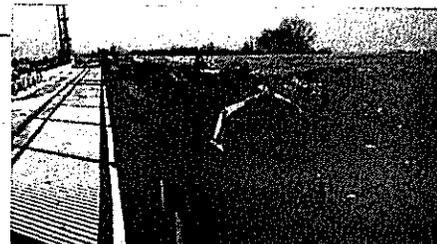




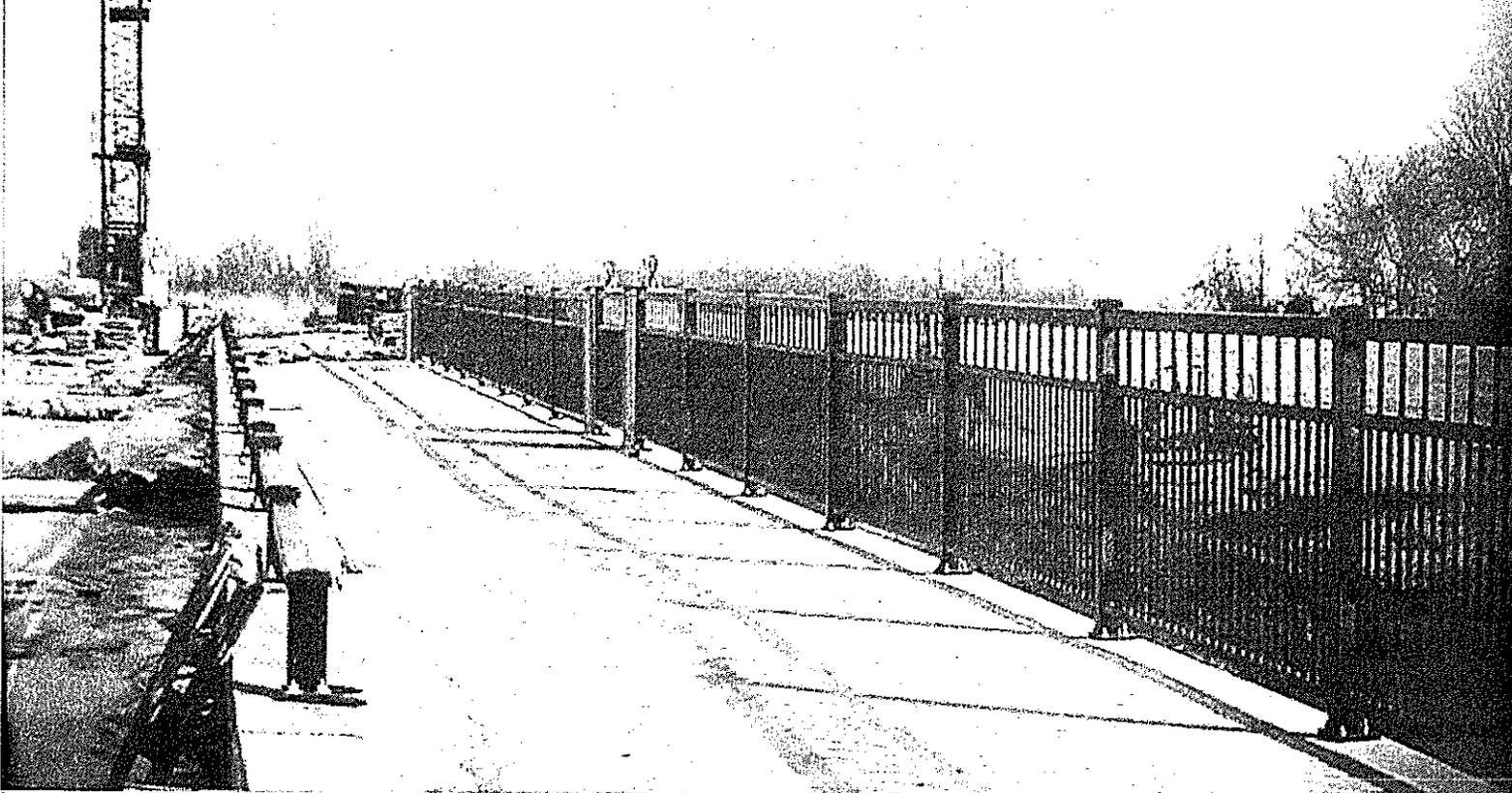
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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL ENDED JUNE 30, 2010



CITY OF DAVENPORT, IOWA



**CITY OF DAVENPORT, IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by:  
Finance Department  
Accounting Division**

**Front Cover: Designed by Helen Boyd, Engineering Division**

# INTRODUCTORY SECTION

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### INTRODUCTORY SECTION

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December 10, 2010

Honorable Mayor, Members of the City Council  
and Citizens  
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, 2010.

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 McGladrey & Pullen, 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, 2010 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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2010 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, 2010 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 2000 population of 359,062. Davenport had an estimated 2009 population of 101,335.

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 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. However, encumbrances generally are reappropriated as part of the following year's budget.

## **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 2010 unemployment rate (through nine months) of 7.9 % was lower than the nation (9.7%). The total number of jobs in the MSA has grown the past two years, and of the 206,310 persons in the labor force in 2010, 187,678 were employed, which is indicative of the economic diversification that has occurred. Major employment in the area includes the health care, retail, meat packing and

food processing, aluminum, and industrial and agricultural equipment sectors in addition to government, education and utilities. Employment levels at the City's largest employers remained remarkably stable during the economic downturn nationally following 9/11 and several are implementing plans to add jobs and make capital investment, including Deere & Company, Kraft/Oscar Mayer, Sears Manufacturing and M. A. Ford Manufacturing.

Tax base composition is diverse, consisting of 47 percent residential, 43 percent commercial, 6 percent utility and 4 percent industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 5.4 percent of total value and the remaining nine leading taxpayers account for just 6.5 percent of taxable value. More detailed information on permits and principal taxpayers can be found in the statistical section of this report.

The River Renaissance on the Mississippi project was kicked off in August 2001, when the State of Iowa approved a \$20 million grant to the City as part of the \$113 million. Completed in October 2008, River Renaissance is a collection of major improvements and renovations downtown and on the riverfront, including: the Figge Art Museum, the New Ventures Center, the River Music Experience, the River Music Skybridge, the Adler Theatre Stage Expansion and Downtown Parking. Scott County, Iowa assisted with a \$5 million grant subsequent to a special referendum at which 73 percent of voters favored the bond issue. This has spurred additional investments to Downtown Davenport including One Renaissance Plaza, a \$14 million, 90,000-square-foot, Class A office facility in the downtown and approximately 200 loft apartments constructed in the old warehouse district. The \$40 million renovation of the Hotel Blackhawk is nearly completed with the re-opening scheduled for December 2010. This facility is attached to the City's RiverCenter Convention Hall and will provide 130 new hotel rooms and 30 luxury market-rate apartments adding 130 jobs in downtown Davenport. In addition, two major corporations, AT&T (previously Cingular) and eServ, a Perot Systems Company have new facilities in Davenport. AT&T is now occupying a 75,000 square foot facility, bringing 510 jobs with a total payroll of \$11 million. eServe has completed constructing a new building valued at \$5.95 million providing at least 105 new positions for a total of 275 jobs. Approximately 100 engineering jobs will be created with an average annual wage of \$61,000 per year.

Budget Challenges. Recent years' budget processes have faced the many challenges presented by the current local, state and national economies, including: state-shared revenue reductions; loss of investment income due to lower returns in the current markets; state-mandated increases in public safety pension costs; increasing costs of health care; and increasing costs of liability and property insurance.

The General Fund includes most of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration.

The City's General Fund receives approximately 75 percent 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. Also, growth limitations are imposed on the City's property tax base by the State, including the residential property rollback. The 1995 phase out of property taxes on machinery and equipment reduced the City's property tax base by \$82 million from FY 2000 through FY 2004. The State has also exempted gas and electric utilities from property tax, and while a replacement tax was revenue neutral for three years, the actual experience has fallen short by \$50,000 per year. The taxable property tax base has grown moderately, an average of 5.1 percent annually over the last ten fiscal years ending in FY 2010, despite the above State limitations. Personnel costs represent 80 percent of the fund's expenditures. Wages have grown at an average annual rate of 4.5 percent over the last several years. Employee benefits include funding for health claims which have increased an average of 7.1 percent per year over the last 10 years ending in FY 2010. In addition, contributions to the state-wide fire and police pension system are scheduled to increase from the FY 2010 contribution rate of 17 percent to 19.9 percent for FY 2011 and 24.76 percent for FY 2012 due to recent losses in the pension fund brought on by the national economic downturn. As a result of this structural imbalance and the challenges discussed above, employee reductions, cost shifting and non-property tax revenue increases (including a garbage collection fee imposed in FY 2005 and clean water utility fee in FY 2006) have been necessary in order to balance the fund.

Future budgets will challenge the City to continue current services within the current revenue and expenditure structure. It is important to note that the State does provide unlimited property tax levies for employee benefits (trust and agency levy), debt service (debt service levy), and insurance/claims (tort liability levy), whereas the general and emergency levies are limited as discussed above.

Long-Term Financial Planning. Maintenance and expansion of the City's infrastructure (such as streets, curbs, sidewalks, sewers, bridges, and traffic signals) remain a major priority of the City. The City annually adopts a six-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs.

The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local sales tax receipts. The City attempts to leverage its program commitment with available grants from the federal and state governments and private sector partnerships. The program required a debt service property tax levy increase from the FY 2006 rate of \$.99/\$1,000 assessed value and includes programmed usage of the General Debt Service Fund Balance increase which is due to local option sales tax receipts exceeding budgeted property tax relief. The long term financial model as presented in the FY 2007 budget message projected an increase to \$1.76/\$1,000 assessed value in FY 2007, which the City Council approved in the adopted budget. The rate has remained the same since but is projected to increase by FY2014 if new projects added in FY2010 remain or if other new revenue is not identified to fund them, such as grants.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2010 include:

- Street improvements of approximately \$37 million including:
  - a. I-74 / 53<sup>rd</sup> Street Interchange \$20.8 million
  - b. Kimberly and Division Intersection \$3.33 million
  - c. Veterans Memorial Parkway Paving Projects \$2.4 million
  - d. Street resurfacing, full depth patching and reconstruction \$5.9 million
- Rail for Eastern Iowa industrial center \$5.3 million
- Bus maintenance facility \$4.5 million
- 67<sup>th</sup> Street Bridge over I-74 replacement \$2.3 million
- Centennial Park Phase III \$2.7 million
- Sanitary sewer inflow and infiltration projects identified in a 2001 needs assessment study; funding is also included to continue to prepare final plans and cost estimates for phase II and III of the Westside diversion tunnel. This project would resolve current and projected capacity problems and open 27 square miles to development in west/northwest Davenport. (\$50.8 million total cost)

### 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, 2009. This was the 27<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

In addition, the City has submitted its FY 2011 budget document to the GFOA for consideration for the GFOA's Distinguished Budget Presentation Award. This would be the 14<sup>th</sup> consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

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

Respectfully submitted,



Craig Malin  
City Administrator



Alan Guard  
Finance Director

# 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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

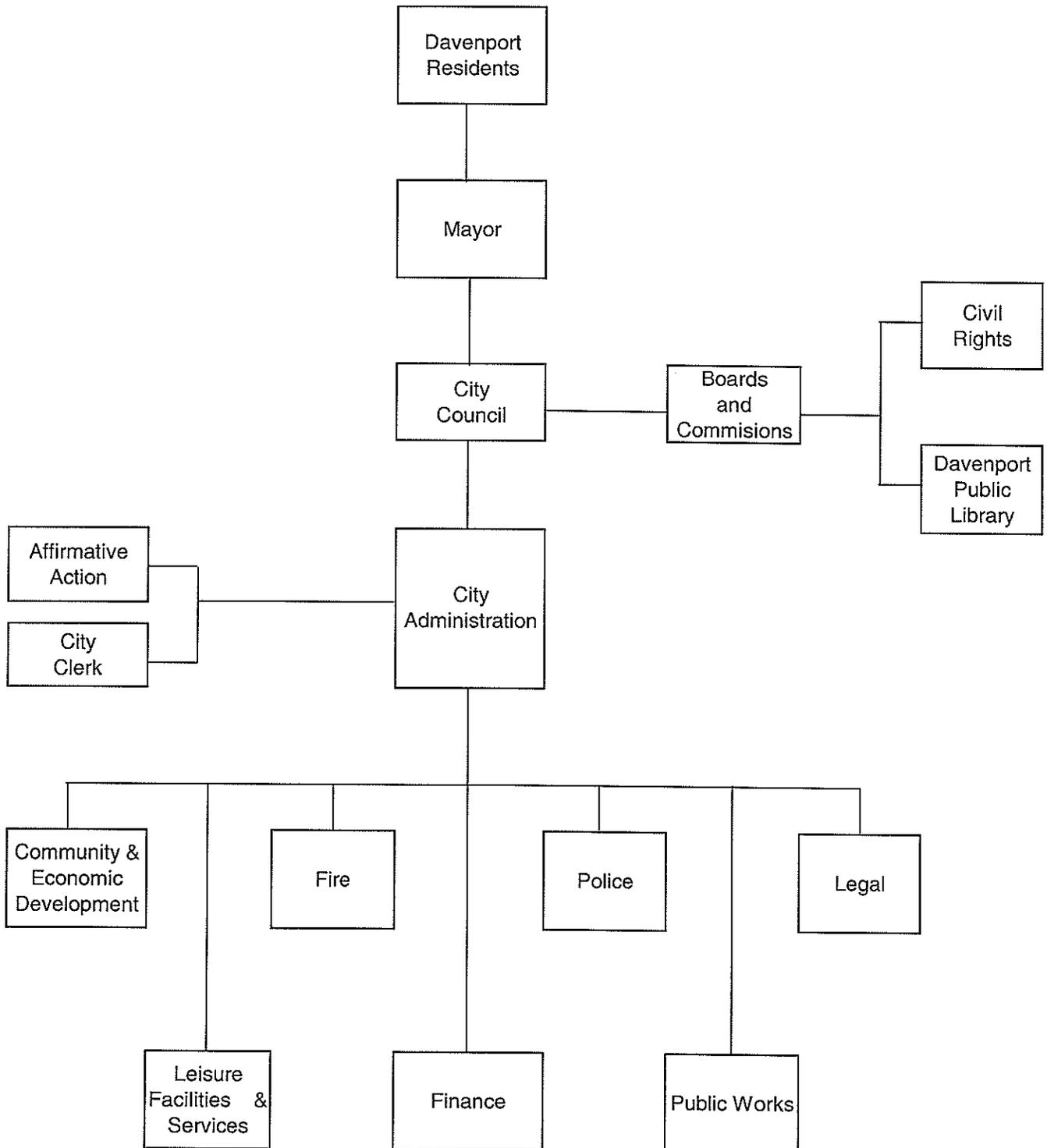
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF DAVENPORT

ORGANIZATIONAL CHART  
JUNE 30, 2010

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CITY OF DAVENPORT

**CITY OFFICIALS**

**June 30, 2010**

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<u>OFFICIAL TITLE</u>	<u>OFFICIAL</u>	<u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u>
<u>Elected Officials</u>		
Mayor	William E. Gluba	1/10
Alderman at Large	Gene Meeker	1/10
Alderman at Large	Ian Frink	1/10
Alderman First Ward	Nathan Brown	1/10
Alderman Second Ward	Bill Edmond	1/10
Alderman Third Ward	William J. Boom	1/10
Alderman Fourth Ward	Raymond A. Ambrose	1/10
Alderman Fifth Ward	Bill Lynn	1/10
Alderman Sixth Ward	Jeffrey W. Justin	1/10
Alderman Seventh Ward	Morris D Barnhill	1/10
Alderman Eighth Ward	Mike Matson	1/10

Administration

City Administrator                      Craig Malin

Departments

Civil Rights	Judith Morrell
Community and Economic Development	Pamela S. Miner
Finance	Alan E. Guard
Fire	Mark Frese
Human Resources	Dawn M. Sherman
Information Technology	Rob Henry
Legal	Thomas D. Warner
Leisure Facilities & Services	Seve Ghose
Library	LaWanda Roudebush
Police	Francis R. Donchez
Public Works	Michael F. Clarke

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# FINANCIAL SECTION

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## Independent Auditor's Report

To the Honorable Mayor and City Council  
City of Davenport, Iowa  
Davenport, Iowa

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Davenport, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of June 30, 2010, and the respective changes in financial position and the cash flows where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2010, on our consideration of the City of Davenport, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13, schedule of revenues, expenditures and changes in fund balances budget and actual and schedule of funding progress for other postemployment benefit plan on pages 60 through 63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 29, 2010

## 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, 2010. 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 vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

Overall, the City continues to maintain a strong financial position, in spite of economic pressures and State of Iowa mandates and cutbacks in shared revenues.

