616	10,136,577	16,355,149
Culture and recreation	20,001,803	1,277,057	806,475	-
Community and economic development	13,592,793	1,640,594	6,175,457	-
General government	10,841,456	2,563,697	4,240,974	-
Interest on long-term debt	5,701,147	-	-	-
Total governmental activities	<u>141,468,171</u>	<u>14,483,903</u>	<u>21,420,873</u>	<u>16,355,149</u>
Business-type activities:				
Parking system	1,750,198	1,398,208	-	16,996
Sewer operations	21,512,069	23,406,901	-	717,923
RiverCenter	6,269,752	4,224,567	-	3,218,004
Public transit	7,685,402	455,642	2,262,548	291,292
Public housing	1,340,131	466,141	861,700	35,126
Golf courses	1,958,507	1,485,709	-	67,217
Airport	981,049	207,752	-	6,161,561
Solid waste	6,162,162	6,325,718	-	-
Clean water	2,898,844	2,905,635	-	606,988
Transload	524,290	-	-	796,829
River's Edge	846,514	211,410	-	-
Total business-type activities	<u>51,928,918</u>	<u>41,087,683</u>	<u>3,124,248</u>	<u>11,911,936</u>
Total government	<u>\$ 193,397,089</u>	<u>\$ 55,571,586</u>	<u>\$ 24,545,121</u>	<u>\$ 28,267,085</u>

General Revenues:

Taxes:

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

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (47,011,393)	\$ -	\$ (47,011,393)
(8,763,908)	-	(8,763,908)
(17,918,271)	-	(17,918,271)
(5,776,742)	-	(5,776,742)
(4,036,785)	-	(4,036,785)
(5,701,147)	-	(5,701,147)
<u>(89,208,246)</u>	<u>-</u>	<u>(89,208,246)</u>
-	(334,994)	(334,994)
-	2,612,755	2,612,755
-	1,172,819	1,172,819
-	(4,675,920)	(4,675,920)
-	22,836	22,836
-	(405,581)	(405,581)
-	5,388,264	5,388,264
-	163,556	163,556
-	613,779	613,779
-	272,539	272,539
-	(635,104)	(635,104)
<u>-</u>	<u>4,194,949</u>	<u>4,194,949</u>
<u>(89,208,246)</u>	<u>4,194,949</u>	<u>(85,013,297)</u>
66,464,472	-	66,464,472
9,078,314	-	9,078,314
-	3,851,795	3,851,795
17,931,799	-	17,931,799
2,811,433	-	2,811,433
3,637,948	-	3,637,948
2,162,073	995,496	3,157,569
18,626	28,625	47,251
24,907	562,168	587,075
(1,900,266)	1,900,266	-
<u>100,229,306</u>	<u>7,338,350</u>	<u>107,567,656</u>
<u>11,021,060</u>	<u>11,533,299</u>	<u>22,554,359</u>
<u>153,638,371</u>	<u>170,951,661</u>	<u>324,590,032</u>
<u>\$ 164,659,431</u>	<u>\$ 182,484,960</u>	<u>\$ 347,144,391</u>

GOVERNMENTAL FUNDS

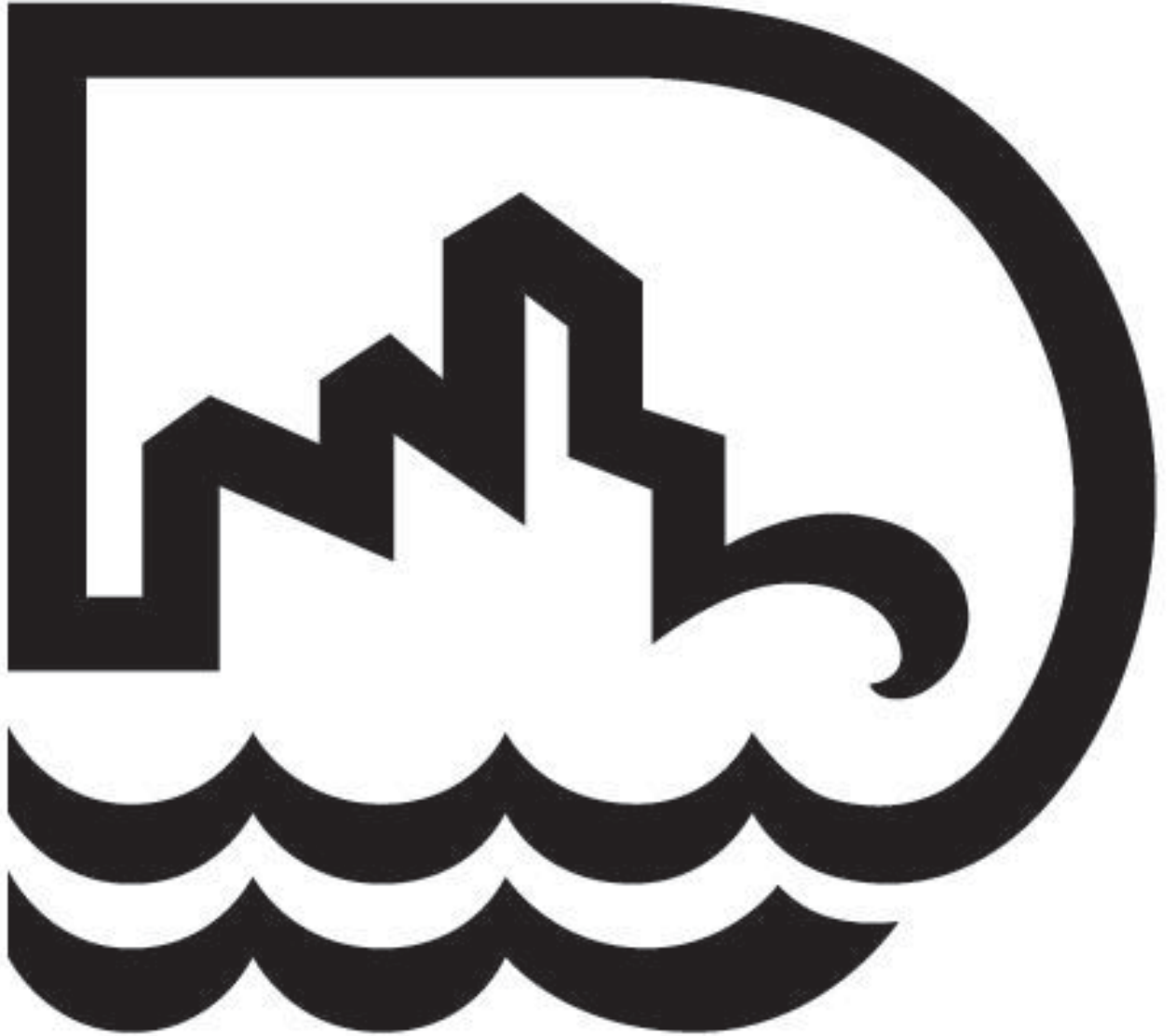
BALANCE SHEET

June 30, 2019

ASSETS	GENERAL FUND	LOCAL OPTION SALES TAX FUND
Cash and investments	\$ 23,680,616	\$ 9,653,170
Receivables:		
Property taxes:		
Delinquent	624,227	-
Succeeding year	61,888,083	-
Other taxes	994,632	3,424,002
Accounts	678,314	25,413
Special assessments	-	12,401
Loans, net	-	-
Interest	128,685	-
Interfund receivable	230,261	-
Due from other governments	314,074	-
Inventory	761,704	-
Prepays	32,961	36,523
Restricted assets-cash and investments	-	-
TOTAL ASSETS	\$ 89,333,557	\$ 13,151,509
LIABILITIES		
Wages payable	\$ 2,102,093	\$ 66,869
Accounts payable	2,169,640	241,177
Contracts payable	-	-
Payable from restricted assets	-	-
Interfund payable	1,515	1,499,682
Unearned revenue	26,615	-
Note payable	-	-
Matured bonds payable	-	-
Matured interest payable	-	-
TOTAL LIABILITIES	4,299,863	1,807,728
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - succeeding year property tax	61,888,083	-
Unavailable revenue - intergovernmental, special assessments and loans	365,773	2,134,186
TOTAL DEFERRED INFLOWS OF RESOURCES	62,253,856	2,134,186
FUND BALANCES		
Nonspendable	794,665	36,523
Restricted	4,776,810	9,173,072
Committed	-	-
Assigned	5,179,769	-
Unassigned	12,028,594	-
TOTAL FUND BALANCES	22,779,838	9,209,595
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 89,333,557	\$ 13,151,509

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
\$ 7,747,810	\$ 24,396,407	\$ 18,340,001	\$ 83,818,004
93,631	-	25,271	743,129
9,551,612	-	7,222,756	78,662,451
-	-	217,721	4,636,355
-	278,513	62,263	1,044,503
1,043,345	-	-	1,055,746
-	-	12,418,652	12,418,652
114,325	-	41,072	284,082
1,274,866	438,950	-	1,944,077
-	4,265,701	1,911,324	6,491,099
-	-	-	761,704
-	-	11,393	80,877
-	-	56,714	56,714
<u>\$ 19,825,589</u>	<u>\$ 29,379,571</u>	<u>\$ 40,307,167</u>	<u>\$ 191,997,393</u>
\$ -	\$ 3,932	\$ 271,620	\$ 2,444,514
-	5,201,014	2,282,117	9,893,948
-	1,540,131	-	1,540,131
-	-	56,714	56,714
-	-	128,542	1,629,739
-	-	9,420,089	9,446,704
217,554	-	-	217,554
20,000	-	-	20,000
3,381	-	-	3,381
<u>240,935</u>	<u>6,745,077</u>	<u>12,159,082</u>	<u>25,252,685</u>
9,551,612	-	7,222,756	78,662,451
<u>1,045,365</u>	<u>2,343,812</u>	<u>3,795,273</u>	<u>9,684,409</u>
<u>10,596,977</u>	<u>2,343,812</u>	<u>11,018,029</u>	<u>88,346,860</u>
-	-	11,393	842,581
8,987,677	20,290,682	15,147,003	58,375,244
-	-	2,754,028	2,754,028
-	-	-	5,179,769
-	-	(782,368)	11,246,226
<u>8,987,677</u>	<u>20,290,682</u>	<u>17,130,056</u>	<u>78,397,848</u>
<u>\$ 19,825,589</u>	<u>\$ 29,379,571</u>	<u>\$ 40,307,167</u>	<u>\$ 191,997,393</u>



**CITY OF DAVENPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total governmental fund balances \$ 78,397,848

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. 306,844,765

Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds. 9,684,409

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. 4,468,935

Internal service funds activities allocated to business-type activities (657,332)

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	18,446,460
Deferred inflows of resources	(3,600,104)
	14,846,356

Other post employment benefits related deferred outflows and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds:

Deferred outflows of resources	362,314
Deferred inflows of resources	(284,720)
	77,594

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	(3,912,323)
Accrued interest payable	(491,104)
General Obligation bonds payable, special assessments, and loan payable, net	(161,857,878)
Deferred amounts on refunding	(1,398,585)
Other post employment benefits liability	(18,051,075)
Pension liability	(63,292,179)
	(249,003,144)

Net position of governmental activities \$ 164,659,431

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

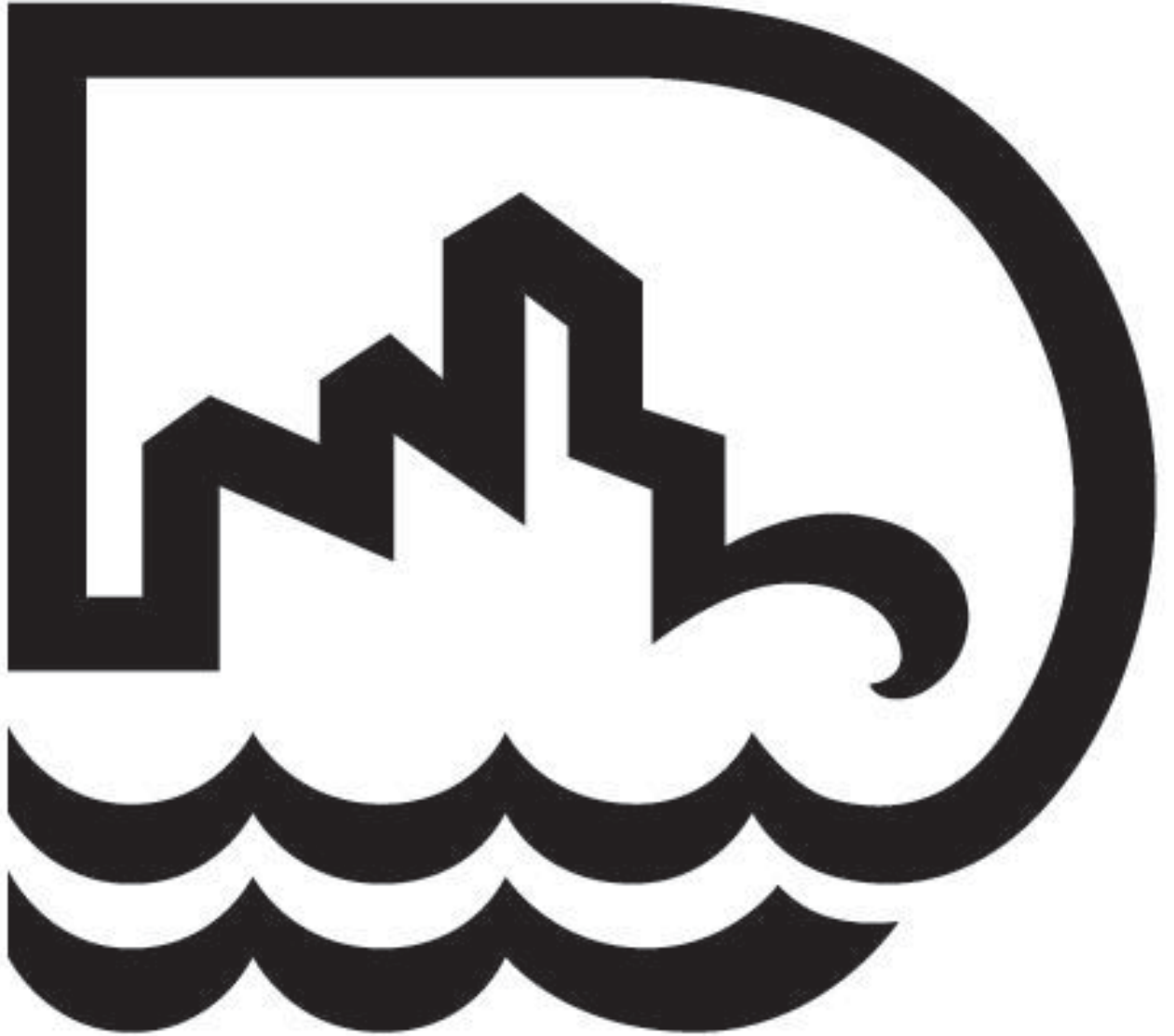
CITY OF DAVENPORT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2019**

	<u>GENERAL FUND</u>	<u>LOCAL OPTION SALES TAX FUND</u>	<u>GENERAL DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>
REVENUES:				
Taxes	\$ 64,204,458	\$ 16,655,925	\$ 9,089,045	\$ -
Special assessments	-	7,520	28,825	-
Licenses and permits	2,012,764	-	-	-
Intergovernmental	5,010,779	-	552,903	15,082,379
Charges for services	3,842,092	70,715	-	-
Use of monies and property	988,780	16,629	571,669	-
Fines and forfeits	1,901,288	-	-	-
Loan repayments	-	-	-	-
Other	684,795	12,101	689,200	2,455,040
Total Revenues	<u>78,644,956</u>	<u>16,762,890</u>	<u>10,931,642</u>	<u>17,537,419</u>
EXPENDITURES:				
Current:				
Public safety	47,452,329	552,083	-	-
Public works	4,179,439	1,922,365	-	-
Culture and recreation	12,291,448	245,451	-	-
Community and economic development	1,041,991	348,269	-	-
General government	10,235,942	161,933	3,000	-
Capital outlay	-	-	-	36,171,748
Debt service:				
Principal retirement	-	-	13,347,040	85,000
Interest	-	-	4,737,730	-
Bond issuance costs	-	-	-	181,253
Total Expenditures	<u>75,201,149</u>	<u>3,230,101</u>	<u>18,087,770</u>	<u>36,438,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,443,807</u>	<u>13,532,789</u>	<u>(7,156,128)</u>	<u>(18,900,582)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	14,435,000
Premium on debt issued	-	-	-	1,614,944
Sale of capital assets	25,400	1,305	-	-
Transfers in	777,285	1,140,000	10,416,580	5,132,062
Transfers out	(2,272,753)	(13,202,991)	(2,113,949)	(2,234,000)
Total net Other Financing Sources (Uses)	<u>(1,470,068)</u>	<u>(12,061,686)</u>	<u>8,302,631</u>	<u>18,948,006</u>
NET CHANGE IN FUND BALANCES	1,973,739	1,471,103	1,146,503	47,424
FUND BALANCES -BEGINNING	<u>20,806,099</u>	<u>7,738,492</u>	<u>7,841,174</u>	<u>20,243,258</u>
FUND BALANCES - ENDING	<u>\$ 22,779,838</u>	<u>\$ 9,209,595</u>	<u>\$ 8,987,677</u>	<u>\$ 20,290,682</u>

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 8,462,102	\$ 98,411,530
-	36,345
85,856	2,098,620
19,131,684	39,777,745
259,045	4,171,852
584,995	2,162,073
-	1,901,288
771,645	771,645
1,159,756	5,000,892
<u>30,455,083</u>	<u>154,331,990</u>
-	48,004,412
12,814,654	18,916,458
157,338	12,694,237
10,995,593	12,385,853
99,332	10,500,207
-	36,171,748
3,390,000	16,822,040
1,170,187	5,907,917
-	181,253
<u>28,627,104</u>	<u>161,584,125</u>
<u>1,827,979</u>	<u>(7,252,135)</u>
-	14,435,000
-	1,614,944
8,460	35,165
2,505,465	19,971,392
(2,106,947)	(21,930,640)
<u>406,978</u>	<u>14,125,861</u>
2,234,957	6,873,726
<u>14,895,099</u>	<u>71,524,122</u>
<u>\$ 17,130,056</u>	<u>\$ 78,397,848</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, 2019**

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

Net change in fund balances: total governmental funds \$ 6,873,726

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	18,976,849
Depreciation	<u>(16,482,681)</u>
	<u>2,494,168</u>

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

Donations	1,272,770
Proceeds from sale of capital assets	(35,165)
Loss on sale of capital asset	<u>18,626</u>
	<u>1,256,231</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,233,889)

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

General obligation bonds issued, premiums and other deferred costs on bonds (additions and amortization)	(13,818,706)
Repayment of bond principal	16,822,040
Interest on long-term debt	<u>206,770</u>
	<u>3,210,104</u>

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

Compensated absences	(97,031)
Other postemployment benefits	(1,180,902)
Pension expense	<u>(608,128)</u>
	(1,886,061)

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.

306,781

Change in net position of governmental activities \$ 11,021,060

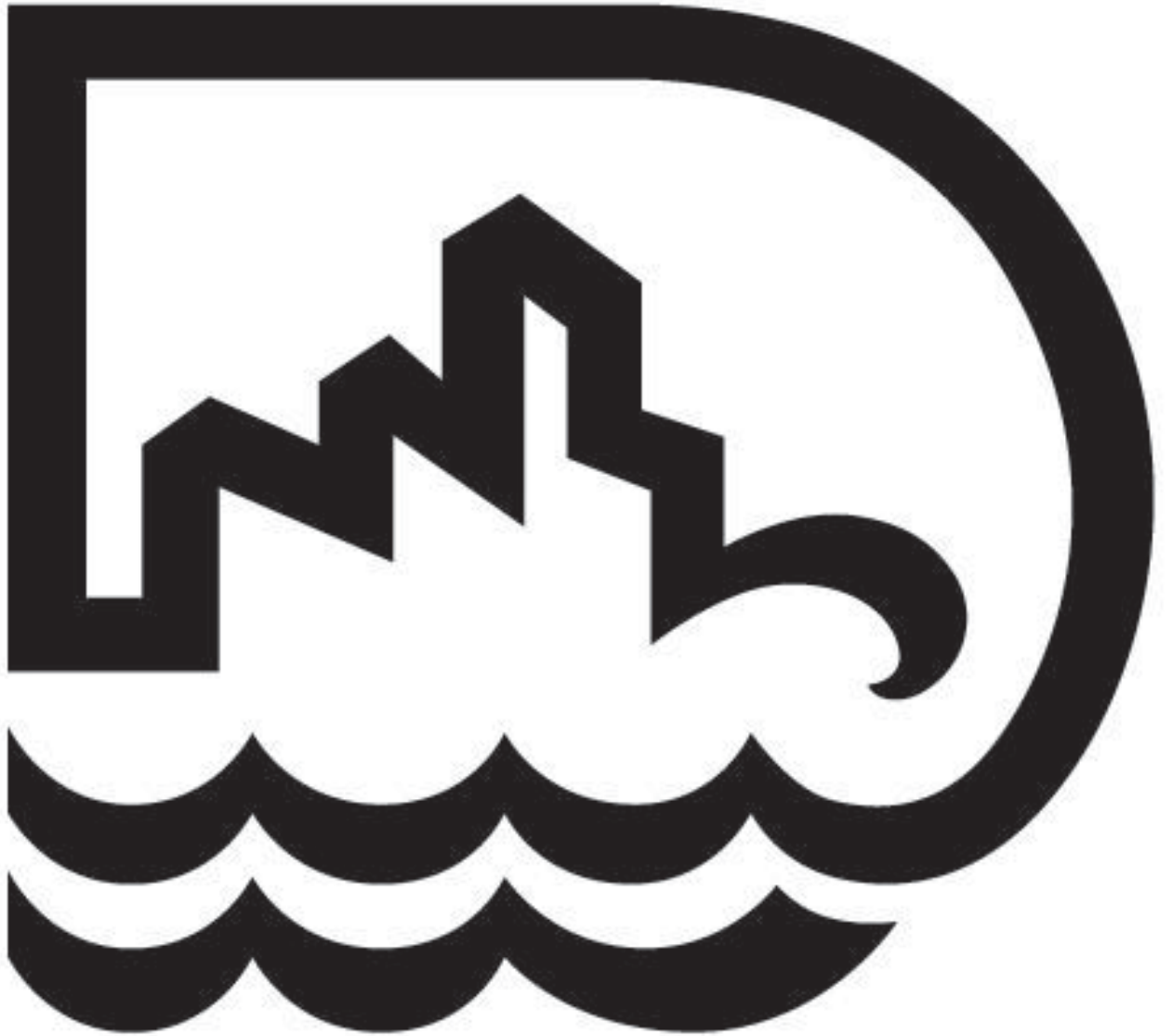
The notes to the financial statements are an integral part of this statement

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2019

	BUSINESS-TYPE ACTIVITIES -		
ASSETS	PARKING SYSTEM	SEWER OPERATIONS	RIVERCENTER
Current assets:			
Cash and cash equivalents	\$ 67,319	\$ 6,818,908	\$ 830,356
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	12,156	7,011,540	106,347
Interest	386	43,750	-
Due from other governments	-	248,285	-
Inventory	-	-	40,139
Prepays	-	3,111	46,316
Total current assets	<u>79,861</u>	<u>14,125,594</u>	<u>1,023,158</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	11,660,466	-
Capital assets:			
Land	3,547,368	849,435	2,625,230
Buildings	26,615,470	36,230,763	32,536,960
Improvements other than buildings	206,544	389,718	88,550
Sanitary sewers	-	152,737,218	-
Paving	1,140,885	263,373	84,121
Equipment and vehicles	545,473	25,337,105	1,093,156
Storm sewers	-	-	-
Less accumulated depreciation	(13,680,882)	(100,750,330)	(15,330,821)
Construction in progress	-	17,006,134	1,874,916
Total noncurrent assets	<u>18,374,858</u>	<u>143,723,882</u>	<u>22,972,112</u>
Total assets	<u>18,454,719</u>	<u>157,849,476</u>	<u>23,995,270</u>
DEFERED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	58,147	969,165	2,297
OPEB related deferred outflows	1,346	33,344	-
Total deferred outflows of resources	<u>59,493</u>	<u>1,002,509</u>	<u>2,297</u>
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	9,236	187,700	-
Accounts payable	15,613	368,983	201,009
Accrued interest payable	6,271	207,899	2,775
Compensated absences	13,495	327,436	-
Claims and judgments	-	-	-
Interfund payable	-	34,944	-
Unearned revenue	-	-	471,769
Note payable - current	-	-	-
General obligation bonds - current	905,000	4,365,085	65,000
Total	<u>949,615</u>	<u>5,492,047</u>	<u>740,553</u>
Current liabilities payable from restricted assets:			
Deposits payable	-	405,108	-
Note payable - current	-	864,000	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>1,269,108</u>	<u>-</u>
Total current liabilities	<u>949,615</u>	<u>6,761,155</u>	<u>740,553</u>
Noncurrent liabilities:			
Compensated absences	476	11,560	-
Claims and judgments	-	-	-
Other postemployment benefits liability	88,131	1,719,133	4,289
Net pension liability	234,774	3,558,613	25,386
Note payable - long term	-	17,610,349	-
General obligation bonds -long term, net	994,284	50,129,688	990,288
Total noncurrent liabilities	<u>1,317,665</u>	<u>73,029,343</u>	<u>1,019,963</u>
Total liabilities	<u>2,267,280</u>	<u>79,790,498</u>	<u>1,760,516</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	-	-	-
Deferred amount on refunding	53,858	210,561	-
Pension related deferred inflows	15,288	248,550	3,084
OPEB related deferred inflows	1,119	26,706	-
Total deferred inflows of resources	<u>70,265</u>	<u>485,817</u>	<u>3,084</u>
NET POSITION			
Net investment in capital assets	16,421,716	66,678,564	21,916,824
Restricted for equipment replacement	-	2,289,024	-
Unrestricted (deficit)	(245,049)	9,608,082	317,143
Total net position	<u>\$ 16,176,667</u>	<u>\$ 78,575,670</u>	<u>\$ 22,233,967</u>

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

ENTERPRISE FUNDS			
CLEAN WATER	TOTAL NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
\$ 3,031,852	\$ 1,776,886	\$ 12,525,321	\$ 13,464,609
-	41,101	41,101	-
-	4,071,473	4,071,473	-
962,679	2,667,749	10,760,471	48,554
11,056	5,841	61,033	52,413
-	29,100	277,385	-
-	222,026	262,165	-
80	3,444	52,951	431,388
<u>4,005,667</u>	<u>8,817,620</u>	<u>28,051,900</u>	<u>13,996,964</u>
-	1,136,588	12,797,054	-
204,051	5,743,183	12,969,267	-
-	31,974,210	127,357,403	-
507,824	26,421,004	27,613,640	3,173,072
-	-	152,737,218	-
-	149,004	1,637,383	-
1,242,009	17,338,530	45,556,273	4,565,299
28,097,090	-	28,097,090	-
(16,023,957)	(37,702,450)	(183,488,440)	(4,200,576)
859,590	7,903,369	27,644,009	-
<u>14,886,607</u>	<u>52,963,438</u>	<u>252,920,897</u>	<u>3,537,795</u>
<u>18,892,274</u>	<u>61,781,058</u>	<u>280,972,797</u>	<u>17,534,759</u>
195,418	1,185,540	2,410,567	323,970
7,348	34,978	77,016	14,366
<u>202,766</u>	<u>1,220,518</u>	<u>2,487,583</u>	<u>338,336</u>
41,835	271,005	509,776	73,341
40,566	337,748	963,919	484,003
4,396	7,271	228,612	-
39,768	287,160	667,859	134,475
-	-	-	7,447,482
49,133	-	84,077	230,261
-	16,622	488,391	-
-	228,883	228,883	-
170,000	455,000	5,960,085	-
<u>345,698</u>	<u>1,603,689</u>	<u>9,131,602</u>	<u>8,369,562</u>
-	38,818	443,926	-
-	-	864,000	-
-	38,818	1,307,926	-
<u>345,698</u>	<u>1,642,507</u>	<u>10,439,528</u>	<u>8,369,562</u>
1,404	10,139	23,579	4,748
-	-	-	3,166,898
341,688	1,812,470	3,965,711	613,101
712,444	4,081,552	8,612,769	1,139,197
-	1,286,463	18,896,812	-
1,270,829	1,192,787	54,577,876	-
<u>2,326,365</u>	<u>8,383,411</u>	<u>86,076,747</u>	<u>4,923,944</u>
<u>2,672,063</u>	<u>10,025,918</u>	<u>96,516,275</u>	<u>13,293,506</u>
-	4,071,473	4,071,473	-
20,349	14,668	299,436	-
56,666	361,073	684,661	100,662
5,684	27,398	60,907	9,992
<u>82,699</u>	<u>4,474,612</u>	<u>5,116,477</u>	<u>110,654</u>
13,425,429	49,746,819	168,189,352	3,537,795
-	-	2,289,024	-
2,914,849	(1,245,773)	11,349,252	931,140
<u>\$ 16,340,278</u>	<u>\$ 48,501,046</u>	<u>\$ 181,827,628</u>	<u>\$ 4,468,935</u>



**CITY OF DAVENPORT
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total enterprise funds net position \$ 181,827,628

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. (17,408)

Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds. 674,740

Net position of business-type activities \$ 182,484,960

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

CITY OF DAVENPORT

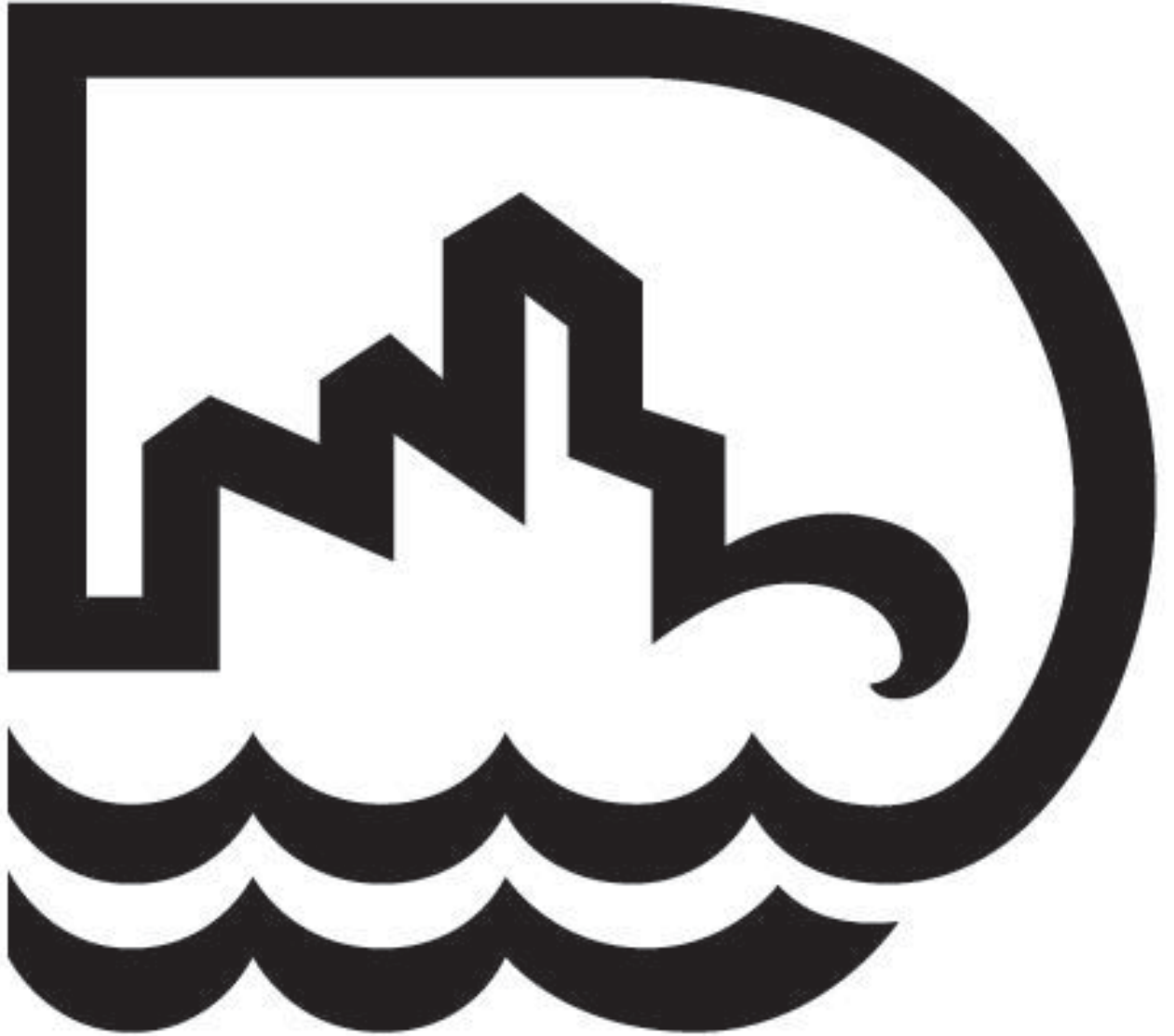
**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2019**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>
OPERATING REVENUES:			
Charges for services	\$ 1,272,997	\$ 23,406,901	\$ 4,224,567
Fines and forfeits	125,211	-	-
Other	294	146,523	279,470
Total Operating Revenues	<u>1,398,502</u>	<u>23,553,424</u>	<u>4,504,037</u>
OPERATING EXPENSES:			
Employee expenses	294,525	6,549,525	-
Supplies and services	613,828	7,052,613	5,162,627
Depreciation	790,808	6,076,534	1,070,448
Total Operating Expenses	<u>1,699,161</u>	<u>19,678,672</u>	<u>6,233,075</u>
OPERATING INCOME (LOSS)	<u>(300,659)</u>	<u>3,874,752</u>	<u>(1,729,038)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Non-operating grants	-	-	-
Use of monies and property	19,287	405,322	-
Interest expense	(276)	(1,759,991)	(25,934)
Gain (loss) on disposition of capital assets	(35,150)	(92,142)	-
Total Non-operating Revenues (Expenses)	<u>(16,139)</u>	<u>(1,446,811)</u>	<u>(25,934)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(316,798)</u>	<u>2,427,941</u>	<u>(1,754,972)</u>
Capital contributions	16,996	717,923	3,218,004
Transfers in	484,093	-	749,524
Transfers out	-	(286,982)	-
Change in net position	<u>184,291</u>	<u>2,858,882</u>	<u>2,212,556</u>
Total net position - beginning	<u>15,992,376</u>	<u>75,716,788</u>	<u>20,021,411</u>
Total net position - ending	<u>\$ 16,176,667</u>	<u>\$ 78,575,670</u>	<u>\$ 22,233,967</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>
\$ 2,905,435	\$ 9,152,372	\$ 40,962,272	\$ 24,292,223
200	-	125,411	-
4,090	131,791	562,168	1,266,558
<u>2,909,725</u>	<u>9,284,163</u>	<u>41,649,851</u>	<u>25,558,781</u>
1,350,299	8,232,201	16,426,550	2,435,683
538,238	8,019,630	21,386,936	23,095,715
988,581	3,208,296	12,134,667	610,357
<u>2,877,118</u>	<u>19,460,127</u>	<u>49,948,153</u>	<u>26,141,755</u>
<u>32,607</u>	<u>(10,175,964)</u>	<u>(8,298,302)</u>	<u>(582,974)</u>
-	3,851,795	3,851,795	-
-	3,124,248	3,124,248	-
65,527	505,360	995,496	295,533
(31,161)	(18,703)	(1,836,065)	-
27,400	1,225	(98,667)	(87,175)
<u>61,766</u>	<u>7,463,925</u>	<u>6,036,807</u>	<u>208,358</u>
94,373	(2,712,039)	(2,261,495)	(374,616)
606,988	7,352,025	11,911,936	605,007
-	1,036,852	2,270,469	58,982
-	(83,221)	(370,203)	-
<u>701,361</u>	<u>5,593,617</u>	<u>11,550,707</u>	<u>289,373</u>
<u>15,638,917</u>	<u>42,907,429</u>	<u>170,276,921</u>	<u>4,179,562</u>
<u>\$ 16,340,278</u>	<u>\$ 48,501,046</u>	<u>\$ 181,827,628</u>	<u>\$ 4,468,935</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, 2019**

Net change in net position in enterprise funds \$ 11,550,707

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.