- The assets of the City of Davenport exceeded its liabilities at June 30, 2010 by \$252,165 (net assets). Current assets exceeded current liabilities by \$15,471.
- The government's total net assets decreased by \$13,521 during fiscal year (FY) 2010.
- At June 30, 2010, unreserved, undesignated fund balance for the General Fund was \$4,950, or 8 percent of total General Fund expenditures, while total fund balance represents 17 percent of total expenditures.

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

### Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the City of Davenport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during FY 2010. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Davenport that are principally supported by property taxes, other local taxes and state and federal grants (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Davenport include public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Davenport include parking, sewer operations, RiverCenter (convention center), public transit, public housing, golf courses, airport, solid waste collection, clean water utility, and River's Edge (indoor recreational facility).

The government-wide financial statements include only the City of Davenport itself (known as the primary government).

The government-wide financial statements can be found on pages 16 through 19 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 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 20 through 27 of this report.

**Proprietary funds.** The City of Davenport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Davenport's various functions. The City of Davenport uses internal service funds to account for employee health insurance, risk management, and information management services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The City of Davenport maintains ten enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In the basic financial statements, the proprietary fund financial statements provide separate information for the parking system, sewer operations, RiverCenter, and clean water as these are considered to be major funds of the City of Davenport. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report (supplemental information). The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The basic proprietary fund financial statements can be found on pages 28 through 39 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 40 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 41 through 60 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 65 through 85 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Comparative data from fiscal year 2009 and 2010 are presented below. In Davenport, assets exceeded liabilities by \$252,165 at the close of the fiscal year ended June 30, 2010.

#### City of Davenport's Net Assets

	Governmental Activities		Business-type activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 115,224	\$ 128,535	\$ 17,354	\$ 20,847	\$ 132,578	\$ 149,382
Capital assets	253,902	235,280	131,415	123,257	385,317	358,537
Total assets	369,126	363,815	148,769	144,104	517,895	507,919
Noncurrent liabilities						
outstanding	130,923	118,076	18,737	16,819	149,660	134,895
Other liabilities	108,348	99,741	7,721	7,598	116,069	107,339
Total liabilities	239,271	217,817	26,458	24,417	265,729	242,234
Net assets:						
Invested in capital assets,						
net of related debt	125,751	105,380	113,559	106,461	239,310	211,841
Restricted	26,269	37,924	4,415	-	30,684	37,924
Unrestricted	(22,166)	2,694	4,337	13,226	(17,829)	15,920
Total net assets	\$ 129,854	\$ 145,998	\$ 122,311	\$ 119,687	\$ 252,165	\$ 265,685

By far the largest portion of the City of Davenport's net assets (96 percent) 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 assets (12 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 \$15,471, \$6,422 and \$9,049, respectively.

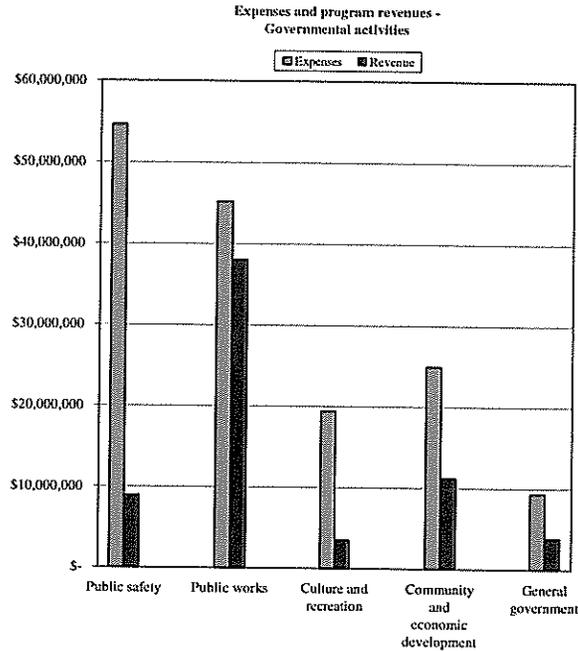
**City of Davenport's Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 15,992	\$ 7,807	\$ 23,437	\$ 24,105	\$ 39,429	\$ 31,912
Operating grants and contributions	22,362	17,584	1,752	1,558	24,114	19,142
Capital grants and contributions	27,042	5,315	8,980	1,603	36,022	6,918
<b>General revenues:</b>						
Property taxes	58,524	56,603	3,323	3,248	61,847	59,851
Other taxes	18,963	19,227	-	-	18,963	19,227
Other	1,155	1,492	399	510	1,554	2,002
<b>Total revenues</b>	<b>144,038</b>	<b>108,028</b>	<b>37,891</b>	<b>31,024</b>	<b>181,929</b>	<b>139,052</b>
<b>Expenses:</b>						
Public safety	54,618	37,946	-	-	54,618	37,946
Public works	45,178	22,727	-	-	45,178	22,727
Culture and recreation	19,396	13,925	-	-	19,396	13,925
Community and economic development	24,924	17,885	-	-	24,924	17,885
General government	9,385	10,027	-	-	9,385	10,027
Interest on long-term debt	6,233	5,160	-	-	6,233	5,160
Parking system	-	-	2,293	2,131	2,293	2,131
Sewer operations	-	-	14,614	13,661	14,614	13,661
RiverCenter	-	-	2,030	2,273	2,030	2,273
Public transit	-	-	5,556	5,244	5,556	5,244
Public housing	-	-	1,130	1,024	1,130	1,024
Golf courses	-	-	2,305	2,215	2,305	2,215
Airport	-	-	555	536	555	536
Curbside recycling	-	-	4,835	4,425	4,835	4,425
Clean water	-	-	2,232	1,804	2,232	1,804
Rivers Edge	-	-	166	-	166	-
<b>Total expenses</b>	<b>159,734</b>	<b>107,670</b>	<b>35,716</b>	<b>33,313</b>	<b>195,450</b>	<b>140,983</b>
Increase/(decrease) in net assets before transfers	(15,696)	358	2,175	(2,289)	(13,521)	(1,931)
Transfers	(448)	(347)	448	347	-	-
Increase/(decrease) in net assets	(16,144)	11	2,623	(1,942)	(13,521)	(1,931)
Net assets-beginning	145,998	145,987	119,687	121,629	265,685	267,616
Net assets-ending	\$ 129,854	\$ 145,998	\$ 122,310	\$ 119,687	\$ 252,164	\$ 265,685

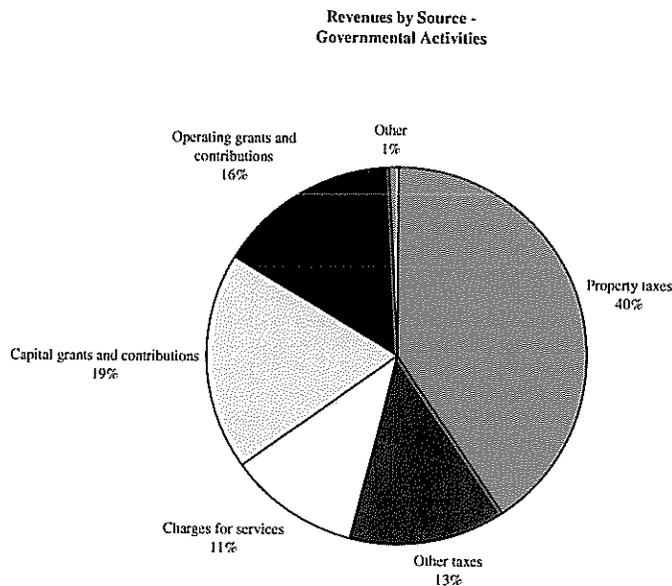
**Governmental activities.** Governmental activities decreased the City's net assets by \$15,696, before transfers. The key element of this decrease follows.

- A decrease in the Capital Projects Fund net assets reserved for capital projects of \$9,248 due to the timing of the funding issued for capital projects and the stage of completion of those projects. The FY 2010 report also correctly reflects unspent bond proceeds in governmental activities of \$14,694. More detail on the governmental activities' capital projects is provided in the Capital Asset and Debt Administration section of this document.

Certain revenues are generated that are specific to governmental program activities. These totaled \$65,396. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities.



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



Total governmental activities' revenues for FY 2010 were \$144,038, an increase of \$36,010 from FY 2009. The largest single revenue source was property taxes of \$58,524, which increased by \$1,922 (3 percent) during FY 2010. This increase resulted from an increase in the tax base of 3.0 percent and an improved overall collection rate. Capital grants increased by \$21,727 during FY10, this was due to Federal Stimulus funded paving of \$1,983; full depth patching completion of \$3,407; street resurfacing completion of \$5,169; 67<sup>th</sup> Street project of \$3,310; donated paving by subdividers of \$1,066; Centennial Park of \$4,998.

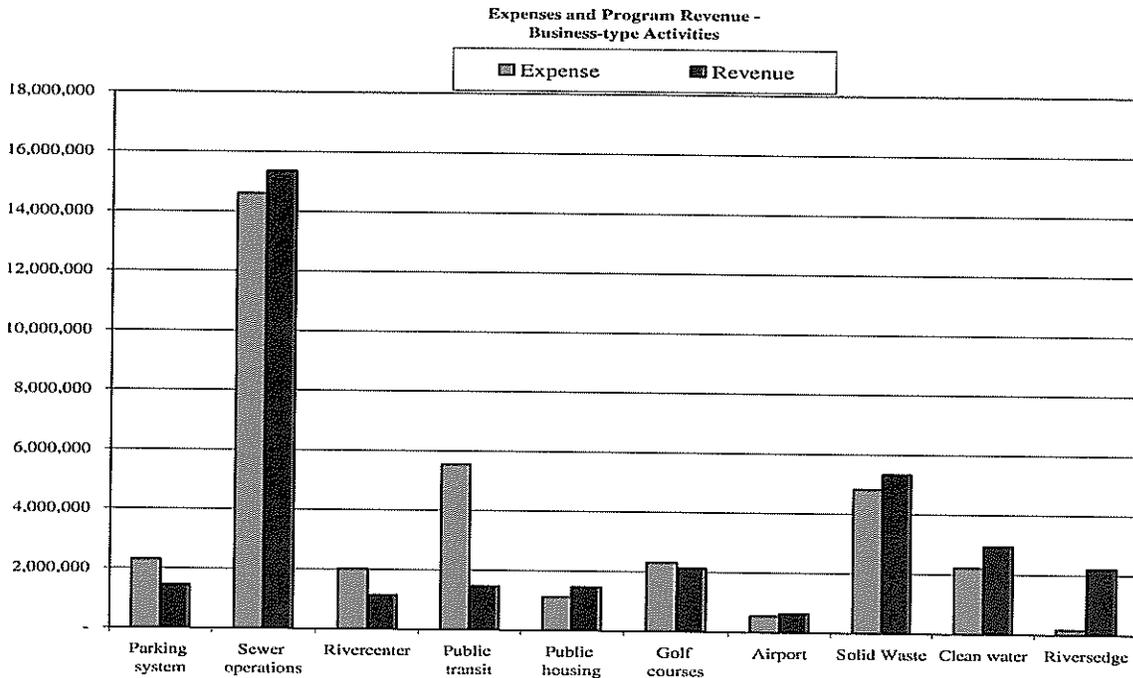
Charges for services increased by \$8,185 during FY10. This was due to the surrounding communities partnership salt purchase \$1,803 and a joint project funded with the Iowa American Water Company \$901 and speed cameras were turned back on \$503.

**Business-type activities.** Business-type activities increased the City of Davenport's net assets by \$2,175. The key elements of this increase follow:

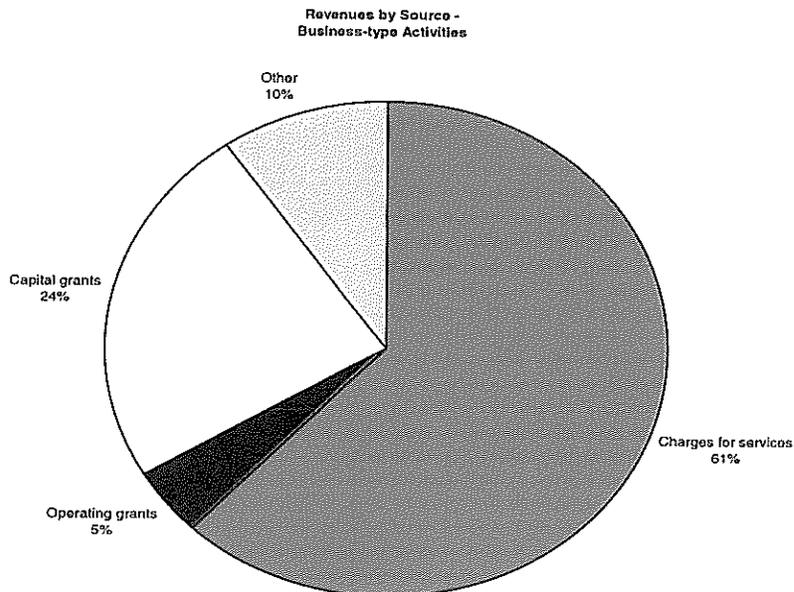
- The City purchased the River's Edge facility for \$1,834 and donated it to the newly created River's Edge fund.

Total business-type activities' revenue for the fiscal year was \$37,981.

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



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



## Financial Analysis of the City's Funds

As noted earlier, the City of Davenport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Davenport's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Davenport's financing requirements. In particular, unreserved 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 2010, the City of Davenport's governmental funds reported combined ending fund balances of \$17,321, a decrease of \$27,125 in comparison with the prior year. The decrease is attributable to a decrease in the local option sales tax fund of \$3,005; a decrease in the General Debt Service Fund of \$7,133, and a decrease in the Capital Projects Fund of \$9,248, all explained in the following paragraphs. There was also a decrease in the Road Use Tax fund of \$1,852 due to the completion of projects funded with road use tax and the early purchase of road salt for the 2010 winter season. There was also a decrease of \$4,995 in the Tax Increment Financing Districts Debt Service fund, due to the payment of a City contribution to the renovation of the Blackhawk hotel. Approximately 23 percent of this total amount, \$3,981, constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed or is restricted: (1) to liquidate contracts and purchase orders of the prior period \$878, (2) to pay debt service \$3,327, (3) to pay for capital improvements of \$3,224, (4) to pay employee benefits \$1,860, (5) to pay insurance and claims \$1,776, and (6) for a variety of other restricted purposes \$2,275.

The General Fund is the chief operating fund of the City of Davenport. The General Fund includes many of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration. The General Fund group as reported combines a number of individual funds each with a specific purpose. These include the General Fund, the City's primary operating fund; the Trust and Agency Fund, which accounts for employee benefits; Hotel/Motel Tax Fund; the Library Special Levy Fund, used to enhance library services; Parks Special Needs Funds and the Flood Fund. At the end of the current fiscal year 2010, unreserved, undesignated fund balance of the General Fund was \$4,950, while total fund balance was \$10,422. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 8.2 percent of total General Fund expenditures, 12.4 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 17.4 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund decreased by \$376 during the current fiscal year and the undesignated fund balance decreased by \$12. The State of Iowa allows a maximum property tax levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy for general activities. The City has been at the maximum levy rates since 1984 and 1986, respectively. In addition to these two levies, the State allows unlimited levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), which are also accounted for in the City's General Fund. Property tax balances from these two levies are reserved at the end of each year because their use is restricted.

The General Fund balances discussed above are considered adequate by management. The City's policy on fund balance of the General Fund, excluding the other specific-use funds, is that the unreserved fund balance will be maintained at 10 to 15 percent of the operating requirements. The current fund balance is within policy guidelines. Fund balances at June 30 cover the City's cash flow needs prior to the collection of property taxes (in September and March each year) so that cash flow borrowings are unnecessary. Fund balances also provide flexibility (for example, should revenue projections fall short) and can be used in cases of emergency (for example, flooding or storm clean-up).

The General Debt Service Fund has a total fund balance of \$2,965, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net decrease in fund balance during the current year in the General Debt Service Fund was \$7,133. The decrease in the General Debt Service Fund was due to the purchase of the River's Edge indoor facility of \$1,834, the Davenport Now tax rebate program of \$592, and a tax credit bridge loan for the Blackhawk Hotel developers of \$2,721. 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 total fund balance of \$3,872, of which, \$3,224 is reserved for capital projects and \$648 is reserved for encumbrances. The State of Iowa provides for a one-cent local option sales tax. Davenport voters approved the tax in 1988 and the referendum directs its usage to 60 percent for property tax relief (debt service levy) and 40 percent for capital improvements. A transfer of 60 percent of tax proceeds is made to the General Debt Service Fund and the remainder is transferred to the Capital Projects Fund as expenditures occur. The net decrease in fund balance during the current year was \$3,005, due to the completion of capital projects.

The Capital Projects Fund has a deficit fund balance of \$504, due to the start of FY11 projects early. The net decrease in fund balance during the current year in the Capital Projects Fund was \$9,248. This was due to the increased construction activity in FY10 on projects. The revenue increased \$19,323, while the expenditures increased \$30,240 from FY09. Major projects included a branch library of \$5,891; Centennial Park Phase II of \$4,997, and streets patching and resurfacing of \$13,870.

**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 62 and 63.

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

- The total original revenue budget of \$177,442 was increased to \$232,850, an increase of \$55,408. 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 \$28,423. There were also special revenue grant rollovers and new grants amounting to \$16,791.
- The total original expenditure budget of \$224,418 was increased to \$320,289, an increase of \$95,874. In the community and economic development category, \$10,356 was carried forward for on-going grants. In the capital outlay category, \$59,354 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects. In the debt service category an additional \$6,556 was budgeted to reflect two refunding issues.

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 \$53,752 were not accrued or received due to construction projects not completed and special revenue grants not yet spent.
- In the community and economic development expenditure category, \$3,126 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$73,126 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$10,013 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 62 and 63 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 \$65,092 was decreased to \$62,448, a decrease of \$693. In the intergovernmental revenue category, federal grants in the amount of \$524, state grants in the amount of \$254, and local grants in the amount of \$309 received subsequent to original budget adoption are included as both revenues and expenditures.

- The total original expenditure budget of \$61,294 was increased to \$62,003, an increase of \$709. Police forfeiture and seizure monies of \$148 held as reserved General Fund balance at June 30, 2009 were included in amendments in order to authorize the expenditure during FY 2010. Public works expenditures were increased in amendments by \$114 as a result of the carryforward of the monies collected from developers and reserved for reforestation. Culture and recreation expenditures were amended to include grants carried forward of \$259 and new grants received as noted under the revenue discussion.

Differences between the final amended budget and actual results of operations of the General Fund can be summarized as follows:

- The net change in the General Fund balance in FY 2010 was \$376, a positive variance from the budgeted change (\$642) of \$266.
- Revenue items that came in under budget included gaming taxes from the casino, interest earnings, and the sale of fuel to other municipalities.
- All expenditure categories came in under budget, partially due to the spending constraints imposed during the year
- A special library property tax levy (\$.27/\$1,000 assessed value) was approved by voters to support operations of two new branch libraries. Unexpended taxes of \$676 were a part of the favorable variance and a reservation of General Fund balance at June 30, 2010.

#### **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, 2010, amounts to \$385,317 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and vehicles, sanitary sewers, bridges, traffic signals, storm sewers, and paving. The total increase in the City of Davenport's investment in capital assets for the current fiscal year was 7 percent. Governmental activities accounted for \$18,623 of the increase, and the business type activities accounted for \$8,157 of the increase. At June 30, 2010, and June 30, 2009 the depreciable capital assets of the City were 39 to 38 percent depreciated. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2010 include the following:

##### Governmental activities

- Paving work completed by the City of \$16,344 including \$6,352 of street resurfacing, \$4,207 of full-depth patching, and \$3,310 of 67<sup>th</sup> Street Extension..
- Paving completed and contributed by developers \$1,066
- Eastern Avenue Library Branch \$5,891

##### Business-type activities

- Sanitary sewers built and contributed by developers \$1,999
- Storm sewers built and contributed by developers \$1,157
- Construction in progress on the Westside Diversion Tunnel \$3,549

Additional information on the City of Davenport's capital assets can be found in Note 5 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 16,548	\$ 16,010	\$ 11,190	\$ 11,190	\$ 27,738	\$ 27,200
Buildings	100,259	93,753	91,580	90,319	191,839	184,072
Improvements other than buildings	23,102	16,048	10,444	9,432	33,546	25,480
Sanitary sewers	-	-	64,557	62,558	64,557	62,558
Equipment and vehicles	36,656	33,862	30,465	28,800	67,121	62,662
Bridges	4,474	4,474	-	-	4,474	4,474
Traffic signals	7,404	7,355	-	-	7,404	7,355
Storm sewers	-	-	18,984	17,826	18,984	17,826
Paving	170,265	152,160	222	183	170,487	152,343
Seawalls	623	623	-	-	623	623
Tunnels	54	54	-	-	54	54
Construction in progress	9,973	15,695	10,503	4,048	20,476	19,743
Accumulated depreciation	(115,456)	(104,754)	(106,530)	(101,099)	(221,986)	(205,853)
<b>Total</b>	<b>\$ 253,902</b>	<b>\$ 235,280</b>	<b>\$ 131,415</b>	<b>\$ 123,257</b>	<b>\$ 385,317</b>	<b>\$ 358,537</b>

**Long-term debt.** At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$163,135. Of this amount, \$125,442 comprises debt being serviced from the general debt service fund from property taxes and 60 percent of the local option sales tax proceeds. The remainder of the City of Davenport's debt represents bonds serviced by specified revenue sources, including the tax increment financing districts debt service fund, the levee improvement commission fund, the municipal improvement districts fund, the sewer operations enterprise fund, the public housing enterprise fund, the golf courses enterprise fund, the parking system enterprise fund, and the airport enterprise fund. The City has issued general obligation bonds backed by its full faith and credit, including the unlimited debt service property tax levy, which are planned to be retired from the above revenue sources rather than revenue bonds because legal debt capacity exists (see below) and the resulting lower interest costs benefit its citizens and service users. Detailed information on bonded debt abatement by fund is contained in a summary on pages 94 and 95 of this report.

**City of Davenport's Outstanding Debt**  
General Obligation Bonds

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation Bonds	\$ 144,488	\$ 130,733	\$ 18,647	\$ 18,392	\$ 163,135	\$ 149,125

The City of Davenport's total debt increased by \$14,010 during the current fiscal year. New debt issuance of \$45,490 during the year slightly exceeded the debt retirement of \$31,480. The issuance was to finance the City's capital improvement program including streets, buildings, and sanitary sewers (abated by user fees), and tax increment financing projects (abated by tax increment financing revenue).

The City's scheduled debt repayment is rapid, with 78 percent of outstanding bonded debt scheduled for repayment in 10 years and 97 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 \$295,219,101, which is

significantly in excess of the City of Davenport's outstanding general obligation debt, \$163,135, and other debt subject to the debt limitation of \$12,958.

The City of Davenport maintains an AA rating from Standard & Poor's, and an Aa2 rating from Moody's Investors Service for general obligation debt (prior to recent adjustment proclamations). Both firms view the outlook for their most recent ratings as stable.

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**

In 1992 the State consolidated local police and fire retirement systems into a state-wide system (MFPRSI). MFPRSI is funded from members' contributions (9.35 percent of earnable compensation), State of Iowa contribution of \$2,816 per year (approximately 1.63 percent of earnable compensation), and cities contribute the amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial methods but not less than 17 percent of earnable compensation of the active members. Cities which are at the \$8.10 general levy maximum fund pension contributions from the Trust and Agency property tax levy. In 1999 the actuarially-determined City contribution rate was 11.12 percent. Since the minimum contribution rate established by statute was 17 percent, a margin of 5.88 percent was reported. This was at a time when investment returns were outstanding (and non-recurring). Police officers and firefighters requested that the State Legislature increase pension benefits. Cities through the Iowa League of Cities requested that the State Legislature decrease City contributions and provide a property tax reduction. The Legislature increased pension benefits in 2000. The actuarially-determined City contribution rate increased from 17 percent to 20.48 percent, 24.92 percent, and 28.21 percent for fiscal years 2004, 2005, and 2006, respectively. The increases were primarily the result of the pension benefit increase passed by the 2000 State Legislature and recent poor investment returns (losses) which are spread over a four-year period. As a result, the City's police and fire pension contribution has increased \$1,700 annually. The City's contribution rate for FY 2007 was 27.75 percent, 25.48 percent for FY 2008, 18.75 percent for FY 2009 and 17 percent for FY 2010. However, recent actuarial studies performed for MFPRSI indicate the rate will increase to 19.90 percent for FY 2011. Increases in this rate may have a direct impact on future budgets.

Total employee benefit health claims increased 13.5 percent during FY 2007, decreased 18.9 percent for FY 2008 ; increased 15 percent for FY 2009 and increased 1.7% for FY 2010. The City's contribution to the Employee Health Insurance Fund for the majority of its employees (General Fund employees) is financed by the unlimited Trust and Agency property tax levy. Approximately 60 percent of the City's employees are represented by five different bargaining units (American Federation of State, County and Municipal Employees, Fire, Police, Teamsters and Transit). At issue during recent negotiations has been wages and cost-sharing related to health benefits. During negotiations for FY 2010 through 2012, the City sought and received additional increases in employee monthly premiums from all employees. Also, these negotiations with all bargaining units resulted in three year settlements with all groups. General wage increases 3 percent for each year of the agreements.

For the future, plans to enable the City to continue to adopt balanced budgets include: continued use of the unlimited levies for employee benefits (Trust and Agency) and property and liability insurance and claims (Tort); the City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets and current efforts/projects include a technology assessment, and the consolidated dispatch project with Scott County, EMS Medic and the City of Bettendorf.

### **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: Alan E. Guard, Finance Director, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.