(17,408)

Change in net position of business-type activities

\$ 11,533,299

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, 2019**

	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,399,795	\$ 23,380,367
Cash received from interfund services provided	-	-
Cash paid to suppliers for goods and services	(629,598)	(6,986,874)
Cash paid to employees for services	(292,970)	(6,455,550)
Other operating revenue	294	146,523
Net Cash Provided by (Used for) Operating Activities	<u>477,521</u>	<u>10,084,466</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds (repayments) to other funds	-	(14,705)
Grants	-	-
Property tax	-	-
Transfers in	484,093	-
Transfers out	-	(286,982)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>484,093</u>	<u>(301,687)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
General obligation bonds issuance	-	6,365,000
Refunding discount/issue costs and premiums, net	(121,597)	112,148
Proceeds from the sale of capital assets	64,850	12,103
Acquisition and construction of capital assets	-	(6,762,100)
Principal paid on long-term debt	(855,000)	(4,963,569)
Payments to notes payable	-	-
Interest paid on long-term debt	(6,125)	(1,752,566)
Deposits-other municipalities	-	(84,878)
Net Cash (Used for) Capital and Related Financing Activities	<u>(917,872)</u>	<u>(7,073,862)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and other investment income	<u>20,630</u>	<u>400,063</u>
Net Cash provided by Investing Activities	<u>20,630</u>	<u>400,063</u>
Net Increase (Decrease) in Cash and Cash Equivalents	64,372	3,108,980
CASH AND CASH EQUIVALENTS-BEGINNING	<u>2,947</u>	<u>15,370,394</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 67,319</u>	<u>\$ 18,479,374</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>
\$ 4,421,075	\$ 2,925,968	\$ 9,014,887	\$ 41,142,092	\$ -
-	-	-	-	24,294,421
(5,224,267)	(538,341)	(8,137,692)	(21,516,772)	(21,878,435)
-	(1,305,215)	(8,069,519)	(16,123,254)	(2,363,320)
<u>279,470</u>	<u>4,090</u>	<u>131,791</u>	<u>562,168</u>	<u>1,266,558</u>
<u>(523,722)</u>	<u>1,086,502</u>	<u>(7,060,533)</u>	<u>4,064,234</u>	<u>1,319,224</u>
-	9,088	(27,909)	(33,526)	125,515
-	-	3,238,111	3,238,111	-
-	-	3,859,311	3,859,311	-
749,524	-	1,036,852	2,270,469	58,982
<u>-</u>	<u>-</u>	<u>(83,221)</u>	<u>(370,203)</u>	<u>-</u>
<u>749,524</u>	<u>9,088</u>	<u>8,023,144</u>	<u>8,964,162</u>	<u>184,497</u>
-	-	790,000	7,155,000	-
(10,346)	(27,869)	38,396	(9,268)	-
-	27,400	1,225	105,578	-
-	(629,669)	(146,644)	(7,538,413)	-
(65,000)	(170,000)	(782,272)	(6,835,841)	-
-	-	(32,620)	(32,620)	-
(26,205)	(31,732)	(16,359)	(1,832,987)	-
<u>-</u>	<u>-</u>	<u>3,453</u>	<u>(81,425)</u>	<u>-</u>
<u>(101,551)</u>	<u>(831,870)</u>	<u>(144,821)</u>	<u>(9,069,976)</u>	<u>-</u>
-	65,506	506,048	992,247	298,468
<u>-</u>	<u>65,506</u>	<u>506,048</u>	<u>992,247</u>	<u>298,468</u>
124,251	329,226	1,323,838	4,950,667	1,802,189
<u>706,105</u>	<u>2,702,626</u>	<u>1,589,636</u>	<u>20,371,708</u>	<u>11,662,420</u>
<u>\$ 830,356</u>	<u>\$ 3,031,852</u>	<u>\$ 2,913,474</u>	<u>\$ 25,322,375</u>	<u>\$ 13,464,609</u>

(continued)

CITY OF DAVENPORT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2019

	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (300,659)	\$ 3,874,752
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	790,808	6,076,534
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	1,587	(174,040)
Decrease in due from other governments	-	147,506
Decrease (increase) in inventory and prepaids	-	7,187
Decrease in pension related deferred outflow	2,414	45,304
Increase in OPEB related deferred outflows	(1,346)	(33,344)
Increase (decrease) in accounts payable	(15,770)	58,552
Decrease in other accrued liabilities	1,734	106,034
Decrease in net pension liability	(3,916)	(73,497)
Increase in pension related deferred inflows	2,773	52,054
Decrease in OPEB related deferred inflows	(104)	(2,576)
Increase (decrease) in unearned revenue	-	-
Total Adjustments	<u>778,180</u>	<u>6,209,714</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 477,521	\$ 10,084,466
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Acquisition of capital assets through capital contributions	\$ 16,996	\$ 717,923
Contribution of capital assets by municipality	(16,996)	60,424
Contribution of capital assets by subdividers	-	(528,287)
Contribution of capital assets by state and federal governments	-	(250,060)

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>
\$ (1,729,038)	\$ 32,607	\$ (10,175,964)	\$ (8,298,302)	\$ (582,974)
1,070,448	988,581	3,208,296	12,134,667	610,357
91,861	20,333	(134,031)	(194,290)	2,198
-	-	-	147,506	-
(30,273)	2,420	(8,840)	(29,506)	(41,675)
-	9,276	61,045	118,039	17,656
-	(7,348)	(34,978)	(77,016)	(14,366)
(31,367)	(2,523)	(109,223)	(100,331)	1,258,955
-	48,114	168,211	324,093	78,538
-	(15,048)	(99,034)	(191,495)	(28,641)
-	10,658	70,140	135,625	20,285
-	(568)	(2,702)	(5,950)	(1,109)
104,647	-	(3,453)	101,194	-
<u>1,205,316</u>	<u>1,053,895</u>	<u>3,115,431</u>	<u>12,362,536</u>	<u>1,902,198</u>
\$ (523,722)	\$ 1,086,502	\$ (7,060,533)	\$ 4,064,234	\$ 1,319,224
\$ 3,218,004	\$ 606,988	\$ 7,352,025	\$ 11,911,936	\$ 605,007
(3,218,004)	(106,602)	(1,300,519)	(4,581,697)	(605,007)
-	(500,386)	-	(1,028,673)	-
-	-	(6,051,506)	(6,301,566)	-

CITY OF DAVENPORT

**AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2019**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and investments	\$ 397,150
Interest receivable	1,639
Total assets	<u>\$ 398,789</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 11,634
Due to other governments	387,155
Total liabilities	<u>\$ 398,789</u>

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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, 2019 (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 chief 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, 2019 (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, 2019 (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, loan repayments, 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, 2019 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, 2019 (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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2018.

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, 2019 was \$16.78 per \$1,000 of assessed valuation.

I. Loans Receivable

Loans receivable, net of allowance, consist of \$12,418,652 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 \$2,526,000 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, 2019: unexpended general obligation bond proceeds and other monies restricted to capital outlay of \$9,371,442 and deposits and equipment replacements of \$2,289,024 in the Sewer Enterprise Fund, \$1,097,770 of unexpended bond proceeds in the Solid Waste Enterprise Fund; security deposits of \$37,318 in the Public Housing Fund, security deposits of \$1,500 in the Golf Courses Fund, and loan escrow payments of \$56,714 in the Community Development Act Special Revenue Fund. In governmental activities, there is also \$20,349,950 of unexpended general obligation proceeds restricted to capital outlay.

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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 (CONTINUED)

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.

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 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 and OPEB expense and pension 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. 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 refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. There are also 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.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

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. There was a transfer from the Capital Project Fund to the TIF Increment Financing Debt Service Fund to correctly reflect revenues. 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 and Solid Waste \$7,794,829 and 1,097,770, respectively. Unspent debt proceeds for the Capital Projects Fund were \$20,349,950. 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 \$9,173,072 for local option sales tax; \$937,356 for library; \$19,944,242 for debt service; \$1,319,419 for road use tax and \$969,771 for municipal improvement districts. Net position is reported as unrestricted when it does not meet the definition of the two preceding categories. Deficits will require future funding. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

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

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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, 2019 (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 were \$120,020,456 and the bank balances were \$121,394,935. As of June 30, 2019, 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 \$34,256.

The City had investments in the in Federal Credit Banks Funding Corporation (FFCB) with maturity of 81 days, which had a fair value of \$3,004,140 at year end.

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

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

issuer. The Policy does not limit obligations of the United States Government, its agencies or instrumentalities. In addition, no more than 5 percent of all amounts invested in commercial paper and other short-term corporate

debt shall be invested in paper and debt rated in the second highest classification. More than 5 percent of the City's investments are invested in Federal Credit Banks Funding Corporation (FFCB).

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. 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, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	Moody's Rating
U.S. Agency Securities FFCB	\$ -	\$ 3,004,140	\$ -	\$ 3,004,140	Aaa

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

Depository Accounts	\$ 120,020,456
Investment at fair value	3,004,140
Investments at amortized cost	34,256
	<u>\$ 123,058,852</u>
Cash and investments	\$ 89,457,984
Restricted cash and cash equivalents	33,203,718
Cash and investments, Agency Funds	397,150
	<u>\$ 123,058,852</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

4. FUND TRANSFER RECONCILIATION

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

	General Fund	Local Option Sales Tax Fund	General Debt Service Fund	Capital Projects Fund	Transfer in:				Risk Mgmt Internal Service Fund	Total Transfer
					Non-major Governmental Funds	Parking Fund	RiverCenter Fund	Non-major Proprietary Funds		
Transfer out:										
General Fund	\$ -	\$ -	\$ -	\$ 234,066	\$ 513,244	\$ -	\$ 658,591	\$ 866,852	\$ -	\$ 2,272,753
Local Option Sales Tax Fund	-	-	10,416,580	2,541,411	75,000	-	-	170,000	-	13,202,991
General Debt Service Fund	-	1,140,000	-	398,923	-	484,093	90,933	-	-	2,113,949
Capital Projects Fund	400,000	-	-	-	1,834,000	-	-	-	-	2,234,000
Sewer Fund	-	-	-	228,000	-	-	-	-	58,982	286,982
Other Non-major Enterprise Funds	-	-	-	-	83,221	-	-	-	-	83,221
Other Non-major Governmental Funds	377,285	-	-	1,729,662	-	-	-	-	-	2,106,947
Total transfer	\$ 777,285	\$ 1,140,000	\$ 10,416,580	\$ 5,132,062	\$ 2,505,465	\$ 484,093	\$ 749,524	\$ 1,036,852	\$ 58,982	\$ 22,300,843

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, 2019, interfund receivables and payables are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Information Technology Internal Service Fund	\$ 230,261
General Debt Service	Local Option Sales Tax	1,274,866
Capital Projects	General Fund	1,515
	Non-major Governmental Funds	128,542
	Sewer Fund	34,944
	Clean Water Fund	49,133
	Local Option Sales Tax	224,816
		<u>\$ 1,944,077</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, 2019 (CONTINUED)**

6. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	BEGINNING BALANCE 07/1/18	ADDITIONS	REDUCTIONS	ENDING BALANCE 06/30/19
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 19,216,060	\$ 35,500	\$ -	\$ 19,251,560
Construction in progress	10,367,776	12,230,322	(18,756,204)	\$ 3,841,894
Total capital assets, not being depreciated	<u>29,583,836</u>	<u>12,265,822</u>	<u>(18,756,204)</u>	<u>23,093,454</u>
Capital assets being depreciated				
Buildings	123,388,839	1,212,291	-	124,601,130
Improvements other than buildings	31,840,316	17,112	(36,473)	31,820,955
Equipment and vehicles	45,844,121	2,732,370	(1,819,469)	46,757,022
Bridges	10,800,263	347,817	-	11,148,080
Traffic Signals	8,606,940	1,630,829	-	10,237,769
Streets and roads	274,248,238	21,404,589	-	295,652,827
Seawalls	2,685,289	-	-	2,685,289
Tunnels	54,326	-	-	54,326
Total capital assets being depreciated	<u>497,468,332</u>	<u>27,345,008</u>	<u>(1,855,942)</u>	<u>522,957,398</u>
Less accumulated depreciation for:				
Buildings	45,811,592	3,168,133	-	48,979,725
Improvements other than buildings	18,226,225	1,473,172	(36,473)	19,662,924
Equipment and vehicles	34,770,208	2,525,194	(1,715,754)	35,579,648
Bridges	3,927,458	297,587	-	4,225,045
Traffic signals	6,799,883	216,972	-	7,016,855
Streets and roads	110,138,189	9,324,942	-	119,463,131
Seawalls	622,012	84,322	-	706,334
Tunnels	31,914	2,716	-	34,630
Total accumulated depreciation	<u>220,327,481</u>	<u>17,093,038</u>	<u>(1,752,227)</u>	<u>235,668,292</u>
Total capital assets being depreciated, net	<u>277,140,851</u>	<u>10,251,970</u>	<u>(103,715)</u>	<u>287,289,106</u>
Governmental activities capital assets, net	<u>\$ 306,724,687</u>	<u>\$ 22,517,792</u>	<u>\$ (18,859,919)</u>	<u>\$ 310,382,560</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 13,069,267	\$ -	\$ (100,000)	\$ 12,969,267
Construction in progress	22,826,911	14,444,062	(9,626,964)	27,644,009
Total capital assets not being depreciated	<u>35,896,178</u>	<u>14,444,062</u>	<u>(9,726,964)</u>	<u>40,613,276</u>
Capital assets, being depreciated:				
Buildings	125,994,737	1,610,057	(247,391)	127,357,403
Improvements other than buildings	27,461,839	151,801	-	27,613,640
Equipment and vehicles	45,102,772	1,245,716	(792,215)	45,556,273
Sanitary sewer	143,328,240	9,408,978	-	152,737,218
Storm Sewer	25,880,391	2,216,699	-	28,097,090
Streets and roads	1,637,383	-	-	1,637,383
Total capital assets being depreciated	<u>369,405,362</u>	<u>14,633,251</u>	<u>(1,039,606)</u>	<u>382,999,007</u>
Less accumulated depreciation for:				
Buildings	64,597,882	3,581,864	(143,149)	68,036,597
Improvements other than buildings	11,324,901	1,043,196	-	12,368,097
Equipment and vehicles	29,397,237	2,458,777	(792,212)	31,063,802
Sanitary sewer	52,691,236	4,113,291	-	56,804,527
Storm sewer	13,885,629	876,887	-	14,762,516
Streets and roads	392,249	60,652	-	452,901
Total accumulated depreciation	<u>172,289,134</u>	<u>12,134,667</u>	<u>(935,361)</u>	<u>183,488,440</u>
Total capital assets, being depreciated, net	<u>197,116,228</u>	<u>2,498,584</u>	<u>(104,245)</u>	<u>199,510,567</u>
Business-type activities capital assets, net	<u>\$ 233,012,406</u>	<u>\$ 16,942,646</u>	<u>\$ (9,831,209)</u>	<u>\$ 240,123,843</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

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

Governmental activities:	
General government	\$ 664,782
Community & economic development	36,773
Public works	10,891,173
Public safety	1,797,409
Culture & recreation	3,092,544
Internal service assets are charged to the various functions based on their usage of the assets	610,357
Total depreciation expense-governmental activities	<u>\$17,093,038</u>
Business-type activities:	
Parking systems	\$ 790,808
Sewer operations	6,076,534
RiverCenter	1,070,448
Public transit	655,875
Public housing	274,934
Golf courses	135,236
Airport	717,344
Solid Waste	756,961
Clean Water Utility	988,581
Rivers Edge	147,545
Transload	520,401
Total depreciation expense-business-type activities	<u>\$12,134,667</u>

The City has active construction projects as of June 30, 2019. 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	\$ 33,460,682	\$ 6,499,753
Sanitary Sewer/WPCP	10,792,930	4,601,479
Parks	815,172	1,505,022
Neighborhood Projects	120,000	180,000
Public Buildings	<u>2,464,205</u>	<u>596,680</u>
Total	<u>\$ 47,652,989</u>	<u>\$ 13,382,934</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 significant encumbrances as of June 30, 2019 in the amount of \$1,335,014 for fire equipment.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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, 2019:

	IPERS	MFPRSI	Total
Deferred Outflow of Resources	\$ 7,510,682	\$ 13,670,315	\$ 21,180,997
Deferred Inflow of Resources	(2,036,542)	(2,348,885)	(4,385,427)
Net Pension Liability	(26,887,925)	(46,156,220)	(73,044,145)
Pension Expense	(196,629)	(482,968)	(679,597)

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, 2019 (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 2019, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the City contributed 9.44 percent for a total rate of 15.73 percent.

The City's total contributions to IPERS for the year ended June 30, 2019 were \$3,142,483.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$26,887,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's collective proportion was 0.4248875 percent which was an increase of 0.012245 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$196,629. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 147,422	\$ (607,711)
Change of assumptions	3,835,729	-
Net difference between projected and actual earnings on pension plan investments	-	(738,794)
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	385,048	(690,037)
Total deferred amounts to be recognized in pension expense in future periods	4,368,199	(2,036,542)
City contributions subsequent to the measurement date	3,142,483	-
Total	<u>\$ 7,510,682</u>	<u>\$ (2,036,542)</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

\$3,142,483 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, 2020. 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>
2020	\$ 1,597,844
2021	831,137
2022	(191,282)
2023	83,095
2024	10,863
	<u>\$ 2,331,657</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 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, based on 2.60 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

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, 2019 (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22%	6.01%
International equity	15	6.48
Global smart beta equity	3	6.23
Core-plus fixed income	27	1.97
Public credit	3.5	3.93
Public real assets	7	2.91
Cash	1	-0.25
Private equity	11	10.81
Private real estate	7.5	4.14
Private credit	3	3.11
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:	\$ 45,634,211	\$ 26,887,925	\$ 11,162,577

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, 2019, 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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

(i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

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

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

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

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

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

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, 2019.

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 26.02% for the year ended June 30, 2019.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

The City's contributions to MFPRSI for the year ended June 30, 2019 were \$6,142,533.

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, 2019.

Net Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions
At June 30, 2019, the City reported a liability of \$46,156,220 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 7.752091% which was a decrease of 0.061892% from its proportions measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$482,968. At June 30, 2019, 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	\$ 1,239,070	\$ (626,132)
Change of assumptions	3,942,211	(368,844)
Net difference between projected and actual earnings on pension plan investments	2,257,697	-
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	<u>88,804</u>	<u>(1,353,909)</u>
Total deferred amounts to be recognized in pension expense in future periods	7,527,782	(2,348,885)
City contributions subsequent to the measurement date	<u>6,142,533</u>	-
Total	<u>\$ 13,670,315</u>	<u>\$ (2,348,885)</u>

\$6,142,533 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, 2020. 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>
2020	\$ 3,886,284
2021	1,910,050
2022	(918,043)
2023	257,258
2024	<u>43,347</u>
	<u>\$ 5,178,897</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

Actuarial Assumptions The total pension liability in the June 30, 2018, 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	3.75 to 15.11 percent, including inflation
Investment reate of return	7.50 percent, net of pension plan investment expense, including Inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

Mortality rates as of June 30, 2018 were based on RP 2014 Blue Collar Healthy Annuitant table with males set-forward zero years, females set forward two years and disabled set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning 2017.

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, 2019 (CONTINUED)**

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 77,010,078	\$ 46,156,220	\$ 20,610,263

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, 2019, 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, 2019, 2018 and 2017 were \$2,343,344, \$2,123,957, and \$2,248,213 respectively.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities, including premiums, for the year ended June 30, 2019 (numbers shown in thousands):

	Balance			Balance		
	June 30, 2018	Additions	Retirements	June 30, 2019	Due Within	One Year
Governmental Activities:						
Bonds Payable:						
General Obligation Bonds	\$ 154,470	\$ 14,435	\$ (16,721)	\$ 152,184	\$	16,770
Special Assessment Debt	1,072	-	(16)	1,056		-
Premium on issuance	8,552	1,615	(1,644)	8,523		-
Total Bonds Payable	164,094	16,050	(18,381)	161,763		16,770
Compensated Absences	3,938	5,839	(5,725)	4,052		3,914
Other post employment benefits payable	17,031	1,634	-	18,665		-
Net pension liability	64,510	-	(79)	64,431		-
Notes and loans from direct borrowings and direct placements	449	-	(116)	333		146
	\$ 250,022	\$ 23,523	\$ (24,301)	\$ 249,244	\$	20,830
Business-type Activities:						
Bonds Payable:						
General Obligation Bonds	\$ 55,643	\$ 7,155	\$ (5,688)	\$ 57,110	\$	5,960
Premium on issuance	3,288	799	(659)	3,428		-
Total Bonds Payable	58,931	7,954	(6,347)	60,538		5,960
Compensated Absences	714	1,305	(1,328)	691		667
Other post employment benefits payable	3,631	334	-	3,965		-
Net pension liability	8,804	-	(191)	8,613		-
Notes from direct borrowings and direct placements	21,172	-	(1,182)	19,990		1,093
	\$ 93,252	\$ 9,593	\$ (9,048)	\$ 93,797	\$	7,720

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 \$139,223 of internal service funds compensated absences, \$613,101 of other post-employment benefits, and \$1,139,197 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, 2019 (CONTINUED)**

General obligation bonds payable at June 30, 2019, is comprised of the following individual issues:

	Outstanding Balance June 30, 2019 (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).	15,285
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).	950
D. \$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).	8,495
E. \$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).	12,090
F. \$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).	15,540

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

G.	\$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).	4,985
H.	\$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).	12,730
I.	\$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).	36,035
J.	\$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).	4,105
K.	\$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).	5,340
L.	\$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).	18,505
M.	\$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.	6,380
N.	\$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).	11,890

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

O.	\$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%.	28,875
P.	\$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%.	7,535
Q.	\$21,590,000 2019 General Obligation Streets, Sewers, Buildings, Parks, Solid Waste, and Equipment serial bonds due in annual installments of \$1,085,000 to \$1,745,000 through June 1, 2034; interest at 3.0 to 5.0 percent (\$6,365,000 and \$790,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and Solid Waste Enterprise fund, respectively.)	21,590
	Total general obligation bonds and special assessment debt	210,350
	General obligation bonds serviced by Enterprise Funds	(57,110)
	General obligation bonds and special assessment debt reported in Governmental Activities	<hr/> <u>\$153,240</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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 \$57,110,085. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,055,746. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$135,000. 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, 2019, the statutory limit for the City was \$362,147,694 providing a debt margin of \$149,346,306.

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, 2019, 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 ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 261,000	\$ 245,730
2021	269,000	237,900
2022	278,000	229,830
2023	287,000	221,490
2024	296,000	212,880
2025-2029	1,633,000	925,170
2030-2034	1,916,000	663,750
2035-2040	2,247,000	357,150
2041	1,004,000	45,420
	<u>\$ 8,191,000</u>	<u>\$ 3,139,320</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, 2019 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, 2019 (CONTINUED)**

The note is expected to be paid as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 274,000	\$ 33,113
2021	277,000	31,058
2022	280,000	28,980
2023	283,000	26,880
2024	286,000	24,758
2025-2029	1,470,000	91,239
2030-2034	1,545,000	34,985
	<u>\$ 4,415,000</u>	<u>\$ 271,013</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, 2019, the City had drawn \$6,817,349 of which \$949,000 in principal payments have been made resulting in a note payable balance of \$5,868,349 as of June 30, 2019. 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>
2020	\$ 329,000	\$ 115,308
2021	336,000	109,550
2022	343,000	103,670
2023	349,000	97,668
2024	356,000	91,560
2025-2029	1,893,000	361,708
2030-2034	2,088,000	189,385
2035-2036	895,000	23,572
	<u>\$ 6,589,000</u>	<u>\$ 1,092,421</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 loan is subject to an acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due in the event any payment is not made when due or upon the occurrence of any event of default under the terms of the agreement. The City made the first payment in June 2018.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

The payment schedule is:

<u>Year ending June 30</u>	<u>Principal</u>
2020	\$ 31,079
2021	31,079
2022	31,079
2023	31,079
2024	31,079
2025-2026	62,159
	<u>\$ 217,554</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>
2020	1,425
	<u>\$ 1,425</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>
2020	\$ 194,838
2021	194,838
2022	194,838
2023	194,838
2024	194,838
2025-2027	405,546
	<u>\$ 1,379,736</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>
2020	115,000
	<u>\$ 115,000</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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. Failure by the City to comply with the repayment schedule listed below can result in withholding all future state and federal assistance payments. As of fiscal year end 2019 all payments have been made timely. The loan is expected to be repaid as follows:

<u>Year ending June 30</u>	<u>Principal</u>
2020	\$ 32,620
2021	32,620
2022	32,620
2023	16,325
	<u>\$ 114,185</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
2020	\$ 16,750	\$ 5,767	\$ 5,960	\$ 2,259
2021	16,150	4,927	6,055	1,931
2022	14,750	4,235	5,235	1,666
2023	15,075	3,675	5,385	1,448
2024	14,265	3,110	5,485	1,227
2025-2029	51,430	9,123	20,525	3,308
2030-2034	24,800	1,785	8,465	624
	<u>153,220</u>	<u>32,622</u>	<u>57,110</u>	<u>12,463</u>
Matured	20	2	-	-
Totals	<u>\$ 153,240</u>	<u>\$ 32,624</u>	<u>\$ 57,110</u>	<u>\$ 12,463</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.

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 \$190,000 per member, and an aggregate annual stop loss amount of approximately \$12,000,000 for 2019. 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 \$1,299,973 as of June 30, 2019 is considered current and due within one year.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (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 2019. 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, \$6,147,509 of the claims payable as of June 30, 2019 is considered current and due within one year.

Changes in reported liabilities for the fiscal years ended June 30, 2018 and 2019 are summarized as follows:

	Employee Insurance Fund	Risk Management Fund	Total
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
Claims and changes in estimates during fiscal year 2019	14,241,164	3,845,401	18,086,565
Claim payments	(14,375,750)	(2,751,390)	(17,127,140)
Liabilities at June 30, 2019	\$ 1,299,973	\$ 9,314,407	\$ 10,614,380

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan description: The City sponsors a single-employer health care plan that provides a continuation option to retirees to purchase health benefits under the City's group health plan. The plan 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.

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 \$692,976 through their required contribution of \$961.12 per month for single health coverage, \$1,535.56 per month for single plus one health coverage and \$2,146.03 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.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

Employees covered by benefit terms: At June 30, 2019, the following employees were covered by the benefit terms:

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

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance as of July 1, 2018	\$ 20,662,398
Changes for the year:	
Service cost	1,530,279
Interest	783,370
Changes in assumptions or other inputs	494,396
Contributions and payments made	<u>(840,556)</u>
Net changes	<u>1,967,489</u>
Balance as of June 30, 2019	<u>\$22,629,887</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 24,241,875	\$ 22,629,887	\$ 21,100,025

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the City, as well as what the City's 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	\$ 22,165,297	\$ 22,629,887	\$ 23,101,559

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

OPEB Expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2019, the City recognized OPEB expense of \$1,478,747. At June 30, 2019, the City reported deferred inflows of resources related to OPEB from the following source:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions or other inputs	\$ 453,696	\$ (355,619)

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 June 30	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 40,700	\$ (35,046)
2021	40,700	(35,046)
2022	40,700	(35,046)
2023	40,700	(35,046)
2024	40,700	(35,046)
Thereafter	250,196	(180,389)
	<u>\$ 453,696</u>	<u>\$ (355,619)</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, 2019 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	3.5%
Health care cost trend rates	8.5% for 2019 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, 2019 (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, 2019 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, 2019 (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	\$ 32,961	\$ 36,523	\$ -	\$ -	\$ 11,393	\$ -	\$ 80,877
Inventory	761,704	-	-	-	-	-	761,704
	<u>794,665</u>	<u>36,523</u>	<u>-</u>	<u>-</u>	<u>11,393</u>	<u>-</u>	<u>842,581</u>
Restricted for:							
Debt Service	-	-	8,987,677	-	-	11,447,669	20,435,346
Capital Projects	-	-	-	20,290,682	-	-	20,290,682
Police Non-recurring	141,471	-	-	-	-	-	141,471
Library	937,356	-	-	-	-	-	937,356
Employee Benefits	3,697,983	-	-	-	-	-	3,697,983
HUD Section 8 rents	-	-	-	-	148,749	-	148,749
Municipal Improvement projects	-	-	-	-	969,771	-	969,771
Youth Sports	-	-	-	-	97,679	-	97,679
Road Use Tax projects	-	-	-	-	1,319,419	-	1,319,419
Home Investment Partnership	-	-	-	-	1,034,694	-	1,034,694
Other grants	-	-	-	-	129,022	-	129,022
Local Option Sales Tax	-	9,173,072	-	-	-	-	9,173,072
	<u>4,776,810</u>	<u>9,173,072</u>	<u>8,987,677</u>	<u>20,290,682</u>	<u>3,699,334</u>	<u>11,447,669</u>	<u>58,375,244</u>
Committed for:							
Riverfront Improvement projects	-	-	-	-	13,300	-	13,300
Revolving Loans	-	-	-	-	2,740,728	-	2,740,728
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,754,028</u>	<u>-</u>	<u>2,754,028</u>
Assigned for:							
Library projects	170,000	-	-	-	-	-	170,000
Public Safety projects	578,085	-	-	-	-	-	578,085
Parks projects	42,922	-	-	-	-	-	42,922
Reforestation	10,477	-	-	-	-	-	10,477
River Center projects	1,847,284	-	-	-	-	-	1,847,284
Next year budgeted deficits	2,531,001	-	-	-	-	-	2,531,001
	<u>5,179,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,179,769</u>
Unassigned:	12,028,594	-	-	-	(782,368)	-	11,246,226
Total Fund Balance:	<u>\$ 22,779,838</u>	<u>\$ 9,209,595</u>	<u>\$ 8,987,677</u>	<u>\$ 20,290,682</u>	<u>\$ 5,682,387</u>	<u>\$ 11,447,669</u>	<u>\$ 78,397,848</u>

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (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, 2019, the City abated approximately \$2,414,000 of property tax under the urban renewal and economic development projects.

The City has entered into an Economic Development agreement with local hotels and the agreement was approved by City Council. 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, 2019, the City abated approximately \$495,000 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, 2019, the City abated approximately of \$107,000 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 8, 2019 the sale of not-to-exceed \$51,225,000 Series 2020 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 2020. On October 9, 2019 the issuance of not-to-exceed \$10,500,000 Sewer Revenue Loan and Disbursement Agreement was approved by the City Council. The proceeds will be used for sewer improvements.

14. ADOPTED AND PENDING PRONOUNCEMENTS

As of June 30, 2019, The City adopted the following Government Standards Board (GASB) Statement:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*. The statement 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

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

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 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. See Note 8 to the financial statements for the required disclosures.

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

GASB Statement No. 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.

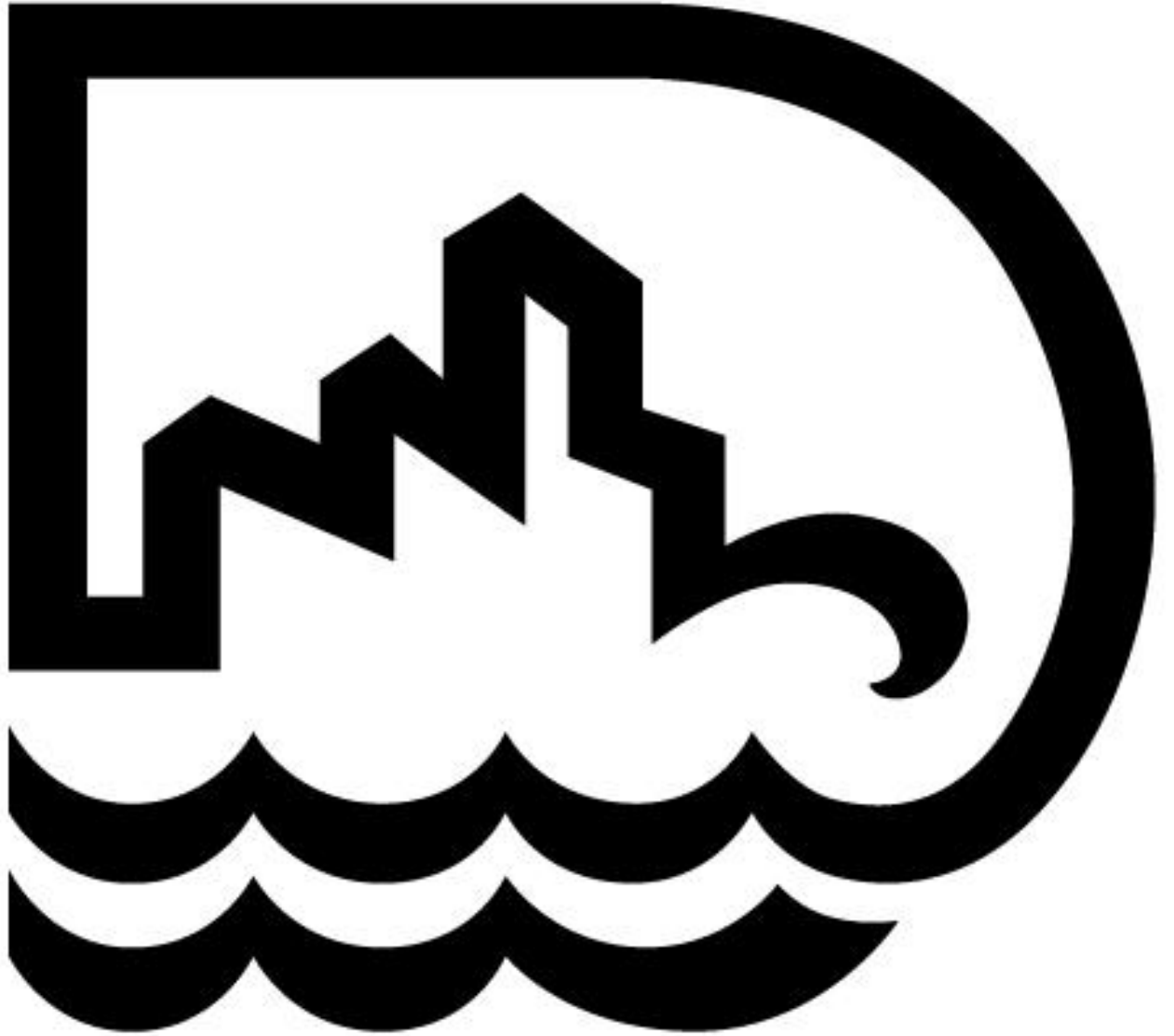
An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided 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. 91, *Conduit Debt Obligations*, will be effective for the City beginning with its fiscal year ending June 30, 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.



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, 2019

	GOVERNMENTAL FUNDS ACTUAL	PROPRIETARY FUNDS ACTUAL	TOTAL ACTUAL
REVENUES:			
Taxes	\$ 98,411,530	\$ 3,851,795	\$ 102,263,325
Special assessments	36,345	-	36,345
Licenses and permits	2,098,620	-	2,098,620
Intergovernmental	39,777,745	3,124,248	42,901,993
Charges for services	4,171,852	65,254,495	69,426,347
Use of monies and property	2,162,073	1,291,029	3,453,102
Fines and forfeits	1,901,288	125,411	2,026,699
Loan repayments	771,645	-	771,645
Other	5,000,892	1,828,726	6,829,618
Total Revenues	<u>154,331,990</u>	<u>75,475,704</u>	<u>229,807,694</u>
EXPENDITURES:			
Current:			
Public safety	48,004,412	-	48,004,412
Public works	18,916,458	-	18,916,458
Culture and recreation	12,694,237	-	12,694,237
Community and economic development	12,385,853	-	12,385,853
General government	10,500,207	-	10,500,207
Capital outlay	36,171,748	-	36,171,748
Debt service:			
Principal retirement	16,822,040	-	16,822,040
Interest	5,907,917	-	5,907,917
Bond issuance costs	181,253	-	181,253
Business type activities	-	65,180,949	65,180,949
	<u>161,584,125</u>	<u>65,180,949</u>	<u>226,765,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,252,135)</u>	<u>10,294,755</u>	<u>3,042,620</u>
OTHER FINANCING SOURCES (USES), NET	<u>14,125,861</u>	<u>1,959,248</u>	<u>16,085,109</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	6,873,726	12,254,003	19,127,729
BALANCES BEGINNING OF YEAR	<u>71,524,122</u>	<u>79,065,551</u>	<u>150,589,673</u>
BALANCES END OF YEAR	<u>\$ 78,397,848</u>	<u>\$ 91,319,554</u>	<u>\$ 169,717,402</u>

See note to Required Supplementary Information

<u>BUDGETED AMOUNTS</u>			
<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL TO ACTUAL VARIANCE</u>
\$ 102,261,847	\$ 102,381,061		\$ (117,736)
27,500	27,500		8,845
1,959,400	1,955,700		142,920
34,574,477	59,205,460		(16,303,467)
66,998,409	67,095,573		2,330,774
1,212,395	1,404,895		2,048,207
1,586,270	2,386,270		(359,571)
1,240,000	1,240,000		(468,355)
2,558,764	3,545,241		3,284,377
<u>212,419,062</u>	<u>239,241,700</u>		<u>(9,434,006)</u>
45,374,300	47,444,261		(560,151)
19,743,827	21,105,267		2,188,809
12,770,205	13,958,334		1,264,097
13,286,436	17,452,013		5,066,160
11,066,414	11,124,551		624,344
39,051,062	68,817,032		32,645,284
-			
13,820,915	16,737,040		(85,000)
4,511,122	5,970,076		62,159
-	181,253		-
71,120,501	74,312,809		9,131,860
<u>230,744,782</u>	<u>277,102,636</u>		<u>50,337,562</u>
<u>(18,325,720)</u>	<u>(37,860,936)</u>		<u>40,903,556</u>
<u>23,717,000</u>	<u>23,909,944</u>		<u>(7,824,835)</u>
5,391,280	(13,950,992)		33,078,721
<u>133,155,833</u>	<u>150,589,673</u>		<u>-</u>
<u>\$ 138,547,113</u>	<u>\$ 136,638,681</u>		<u>\$ 33,078,721</u>

CITY OF DAVENPORT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
JUNE 30, 2019**

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 \$46,357,854. The budget amendment is reflected in the final budgeted amounts. The public safety function budget was exceeded by \$560,151 due to a calculation error in the number of employees receiving full employee health benefits. The principal portion of the debt service function budget was exceeded by \$85,000 due to a budget omission of a payment.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 229,807,694	-	\$ 229,807,694
Expenditures/expenses	<u>226,765,074</u>	<u>12,745,024</u>	<u>239,510,098</u>
Net	3,042,620	(12,745,024)	(9,702,404)
Other financing sources, net	16,085,109	12,331,101	28,416,210
Beginning fund balance/ net position	<u>150,589,673</u>	<u>95,390,932</u>	<u>245,980,605</u>
Ending fund balance/ net position	\$ <u><u>169,717,402</u></u>	<u><u>94,977,009</u></u>	<u><u>\$264,694,411</u></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, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 1,530	\$ 1,489
Interest	783	741
Changes in assumptions or other inputs	495	(426)
Contributions and payments made	<u>\$ (840)</u>	<u>(704)</u>
Net Change in total OPEB liability	\$ 1,968	\$ 1,100
Total Liability, beginning	<u>20,662</u>	<u>19,562</u>
Total OPEB Liability, ending	<u><u>\$ 22,630</u></u>	<u><u>\$ 20,662</u></u>
Covered payroll	50,222	48,624
Total OPEB liability as percentage of covered payroll	45.06%	42.49%

Note to schedule:

Changes to benefit terms: There were no changes to benefit terms.