**CITY OF DAVENPORT**

**STATEMENT OF NET ASSETS  
June 30, 2010**

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>Current assets:</b>			
Unrestricted current assets:			
Cash and investments	\$ 5,205,105	\$ 2,313,740	\$ 7,518,845
Delinquent property taxes receivable	1,162,269	46,954	1,209,223
Succeeding year property taxes receivable	58,791,504	3,356,220	62,147,724
Other taxes receivable	2,972,659	-	2,972,659
Special assessments	1,156,436	-	1,156,436
Accounts receivable	4,091,150	6,690,682	10,781,832
Loans receivable	10,598,851	-	10,598,851
Notes receivable	2,720,850	-	2,720,850
Accrued interest receivable	3,728	973	4,701
Internal balances	4,294,085	(4,294,085)	-
Due from other governments	8,810,660	951,478	9,762,138
Prepaid items	229,168	8,728	237,896
Total unrestricted current assets	<u>100,036,465</u>	<u>9,074,690</u>	<u>109,111,155</u>
Restricted current assets:			
Cash and cash equivalents	<u>14,732,880</u>	<u>7,695,864</u>	<u>22,428,744</u>
Total current assets	<u>114,769,345</u>	<u>16,770,554</u>	<u>131,539,899</u>
<b>Noncurrent assets:</b>			
Deferred charge-issuance cost	453,801	95,195	548,996
Investment in joint venture	-	488,492	488,492
<b>Capital assets:</b>			
Land	16,547,885	11,190,268	27,738,153
Buildings	100,259,273	91,579,665	191,838,938
Improvements other than buildings	23,102,147	10,444,370	33,546,517
Sanitary sewers	-	64,556,816	64,556,816
Equipment and vehicles	36,655,911	30,465,341	67,121,252
Bridges	4,474,397	-	4,474,397
Traffic signals	7,403,608	-	7,403,608
Storm sewers	-	18,983,507	18,983,507
Paving	170,265,202	222,172	170,487,374
Seawalls	622,467	-	622,467
Tunnels	54,326	-	54,326
Construction in progress	9,973,356	10,503,032	20,476,388
Accumulated depreciation	(115,456,141)	(106,530,314)	(221,986,455)
Total capital assets	<u>253,902,431</u>	<u>131,414,857</u>	<u>385,317,288</u>
Total noncurrent assets	<u>254,356,232</u>	<u>131,998,544</u>	<u>386,354,776</u>
<b>Total assets</b>	<u>\$ 369,125,577</u>	<u>\$ 148,769,098</u>	<u>\$ 517,894,675</u>

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 10,855,972	\$ 588,460	\$ 11,444,432
Accrued wages payable	2,593,803	569,462	3,163,265
Accrued compensated absences	4,211,500	515,452	4,726,952
Claims and judgments	6,409,461	-	6,409,461
Due to other governments	290	-	290
Accrued interest payable	490,949	61,174	552,123
General obligation bonds payable	14,344,575	1,790,425	16,135,000
Unearned revenue:			
Succeeding year property tax	58,791,504	3,356,220	62,147,724
Other	10,610,631	29,028	10,639,659
<b>Total</b>	<b>108,308,685</b>	<b>6,910,221</b>	<b>115,218,906</b>
Current liabilities payable from restricted assets:			
Accounts payable	39,005	-	39,005
Deposits payable	-	810,841	810,841
<b>Total current liabilities payable from restricted assets</b>	<b>39,005</b>	<b>810,841</b>	<b>849,846</b>
<b>Total current liabilities</b>	<b>108,347,690</b>	<b>7,721,062</b>	<b>116,068,752</b>
Noncurrent liabilities:			
Accrued compensated absences	786,127	96,216	882,343
Other postemployment benefits	480,757	105,464	586,221
Note payable	-	1,669,198	1,669,198
General obligation bonds payable	128,500,309	16,866,564	145,366,873
Special assessment with government commitment	1,156,436	-	1,156,436
<b>Total noncurrent liabilities</b>	<b>130,923,629</b>	<b>18,737,442</b>	<b>149,661,071</b>
<b>Total liabilities</b>	<b>239,271,319</b>	<b>26,458,504</b>	<b>265,729,823</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	125,751,423	113,558,845	239,310,268
Restricted:			
Employee benefits	1,949,244	-	1,949,244
Tort liability	1,776,236	-	1,776,236
Debt retirement	6,684,101	-	6,684,101
Local option sales tax-capital projects	3,873,805	-	3,873,805
Community development act loans	2,452,812	-	2,452,812
Municipal improvement districts	705,900	-	705,900
Revolving loans	8,826,468	-	8,826,468
Equipment replacement	-	4,414,849	4,414,849
Unrestricted	(22,165,731)	4,336,900	(17,828,831)
<b>Total net assets</b>	<b>\$ 129,854,258</b>	<b>\$ 122,310,594</b>	<b>\$ 252,164,852</b>

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

**CITY OF DAVENPORT**

**STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2010**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 54,618,260	\$ 2,433,034	\$ 2,575,655	\$ 3,914,588
Public works	45,177,539	6,200,604	9,889,437	21,920,261
Culture and recreation	19,395,592	1,420,156	845,014	1,206,690
Community and economic development	24,923,932	2,134,740	9,052,354	-
General government	9,385,078	3,802,966	-	-
Interest on long-term debt	6,232,307	-	-	-
Total governmental activities	<u>159,732,708</u>	<u>15,991,500</u>	<u>22,362,460</u>	<u>27,041,539</u>
Business-type activities:				
Parking system	2,293,309	1,454,569	-	-
Sewer operations	14,614,261	11,693,354	-	3,673,716
Rivercenter	2,029,591	863,707	-	284,655
Public transit	5,555,580	479,090	985,111	3,857
Public housing	1,130,451	369,711	767,015	326,027
Golf courses	2,305,035	2,125,590	-	-
Airport	555,304	188,984	-	442,585
Solid waste	4,835,236	4,494,879	-	850,722
Clean water	2,231,978	1,730,883	-	1,217,041
Riversedge	166,168	36,618	-	2,181,184
Total business-type activities	<u>35,716,913</u>	<u>23,437,385</u>	<u>1,752,126</u>	<u>8,979,787</u>
Total government	<u>\$ 195,449,621</u>	<u>\$ 39,428,885</u>	<u>\$ 24,114,586</u>	<u>\$ 36,021,326</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 assets

Net assets, beginning

Net assets, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (45,694,983)	\$ -	\$ (45,694,983)
(7,167,237)	-	(7,167,237)
(15,923,732)	-	(15,923,732)
(13,736,838)	-	(13,736,838)
(5,582,112)	-	(5,582,112)
(6,232,307)	-	(6,232,307)
<u>(94,337,209)</u>	<u>-</u>	<u>(94,337,209)</u>
-	(838,740)	(838,740)
-	752,809	752,809
-	(881,229)	(881,229)
-	(4,087,522)	(4,087,522)
-	332,302	332,302
-	(179,445)	(179,445)
-	76,265	76,265
-	510,365	510,365
-	715,946	715,946
-	2,051,634	2,051,634
-	<u>(1,547,615)</u>	<u>(1,547,615)</u>
<u>(94,337,209)</u>	<u>(1,547,615)</u>	<u>(95,884,824)</u>
48,249,022	-	48,249,022
10,275,389	-	10,275,389
-	3,323,301	3,323,301
14,061,501	-	14,061,501
1,636,626	-	1,636,626
3,264,313	-	3,264,313
1,035,244	259,257	1,294,501
65,547	-	65,547
53,761	140,098	193,859
(448,666)	448,666	-
<u>78,192,737</u>	<u>4,171,322</u>	<u>82,364,059</u>
<u>(16,144,472)</u>	<u>2,623,707</u>	<u>(13,520,765)</u>
<u>145,998,730</u>	<u>119,686,887</u>	<u>265,685,617</u>
<u>\$ 129,854,258</u>	<u>\$ 122,310,594</u>	<u>\$ 252,164,852</u>

**CITY OF DAVENPORT**

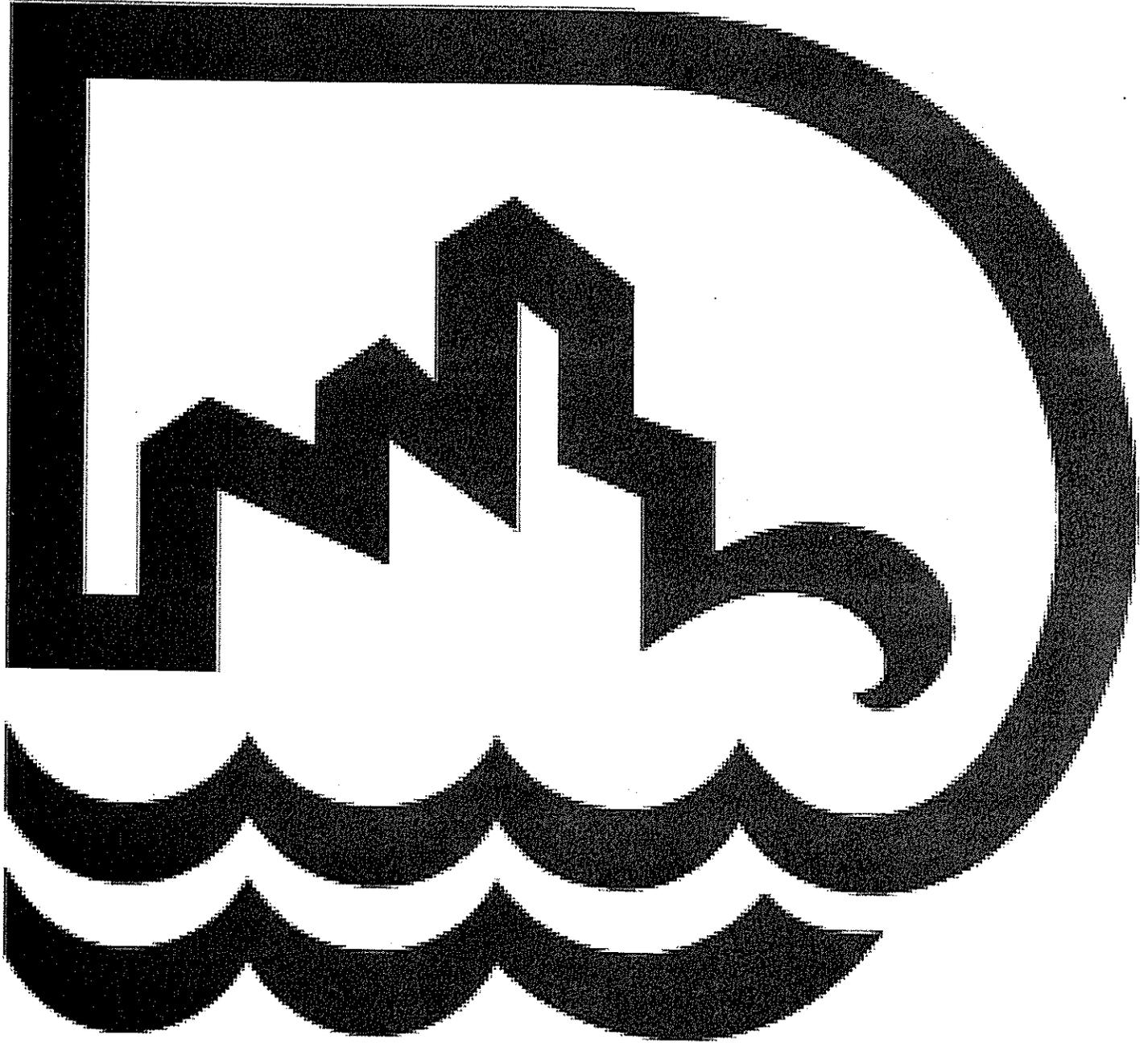
**GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2010**

<u>ASSETS</u>	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND
Cash and investments	\$ 5,207,712	\$ 2,366,179	\$ 2,112,569
Receivables:			
Property taxes:			
Delinquent	921,184	-	128,565
Succeeding year	47,522,608	-	6,561,966
Other taxes	664,122	2,308,537	-
Accounts	1,085,775	35,211	52,930
Special assessments	-	3,250	1,153,186
Loans	-	-	2,720,850
Interest	1,309	-	1,607
Interfund loans receivable	5,939,952	-	692,561
Due from other governments	477,117	-	-
Prepays	1,790	-	-
Restricted assets-cash and investments	110	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 61,821,679</u></b>	<b><u>\$ 4,713,177</u></b>	<b><u>\$ 13,424,234</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES:</b>			
Wages payable	\$ 2,124,842	\$ 75,272	\$ -
Accounts payable	1,056,811	62,039	-
Payable from restricted assets	110	-	-
Interfund loans payable	142	702,061	-
Due to other governments	-	-	-
Deferred revenue:			
Succeeding year property tax	47,522,608	-	6,561,966
Other	694,966	2,290	3,873,493
Matured bonds payable	-	-	20,000
Matured interest payable	-	-	3,381
Total Liabilities	<u>51,399,479</u>	<u>841,662</u>	<u>10,458,840</u>
<b>FUND BALANCES:</b>			
Reserved for encumbrances	163,091	647,362	-
Reserved for future projects	-	-	-
Reserved for tort liability	1,776,236	-	-
Reserved for loan applicants	-	-	-
Reserved for employee benefits	1,859,861	-	-
Reserved for library	675,676	-	-
Reserved for prepaids	1,790	-	-
Reserved for debt retirement	-	-	2,965,394
Reserved for drug enforcement	304,711	-	-
Reserved for capital projects	-	3,224,153	-
Unreserved:			
Designated for specific projects:			
General	691,239	-	-
Undesignated:			
General	4,949,596	-	-
Capital projects	-	-	-
Special revenue	-	-	-
Total Fund Balances	<u>10,422,200</u>	<u>3,871,515</u>	<u>2,965,394</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 61,821,679</u></b>	<b><u>\$ 4,713,177</u></b>	<b><u>\$ 13,424,234</u></b>

CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,159,931	\$ 2,234,309	\$ 15,080,700
-	112,520	1,162,269
-	4,706,930	58,791,504
-	-	2,972,659
1,884,436	911,610	3,969,962
-	-	1,156,436
-	10,598,851	13,319,701
-	278	3,194
259,559	-	6,892,072
5,310,439	3,023,104	8,810,660
-	-	1,790
-	38,895	39,005
<u>\$ 10,614,365</u>	<u>\$ 21,626,497</u>	<u>\$ 112,199,952</u>

\$ 13,487	\$ 310,380	\$ 2,523,981
8,118,173	1,445,825	10,682,848
-	38,895	39,005
-	2,325,538	3,027,741
-	290	290
-	4,706,930	58,791,504
2,986,644	12,233,260	19,790,653
-	-	20,000
-	-	3,381
<u>11,118,304</u>	<u>21,061,118</u>	<u>94,879,403</u>

-	67,175	877,628
-	689,476	689,476
-	-	1,776,236
-	603,607	603,607
-	-	1,859,861
-	-	675,676
-	-	1,790
-	361,253	3,326,647
-	-	304,711
-	-	3,224,153
-	-	691,239
-	-	4,949,596
(503,939)	-	(503,939)
-	(1,156,132)	(1,156,132)
<u>(503,939)</u>	<u>565,379</u>	<u>17,320,549</u>
<u>\$ 10,614,365</u>	<u>\$ 21,626,497</u>	<u>\$ 112,199,952</u>



**CITY OF DAVENPORT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
NET ASSETS  
June 30, 2010**

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Total governmental fund balances	\$ 17,320,549
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	250,588,197
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	9,180,022
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,691,814
Internal service fund activities allocated to business-type activities	429,754
Deferred charges	453,801
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	(4,873,738)
Accrued interest payable	(487,568)
General obligation bonds payable	(143,981,320)
Other post employment benefits	(467,253)
	<hr/>
	(149,809,879)
Net assets of governmental activities	<hr/> <u>\$ 129,854,258</u>