The following are discount rates used in each period.

2017	3.57%
2018	3.87%
2019	3.50%

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 3,142	\$ 2,854	\$ 2,759	\$ 2,706	\$ 2,679
Contributions in relation to the statutorily required contributions	<u>(3,142)</u>	<u>(2,854)</u>	<u>(2,759)</u>	<u>(2,706)</u>	<u>(2,679)</u>
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	\$ 33,289	\$ 31,957	\$ 30,891	\$ 30,307	\$ 29,996
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%	8.93%

See note to Required Supplementary Information - IPERS pension liability

2014	2013	2012	2011	2010
\$ 2,667	\$ 2,568	\$ 2,514	\$ 2,114	\$ 1,954
<u>(2,667)</u>	<u>(2,568)</u>	<u>(2,514)</u>	<u>(2,114)</u>	<u>(1,954)</u>
-	-	-	-	-
\$ 29,880	\$ 29,619	\$ 31,152	\$ 30,396	\$ 29,383
8.93%	8.67%	8.07%	6.95%	6.65%

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportionate share of the net pension liability (asset)	0.4248875%	0.4126429%	0.4200566%	0.437825%	0.456666%
City's proportionate share of the net pension liability	\$ 26,888	\$ 27,487	\$ 26,435	\$ 21,631	\$ 18,111
City's covered payroll	\$ 31,957	\$ 30,891	\$ 30,307	\$ 29,996	\$ 29,880
City's proportionate share of the net pension liability as a percentage of its covered payroll	84.14%	88.98%	87.22%	72.11%	60.61%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	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, 2019

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 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed the mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 6,143	\$ 5,807	\$ 5,747	\$ 6,090	\$ 6,445
Contributions in relation to the statutorily required contributions	<u>(6,143)</u>	<u>(5,807)</u>	<u>(5,747)</u>	<u>(6,090)</u>	<u>(6,445)</u>
Contribution deficiency (excess)		-	-	-	-
City's covered payroll	\$ 23,607	\$ 22,612	\$ 22,170	\$ 21,930	\$ 21,194
Contributions as a percentage of covered payroll	26.02%	25.68%	25.92%	27.77%	30.41%

See note to Required Supplementary Information - MFPRSI pension liability.

2014	2013	2012	2011	2010
\$ 6,292	\$ 5,330	\$ 5,320	\$ 4,023	\$ 3,816
<u>(6,292)</u>	<u>(5,330)</u>	<u>(5,320)</u>	<u>(4,023)</u>	<u>(3,816)</u>
-	-	-	-	-
\$ 20,891	\$ 20,406	\$ 21,486	\$ 20,216	\$ 22,447
30.12%	26.12%	24.76%	19.90%	17.00%

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability	7.7520910%	7.8139830%	8.1133690%	8.0960530%	8.2312780%
City's proportionate share of the net pension liability	\$ 46,156	\$ 45,827	\$ 50,730	\$ 47,007	\$ 38,534
City's covered payroll	\$ 22,612	\$ 22,170	\$ 21,930	\$ 21,194	\$ 20,891
City's proportionate share of the net pension liability as a percentage of its covered payroll	204.12%	206.71%	231.33%	221.79%	184.45%
Plan fiduciary net position as a percentage of the total pension liability	81.07%	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, 2019**

Changes of benefit terms:

There were no significant changes to the benefit terms.

Changes of assumptions:

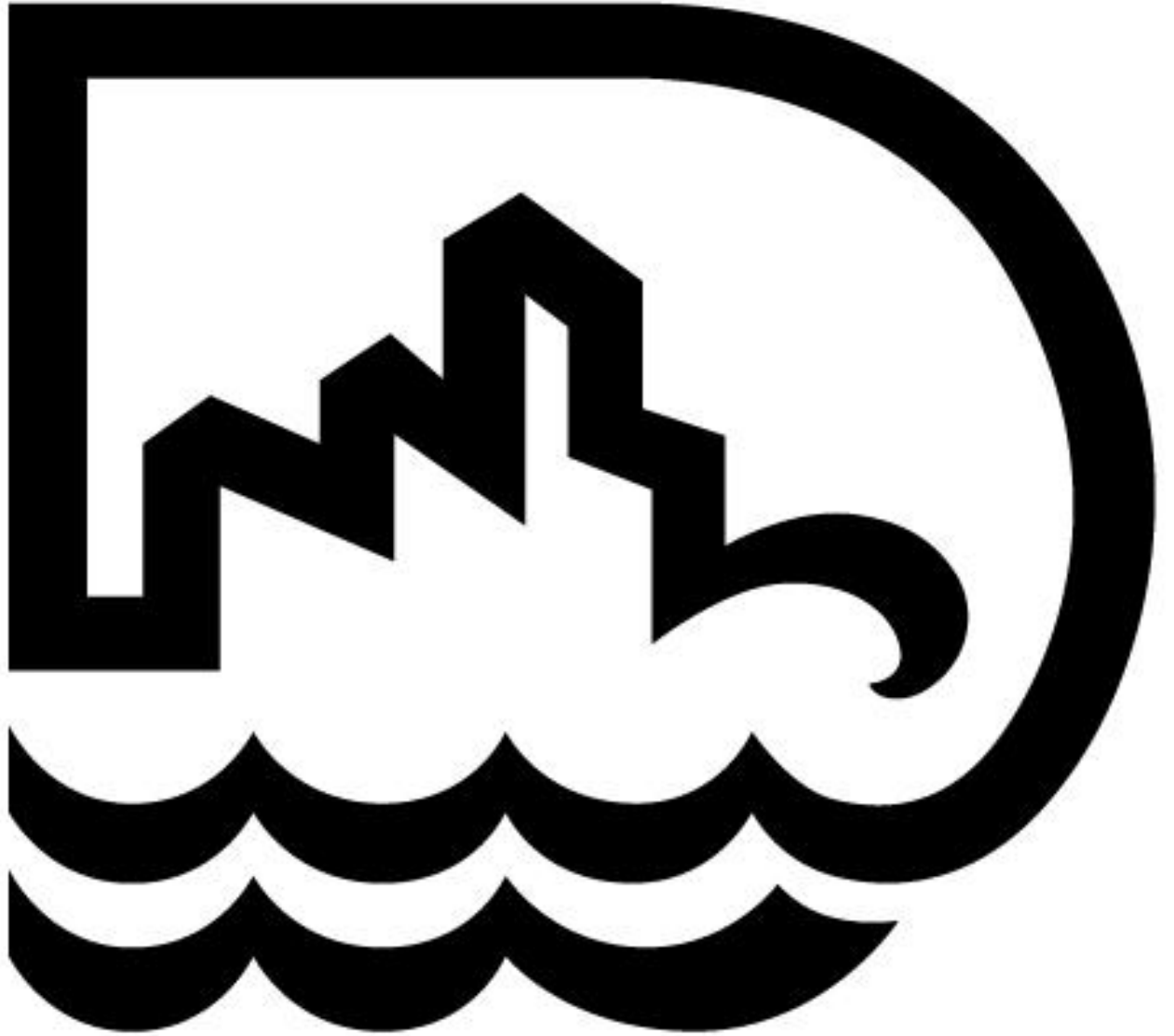
The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.



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, 2019**

ASSETS	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	RIVERFRONT IMPROVEMENT FUND	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ 1,324,681	\$ 1,757	\$ 127,212	\$ -	\$ 1,627,289
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	8,195
Succeeding year	-	-	-	-	941,106
Other Taxes	-	-	-	-	-
Accounts	1,524	-	32,360	28,379	-
Loans	-	2,780,757	-	-	-
Interest	-	-	18	42	4,231
Due from other governments	1,029,022	115,182	-	-	-
Prepays	1,298	-	10,095	-	-
Restricted assets-cash and investments	-	56,714	-	-	-
TOTAL ASSETS	\$ 2,356,525	\$ 2,954,410	\$ 169,685	\$ 28,421	\$ 2,580,821
LIABILITIES					
Wages payable	228,973	18,446	10,741	3,703	-
Accounts payable	659,570	108,866	100	5,993	669,944
Payable from restricted assets	-	56,714	-	-	-
Interfund payable	128,542	-	-	-	-
Unearned revenue	-	-	-	5,425	-
TOTAL LIABILITIES	1,017,085	184,026	10,841	15,121	669,944
DEFERRED INFLOWS OF RESOURCES					
Succeeding year property tax	-	-	-	-	941,106
Unavailable revenue	18,723	2,780,757	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	18,723	2,780,757	-	-	941,106
FUND BALANCES					
Nonspendable fund balance	\$ 1,298	\$ -	10,095	\$ -	\$ -
Restricted fund balance	1,319,419	-	148,749	-	969,771
Committed fund balance	-	-	-	13,300	-
Unassigned fund balance	-	(10,373)	-	-	-
TOTAL FUND BALANCES	1,320,717	(10,373)	158,844	13,300	969,771
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	\$ 2,356,525	\$ 2,954,410	\$ 169,685	\$ 28,421	\$ 2,580,821

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 2,734,217	\$ 1,125,780	\$ 108,869	\$ 100,982	\$ 11,189,214	\$ 18,340,001
-	-	-	-	17,076	25,271
-	-	-	-	6,281,650	7,222,756
-	-	-	-	217,721	217,721
-	-	-	-	-	62,263
1,079,713	8,328,154	230,028	-	-	12,418,652
8,020	-	-	-	28,761	41,072
-	6,458	760,662	-	-	1,911,324
-	-	-	-	-	11,393
-	-	-	-	-	56,714
<u>\$ 3,821,950</u>	<u>\$ 9,460,392</u>	<u>\$ 1,099,559</u>	<u>\$ 100,982</u>	<u>\$ 17,734,422</u>	<u>\$ 40,307,167</u>
-	1,925	4,529	3,303	-	271,620
1,509	95,619	740,516	-	-	2,282,117
-	-	-	-	-	56,714
-	-	-	-	-	128,542
1,079,713	8,328,154	6,797	-	-	9,420,089
<u>1,081,222</u>	<u>8,425,698</u>	<u>751,842</u>	<u>3,303</u>	<u>-</u>	<u>12,159,082</u>
-	-	-	-	6,281,650	7,222,756
-	-	990,690	-	5,103	3,795,273
-	-	<u>990,690</u>	-	<u>6,286,753</u>	<u>11,018,029</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,393
-	1,034,694	129,022	97,679	11,447,669	15,147,003
2,740,728	-	-	-	-	2,754,028
-	-	(771,995)	-	-	(782,368)
<u>2,740,728</u>	<u>1,034,694</u>	<u>(642,973)</u>	<u>97,679</u>	<u>11,447,669</u>	<u>17,130,056</u>
<u>\$ 3,821,950</u>	<u>\$ 9,460,392</u>	<u>\$ 1,099,559</u>	<u>\$ 100,982</u>	<u>\$ 17,734,422</u>	<u>\$ 40,307,167</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, 2019**

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	RIVERFRONT IMPROVEMENT FUND	MUNICIPAL IMPROVEMENT DISTRICTS
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,466,513
Licenses and permits	85,856	-	-	-	-
Intergovernmental	12,956,227	1,376,137	4,036,239	-	150,030
Use of monies and property	-	40,509	100	160,600	23,858
Charges for services	-	-	119,955	-	-
Loan repayments	-	481,404	-	-	-
Other	960,498	-	46,392	41,866	-
Total Revenues	<u>14,002,581</u>	<u>1,898,050</u>	<u>4,202,686</u>	<u>202,466</u>	<u>1,640,401</u>
EXPENDITURES:					
Current:					
Public works	12,814,654	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	1,881,035	4,147,011	294,661	1,416,249
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	60,000
Interest	-	-	-	-	11,321
Total Expenditures	<u>12,814,654</u>	<u>1,881,035</u>	<u>4,147,011</u>	<u>294,661</u>	<u>1,487,570</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,187,927</u>	<u>17,015</u>	<u>55,675</u>	<u>(92,195)</u>	<u>152,831</u>
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	8,460	-	-	-	-
Transfers in	-	-	83,221	95,366	-
Transfers out	(1,729,662)	-	(49,785)	(52,500)	-
Total Other Financing Sources (Uses)	<u>(1,721,202)</u>	<u>-</u>	<u>(49,785)</u>	<u>42,866</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(533,275)	17,015	89,111	(49,329)	152,831
FUND BALANCES - BEGINNING	<u>1,853,992</u>	<u>(27,388)</u>	<u>69,733</u>	<u>62,629</u>	<u>816,940</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 1,320,717</u>	<u>\$ (10,373)</u>	<u>\$ 158,844</u>	<u>\$ 13,300</u>	<u>\$ 969,771</u>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	YOUTH SPORTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 6,995,589	\$ 8,462,102
-	-	-	-	-	85,856
-	100,296	328,967	-	183,788	19,131,684
51,287	86,930	4,247	-	217,464	584,995
-	-	-	139,090	-	259,045
78,208	196,383	15,650	-	-	771,645
-	-	110,000	1,000	-	1,159,756
<u>129,495</u>	<u>383,609</u>	<u>458,864</u>	<u>140,090</u>	<u>7,396,841</u>	<u>30,455,083</u>
-	-	-	-	-	12,814,654
-	-	-	157,338	-	157,338
20,721	298,718	523,508	-	2,413,690	10,995,593
-	-	99,332	-	-	99,332
-	-	-	-	3,330,000	3,390,000
-	-	-	-	1,158,866	1,170,187
<u>20,721</u>	<u>298,718</u>	<u>622,840</u>	<u>157,338</u>	<u>6,902,556</u>	<u>28,627,104</u>
<u>108,774</u>	<u>84,891</u>	<u>(163,976)</u>	<u>(17,248)</u>	<u>494,285</u>	<u>1,827,979</u>
-	-	-	-	-	8,460
450,000	-	42,878	-	1,834,000	2,505,465
-	-	-	-	(275,000)	(2,106,947)
<u>450,000</u>	<u>-</u>	<u>42,878</u>	<u>-</u>	<u>1,559,000</u>	<u>406,978</u>
558,774	84,891	(121,098)	(17,248)	2,053,285	2,234,957
<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>\$ 2,740,728</u>	<u>\$ 1,034,694</u>	<u>\$ (642,973)</u>	<u>\$ 97,679</u>	<u>\$ 11,447,669</u>	<u>\$ 17,130,056</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, 2019**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 407,177	\$ 12,020	\$ 5,706
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	27,897	16,051	37,163
Interest	616	-	-
Inventory	-	-	-
Due from other governments	-	-	-
Prepays	-	360	-
Total current assets	<u>435,690</u>	<u>28,431</u>	<u>42,869</u>
Noncurrent assets:			
Restricted cash and cash equivalents	37,318	1,500	-
Capital assets:			
Land	526,071	1,263,102	749,356
Buildings	8,566,415	508,833	2,657,445
Improvements other than buildings	200,000	2,657,068	17,313,039
Paving	131,163	10,953	-
Equipment and vehicles	321,677	1,537,769	212,465
Less accumulated depreciation	(7,623,848)	(3,904,460)	(10,023,255)
Construction in progress	-	-	6,370,349
Total noncurrent assets	<u>2,158,796</u>	<u>2,074,765</u>	<u>17,279,399</u>
Total assets	<u>2,594,486</u>	<u>2,103,196</u>	<u>17,322,268</u>
DEFERED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	25,649	137,437	18,346
OPEB related deferred outflows	909	2,841	445
Total deferred outflows of resources	<u>26,558</u>	<u>140,278</u>	<u>18,791</u>
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	5,384	42,474	3,680
Accounts payable	13,141	21,239	6,167
Accrued interest payable	329	-	725
Compensated absences	5,962	27,711	4,377
Unearned revenue	2,385	-	-
Note payable-current	-	-	-
General obligation bonds - current	5,000	-	30,000
Total current liabilities	<u>32,201</u>	<u>91,424</u>	<u>44,949</u>
Current liabilities payable from restricted assets:			
Deposits payable	<u>37,318</u>	<u>1,500</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	211	978	155
Other postemployment benefits liability	45,656	169,691	22,179
Net pension liability	102,632	561,190	64,975
Note payable	-	-	-
General obligation bonds - long term	100,000	-	181,094
Total noncurrent liabilities	<u>248,499</u>	<u>731,859</u>	<u>268,403</u>
Total liabilities	<u>318,018</u>	<u>824,783</u>	<u>313,352</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	-	-	-
Deferred charge on refunding	-	-	14,668
Pension related deferred inflows	6,022	23,097	5,451
OPEB related deferred inflows	721	1,931	356
Total deferred inflows of resources	<u>6,743</u>	<u>25,028</u>	<u>20,475</u>
NET POSITION			
Net investment in capital assets	2,016,478	2,073,265	17,053,637
Unrestricted	279,805	(679,602)	(46,405)
Total net position	<u>\$ 2,296,283</u>	<u>\$ 1,393,663</u>	<u>\$ 17,007,232</u>