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

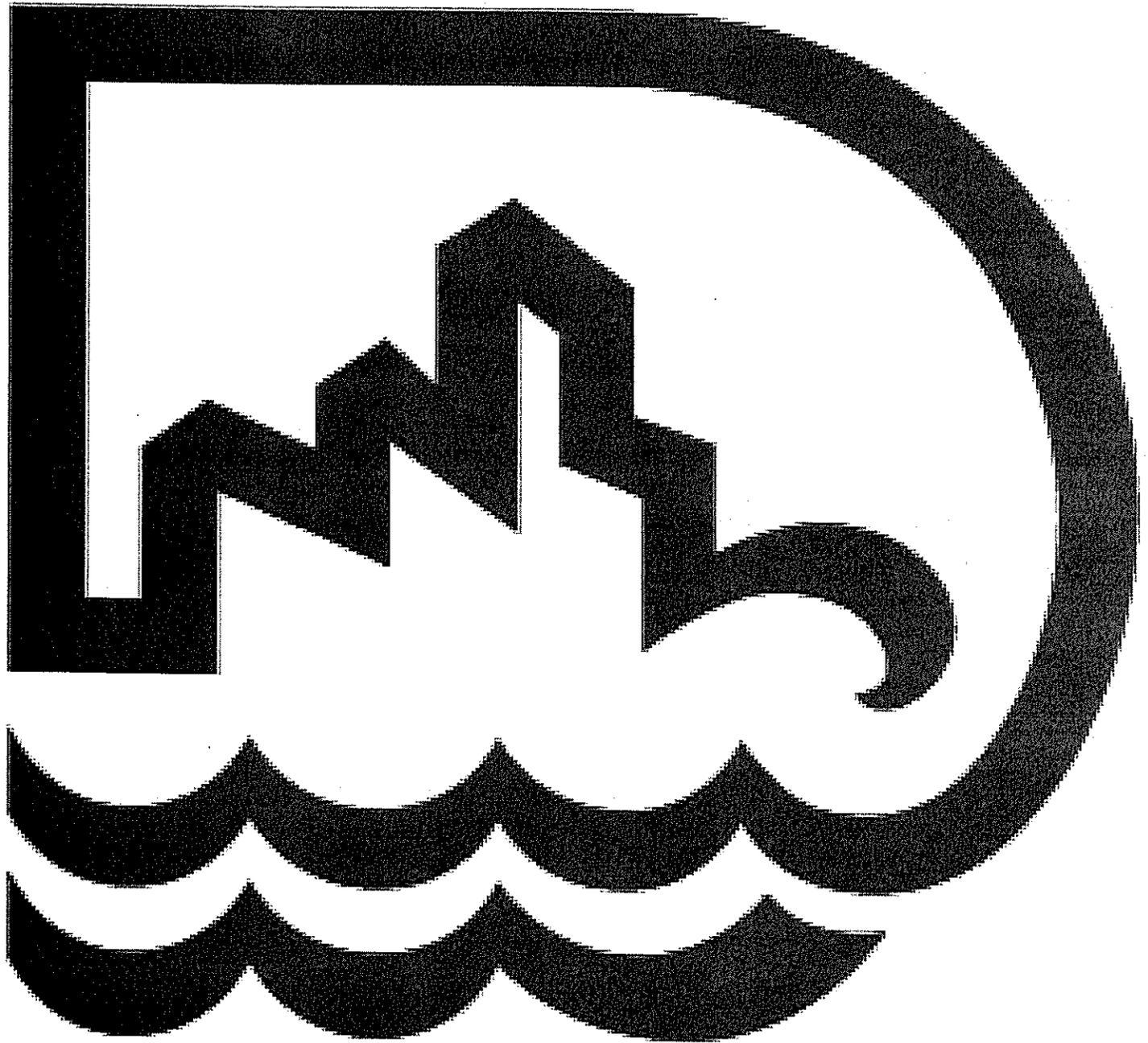
**CITY OF DAVENPORT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2010**

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
<b>REVENUES:</b>				
Taxes	\$ 51,637,076	\$ 14,061,501	\$ 6,617,325	\$ -
Special assessments	-	3,534	34,183	-
Licenses and permits	1,250,968	-	-	-
Intergovernmental	1,470,469	-	-	8,781,489
Charges for services	3,819,199	107,670	-	-
Use of monies and property	290,779	16,850	241,717	-
Fines and forfeits	1,314,564	-	-	-
Loan repayments	-	-	-	-
Other	335,943	-	393,059	1,767,634
<b>Total Revenues</b>	<b>60,118,998</b>	<b>14,189,555</b>	<b>7,286,284</b>	<b>10,549,123</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public safety	37,178,449	854,444	-	-
Public works	3,365,560	2,047,995	-	-
Culture and recreation	10,057,762	238,639	1,834,600	-
Community and economic development	988,137	632,459	3,312,724	-
General government	8,120,772	127,363	2,600	-
Capital outlay	-	-	-	56,227,626
<b>Debt service:</b>				
Principal retirement	-	-	12,897,625	-
Interest	-	-	4,865,429	-
Bond issuance costs	-	-	37,243	110,805
<b>Total Expenditures</b>	<b>59,710,680</b>	<b>3,900,900</b>	<b>22,950,221</b>	<b>56,338,431</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>408,318</b>	<b>10,288,655</b>	<b>(15,663,937)</b>	<b>(45,789,308)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	-	-	-	28,676,000
Discount on debt issued	-	-	71,634	(138,536)
Premium on debt issued	-	-	-	-
Sale of capital assets	14,935	18,509	-	-
Transfers in	179,580	-	8,436,901	8,004,336
Transfers out	(979,272)	(13,312,275)	-	-
Refunding bond issuance	-	-	4,117,150	-
Payment to refunded bond escrow agent	-	-	(4,095,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(784,757)</b>	<b>(13,293,766)</b>	<b>8,530,685</b>	<b>36,541,800</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(376,439)</b>	<b>(3,005,111)</b>	<b>(7,133,252)</b>	<b>(9,247,508)</b>
<b>FUND BALANCES-BEGINNING</b>	<b>10,798,639</b>	<b>6,876,626</b>	<b>10,098,646</b>	<b>8,743,569</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 10,422,200</b>	<b>\$ 3,871,515</b>	<b>\$ 2,965,394</b>	<b>\$ (503,939)</b>

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 4,852,129	\$ 77,168,031
-	37,717
24,967	1,275,935
18,772,315	29,024,273
-	3,926,869
485,898	1,035,244
-	1,314,564
648,896	648,896
1,866,200	4,362,836
<u>26,650,405</u>	<u>118,794,365</u>
178,697	38,211,590
11,756,067	17,169,622
213,791	12,344,792
15,765,956	20,699,276
120,167	8,370,902
-	56,227,626
2,014,600	14,912,225
1,212,605	6,078,034
5,656	153,704
<u>31,267,539</u>	<u>174,167,771</u>
<u>(4,617,134)</u>	<u>(55,373,406)</u>
-	28,676,000
-	(66,902)
30,668	30,668
33,164	66,608
330,251	16,951,068
(3,108,187)	(17,399,734)
2,429,250	6,546,400
<u>(2,460,500)</u>	<u>(6,555,500)</u>
<u>(2,745,354)</u>	<u>28,248,608</u>
(7,362,488)	(27,124,798)
<u>7,927,867</u>	<u>44,445,347</u>
<u>\$ 565,379</u>	<u>\$ 17,320,549</u>



**CITY OF DAVENPORT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2010**

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

Net change in fund balances: total governmental funds \$ (27,124,798)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost for those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlay in the current period.

Capital Expenditures	11,680,513
Depreciation	(11,290,166)
	<hr/>
	390,347

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

Donations	17,869,813
Proceeds from sale of capital assets	(66,608)
Gain on sale of capital asset	65,547
	<hr/>
	17,868,752

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 7,306,117

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 assets. Also, governmental funds report the effect of issuance costs, 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	(35,105,229)
Repayment of bond principal	21,405,974
Deferred charges	70,759
Interest	(2,478)
	<hr/>
	(13,630,974)

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. (135,849)

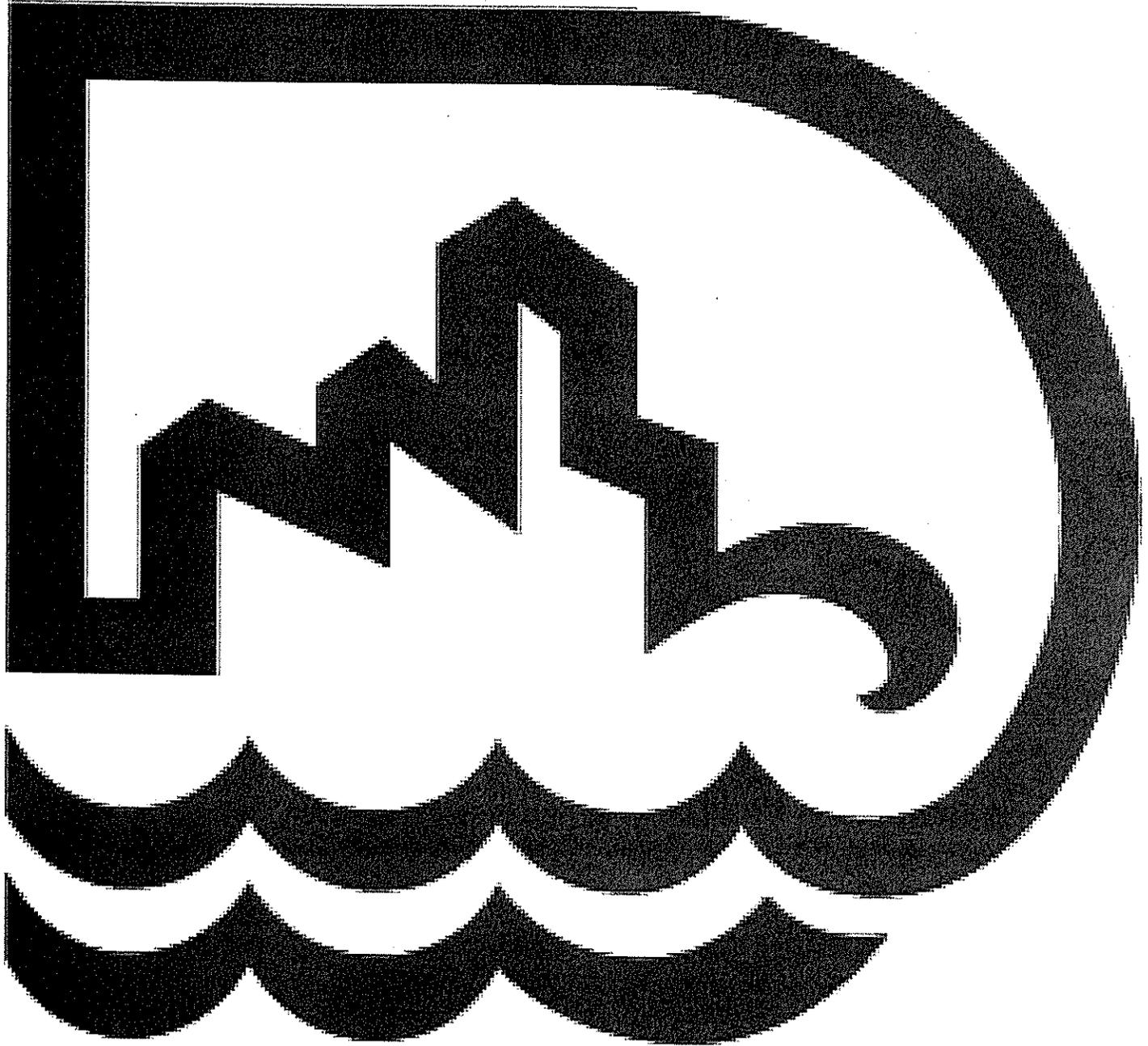
Internal services funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities. (819,067)

Change in net assets of governmental activities \$ (16,144,472)



**ENTERPRISE FUNDS**

<u>RIVERCENTER</u>	<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
\$ 68,465	\$ 955,102	\$ 804,786	\$ 2,313,740	\$ 4,818,280
-	-	46,954	46,954	-
-	-	3,356,220	3,356,220	-
445,902	527,367	1,863,966	6,690,682	121,188
-	119	71	973	534
-	-	713,112	951,478	-
8,728	-	-	8,728	227,378
-	-	31,524	7,695,864	-
<u>523,095</u>	<u>1,482,588</u>	<u>6,816,633</u>	<u>21,064,639</u>	<u>5,167,380</u>
-	-	3,000	95,195	-
-	-	488,492	488,492	-
2,472,550	144,078	4,146,837	11,190,268	-
18,436,737	-	15,583,297	91,579,665	-
59,147	-	10,244,112	10,444,370	1,591,639
-	-	-	64,556,816	-
444,632	1,093,076	10,786,907	30,465,341	3,484,794
84,121	-	138,051	222,172	-
-	18,983,507	-	18,983,507	-
(8,907,838)	(8,355,152)	(21,247,760)	(106,530,314)	(1,762,199)
93,167	490,075	744,282	10,503,032	-
<u>12,682,516</u>	<u>12,355,584</u>	<u>20,887,218</u>	<u>131,998,544</u>	<u>3,314,234</u>
<u>13,205,611</u>	<u>13,838,172</u>	<u>27,703,851</u>	<u>153,063,183</u>	<u>8,481,614</u>
2,253	33,698	280,418	569,462	69,822
52,843	18,381	337,699	588,460	173,124
-	-	1,347	61,174	-
1,783	27,718	190,609	515,452	104,401
-	-	-	-	6,409,461
-	56,983	1,430,416	3,864,331	-
-	-	3,356,220	3,356,220	-
26,643	-	2,385	29,028	-
-	-	104,000	1,790,425	-
-	-	31,524	810,841	-
<u>83,522</u>	<u>136,780</u>	<u>5,734,618</u>	<u>11,585,393</u>	<u>6,756,808</u>
333	5,174	35,579	96,216	19,488
469	5,833	49,387	105,464	13,504
-	-	-	1,669,198	-
-	-	404,464	16,866,564	-
<u>802</u>	<u>11,007</u>	<u>489,430</u>	<u>18,737,442</u>	<u>32,992</u>
<u>84,324</u>	<u>147,787</u>	<u>6,224,048</u>	<u>30,322,835</u>	<u>6,789,800</u>
12,682,516	12,355,584	19,887,262	113,558,845	3,314,234
-	-	-	4,414,849	-
438,771	1,334,801	1,592,541	4,766,654	(1,622,420)
<u>\$ 13,121,287</u>	<u>\$ 13,690,385</u>	<u>\$ 21,479,803</u>	<u>\$ 122,740,348</u>	<u>\$ 1,691,814</u>



CITY OF DAVENPORT

**RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS TO THE STATEMENT OF NET ASSETS**  
**June 30, 2010**

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Total enterprise funds net assets	\$ 122,740,348
Amounts reported for enterprise activities in the statement of net assets 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.	(351,972)
Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds.	<u>(77,782)</u>
Net assets of business-type activities	<u>\$ 122,310,594</u>

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

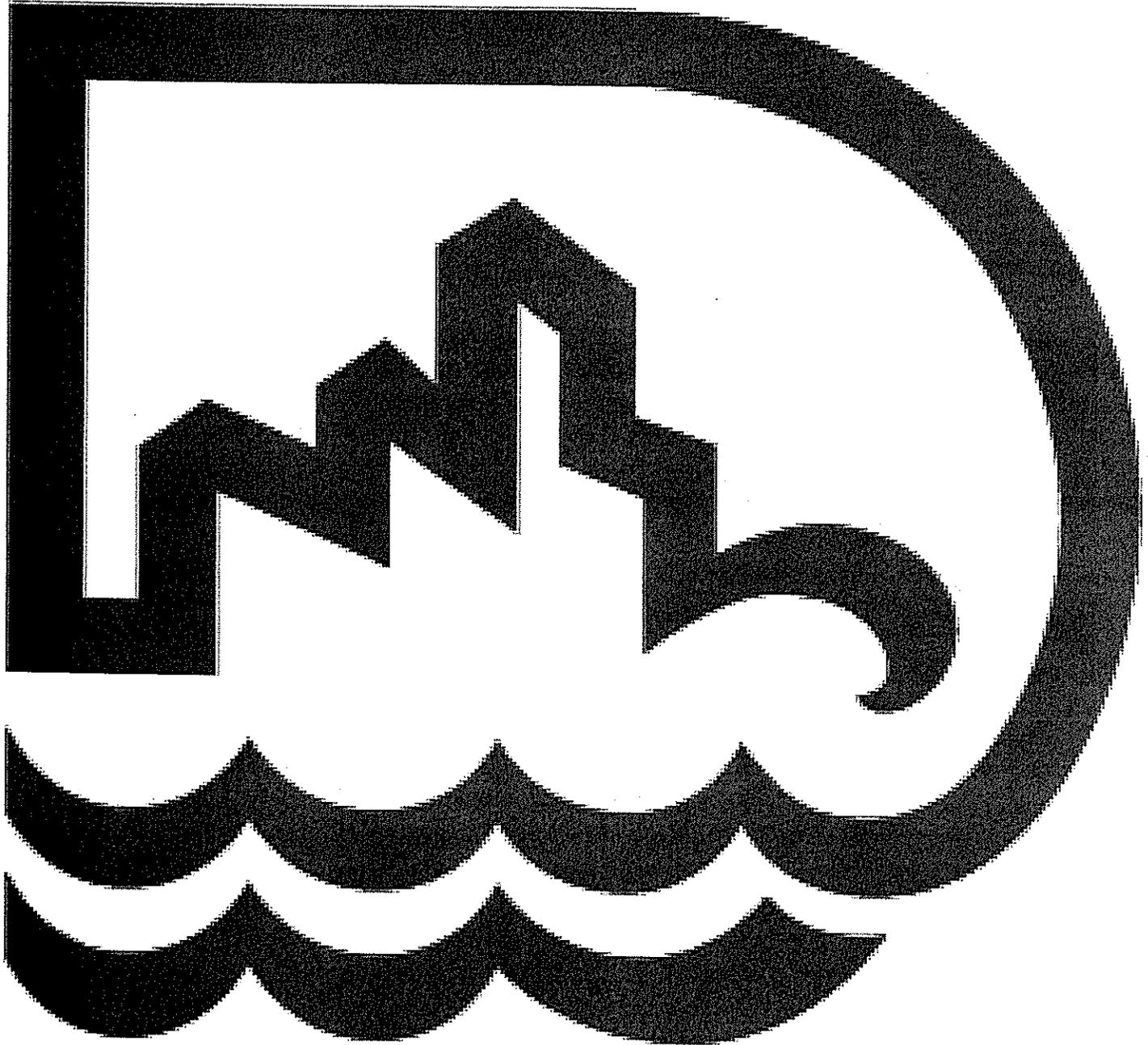
**CITY OF DAVENPORT**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
For the Fiscal Year Ended June 30, 2010**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<b><u>PARKING SYSTEM</u></b>	<b><u>SEWER OPERATIONS</u></b>	<b><u>RIVERCENTER</u></b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,304,736	\$ 11,682,508	\$ 863,707
Fines and forfeits	149,833	-	-
Other	846	24,335	27,726
Total Operating Revenues	<u>1,455,415</u>	<u>11,706,843</u>	<u>891,433</u>
<b>OPERATING EXPENSES:</b>			
Employee expenses	497,462	5,474,743	56,162
Supplies and services	611,260	5,407,626	1,464,187
Depreciation	710,672	3,176,866	496,238
Total Operating Expenses	<u>1,819,394</u>	<u>14,059,235</u>	<u>2,016,587</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(363,979)</u>	<u>(2,352,392)</u>	<u>(1,125,154)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Operating grants	-	-	-
Use of monies and property	11,996	96,812	-
Interest expense	(453,673)	(451,963)	-
Gain (loss) on disposition of capital assets	-	5,450	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>(441,677)</u>	<u>(349,701)</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(805,656)</u>	<u>(2,702,093)</u>	<u>(1,125,154)</u>
Capital contributions	-	3,673,716	284,655
Transfers in	-	-	628,917
Transfers out	-	-	-
Change in net assets	<u>(805,656)</u>	<u>971,623</u>	<u>(211,582)</u>
Total net assets - beginning	<u>16,180,265</u>	<u>58,102,641</u>	<u>13,332,869</u>
Total net assets - ending	<u>\$ 15,374,609</u>	<u>\$ 59,074,264</u>	<u>\$ 13,121,287</u>

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

<b>ENTERPRISE FUNDS</b>			
<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS</u>
\$ 1,730,883	\$ 7,689,930	\$ 23,271,764	\$ 16,981,774
-	-	149,833	-
2,100	85,091	140,098	1,277
<u>1,732,983</u>	<u>7,775,021</u>	<u>23,561,695</u>	<u>16,983,051</u>
753,800	6,035,187	12,817,354	1,650,171
771,821	6,741,449	14,996,343	16,835,792
692,390	1,539,909	6,616,075	330,877
<u>2,218,011</u>	<u>14,316,545</u>	<u>34,429,772</u>	<u>18,816,840</u>
<u>(485,028)</u>	<u>(6,541,524)</u>	<u>(10,868,077)</u>	<u>(1,833,789)</u>
-	3,323,301	3,323,301	-
-	1,752,126	1,752,126	-
10,312	145,533	264,653	28,063
-	(20,519)	(926,155)	-
-	(9,014)	(3,564)	-
-	4,942	4,942	-
<u>10,312</u>	<u>5,196,369</u>	<u>4,415,303</u>	<u>28,063</u>
(474,716)	(1,345,155)	(6,452,774)	(1,805,726)
1,217,041	3,804,375	8,979,787	635,687
-	-	628,917	-
<u>(75,000)</u>	<u>(105,251)</u>	<u>(180,251)</u>	<u>-</u>
667,325	2,353,969	2,975,679	(1,170,039)
<u>13,023,060</u>	<u>19,125,834</u>	<u>119,764,669</u>	<u>2,861,853</u>
<u>\$ 13,690,385</u>	<u>\$ 21,479,803</u>	<u>\$ 122,740,348</u>	<u>\$ 1,691,814</u>



CITY OF DAVENPORT

**RECONCILIATION OF THE CHANGE IN NET ASSETS OF ENTERPRISE FUNDS TO THE  
STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2010

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Net change in net assets in enterprise funds \$ 2,975,679

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.

(351,972)

Change in net assets of business-type activities

\$ 2,623,707

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, 2010**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from users	\$ 1,461,274	\$ 11,362,236
Cash paid to suppliers for goods and services	(611,869)	(5,357,400)
Cash paid to employees for services	(485,961)	(5,355,487)
Other operating revenue	846	24,335
Net Cash Provided by (Used for) Operating Activities	<u>364,290</u>	<u>673,684</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Repayments to other funds	-	(109,904)
Advances from other funds	-	2,230,252
Operating grants	-	-
Property tax	-	-
Transfers in	-	-
Transfers out	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>2,120,348</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from general obligation bonds	-	2,099,000
Proceeds from loan	-	1,669,198
Refunding discount/issue costs	21,614	17,211
Proceeds from the sale of capital assets	-	5,450
Acquisition and construction of capital assets	(71,120)	(4,763,570)
Principal paid on long-term debt	(403,000)	(1,243,775)
Interest paid on long-term debt	(452,495)	(442,000)
Deposits-other municipalities	-	(179,842)
Refunding bond proceeds	8,168,600	-
Payment to refunding bond escrow agent	(8,168,600)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(905,001)</u>	<u>(2,838,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and other investment income	<u>14,737</u>	<u>104,084</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(525,974)	59,788
CASH AND CASH EQUIVALENTS-BEGINNING	<u>1,011,361</u>	<u>7,604,552</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 485,387</u>	<u>\$ 7,664,340</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>
\$ 594,656	\$ 1,751,576	\$ 7,673,616	\$ 22,843,358	\$ 17,447,727
(1,497,709)	(789,731)	(6,711,255)	(14,967,964)	(15,426,902)
(55,916)	(754,998)	(5,990,225)	(12,642,587)	(1,674,652)
27,726	2,100	85,091	140,098	1,277
<u>(931,243)</u>	<u>208,947</u>	<u>(4,942,773)</u>	<u>(4,627,095)</u>	<u>347,450</u>
-	(33,136)	(1,084,087)	(1,227,127)	-
-	56,983	1,430,416	3,717,651	-
-	-	1,752,126	1,752,126	-
-	-	3,323,301	3,323,301	-
628,917	-	-	628,917	-
-	(75,000)	(105,251)	(180,251)	-
<u>628,917</u>	<u>(51,153)</u>	<u>5,316,505</u>	<u>8,014,617</u>	<u>-</u>
-	-	-	2,099,000	-
-	-	-	1,669,198	-
-	-	1,990	40,815	-
-	-	-	5,450	-
-	(788,701)	(179,619)	(5,803,010)	(58,816)
-	-	(101,000)	(1,747,775)	-
-	-	(20,734)	(915,229)	-
-	-	-	(179,842)	-
-	-	-	8,168,600	-
-	-	-	(8,168,600)	-
<u>-</u>	<u>(788,701)</u>	<u>(299,363)</u>	<u>(4,831,393)</u>	<u>(58,816)</u>
-	12,872	146,861	278,554	42,797
(302,326)	(618,035)	221,230	(1,165,317)	331,431
<u>370,791</u>	<u>1,573,137</u>	<u>615,080</u>	<u>11,174,921</u>	<u>4,486,849</u>
<u>\$ 68,465</u>	<u>\$ 955,102</u>	<u>\$ 836,310</u>	<u>\$ 10,009,604</u>	<u>\$ 4,818,280</u>

**CITY OF DAVENPORT**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
For the Fiscal Year Ended June 30, 2010**

	<b><u>BUSINESS-TYPE ACTIVITIES -</u></b>	
	<b><u>PARKING SYSTEM</u></b>	<b><u>SEWER OPERATIONS</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>		
Operating Income (Loss)	<u>\$ (363,979)</u>	<u>\$ (2,352,392)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	710,672	3,176,866
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	6,705	(279,473)
Decrease (increase) in due from other governments	-	(40,799)
Decrease (increase) in prepaids	-	-
Increase (decrease) in accounts payable	(609)	50,226
Increase (decrease) in other accrued liabilities	11,501	119,256
Increase (decrease) in other deferred revenue	-	-
Total Adjustments	<u>728,269</u>	<u>3,026,076</u>
NET CASH PROVIDED BY ( USED FOR) OPERATING ACTIVITIES	<u>\$ 364,290</u>	<u>\$ 673,684</u>
<b><u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u></b>		
Acquisition of capital assets	\$ -	\$ 3,673,716
Contribution of capital assets by municipality	-	(2,003,679)
Contribution of capital assets by subdividers	-	(831,116)
Contribution of capital assets by state and federal governments	-	(403,006)
Contribution by other	-	(435,915)

**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>
\$ (1,125,154)	\$ (485,028)	\$ (6,541,524)	\$ (10,868,077)	\$ (1,833,789)
496,238	692,390	1,539,909	6,616,075	330,877
(236,533)	20,693	19,410	(469,198)	465,953
-	-	(23,398)	(64,197)	-
109	-	-	109	(70,696)
(33,631)	(17,910)	30,194	28,270	1,479,586
246	(1,198)	44,962	174,767	(24,481)
(32,518)	-	(12,326)	(44,844)	-
<u>193,911</u>	<u>693,975</u>	<u>1,598,751</u>	<u>6,240,982</u>	<u>2,181,239</u>
\$ (931,243)	\$ 208,947	\$ (4,942,773)	\$ (4,627,095)	\$ 347,450
\$ 284,655	\$ 1,217,041	\$ 3,804,375	\$ 8,979,787	\$ 635,687
(284,655)	(139,352)	(3,715,232)	(6,142,918)	(635,687)
-	(803,262)	-	(1,634,378)	-
-	(274,427)	(89,143)	(766,576)	-
		-	(435,915)	-

**CITY OF DAVENPORT**

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
June 30, 2010**

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	<u>AGENCY FUNDS</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 210,650
Interest receivable	21
Total assets	<u>\$ 210,671</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 5,352
Due to other governments	205,319
Total liabilities	<u>\$ 210,671</u>

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

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**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Davenport, Iowa, was incorporated in 1836 and is one of the few remaining special charter cities in Iowa. The General Assembly of Iowa in 1851 adopted a special charter of the City and with subsequent amendments adopted by the General Assembly in 1853, 1855 and 1857, the charter has remained unchanged to this date. Subsequent changes to the laws of the State of Iowa affecting cities under special charter have been made from time to time and are now codified in Chapter 420, Code of Iowa. The form of City government is Mayor-Council, utilizing a professional City Administrator. The City of Davenport provides a wide variety of public services through eleven professionally staffed departments and the office of the City Administrator, including public safety (police and fire), streets, sewers and bridges, garbage and refuse collection, sewage treatment, culture-recreation, mass transportation, public improvements, planning and zoning, and general administrative services.

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. 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 include any component units within its reporting entity.

Joint Venture – the City is a participant in a joint venture agreement (Quad-City Garage Policy Group) with Metrolink for the operation of a garage and maintenance facility used by the transit programs of each entity. The City maintains a 12% interest in the venture with Metrolink maintaining the remaining 88%. Funding of the maintenance operation is achieved through allocation of expenditures between the City and Metrolink based upon usage.