ENTERPRISE FUNDS

				TOTAL NON-MAJOR ENTERPRISE FUNDS
PUBLIC TRANSIT	SOLID WASTE	TRANSLOAD	RIVER'S EDGE	
\$ 675	\$ 1,336,356	11,587	\$ 3,365	\$ 1,776,886
41,101	-	-	-	41,101
4,071,473	-	-	-	4,071,473
87,506	2,495,910	1,000	2,222	2,667,749
-	5,225	-	-	5,841
222,026	-	-	-	222,026
29,100	-	-	-	29,100
-	2,477	-	607	3,444
<u>4,451,881</u>	<u>3,839,968</u>	<u>12,587</u>	<u>6,194</u>	<u>8,817,620</u>
-	1,097,770	-	-	1,136,588
1,599,288	-	1,605,366	-	5,743,183
6,501,407	24,888	11,946,185	1,769,037	31,974,210
514,235	-	4,887,809	848,853	26,421,004
6,888	-	-	-	149,004
7,860,183	7,005,742	-	400,694	17,338,530
(8,927,641)	(4,227,474)	(1,994,872)	(1,000,900)	(37,702,450)
405,165	-	1,127,855	-	7,903,369
<u>7,959,525</u>	<u>3,900,926</u>	<u>17,572,343</u>	<u>2,017,684</u>	<u>52,963,438</u>
<u>12,411,406</u>	<u>7,740,894</u>	<u>17,584,930</u>	<u>2,023,878</u>	<u>61,781,058</u>
533,513	404,335	-	66,260	1,185,540
14,819	15,376	-	588	34,978
<u>548,332</u>	<u>419,711</u>	<u>-</u>	<u>66,848</u>	<u>1,220,518</u>
127,084	82,719	-	9,664	271,005
152,735	130,429	-	14,037	337,748
-	6,217	-	-	7,271
100,827	131,650	-	16,633	287,160
14,237	-	-	-	16,622
32,620	196,263	-	-	228,883
-	420,000	-	-	455,000
<u>427,503</u>	<u>967,278</u>	<u>-</u>	<u>40,334</u>	<u>1,603,689</u>
-	-	-	-	38,818
3,560	4,648	-	587	10,139
760,030	760,535	-	54,379	1,812,470
1,686,225	1,459,174	-	207,356	4,081,552
81,565	1,204,898	-	-	1,286,463
-	911,693	-	-	1,192,787
<u>2,531,380</u>	<u>4,340,948</u>	<u>-</u>	<u>262,322</u>	<u>8,383,411</u>
<u>2,958,883</u>	<u>5,308,226</u>	<u>-</u>	<u>302,656</u>	<u>10,025,918</u>
4,071,473	-	-	-	4,071,473
-	-	-	-	14,668
168,046	119,225	-	39,232	361,073
11,531	12,412	-	447	27,398
<u>4,251,050</u>	<u>131,637</u>	<u>-</u>	<u>39,679</u>	<u>4,474,612</u>
7,845,340	1,168,072	17,572,343	2,017,684	49,746,819
(2,095,535)	1,552,670	12,587	(269,293)	(1,245,773)
<u>\$ 5,749,805</u>	<u>\$ 2,720,742</u>	<u>17,584,930</u>	<u>\$ 1,748,391</u>	<u>\$ 48,501,046</u>

CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2019**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
OPERATING REVENUES:			
Charges for services	\$ 466,141	\$ 1,485,709	\$ 207,752
Other	54,401	33,523	37,212
Total Operating Revenues	<u>520,542</u>	<u>1,519,232</u>	<u>244,964</u>
OPERATING EXPENSES:			
Employee expenses	166,722	900,281	73,759
Supplies and services	887,604	917,441	186,575
Depreciation	274,934	135,236	717,344
Total Operating Expenses	<u>1,329,260</u>	<u>1,952,958</u>	<u>977,678</u>
OPERATING INCOME (LOSS)	<u>(808,718)</u>	<u>(433,726)</u>	<u>(732,714)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	861,700	-	-
Use of monies and property	3,476	2,718	85,152
Interest expense	(4,173)	-	(60)
Gain (loss) on disposition of capital assets	-	-	-
Total Non-operating Revenues (Expenses)	<u>861,003</u>	<u>2,718</u>	<u>85,092</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>52,285</u>	<u>(431,008)</u>	<u>(647,622)</u>
Capital contributions	35,126	67,217	6,161,561
Transfers in	-	307,781	-
Transfers out	(83,221)	-	-
Change in net position	<u>4,190</u>	<u>(56,010)</u>	<u>5,513,939</u>
Total net position - beginning as restated	<u>2,292,093</u>	<u>1,449,673</u>	<u>11,493,293</u>
Total net position - ending	<u>\$ 2,296,283</u>	<u>\$ 1,393,663</u>	<u>\$ 17,007,232</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>
\$ 455,642	\$ 6,325,718	\$ -	\$ 211,410	\$ 9,152,372
132	75	-	6,448	131,791
<u>455,774</u>	<u>6,325,793</u>	<u>-</u>	<u>217,858</u>	<u>9,284,163</u>
3,827,483	2,950,413	-	313,543	8,232,201
3,198,268	2,443,908	3,889	381,945	8,019,630
655,875	756,961	520,401	147,545	3,208,296
<u>7,681,626</u>	<u>6,151,282</u>	<u>524,290</u>	<u>843,033</u>	<u>19,460,127</u>
<u>(7,225,852)</u>	<u>174,511</u>	<u>(524,290)</u>	<u>(625,175)</u>	<u>(10,175,964)</u>
3,851,795	-	-	-	3,851,795
2,262,548	-	-	-	3,124,248
16,800	54,508	12,000	330,706	505,360
-	(14,470)	-	-	(18,703)
1,225	-	-	-	1,225
<u>6,132,368</u>	<u>40,038</u>	<u>12,000</u>	<u>330,706</u>	<u>7,463,925</u>
(1,093,484)	214,549	(512,290)	(294,469)	(2,712,039)
291,292	-	796,829	-	7,352,025
583,385	-	-	145,686	1,036,852
-	-	-	-	(83,221)
<u>(218,807)</u>	<u>214,549</u>	<u>284,539</u>	<u>(148,783)</u>	<u>5,593,617</u>
5,968,612	2,506,193	17,300,391	1,897,174	42,907,429
<u>\$ 5,749,805</u>	<u>\$ 2,720,742</u>	<u>\$ 17,584,930</u>	<u>\$ 1,748,391</u>	<u>\$ 48,501,046</u>

CITY OF DAVENPORT**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 467,277	\$ 1,482,259	\$ 178,611
Cash paid to suppliers for goods and services	(911,018)	(943,457)	(182,543)
Cash paid to employees for services	(163,190)	(885,681)	(69,288)
Other operating revenue	54,401	33,523	37,212
Net Cash Provided by (Used for) Operating Activities	<u>(552,530)</u>	<u>(313,356)</u>	<u>(36,008)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Proceeds (repayments) to other funds	-	-	-
Grants	975,563	-	-
Property tax	-	-	-
Transfers in	-	307,781	-
Transfers out	(83,221)	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>892,342</u>	<u>307,781</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation bonds	-	-	-
Refunding discount/issue costs	(1,356)	-	(10,086)
Proceeds from the sale of capital assets	-	-	-
Acquisition and construction of capital assets	(8,657)	-	-
Principal paid on long-term debt	(5,000)	-	(33,160)
Payments on note payable	-	-	-
Interest paid on long-term debt	(4,193)	-	(192)
Deposits-other municipalities	1,953	1,500	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(17,253)</u>	<u>1,500</u>	<u>(43,438)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other investment income	3,527	2,718	85,152
Net Cash provided by Investing Activities	<u>3,527</u>	<u>2,718</u>	<u>85,152</u>
Net increase (decrease) in Cash and Cash Equivalents	326,086	(1,357)	5,706
CASH AND CASH EQUIVALENTS-BEGINNING	<u>118,409</u>	<u>14,877</u>	<u>-</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 444,495</u>	<u>\$ 13,520</u>	<u>\$ 5,706</u>

ENTERPRISE FUNDS

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TRANSLOAD FACILITY	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ 380,019	\$ 6,284,458	\$ 223,263	\$ (1,000)	\$ 9,014,887
(3,247,833)	(2,455,484)	(393,469)	(3,888)	(8,137,692)
(3,745,302)	(2,892,393)	(313,665)	-	(8,069,519)
132	75	6,448	-	131,791
<u>(6,612,984)</u>	<u>936,656</u>	<u>(477,423)</u>	<u>(4,888)</u>	<u>(7,060,533)</u>
(27,909)	-	-	-	(27,909)
2,262,548	-	-	-	3,238,111
3,859,311	-	-	-	3,859,311
583,385	-	145,686	-	1,036,852
-	-	-	-	(83,221)
<u>6,677,335</u>	<u>-</u>	<u>145,686</u>	<u>-</u>	<u>8,023,144</u>
-	790,000	-	-	790,000
-	49,838	-	-	38,396
1,225	-	-	-	1,225
(137,987)	-	-	-	(146,644)
-	(744,112)	-	-	(782,272)
(32,620)	-	-	-	(32,620)
-	(11,974)	-	-	(16,359)
-	-	-	-	3,453
<u>(169,382)</u>	<u>83,752</u>	<u>-</u>	<u>-</u>	<u>(144,821)</u>
<u>16,800</u>	<u>55,145</u>	<u>330,706</u>	<u>12,000</u>	<u>506,048</u>
<u>16,800</u>	<u>55,145</u>	<u>330,706</u>	<u>12,000</u>	<u>506,048</u>
(88,231)	1,075,553	(1,031)	7,112	1,323,838
<u>88,906</u>	<u>1,358,573</u>	<u>4,396</u>	<u>4,475</u>	<u>1,589,636</u>
<u>\$ 675</u>	<u>\$ 2,434,126</u>	<u>\$ 3,365</u>	<u>\$ 11,587</u>	<u>\$ 2,913,474</u>

(continued)

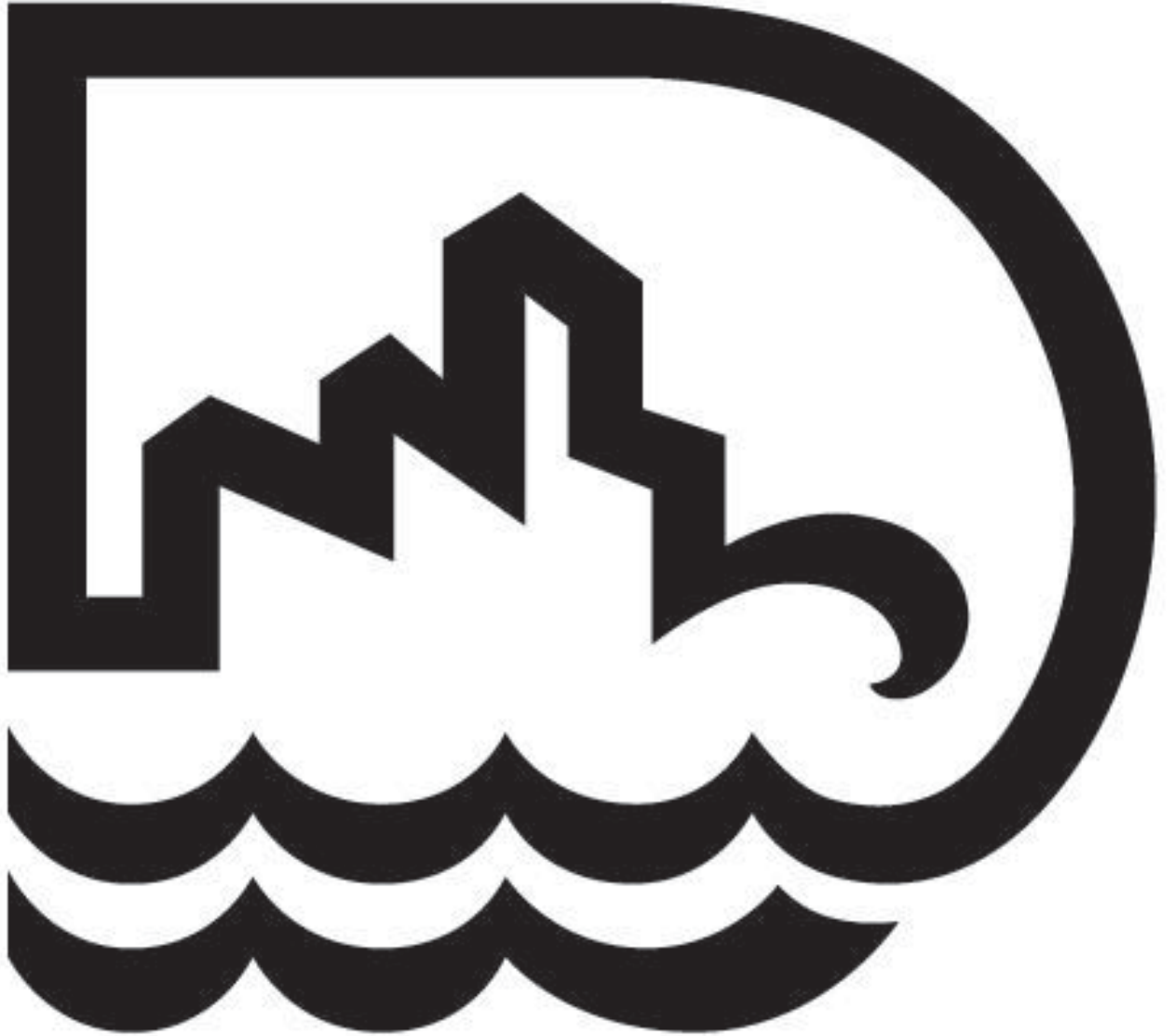
CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2019**

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>			
Operating (loss) income	<u>\$ (808,718)</u>	<u>\$ (433,726)</u>	<u>\$ (732,714)</u>
Adjustments to Reconcile Operating (loss) income to Net Cash			
Provided by (Used for) Operating Activities:			
Depreciation	274,934	135,236	717,344
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	1,136	(3,450)	(29,141)
Decrease (increase) in prepaids and inventories	-	(360)	-
Increase in pension related deferred outflows	1,100	6,835	899
Decrease (increase) in OPEB related deferred outflows	(909)	(2,841)	(445)
Increase (decrease) in accounts payable	(23,414)	(25,656)	4,032
Increase (decrease) in other accrued liabilities	3,933	14,060	4,477
Decrease in net pension liability	(1,786)	(11,089)	(1,460)
Increase in pension related deferred inflows	1,265	7,854	1,034
Decrease in OPEB related deferred inflows	(71)	(219)	(34)
Decrease in unearned revenue	-	-	-
Total Adjustments	<u>256,188</u>	<u>120,370</u>	<u>696,706</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (552,530)</u>	<u>\$ (313,356)</u>	<u>\$ (36,008)</u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>			
Acquisition of capital assets through capital contributions	\$ 35,126	\$ 67,217	\$ 6,161,561
Contribution of capital assets by municipality	(35,126)	(67,217)	(691,676)
Contribution of capital assets by subdividers	-	-	-
Contribution of capital assets by state and federal governments	-	-	(5,469,885)
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>\$ (7,225,852)</u>	<u>\$ 174,511</u>	<u>\$ (625,175)</u>	<u>\$ (524,290)</u>	<u>\$ (10,175,964)</u>
655,875	756,961	147,545	520,401	3,208,296
(72,170)	(41,260)	11,853	(999)	(134,031)
(9,396)	1,523	(607)	-	(8,840)
29,325	20,436	2,450	-	61,045
(14,819)	(15,376)	(588)	-	(34,978)
(40,169)	(13,099)	(10,917)	-	(109,223)
82,700	63,821	(780)	-	168,211
(47,573)	(33,153)	(3,973)	-	(99,034)
33,693	23,480	2,814	-	70,140
(1,145)	(1,188)	(45)	-	(2,702)
<u>(3,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,453)</u>
<u>612,868</u>	<u>762,145</u>	<u>147,752</u>	<u>519,402</u>	<u>3,115,431</u>
<u>\$ (6,612,984)</u>	<u>\$ 936,656</u>	<u>\$ (477,423)</u>	<u>\$ (4,888)</u>	<u>\$ (7,060,533)</u>
\$ 291,292	\$ -	\$ -	\$ 796,829	\$ 7,352,025
(64,895)	-	-	(441,605)	(1,300,519)
-	-	-	-	-
(226,397)	-	-	(355,224)	(6,051,506)
-	-	-	-	-



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, 2019**

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 4,936,744	\$ 8,527,865	\$ -	\$ 13,464,609
Accounts receivable	48,554	-	-	48,554
Interest receivable	16,501	35,912	-	52,413
Prepays	-	64,314	367,074	431,388
Total current assets	<u>5,001,799</u>	<u>8,628,091</u>	<u>367,074</u>	<u>13,996,964</u>
Noncurrent assets:				
Capital assets:				
Improvements other than buildings	-	-	3,173,072	3,173,072
Equipment and vehicles	-	-	4,565,299	4,565,299
Less accumulated depreciation	-	-	(4,200,576)	(4,200,576)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,537,795</u>	<u>3,537,795</u>
Total assets	<u>5,001,799</u>	<u>8,628,091</u>	<u>3,904,869</u>	<u>17,534,759</u>
DEFERED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	15,263	150,479	158,228	323,970
OPEB related deferred outflows	846	6,323	7,197	14,366
Total deferred outflow of resources	<u>16,109</u>	<u>156,802</u>	<u>165,425</u>	<u>338,336</u>
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	4,457	32,029	36,855	73,341
Accounts payable	149,159	330,401	4,443	484,003
Compensated absences	3,290	57,632	73,553	134,475
Claims and judgments	1,299,973	6,147,509	-	7,447,482
Interfund payable	-	-	230,261	230,261
Total current liabilities	<u>1,456,879</u>	<u>6,567,571</u>	<u>345,112</u>	<u>8,369,562</u>
Noncurrent liabilities:				
Compensated absences	116	2,035	2,597	4,748
Claims and judgments	-	3,166,898	-	3,166,898
Other postemployment benefits liability	24,065	283,912	305,124	613,101
Net pension liability	53,031	547,087	539,079	1,139,197
Total noncurrent liabilities	<u>77,212</u>	<u>3,999,932</u>	<u>846,800</u>	<u>4,923,944</u>
Total liabilities	<u>1,534,091</u>	<u>10,567,503</u>	<u>1,191,912</u>	<u>13,293,506</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	4,891	44,370	51,401	100,662
OPEB related deferred inflows	279	4,650	5,063	9,992
Total deferred inflows of resources	<u>5,170</u>	<u>49,020</u>	<u>56,464</u>	<u>110,654</u>
NET POSITION				
Investment in capital assets	-	-	3,537,795	3,537,795
Unrestricted (deficit)	3,478,647	(1,831,630)	(715,877)	931,140
Total net position (deficit)	<u>\$ 3,478,647</u>	<u>\$ (1,831,630)</u>	<u>\$ 2,821,918</u>	<u>\$ 4,468,935</u>

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Fiscal Year Ended June 30, 2019**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 16,504,552	\$ 5,547,157	\$ 2,240,514	\$ 24,292,223
Other	966,603	299,955	-	1,266,558
Total Operating Revenues	<u>17,471,155</u>	<u>5,847,112</u>	<u>2,240,514</u>	<u>25,558,781</u>
OPERATING EXPENSES:				
Employee expenses	141,652	1,037,069	1,256,962	2,435,683
Supplies and services	16,497,924	5,558,588	1,039,203	23,095,715
Depreciation	-	-	610,357	610,357
Total Operating Expenses	<u>16,639,576</u>	<u>6,595,657</u>	<u>2,906,522</u>	<u>26,141,755</u>
OPERATING INCOME (LOSS)	831,579	(748,545)	(666,008)	(582,974)
NON-OPERATING REVENUES:				
Use of monies and property	93,042	202,491	-	295,533
Gain (loss) on disposition of capital assets	-	-	(87,175)	(87,175)
Total Non-operating Revenues	<u>93,042</u>	<u>202,491</u>	<u>(87,175)</u>	<u>208,358</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	924,621	(546,054)	(753,183)	(374,616)
Capital contributions	-	-	605,007	605,007
Transfers in	-	58,982	-	58,982
Change in net position	<u>924,621</u>	<u>(487,072)</u>	<u>(148,176)</u>	<u>289,373</u>
Total net position (deficit) - beginning	<u>2,554,026</u>	<u>(1,344,558)</u>	<u>2,970,094</u>	<u>4,179,562</u>
Total net position (deficit) - ending	<u>\$ 3,478,647</u>	<u>\$ (1,831,630)</u>	<u>\$ 2,821,918</u>	<u>\$ 4,468,935</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019**