Operations are reimbursed on a break-even basis, the City providing approximately 25% and Metrolink providing 75% for the year. The City paid \$1,280,039 in maintenance fees during the year. The Group is accounted for on an equity basis as an investment in joint venture in the Transit Fund (Note 8). Financial statements of the Quad-City Garage Policy Group may be obtained from the entity's administrative office at 2929 5<sup>th</sup> Avenue, Rock Island, IL 61201.

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

The government-wide financial statements (i.e., the statement of net assets 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. 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 assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories. *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets. *Restricted net assets* result when

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Fund Accounting**

The accounts of the City are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances/net assets, revenues and expenditures or expenses, as appropriate. Major individual governmental and propriety funds are reported as separate columns in the fund financial statements. All remaining governmental and propriety funds are aggregated and reported as non-major governmental and propriety funds. The City has the following funds:

**(1) Governmental Fund Types**

Governmental fund types are those funds through which most governmental functions of the city are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

**(a) General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required legally or by sound financial management to be accounted for in another fund.

**(b) Local Option Sales Tax Fund**

The Local Option Sales Tax Fund is a special revenue fund, which accounts for revenue received from a 1% sales tax, to be used for property tax relief and public improvements.

**(c) General Debt Service Fund**

The General Debt Service Fund is a debt service fund which accounts for the accumulation of resources for and the payment of principal and interest on general obligation long-term debt from governmental resources and principal and interest on special assessment debt with governmental commitment from special assessment levies. The City levies an annual property tax, which is unlimited by law, to finance the debt service requirements not abated by special assessments.

**(d) Capital Projects Fund**

The Capital Projects Fund is used to account for the resources used for the acquisition and construction of major capital facilities, except those financed by Proprietary Funds.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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**(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. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its enterprise operations.

**Enterprise funds** are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services, which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- (a) **Parking System Fund** – Accounts for revenue and expenses associated with the City's parking system, which provides both on-street and off-street parking.
- (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.
- (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.

**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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeits, charges for services (other than utility), and miscellaneous revenues are generally 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.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2010 levy certified on March 15, 2009 based on the 2008 assessed valuations. As the levy is intended for use in the 2011 fiscal year, the revenue has been recorded as deferred revenue. Taxes are levied on July 1 and are payable in two installments on September 30 and March 31. Tax payments become delinquent on October 1 and April 1. The County Treasurer bills and collects property taxes for the City. Property taxes are considered available if received within 60 days of year-end.

The City is permitted by the Code of Iowa to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, \$.95 per \$1,000 of assessed valuation for a mass transportation program and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, trust and agency accounts for pension and related employee benefits funds, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2010 was \$15.58 per \$1,000 of assessed valuation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services. The principal operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses and include interest earnings and interest payments

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Encumbrances**

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances. The subsequent year's appropriation provides authority to complete these transactions as expenditures.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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**F. 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.

**G. Investments**

Investments are stated at fair value or amortized cost.

**H. 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 to be cash equivalents.

**I. 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, 2010: unexpended general obligation bond proceeds and other funds restricted to capital outlay of \$2,491,921, deposits and equipment replacements of \$5,172,419 in the Sewer Enterprise Fund, security deposits of \$31,524 in the Public Housing Fund, and loan escrow payments of \$38,895 in the Community Development Act Special Revenue Fund. In governmental activities, there are also \$14,693,875 of unexpended general obligation proceeds restricted to capital outlay.

**J. Capital Assets**

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statement. Generally, capital assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of one year or greater. Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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
Paving	10-30 years
Storm sewers	30 years
Traffic signals	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.

**K. Deferred Revenue**

Deferred revenue in the governmental funds represent amounts due, which are measurable, but not available. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within 60 days after year end.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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**L. Interfund Transactions**

Interfund transactions that would be treated as revenue and expenditures or expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. Major transactions that fall into this category include payments to the Sewer Fund for fees and payments to the Internal Service Funds for costs of the City's insurance programs and data processing system.

Transfers from funds receiving revenue to funds through which the resources are to be expended and operating loss subsidies are classified as transfers. Major transactions that fall into this category include transfers from the Local Option Sales Tax Fund to the General Debt Service Fund and the Capital Projects Fund and a transfer from the General Fund to subsidize the operating loss of the RiverCenter Enterprise Fund.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "interfund loans/receivables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**M. 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 proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund 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.

**N. Fund Equity**

In the governmental fund financial statements, reservations of fund balance represent amounts, which are legally restricted to a specific future use or not available for appropriation. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

**O. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are 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.

**P. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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In the 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, are reported as debt service expenditures.

**Q. Prepays**

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

**R. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**2. INDIVIDUAL FUND DISCLOSURES**

The Risk Management internal service fund has a deficit unrestricted net asset balance of \$2,031,609 as of June 30, 2010. The non major proprietary golf course fund, public transit fund, and river's edge fund have deficit unrestricted net asset balances of \$402,562, \$247,299 and \$66,975, respectively as of June 30, 2010. The Capital Projects Fund has a deficit balance of \$509,939. The Road Use Tax, American Recovery and Reinvestment grant, and HUD grants non-major governmental funds have deficit balances of \$520,706, \$698,676, and \$654,590 as of June 30, 2010, respectively, due to deferred revenue.

**3. DEPOSITS AND INVESTMENTS**

**A. Deposits**

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$28,695,613 and the bank balances were \$31,978,985. Of the bank balances, \$250,000 was covered by federal depository insurance and \$31,728,985 was insured by the State through pooled collateral, State sinking funds, and the State's ability to assess for lost funds.

**B. Investments**

The City's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of Public funds.

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.

At June 30, 2010, the City had the following investments:

Type	Fair Value	Maturities	Credit Ratings
Federal Home Loan Bank (FHLB)	\$999,250	March 2011	AAA

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$413,891 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Credit risk – the City’s investment in the Iowa Public Agency Investment Trust is unrated.

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 had no custodially-held investments during the year.

**4. FUND TRANSFER RECONCILIATION**

The following is a schedule of transfers in and out as included in the financial statements of the City (numbers expressed in thousands):

	Transfer in:					
	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major governmental funds	RiverCenter Fund	Total transfer
<b>Transfer out:</b>						
General Fund	\$ -	\$ -	\$ 350,355	\$ -	\$ 628,917	\$ 979,272
Local Option Sales Tax Fund	-	8,436,901	4,725,374	150,000	-	13,312,275
Other non-major governmental funds	179,580	-	2,928,607	-	-	3,108,187
Clean Water Fund	-	-	-	75,000	-	75,000
Other non-major enterprise funds	-	-	-	105,251	-	105,251
<b>Total transfer</b>	<b>\$ 179,580</b>	<b>\$ 8,436,901</b>	<b>\$ 8,004,336</b>	<b>\$ 330,251</b>	<b>\$ 628,917</b>	<b>\$ 17,579,985</b>

Transfers are used to move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

**5. Changes in Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30,2010:

	BEGINNING BALANCE 06/30/09	ADDITIONS	DELETIONS	ENDING BALANCE 06/30/10
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets, not being depreciated:				
Land	\$ 16,010,423	\$ 537,462	\$ -	\$ 16,547,885
Construction in progress	15,694,553	26,561,632	(32,282,829)	9,973,356
Total capital assets, not being depreciated	<u>31,704,976</u>	<u>27,099,094</u>	<u>(32,282,829)</u>	<u>26,521,241</u>
Capital assets being depreciated				
Buildings	93,753,114	6,506,159	-	100,259,273
Improvements other than buildings	16,048,246	7,053,901	-	23,102,147
Equipment and vehicles	33,861,455	3,714,540	(920,084)	36,655,911
Bridges	4,474,397	-	-	4,474,397
Traffic Signals	7,354,925	48,683	-	7,403,608
Paving	152,159,921	18,105,281	-	170,265,202
Seawalls	622,467	-	-	622,467
Tunnels	54,326	-	-	54,326
Total capital assets being depreciated	<u>308,328,851</u>	<u>35,428,564</u>	<u>(920,084)</u>	<u>342,837,331</u>
Less accumulated depreciation for:				
Buildings	24,141,177	2,428,540	-	26,569,717
Improvements other than buildings	5,527,384	847,235	-	6,374,619
Equipment and vehicles	22,083,501	2,317,488	(919,023)	23,481,966
Bridges	1,968,414	113,403	-	2,081,817
Traffic signals	4,770,801	226,536	-	4,997,337
Paving	46,220,361	5,669,563	-	51,889,924
Seawalls	35,014	15,562	-	50,576
Tunnels	7,469	2,716	-	10,185
Total accumulated depreciation	<u>104,754,121</u>	<u>11,621,043</u>	<u>(919,023)</u>	<u>115,456,141</u>
Total capital assets being depreciated, net	<u>203,574,730</u>	<u>23,807,521</u>	<u>(1,061)</u>	<u>227,381,190</u>
Governmental activities capital assets, net	<u>\$ 235,279,706</u>	<u>\$ 50,906,615</u>	<u>\$ (32,283,890)</u>	<u>\$ 253,902,431</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets, not being depreciated:				
Land	\$ 11,190,268	\$ -	\$ -	\$ 11,190,268
Construction in progress	4,048,155	8,947,304	(2,492,427)	10,503,032
Total capital assets not being depreciated	<u>15,238,423</u>	<u>8,947,304</u>	<u>(2,492,427)</u>	<u>21,693,300</u>
Capital assets, being depreciated:				
Buildings	90,319,229	1,547,405	(286,969)	91,579,665
Improvements other than buildings	9,432,128	1,012,242	-	10,444,370
Equipment and vehicles	28,799,468	2,572,399	(906,526)	30,465,341
Sanitary sewer	62,557,784	1,999,032	-	64,556,816
Storm Sewer	17,826,061	1,157,446	-	18,983,507
Paving	182,774	39,398	-	222,172
Total capital assets being depreciated	<u>209,117,444</u>	<u>8,327,922</u>	<u>(1,193,495)</u>	<u>216,251,871</u>
Less accumulated depreciation for:				
Buildings	38,671,175	2,379,794	(281,417)	40,769,552
Improvements other than buildings	5,891,301	406,020	-	6,297,321
Equipment and vehicles	19,509,586	1,711,995	(903,064)	20,318,516
Sanitary sewer	29,706,513	1,496,440	-	31,202,953
Storm sewer	7,299,539	615,001	-	7,914,540
Paving	20,606	6,826	-	27,432
Total accumulated depreciation	<u>101,098,720</u>	<u>6,616,075</u>	<u>(1,184,481)</u>	<u>106,530,314</u>
Total capital assets,being depreciated, net	<u>108,018,724</u>	<u>1,711,847</u>	<u>(9,014)</u>	<u>109,721,557</u>
Business-type activities capital assets, net	<u>\$ 123,257,147</u>	<u>\$ 10,659,151</u>	<u>\$ (2,501,441)</u>	<u>\$ 131,414,857</u>

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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

Governmental activities:	
General government	\$ 547,666
Community & economic development	24,902
Public works	7,057,079
Public safety	1,584,731
Culture & recreation	2,075,788
Internal service assets are charged to the various functions based on their usage of the assets	330,877
Total depreciation expense-governmental activities	<u>\$11,621,043</u>
Business-type activities:	
Parking systems	\$ 710,672
Sewer operations	3,176,866
RiverCenter	496,238
Public transit	369,656
Public housing	261,494
Golf courses	227,324
Airport	324,656
Solid Waste	334,429
Clean Water	692,390
River's Edge	22,350
Total depreciation expense-business-type activities	<u>\$ 6,616,075</u>

The government has active construction projects as of June 30, 2010. 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 government's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Streets/Improvements	\$ 4,108,294	\$ 912,534
Sanitary Sewer/WPCP	5,684,010	10,019,007
Parks	790,191	1,854,809
Public Safety	100,800	26,420
Public Buildings	5,926,058	42,091
Total	<u>\$ 16,609,353</u>	<u>\$ 12,854,861</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.

**6. EMPLOYEE RETIREMENT SYSTEMS**

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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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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**

The City of Davenport contributes to IPERS which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$1,954,483, \$1,788,596, and \$1,664,366 respectively, equal to the required contributions for each year.

**B. Municipal Fire and Police Retirement System of Iowa**

The City of Davenport contributes to MFPRSI which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees. The plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Urbandale, Iowa 50322.

MFPRSI Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rates for the years ended June 30, 2010, 2009 and 2008 were 17.00%, 18.75%, and 25.48%. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2010, 2009 and 2008 were \$3,816,047, \$3,543,297, and \$4,594,976, respectively, which met the required contributions for each year.

**C. 457 Deferred Compensation Contributions**

The City of Davenport contributes 1% to 8% matches to Police and Fire, Teamsters, Non-bargaining Management and department director's 457 deferred compensation plans. The City's contributions for the years ended June 30, 2010, 2009 and 2008 were \$1,653,299, \$1,557,385, and \$1,448,530 respectively.

**7. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2010, interfund receivables and payables are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major Governmental Funds	\$ 2,154,785
	Sewer Fund	2,354,751
General Debt Service	Non-major Proprietary Funds	1,430,416
	Local Option Sales Tax Fund	692,561
Capital Projects	Sewer Fund	22,181
	Clean Water Fund	56,983
	Non-major Governmental Funds	170,753
	Local Option Sales Tax Fund	9,500
	General Fund	142
		<u>\$ 6,892,072</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, 2010 (CONTINUED)**

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**8. JOINT VENTURE**

The City of Davenport, Iowa and the Board of Trustees of the Rock Island County Metropolitan Mass Transit District (MetroLink), Illinois entered into an agreement in July 1979, which was amended in June 1982, which designates the Quad-City Garage Policy Group (QCGPG) to oversee and operate a joint maintenance and storage facility for transit vehicles and related equipment owned and/or operated by the two parties. Davenport's authority to enter this agreement arises from powers granted by Chapter 28E of the Code of Iowa.

The City of Davenport and MetroLink have jointly constructed a maintenance facility. The City contributed \$542,196 and the MetroLink contributed \$362,523. The remainder of the funding was provided by grants from the Federal Transit Administration and the State of Illinois in the amount of \$5,495,205. The maintenance facility is recorded as an asset of MetroLink, and not by the QCGPG.

The QCGPG consists of six (6) members, three (3) each representing the City of Davenport and MetroLink. Two members and an alternate are appointed by the Mayor of Davenport, subject to the approval of the Davenport City Council. Two members and alternate are appointed by the Chairman of the MetroLink Board of Trustees, subject to the approval of the Board of Trustees of the MetroLink. Officers are chosen from the above six (6) members, and there are two voting members each representing the City of Davenport and MetroLink. The facility supervisor, appointed by the parties, prepares an annual budget, which is presented to the parties, or to the QCGPG for their approval. Expenses incurred by the QCGPG are allocated either (a) on the basis of ownership of the facility, or (b) on the basis of the number of buses that the respective parties have in service.