	<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	\$ 16,506,750	\$ 5,547,157	\$ 2,240,514	24,294,421
Cash paid to suppliers for goods and services	(16,455,095)	(4,277,588)	(1,145,752)	(21,878,435)
Cash paid to employees for services	(138,679)	(1,004,364)	(1,220,277)	(2,363,320)
Other operating revenue	966,603	299,955		1,266,558
Net Cash provided by (used for) Operating Activities	<u>879,579</u>	<u>565,160</u>	<u>(125,515)</u>	<u>1,319,224</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Repayments to other funds	-	-	125,515	125,515
Transfers in	-	58,982	-	58,982
Net Cash used for Non-Capital Financing Activities	<u>-</u>	<u>58,982</u>	<u>125,515</u>	<u>184,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	92,068	206,400	-	298,468
Net increase (decrease) in Cash and Cash Equivalents	971,647	830,542	-	1,802,189
CASH AND CASH EQUIVALENTS- BEGINNING	<u>3,965,097</u>	<u>7,697,323</u>	<u>-</u>	<u>11,662,420</u>
CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 4,936,744</u>	<u>\$ 8,527,865</u>	<u>\$ -</u>	<u>\$ 13,464,609</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2019**

	<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)	\$ 831,579	\$ (748,545)	\$ (666,008)	\$ (582,974)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	610,357	610,357
Change in assets and liabilities:				
Decrease in accounts receivable	2,198	-	-	2,198
Decrease (increase) in prepaids	40,653	(6,808)	(75,520)	(41,675)
Decrease in pension related deferred outflows	1,031	7,556	9,069	17,656
Increase in OPEB related deferred outflows	(846)	(6,323)	(7,197)	(14,366)
Increase (decrease) in accounts payable	2,176	1,287,808	(31,029)	1,258,955
Increase in other accrued liabilities	3,341	35,536	39,661	78,538
Decrease in net pension liability	(1,672)	(12,258)	(14,711)	(28,641)
Increase in pension related deferred inflows	1,184	8,682	10,419	20,285
Decrease in OPEB related deferred inflows	(65)	(488)	(556)	(1,109)
Total Adjustments	<u>48,000</u>	<u>1,313,705</u>	<u>540,493</u>	<u>1,902,198</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 879,579</u>	<u>\$ 565,160</u>	<u>\$ (125,515)</u>	<u>\$ 1,319,224</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Acquisition of capital assets through capital contributions	\$ -	\$ -	\$ 605,007	\$ 605,007
Contribution of capital assets by municipality	-	-	(605,007)	(605,007)

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, 2019**

	BALANCE JUNE 30, 2018	ADDITIONS	DELETIONS	BALANCE JUNE 30,2019
RIVERFRONT TASK FORCE				
ASSETS:				
Cash and investments	\$ 3,730	\$ 92	\$ 13	\$ 3,809
Interest receivable	16	13	16	13
TOTAL ASSETS	\$ 3,746	\$ 105	\$ 29	\$ 3,822
LIABILITIES:				
Due to other governments	\$ 3,746	\$ 105	\$ 29	\$ 3,822
LIBRARY GIFT				
ASSETS:				
Cash and investments	\$ 407,366	\$ 193,520	\$ 209,808	\$ 391,078
Interest receivable	1,987	1,618	1,987	1,618
TOTAL ASSETS	\$ 409,353	\$ 195,138	\$ 211,795	\$ 392,696
LIABILITIES:				
Accounts payable	\$ 19,398	\$ 134,722	\$ 142,486	\$ 11,634
Due to other governments	389,955	60,416	69,309	381,062
TOTAL LIABILITIES	\$ 409,353	\$ 195,138	\$ 211,795	\$ 392,696
M.D. PETERSEN MEMORIAL				
ASSETS:				
Cash and investments	\$ 2,216	\$ 55	\$ 8	\$ 2,263
Interest receivable	10	8	10	8
TOTAL ASSETS	\$ 2,226	\$ 63	\$ 18	\$ 2,271
LIABILITIES:				
Due to other governments	\$ 2,226	\$ 63	\$ 18	\$ 2,271
TOTAL LIABILITIES	\$ 2,226	\$ 63	\$ 18	\$ 2,271
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 413,312	\$ 193,667	\$ 209,829	\$ 397,150
Interest receivable	2,013	1,639	2,013	1,639
TOTAL ASSETS	\$ 415,325	\$ 195,306	\$ 211,842	\$ 398,789
LIABILITIES:				
Accounts payable	\$ 19,398	\$ 134,722	\$ 142,486	\$ 11,634
Due to other governments	395,927	60,584	69,356	387,155
TOTAL LIABILITIES	\$ 415,325	\$ 195,306	\$ 211,842	\$ 398,789

CITY OF DAVENPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Direct:				
U. S. Department of Housing and Urban Development (HUD)				
N/C S/R Section 8 Programs	14.182		\$ -	\$ 643,445
CDBG-Entitlement Grants Cluster, Community Development Block Grants/Entitlement Grants	14.218		234,009	1,895,455
HOME Investment Partnerships Program	14.239		-	280,718
Fair Housing Assistance Program	14.401		-	56,700
Public and Indian Housing	14.850		-	138,562
Housing Vouching Cluster, Section 8 Housing Choice Vouchers	14.871		-	4,036,239
Public Housing - Capital Fund Program	14.872		-	79,693
Total U.S. Department of Housing and Urban Development			<u>234,009</u>	<u>7,130,812</u>
Equal Employment Opportunity Commission				
Equal Employment Opportunity Commission	30.001		-	27,290
U. S. Department of Transportation				
Federal Aviation Administration				
Airport Improvement Program, Runway 15/33 Reconstruction	20.106		-	5,469,885
Federal Transit Authority				
Federal Transit - Formula Grants*	20.507			1,279,312
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513			98,485
Total U.S. Department of Transportation			<u>-</u>	<u>6,847,682</u>
U.S. Department of Commerce Economic Development Administration				
Economic Adjustment Assistance	11.307		-	355,224
U.S. Department of Justice				
Equitable Sharing Program	16.922		-	15,188
Total direct			<u>234,009</u>	<u>14,376,196</u>
Indirect:				
U. S. Department of Housing and Urban Development (HUD)				
Passed through Iowa Department of Economic Development:				
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	-	516,507
U. S. Department of Transportation				
Passed through Bi-State				
Buses and Bus Facilities Formula*	20.526	IL-2016-008-00	-	150,042
Passed through Iowa Department of Transportation				
Highway Planning and Construction:				
Veteran's Memorial Parkway	20.205	STPU 1827 (672) 70 82	-	276,522
Extension of West 76th Street	20.205	STPU 1827 (677) 70 82	-	1,006,338
53rd Street signal	20.205	STP A 1827(669) 86 82	-	313,616
Locust Street signal	20.205	STP A 1827(670) 86 82	-	174,364
Kimberly Road signal	20.205	STP A 1827(675) 86 82	-	88,885
Subtotal Highway Planning and Construction Cluster			<u>-</u>	<u>1,859,725</u>
Federal Transit - Formula Grants*	20.507	IA-2018-007-01-00-182-FY19	-	617,059

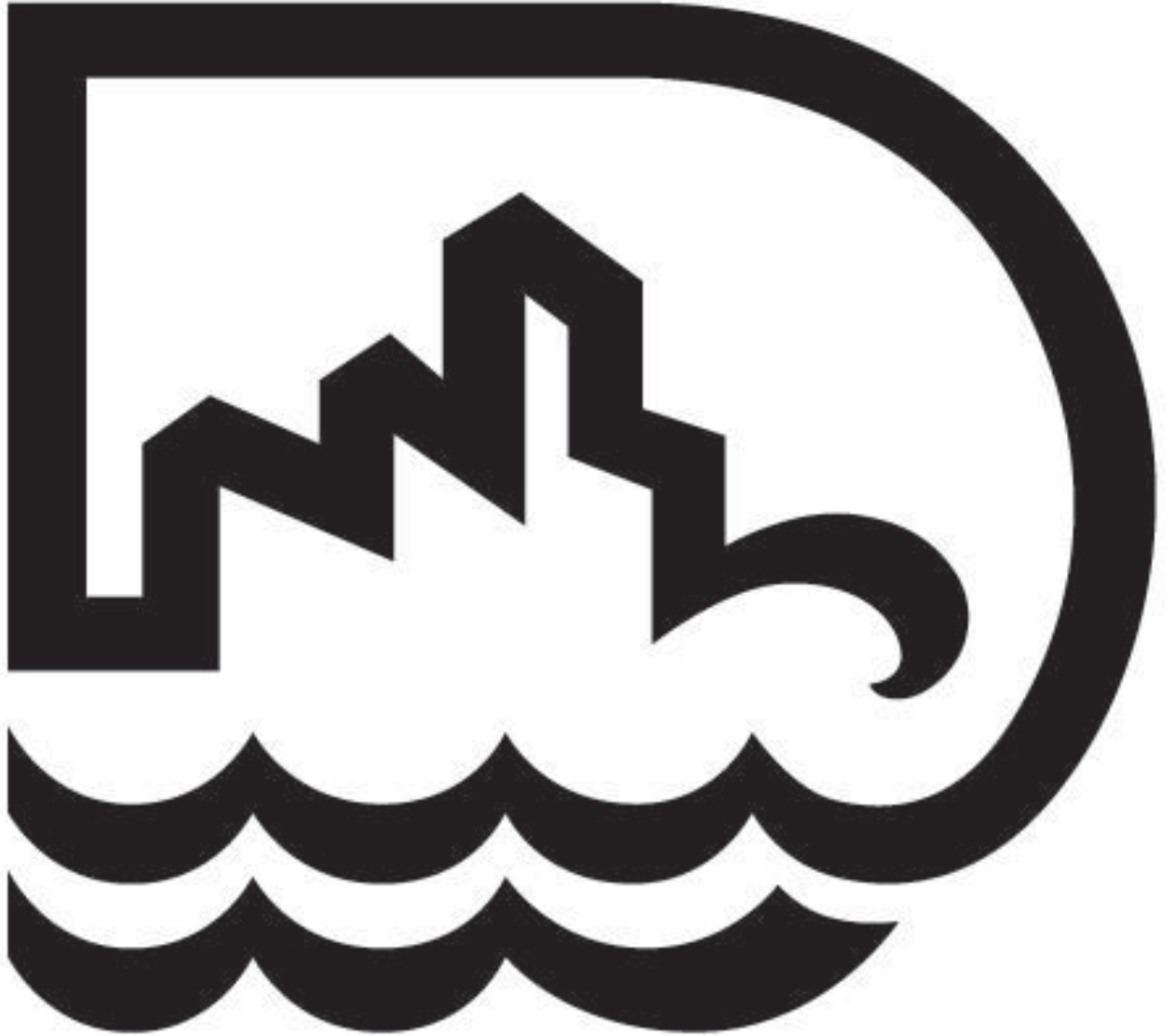
(Continued)

CITY OF DAVENPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
National Highway Traffic Safety Administration				
Passed through Governor's Traffic Safety Bureau:				
State and Community Highway Safety	20.600	18.402-MOAL	-	16,622
State and Community Highway Safety	20.600	19.402-MOAL	-	21,849
Subtotal Highway Safety Cluster			-	38,471
Total U.S. Department of Transportation			-	2,665,297
Corporation For National and Community Service				
Passed through Iowa Commission on Volunteer Service:				
AmeriCorps	94.006	17 AC 02-2.1	-	151,295
AmeriCorps	94.006	18 AC 02	-	205,995
Subtotal CFDA 94.006			-	357,290
AmeriCorps	94.009	18 BC 01	-	3,546
Total Corporation for National and Community Service			-	360,836
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
Passed through Iowa Homeland Security and Management Department				
Property Elevation	97.047	FMA-PJ-07-IA-2016-001	-	6,000
Total Indirect			-	3,548,640
Total expenditures of federal awards			\$ 234,009	\$ 17,924,836

* Total Federal Transit Cluster \$2,046,413



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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 165,833,362	\$ 167,799,457	\$ 160,607,820	\$ 132,744,626
Restricted	33,895,475	28,188,439	24,930,751	19,896,007
Unrestricted	<u>(35,069,406)</u>	<u>(42,349,525)</u>	<u>(35,638,914)</u>	<u>(31,101,106)</u>
Total governmental activities net position	<u>\$ 164,659,431</u>	<u>\$ 153,638,371</u>	<u>\$ 149,899,657</u>	<u>\$ 121,539,527</u>
Business-type activities				
Net investment in capital assets	\$ 168,189,352	\$ 160,153,176	\$ 159,855,757	\$ 158,399,016
Restricted	2,289,024	2,734,362	3,923,153	3,461,195
Unrestricted	<u>12,006,584</u>	<u>8,064,123</u>	<u>4,928,502</u>	<u>5,485,544</u>
Total business-type activities net position	<u>\$ 182,484,960</u>	<u>\$ 170,951,661</u>	<u>\$ 168,707,412</u>	<u>\$ 167,345,755</u>
Primary government				
Net investment in capital assets	\$ 334,022,714	\$ 327,952,633	\$ 320,463,577	\$ 291,143,642
Restricted	36,184,499	30,922,801	28,853,904	23,357,202
Unrestricted	<u>(23,062,822)</u>	<u>(34,285,402)</u>	<u>(30,710,412)</u>	<u>(25,615,562)</u>
Total primary government net position	<u>\$ 347,144,391</u>	<u>\$ 324,590,032</u>	<u>\$ 318,607,069</u>	<u>\$ 288,885,282</u>

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 157,084,943	\$ 145,746,153	\$ 140,160,840	\$ 107,161,965	\$ 126,691,668	\$ 125,751,423
16,152,056	29,555,409	32,606,806	44,110,046	12,739,452	26,268,566
<u>(52,363,648)</u>	<u>(8,126,653)</u>	<u>(18,726,532)</u>	<u>(12,343,725)</u>	<u>(3,483,506)</u>	<u>(22,165,731)</u>
<u>\$ 120,873,351</u>	<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>
\$ 131,173,938	\$ 124,953,410	\$ 124,901,380	\$ 136,518,021	\$ 123,757,219	\$ 113,558,845
4,146,716	4,610,003	4,904,259	4,049,687	3,849,157	4,414,849
1,009,918	5,295,999	2,491,018	(5,484,405)	(1,280,067)	4,336,900
<u>\$ 136,330,572</u>	<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>
\$ 288,258,881	\$ 270,699,563	\$ 265,062,220	\$ 243,679,986	\$ 250,448,887	\$ 239,310,268
20,298,772	34,165,412	37,511,065	48,159,733	16,588,609	30,683,415
<u>(51,353,730)</u>	<u>(2,830,654)</u>	<u>(16,235,514)</u>	<u>(17,828,130)</u>	<u>(4,763,573)</u>	<u>(17,828,831)</u>
<u>\$ 257,203,923</u>	<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>

CITY OF DAVENPORT

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 10,841,456	\$ 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
Public safety	50,490,722	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
Public works	40,840,250	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
Culture and recreation	20,001,803	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
Community and economic development	13,592,793	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
Interest on long-term debt	5,701,147	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
Total governmental activities expenses	141,468,171	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
Business-type activities:										
Sewer operations	21,512,069	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
Parking system	1,750,198	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
Rivercenter	6,269,752	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
Public transit	7,685,402	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
Public housing	1,340,131	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
Golf courses	1,958,507	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
Airport	981,049	1,030,450	982,356	790,578	690,092	611,884	784,792	606,160	578,765	555,304
Solid waste	6,162,162	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
Clean water (1)	2,898,844	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
Transload	524,290	525,744	524,924	434,003						
Riversedge	846,514	848,648	799,436	808,738	900,627	806,140	746,906	960,907	1,087,614	1,166,168
Total business-type activities expenses	51,928,918	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
Total primary government expenses	\$ 193,397,089	\$ 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
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,563,697	\$ 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
Public safety	3,417,939	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
Public works	5,584,616	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
Culture and recreation	1,277,057	1,537,648	1,015,055	859,124	380,929	593,369	850,025	772,321	1,698,503	1,420,156
Community and economic development	1,640,594	2,102,038	778,980	1,337,828	1,671,130	457,258	1,467,138	749,931	630,293	2,134,740
Operating grants and contributions	21,420,873	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
Capital grant and contributions	16,355,149	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
Total governmental activities program revenue	52,259,925	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
Business-type activities:										
Charges for services:										
Sewer operations	23,406,901	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
Parking system	1,398,208	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
Rivercenter	4,224,567	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
Public transit	455,642	410,881	399,774	479,037	494,410	533,804	515,210	516,315	506,706	479,090
Public housing	466,141	467,588	475,951	437,150	454,434	424,386	431,545	421,850	415,874	369,711
Golf courses	1,485,709	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
Airport	207,752	207,143	208,418	192,412	193,518	187,444	206,821	209,121	179,002	188,984
Solid waste	6,325,718	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
Clean water	2,905,635	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
Transload (2)	-	-	-	-	-	-	-	-	-	-
River's Edge (1)	211,410	260,454	263,196	289,056	312,180	237,388	184,325	247,685	255,061	36,618
Operating grants and contributions	3,124,248	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
Capital grant and contributions	11,911,936	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
Total business-type activities program revenues	56,123,867	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
Total primary government program revenues	\$ 108,383,792	\$ 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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expense)/Revenue										
Governmental activities	\$ (89,208,246)	\$ (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)
Business-type activities	4,194,949	(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)
Total primary government net expense	\$ (85,013,297)	\$ (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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 75,542,786	\$ 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
Local option sales tax	17,931,799	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
Hotel/motel tax	2,811,433	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
Franchise tax	3,637,948	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
Investment earnings	2,162,073	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
Gain on sale of capital assets	18,626	-	125,781	320,726	-	17,355	1,634,804	108,867	728,558	65,547
Miscellaneous	24,907	10,598	44,318	80,787	12,363	52,581	34,114	72,124	58,419	53,761
Transfers	(1,900,266)	(1,779,447)	(1,562,798)	(21,484,837)	(2,931,002)	(1,706,916)	(502,762)	(911,944)	1,128,264	(448,666)
Total governmental activities	100,229,306	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
Business-type activities:										
Property taxes (public transit)	3,851,795	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
Investment earnings	995,496	903,465	613,634	548,823	616,868	618,220	660,890	700,403	658,157	259,257
Gain on sale of capital assets	28,625	3,785	-	-	-	61,731	25,446	-	-	-
Loss on donation of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	562,168	455,438	631,302	902,323	1,380,690	545,287	2,048,686	309,788	362,652	140,098
Transfers	1,900,266	1,779,447	1,562,798	21,484,837	2,931,002	1,706,916	502,762	911,944	(1,128,264)	448,666
Total business-type activities	7,338,350	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
Total primary government	\$ 107,567,656	\$ 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
Change in Net Position										
Governmental activities	\$ 11,021,060	\$ 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)
Business-type activities	11,533,299	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
Total primary government	\$ 22,554,359	\$ 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) 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			
	2019	2018	2017	2016
General Fund				
Nonspendable	\$ 794,665	\$ 11,234	\$ 7,312	\$ 4,477
Restricted	4,776,810	4,785,569	4,711,470	5,384,949
Committed	-	-	-	-
Assigned	5,179,769	4,460,502	3,883,192	3,384,228
Unassigned	12,028,594	11,548,794	10,403,236	9,199,764
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 22,779,838</u>	<u>\$ 20,806,099</u>	<u>\$ 19,005,210</u>	<u>\$ 17,973,418</u>
All Other Governmental funds				
Nonspendable	47,916	95,167	26,708	1,000
Restricted	53,598,434	48,927,536	51,635,020	49,153,408
Committed	2,754,028	2,244,583	1,259,380	1,272,303
Assigned	-	-	-	-
Unassigned	(782,368)	(549,263)	-	(1,320,264)
Reserved	-	-	-	-
Unreserved, reported in special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Total All Other Governmental funds	<u>\$ 55,618,010</u>	<u>\$ 50,718,023</u>	<u>\$ 52,921,108</u>	<u>\$ 49,106,447</u>

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

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 5,446	\$ 5,440	\$ 2,949	\$ 23,179	\$ 17,069	\$ -
5,896,292	5,999,441	5,476,184	3,717,150	3,883,934	-
-	-	-	-	-	-
1,585,151	778,856	555,034	545,488	551,836	-
8,889,540	8,536,778	7,582,938	5,606,312	5,392,141	-
-	-	-	-	-	4,781,365
-	-	-	-	-	5,640,835
<u>\$ 16,376,429</u>	<u>15,320,515</u>	<u>13,617,105</u>	<u>9,892,129</u>	<u>9,844,980</u>	<u>10,422,200</u>
22,875	5,868	-	-	-	-
28,690,404	37,530,085	32,686,164	40,119,368	14,266,498	-
1,191,168	1,184,409	1,103,032	844,461	1,058,755	-
-	-	-	-	-	-
-	(344,161)	(600,249)	(906,693)	(1,035,514)	-
-	-	-	-	-	8,558,420
-	-	-	-	-	(1,956,132)
-	-	-	-	-	(503,939)
<u>\$ 29,904,447</u>	<u>\$ 38,376,201</u>	<u>\$ 33,188,947</u>	<u>\$ 40,057,136</u>	<u>\$ 14,289,739</u>	<u>\$ 6,098,349</u>

CITY OF DAVENPORT

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues					
Taxes	\$ 98,411,530	\$ 95,111,814	\$ 92,937,007	\$ 90,241,335	\$ 90,499,909
Special assessments	36,345	42,346	27,565	27,648	38,992
Licenses and permits	2,098,620	2,566,236	2,460,734	2,366,468	2,017,908
Intergovernmental	39,777,745	36,504,330	37,703,136	32,846,621	32,296,554
Charges for services	4,171,852	4,614,938	4,080,837	4,132,842	3,963,968
Use of monies and property	2,162,073	1,834,766	1,150,080	1,094,433	1,213,198
Fines and forfeits	1,901,288	2,466,534	1,505,531	2,513,779	2,050,224
Loan repayments	771,645	1,120,466	806,461	832,955	907,318
Other	5,000,892	4,078,207	2,811,356	2,390,338	3,078,817
Total revenues	154,331,990	148,339,637	143,482,707	136,446,419	136,066,888
Expenditures					
General government	10,500,207	10,108,244	9,747,945	9,623,464	9,692,385
Public safety	48,004,412	44,803,202	43,460,139	43,927,733	42,149,652
Public works	18,916,458	17,783,827	17,378,533	16,862,825	18,030,045
Culture and recreation	12,694,237	12,463,193	12,146,481	11,689,298	11,267,593
Community and economic development	12,385,853	15,499,334	10,849,112	12,645,088	10,370,910
Capital outlay	36,171,748	36,299,217	33,983,635	42,999,366	31,737,839
Debt service					
Principal	16,822,040	35,014,370	36,501,330	16,690,365	26,622,260
Interest	5,907,917	6,123,022	6,583,971	5,452,856	6,004,485
Bond issuance expense	181,253	202,229	345,283	463,321	192,668
Total expenditures	161,584,125	178,296,638	170,996,429	160,354,316	156,067,837
Excess of revenues over (under) expenditures	(7,252,135)	(29,957,001)	(27,513,722)	(23,907,897)	(20,000,949)
Other Financing Sources (Uses)					
Bond issuance	14,435,000	23,020,000	14,345,000	31,205,000	12,995,000
Loan Proceeds	-	-	290,000	-	-
Discount on debt issued	-	-	-	-	-
Premium on debt issued	1,614,944	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	35,165	10,440	362,148	345,941	15,451
Transfers in	19,971,392	16,897,002	18,102,057	16,061,991	15,775,415
Transfers out	(21,930,640)	(18,935,700)	(19,957,010)	(19,353,222)	(17,408,315)
Total other financing sources (uses)	14,125,861	29,554,805	32,360,175	44,706,886	12,585,109
Net change in fund balances	\$ 6,873,726	\$ (402,196)	\$ 4,846,453	\$ 20,798,989	\$ (7,415,840)
Debt service as a percentage of noncapital expenditures	15.94%	26.53%	30.29%	18.39%	24.50%

Fiscal Year				
2014	2013	2012	2011	2010
\$ 90,421,947	\$ 88,262,578	\$ 80,884,683	\$ 78,730,720	\$ 77,168,031
96,245	93,757	58,964	157,683	37,717
1,749,752	1,619,350	1,317,804	1,238,659	1,275,935
25,530,812	22,837,172	35,240,010	31,332,008	29,024,273
4,051,619	4,210,684	4,479,467	4,146,542	3,926,869
1,176,460	1,036,972	1,218,685	1,014,156	1,035,244
1,931,967	1,740,494	1,936,641	1,967,004	1,314,564
1,065,290	860,284	723,850	839,699	648,896
4,108,428	3,659,461	4,598,710	4,519,410	4,362,836
<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>
8,820,719	8,601,095	8,992,941	8,178,030	8,370,902
41,216,850	40,160,927	39,554,541	39,137,701	38,211,590
17,557,791	15,288,713	15,505,355	17,073,051	17,169,622
11,281,713	10,975,613	11,305,093	11,485,665	12,738,612
13,853,663	10,629,873	15,234,614	13,823,997	20,305,456
15,247,456	17,188,086	38,425,489	35,710,271	56,227,626
16,024,785	16,241,175	17,234,350	17,071,575	14,912,225
6,101,313	6,987,409	6,200,955	6,233,849	6,078,034
249,658	216,403	125,781	150,055	153,704
<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>
(221,428)	(1,968,542)	(22,120,305)	(24,918,313)	(55,373,406)
14,850,000	12,382,000	11,790,000	25,299,250	28,676,000
-	-	-	-	(66,902)
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
12,026,555	14,170,133	20,129,136	17,023,775	16,951,068
(13,787,414)	(14,636,170)	(21,052,585)	(15,224,330)	(17,399,734)
<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>\$ 6,890,664</u>	<u>\$ (3,143,213)</u>	<u>\$ 25,814,546</u>	<u>\$ 4,093,320</u>	<u>\$ (27,124,798)</u>
18.32%	20.55%	18.24%	17.28%	12.92%

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>
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
2017	2019	4,463,227	1,595,558	150,002	124,339	33,747	418,694

		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>
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
2017	2019	2,470,308	1,419,234	134,448	96,169	18,074	210,946

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>
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%
4,452	6,790,019	(8,214)	6,781,805	16.78%

<u>Other</u>	<u>Gross valuation</u>	<u>Less military exemption</u>	<u>Net valuation</u>
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
4,006	4,353,185	(8,214)	4,344,971

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>
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	4.93	0.27	0.91	0.27	2.05	16.78
2019	8.10	0.25	4.93	0.27	0.91	0.27	2.05	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>
5.34	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
5.82	15.46	1.03	0.40	39.49

CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Current Collections</u>	<u>Percentage of Levy</u>
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%
2019	81,051,882	79,513,985	98.10%

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	2019			2010		
		Taxable Valuation	Rank	% of taxable value	Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	\$ 143,825,214	1	3.17%	\$ 204,089,144	1	5.39%
Rhythm City Casino LLC	Commercial	61,757,127	2	1.36%	-		0.00%
Iowa-American Water Co.	Utility	53,763,177	3	1.19%	41,860,979	3	1.11%
Macerich North Park Mall LLC/SDG Macerich Properties	Shopping Center	53,135,388	4	1.17%	63,972,785	2	1.69%
John Deere Construction	Commercial	28,106,784	5	0.62%	-		0.00%
THF Davenport North Development	Commercial	24,647,661	6	0.54%	17,372,600	9	0.46%
Putnam Landlord LLC	Commercial	21,426,291	7	0.47%	-		0.00%
Gulf Investments LLC	Utility	-		0.00%	24,522,800	4	0.65%
Deere & Company	Manufacturing	20,184,579	8	0.45%	22,600,000	5	0.60%
Menard Inc	Commercial	18,040,551	9	0.40%	-		0.00%
Falls Plaza LLC	Commercial	17,079,471	10	0.38%	-		0.00%
Davenport-Duhler Family Trust	Commercial	-		0.00%	20,554,200	6	0.54%
Northbrook Housing Partners	Property Managers	-		0.00%	19,374,430	7	0.51%
National Amusement Inc.	Theatre Complexes	-		0.00%	19,015,000	8	0.50%
Qwest	Utility	-		0.00%	15,281,242	10	0.40%
Total		<u>\$ 441,966,243</u>		<u>9.74%</u>	<u>\$ 448,643,180</u>		<u>11.85%</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			
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	4.65%	2,095
2016	173,938	-	311	57,197	15,899	96	247,441	5.42%	2,482
2017	169,499	-	570	62,309	21,871	-	254,249	5.36%	2,551
2018	164,094	-	449	58,931	21,172	-	244,646	unavailable	2,454
2019	161,763	-	333	60,538	19,990	-	242,624	unavailable	2,434

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
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
2019	222,301	(19,941)	202,360	4.66%	2,030

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, 2019
(dollars in thousands)

Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	30,800,000	49.83%	15,347,640
Eastern Iowa Community College	42,235,000	29.58%	<u>12,493,113</u>
Subtotal, overlapping debt			<u>27,840,753</u>
City direct debt			<u>161,762,878</u>
Total direct and overlapping debt			<u><u>\$ 189,603,631</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	2010	2011	2012	2013
Debt limit	\$ 295,219,101	\$ 297,663,843	\$ 303,752,150	\$ 306,921,649
Total net debt applicable to limit	<u>176,092,605</u>	<u>189,966,525</u>	<u>235,046,500</u>	<u>221,979,300</u>
Legal debt margin	\$ 119,126,496	\$ 107,697,318	\$ 68,705,650	\$ 84,942,349
Total net debt applicable to the limit as a percentage of debt limit	59.65%	63.82%	77.38%	72.32%

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 2019

Assessed valuation	\$ 7,242,953,885	
Debt limit (5% of assessed value)		\$ 362,147,694
Debt applicable to limit:		
General Obligation Bonds	210,350,000	
Tax Increment Financing Rebate Agreements subject to limit	2,451,388	
Total G.O. Indebtedness		<u>212,801,388</u>
Legal debt margin		<u><u>\$ 149,346,306</u></u>

2014	2015	2016	2017	2018	2019
\$ 307,269,293	\$ 312,585,544	\$ 318,401,799	\$ 323,975,819	\$ 330,626,114	\$ 362,147,694
<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>	<u>212,801,388</u>
\$ 101,681,943	\$ 122,719,369	\$ 94,600,270	\$ 102,026,314	\$ 113,597,090	\$ 149,346,306
66.91%	60.74%	70.29%	68.51%	65.64%	58.76%

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)
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	4,917,959,475	49,335	15,489	4.2%
2018	99,685	N/A (1)	N/A (1)	15,233	3.8%
2019	99,685	N/A (1)	N/A (1)	15,054	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	12/31/09			12/31/18		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	4,900	1	9.63%	4,805	1	9.40%
Arconic/ALCOA	2,030	3	3.99%	2,500	2	4.89%
Davenport Community Schools	2,096	2	4.12%	2,279	3	4.46%
Kraft Foods/Oscar Mayer	1,650	4	3.24%	1,195	4	2.34%
City of Davenport	1,086	5	2.13%	1,195	4	2.34%
MidAmerican Energy Company	1,025	6	2.01%	845	6	1.65%
Eastern Iowa Community College	1,005	7	1.97%	758	7	1.48%
Alorica Customer Care Inc./APAC Te	900	8	1.77%	650	8	1.27%
United Parcel Service	590	12	1.16%	640	9	1.25%
Von Maur	560	13	1.10%	640	9	1.25%
AT&T	610	10	1.20%	610	11	1.19%
Wells Fargo-Davenport Region	-		0.00%	610	11	1.19%
St. Ambrose University	636	9	1.25%	-		0.00%
Sears Manufacturing	600	11	1.18%	520	13	1.02%
Rhythm City Casino/Isle Capri	600	11	1.18%	-		0.00%
Scott County	455	14	0.89%	-		0.00%
	<u>18,743</u>		<u>36.82%</u>	<u>17,247</u>		<u>33.73%</u>

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

Source: Large Employer websites

CITY OF DAVENPORT

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS
June 30, 2019**

FUNCTION/PROGRAM	2018		2017		2016		2015		2014	
	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
PUBLIC SAFETY										
Police	191	20	181	22	180	25	186	23	186	24
Fire	134	-	133	-	136	-	142	-	143	-
PUBLIC WORKS	290	59	291	46	288	45	287	50	289	48
CULTURE & RECREATION										
Leisure Facilities and Services	20	313	18	308	19	290	18	218	17	209
Library	39	39	40	40	39	40	39	36	37	35
COMMUNITY & ECONOMIC DEVELOPMENT	21	-	24	-	22	-	23	-	20	2
GENERAL GOVERNMENT										
Mayor	2	-	2	-	2	-	2	-	2	-
Council	1	10	-	10	-	10	-	10	-	10
Finance	24	-	24	-	22	1	23	1	24	-
Information Technology	8	1	7	1	8	1	8	2	8	1
Administration	6	1	8	1	7	1	5	4	6	4
Legal	4	-	4	-	4	-	4	-	4	-
Human Resources	6	2	4	1	5	1	5	2	6	2
Civil Rights	4	-	4	1	4	1	4	3	4	3
Total	<u>750</u>	<u>445</u>	<u>740</u>	<u>430</u>	<u>736</u>	<u>415</u>	<u>746</u>	<u>349</u>	<u>746</u>	<u>338</u>

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

Source: City of Davenport Department of Human Resources.

2013		2012		2011		2010		2009	
FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
189	26	189	24	195	34	194	35	217	29
138	1	138	-	140	-	149	-	153	2
290	45	296	56	289	46	281	31	284	34
18	257	21	231 (1)	34	170	34	131	34	129
39	39	40	42	41	40	43	44	41	37
24	2	23	2	27	-	32	12	39	13
2	-	1	1	2	-	2	-	2	-
-	10	-	10	1	10	1	10	-	11
25	2	25	1	26	2	26	2	22	5
8	2	7	2	7	2	8	2	10	-
5	8	6	7	6	1	6	-	7	-
4	-	4	-	4	-	4	-	4	-
6	2	5	2	5	2	5	2	5	2
4	1	4	1	4	1	4	1	4	2
<u>752</u>	<u>395</u>	<u>759</u>	<u>379</u>	<u>781</u>	<u>308</u>	<u>789</u>	<u>270</u>	<u>822</u>	<u>264</u>

CITY OF DAVENPORT

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2019**

FUNCTION/PROGRAM	FISCAL YEAR					
	2019	2018	2017	2016	2015	2014
PUBLIC SAFETY						
Fire calls answered	16,443	18,363	18,741	18,056	16,690	16,373
Police-arrests (1)	4,936	6,244	5,963	5,944	6,887	7,632
Construction permits issued	2,726	2,515	2,873	3,142	2,395	2,602
PUBLIC WORKS						
Refuse collected (tons) (2)	32,652	29,996	26,331	27,907	27,197	26,920
Gallons of wastewater processed (in millions) (1)	15,541	9,919	11,525	12,200	10,494	8,541
Yard waste composted (cu yds)	78,829	80,720	155,373	136,197	110,723	101,373
Citibus ridership	584,273	622,937	659,155	1,278,115	1,503,419	1,362,174
Utility service customers	38,540	38,140	38,970	39,800	39,800	39,500
CULTURE & RECREATION						
Rounds of golf played	49,031	57,380	57,785	63,671	64,701	64,063
Swimming pools attendance	24,005	20,212	16,302	28,398	24,026	28,191
Recreation programs available	700	720	795	768	943	984
Recreation program enrollment	14,064	13,811	12,378	11,502	6,130	5,733
Library - walk-in patrons served	367,486	372,431	388,185	428,684	445,272	481,592
COMMUNITY & ECONOMIC DEVELOPMENT						
Planning & zoning-final development review	3	3	6	7	8	9
Households assisted with rental assistance	963	1,001	913	897	867	842

Source: Various City of Davenport departments.

FISCAL YEAR			
2013	2012	2011	2010
16,467	15,523	14,965	14,399
5,072	6,907	7,151	7,529
2,483	2,402	2,510	2,426
26,759	24,949	25,604	25,737
9,855	8,015	10,877	11,607
109,972	152,564	103,379	102,176
1,407,131	1,414,496	1,202,929	1,180,383
39,000	38,000	40,000	40,000
64,029	77,519	71,243	80,113
28,170	32,590	40,874	30,830
845	1,272	910	549
6,342	6,235	57,600	42,500
463,971	503,778	578,957	511,259
13	13	5	2
825	783	768	750

CITY OF DAVENPORT

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

June 30, 2019

FUNCTION/PROGRAM	FISCAL YEAR				
	2019	2018	2017	2016	2015
PUBLIC SAFETY					
Police cars	125	122	117	115	109
Fire stations	7	7	7	7	7
Fire trucks	16	16	16	16	16
PUBLIC WORKS					
Streets (miles)	711	703	703	701	695
Traffic signals	171	167	166	166	166
Street lights	9,712	9,712	9,712	9,712	9,708
Refuse collection trucks	30	30	31	29	32
Buses	27	25	21	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				
2014	2013	2012	2011	2010
105	104	82	83	74
7	7	7	7	7
16	16	16	16	16
695	695	695	695	695
166	166	161	156	153
9,708	9,703	9,691	9,691	9,680
32	32	29	31	31
22	21	23	21	21
3	3	3	3	3
1,981	1,913	1,913	1,700	1,700
3	3	3	3	3
3	3	3	3	3