A summary of the latest available financial information for the QCGPG as of June 30, 2010, and for the year then ended is as follows:

Total assets	<u>\$ 760,024</u>
Total liabilities	<u>\$ 275,699</u>
Total equity	<u>\$ 484,325</u>
Total revenue	\$ 4,676,274
Total expenses	<u>\$ 4,647,457</u>
Net change in fund equity	<u>\$ 28,817</u>

The City uses the equity method of accounting for this investment. At June 30, 2010, this amounted to \$488,492 which includes the City's share of both the maintenance facility and the fund equity of the QCGPG.

Additional information concerning the QCGPG is available in its separately issued annual report, which may be obtained from the entity's administrative office 2929 5<sup>th</sup> Avenue, Rock Island, IL 61201.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

**9. LONG-TERM DEBT**

The following is a summary of changes in long-term debt, net of the deferred portion of issuance costs, for the year ended June 30, 2010 (numbers shown in thousands):

<b>Governmental Activities:</b>	Balance June 30,2009	Additions	Retirements	Balance June 30,2010	Due Within One Year
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 129,564	\$ 35,222	\$ (21,454)	\$ 143,332	\$ 14,345
Special Assessment Debt	1,169	-	(13)	1,156	-
Less deferred costs:					
discounts	(78)	21	(138)	(195)	-
refunding issuance	(56)	10	(24)	(70)	-
refunding gain/loss	(297)	9	66	(222)	-
<b>Total Bonds Payable</b>	<b>130,302</b>	<b>35,262</b>	<b>(21,563)</b>	<b>144,001</b>	<b>14,345</b>
Other post employment benefits	(291)	772	-	481	-
Compensated Absences	5,641	4,365	(5,008)	4,998	4,211
	<b>\$ 135,652</b>	<b>\$ 40,399</b>	<b>\$ (26,571)</b>	<b>\$ 149,480</b>	<b>\$ 18,556</b>
<b>Business-type Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 18,392	\$ 10,268	\$ (10,013)	\$ 18,647	\$ 1,790
Less deferred costs:					
discounts	(38)	(5)	37	(6)	-
refunding issuance	(13)	5	(44)	(52)	-
refunding gain/loss	(41)	95	13	67	-
<b>Total Bonds Payable</b>	<b>18,300</b>	<b>10,363</b>	<b>(10,007)</b>	<b>18,656</b>	<b>1,790</b>
Compensated Absences	611	1,175	(1,050)	611	515
Other post employment benefits	(72)	177	-	105	-
Note Payable	-	1,669	-	1,669	-
	<b>\$ 18,839</b>	<b>\$ 13,384</b>	<b>\$ (11,057)</b>	<b>\$ 21,041</b>	<b>\$ 2,305</b>

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

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$123,889 of internal service funds compensated absences and \$13,504 of other post employment benefits are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the fund incurring the expense.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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General obligation bonds payable (balance outstanding in thousands of dollars) at June 30, 2010, is comprised of the following individual issues:

A.	Matured bonds not presented for payment.	\$20
B.	\$2,755,000 2001 Refunding of 1994B Economic Development serial bonds due in annual installments of \$10,000 to \$365,000 through June 1, 2014; interest at 4.0 to 6.0 percent (\$2,179,940 and \$170,018 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Levee Improvement Commission Special Revenue Fund, respectively).	595
C.	\$15,490,000 2002 Streets, Buildings, Parks, Equipment and Sewers serial bonds due in annual installments of \$830,000 to \$1,260,000 through June 1, 2017; interest at 3.0 to 4.4 percent (\$5,350,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	7,240
D.	\$12,160,000 2003 Stadium serial bonds due in annual installments of \$390,000 to \$1,140,000 through June 1, 2018; interest at 2.0 to 5.2 percent.	5,475
E.	\$9,390,000 2003 Streets, Sewers, Golf, and Equipment serial bonds due in annual installments of \$235,000 to \$1,315,000 through June 1, 2018; interest at 2.5 to 4.1 percent (\$735,000 and \$330,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Golf Courses Enterprise Fund, respectively).	6,825
F.	\$9,685,000 2003 advance refunding of 1996 Building, Streets, Sewers and Equipment serial bonds due in annual installments of \$40,000 to \$1,015,000 through June 1, 2016; interest at 2.0 to 4.0 percent (\$130,000 and \$138,250 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Sewer Enterprise Fund, respectively).	4,805
G.	\$3,150,000 2004 Economic Development serial bonds due in annual installments of \$130,000 to \$265,000 through June 1, 2023; interest at 4.5 to 5.1 percent (\$3,150,000 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund).	2,600
H.	\$4,535,000 2004 Streets, Sewers and River Renaissance serial bonds due in annual installments of \$195,000 to \$400,000 through June 1, 2019; interest at 2.0 to 4.0 percent (\$695,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund).	2,565

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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I.	\$11,690,000 2004 Streets, Buildings, Sewers, Airport and Equipment serial bonds due in annual installments of \$680,000 to \$900,000 through June 1, 2019; interest at 3.2 to 4.25 percent (\$1,130,000, \$255,000 and \$205,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Tax Increment Financing District Debt Service Fund and the Airport Enterprise Fund, respectively.)	7,090
J.	\$36,115,000 2005 Buildings, Streets, Sewers and Equipment serial bonds due in annual installments of \$1,160,000 to \$2,490,000 through June 1, 2025; interest at 4.0 to 4.5 percent (\$455,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	26,105
K.	\$3,615,000 2006A Refunding of 1997A Streets, Sewers, Building and Parks serial bonds due in annual installments of \$115,000 to \$530,000 through June 1, 2017; interest at 3.6 to 3.7 percent (\$119,800 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	1,695
L.	\$1,330,000 2006B Refunding of 1997 Economic Development serial bonds due in annual installments of \$95,000 to \$150,000 through June 1, 2017; interest at 5.0 percent (\$60,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund.)	900
M.	\$14,400,000 2007A Streets, Equipment and Parks serial bonds due in annual installments of \$810,000 to \$1,280,000 through June 1, 2021; interest at 4.0 to 4.125 percent (\$460,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	10,295
N.	\$6,400,000 2007B Refunding of 1998A Streets, Sewers, Buildings and Equipment serial bonds and refunding of 1998 Streets, Sewers, Buildings, Parks and Equipment serial bonds due in annual installments of \$495,000 to \$1,285,000 through June 1, 2013; interest at 4.0 to 4.25 percent (\$669,300 and \$265,575 in principal and interest thereon are being serviced by the Tax Increment Districts Debt Service Fund and Sewer Enterprise Fund, respectively.)	3,015
O.	\$2,915,000 2008A Refunding of 1999 Streets, Sewers, Buildings, Housing and Equipment serial bonds due in annual installments of \$460,000 to \$520,000 through June 1, 2014; interest at 2.25 to 3.0 percent (\$795,000, \$540,000 and \$55,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Public Housing Enterprise Fund and Tax Increment Financing Districts Debt Service Fund, respectively).	1,970
P.	\$3,690,000 2008B Refunding of 2001 Taxable Economic Development, Sewers, Buildings, Equipment and Public Improvements serial bonds due in annual installments of \$570,000 to \$660,000 through June 1, 2015; interest at 3.0 to 3.5 percent (\$890,000 and \$60,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and Tax Increment Financing Districts Debt Service Fund, respectively.)	3,075

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 (CONTINUED)**

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Q.	\$11,230,000 2008C Streets, Sewer, Buildings, Equipment and Park serial bonds due in annual installments of \$595,000 to \$910,000 through June 1, 2023; interest at 4.0 to 4.5 percent \$1,320,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund.	9,655
R.	\$3,530,000 2008 General Obligation Economic Development serial bonds due in annual installments of \$205,000 to \$400,000 through June 1, 2021; interest @ 3.5 to 6.2 percent (\$3,530,000 principal and interest thereon is being serviced by the TIF increment Financing District Debt Service Fund.)	3,325
S.	\$16,530,000 2009 General Obligation Streets, Buildings, Sewer and Equipment serial bonds due in annual installments of \$695,000 to \$1,190,000 through June 1, 2024; interest at 3.0 to 4.0 percent (\$275,000 principal and interest thereon is being serviced by the Sewer Enterprise Fund.)	15,370
T.	\$7,035,000 2009 General Obligation Economic Development Serial bonds due in annual installments of \$865,000 to \$1,350,000 through June 1, 2028; interest at 4.0 to 6.0 percent (\$7,035,000 principal and interest thereon is being serviced by the TIF Increment Financing District Debt Service Fund.)	6,890
U.	\$10,125,000 2009C General Obligation Communication Building serial bonds, (Build America Bonds) due in annual installments of \$350,000 to \$795,000 through June 1, 2029; interest at 2.0 to 5.8 percent.	10,125
V.	\$20,650,000 2010A General Obligation Streets, Sewer, Equipment and Economic Development serial bonds (Build American Bonds) due in annual installments of \$1,110,000 to \$1,865,000 through June 1, 2024; interest at .50 to 5.0 percent (\$2,099,000 and \$1,012,000 principal and interest thereon is being serviced by the Sewer Enterprise Fund and Tax Increment Financing District Debt Service Fund, respectively.)	18,785
W.	\$10,845,000 2010B Refunding of 2001 Streets, Signals, Parks, Equipment, Golf and Parking serial bonds due in annual installments of \$645,000 to \$1,155,000 through June 1, 2021; interest at 2.0 to 3.37 percent (\$1,762,650, \$4,298,600 and \$666,600 principal and interest thereon is being serviced by the Tax Increment Financing District Debt Service Fund, Parking Enterprise Fund and Municipal Districts Special Revenue Fund, respectively.)	10,845
X.	\$3,870,000 2010C Refunding of 2001 Taxable Parking serial bonds due in annual installments of \$275,000 to \$435,000 through June 1, 2021; interest at 2.0 to 4.3 percent (\$3,870,000 principal and interest thereon is being serviced by the Parking Enterprise Fund.)	3,870
	Total general obligation bonds	163,135
	General obligation bonds serviced by Enterprise Funds	(18,647)
	Matured bonds	(20)
	General obligation bonds reported in Governmental Activities	<u>\$144,468</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 (CONTINUED)**

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The City of Davenport's Capital Improvement Program has been funded in part from general obligation bonds which are intended to be abated by user fees, special assessment collections, municipal improvement district taxes, and levee rents. The debt to be abated by user fees is accounted for in the Enterprise Funds in the amount of \$18,656,989. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$1,156,436. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of \$666,600. 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. 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, 2010, the statutory limit for the City was \$295,219,101 providing a debt margin of \$119,126,496.

The City has entered into an agreement with the Iowa Finance Authority to borrow ten million dollars in the form of the proceeds of the Iowa Finance Authority Taxable Sewer Revenue Build America Bonds Series 2010. The City draws funds from the Iowa Finance Authority as needed for construction of the Westside Diversion Sewer Tunnel project. The note bears interest at 3% with interest payments payable semi annually commencing December 1, 2010. Principal repayment is annually each June 1 commencing June 1, 2012. As of 6/30/10, the City had drawn \$1,669,198. The note is payable solely from the net revenues of the sewer utility. Annual principal and interest payments on the note is expected to require less than 20% of net revenue of the Sewer Utility Fund. The note requires several covenants involving the City to maintain net revenues of the sewer operating of at least 110% of the amount of principal and interest due in revenue bonds in the same year and the completion and issuance of the City's annual audit within 180 days of year end.

The note is expected to be paid as follows:

<u>Year ended June 30</u>	<u>Principal</u>
2012	\$ 202,000
2013	208,000
2014	215,000
2015	222,000
2016	229,000
2017 – 2021	1,263,000
2022 – 2026	1,483,000
2027 – 2031	1,741,000
2032 – 2036	2,042,000
2037 – 2041	2,395,000
	<u>\$ 10,000,000</u>

On February 10, 2010 the City issued \$10,845,000 of its General Corporate Purpose Refunding Bonds with an average coupon rate of 2.67% to refund \$10,955,000 of its General Obligation Bonds dated December 5, 2001 with an average coupon rate of 5%. The City refunded these bonds to reduce its total debt service payments over the next 11 years by \$1,481,118 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,328,103. Also on February 10, 2010 the City issued \$3,870,000 of its Taxable General Obligation Corporate Purpose Refunding Bonds with an average coupon rate of 3.94% to refund \$3,865,000 of its Taxable General Obligation Bonds dated December 5, 2001 with an average coupon rate of 6.46%. The City refunded these bonds to reduce its total debt service payments over the next 11 years by \$664,000 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of \$543,503.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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Since 1976, the City has authorized the issuance of \$269,190,000 of industrial development revenue bonds under the provision of Chapter 419 of the Code of Iowa. There have not been any industrial development revenue bonds since 1993. The bonds and related interest are the sole responsibility of the issuers, and the bond principal and interest do not constitute liabilities of the City.

The annual requirements including interest (in thousands of dollars), to service long-term debt are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 14,325	\$ 5,865	\$ 1,790	\$ 643
2012	14,217	5,294	1,848	604
2013	13,484	4,799	1,846	550
2014	13,155	4,317	1,890	491
2015	11,933	3,849	1,692	430
2016-2020	48,204	12,660	7,481	1,249
2021-2025	24,890	4,295	2,100	162
2026-2029	4,260	590	-	-
Totals	144,468	41,669	18,647	4,129
Matured	20	2	-	-
Interest portion	-	(41,671)	-	(4,129)
	<u>\$ 144,488</u>	<u>\$ -</u>	<u>\$ 18,647</u>	<u>\$ -</u>

**10. RISK MANAGEMENT**

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

Health Benefits – The City has established an Employee Insurance Fund for insurance benefits provided to City employees and covered dependents, which is included in the Internal Service Fund type. Health benefits were self-insured up to a specific annual stop loss amount of \$150,000, and an aggregate annual stop loss amount of approximately \$10,900,000 for 2010. 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.

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 2010. 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. Additionally, workers' compensation claims are sent to a Third Party Administrator (TPA) for review as part of the initial set up of the claim. 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.

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

Changes in reported liabilities for the fiscal years ended June 30, 2009 and 2010 are summarized as follows:

	<u>Employee Insurance Fund</u>	<u>Risk Management Fund</u>	<u>Total</u>
Liabilities at June 30, 2008	\$ 859,155	\$ 4,162,987	\$ 5,022,142
Claims and changes in estimates during fiscal year 2009	10,662,099	2,416,573	13,078,672
Claim payments	<u>(10,234,495)</u>	<u>(2,994,597)</u>	<u>(13,229,092)</u>
Liabilities at June 30, 2009	\$1,286,759	\$3,584,963	\$4,871,722
Claims and changes in estimates during fiscal year 2010	10,809,596	3,223,433	14,033,029
Claim payments	<u>(10,324,017)</u>	<u>(2,171,273)</u>	<u>(12,495,290)</u>
Liabilities at June 30, 2010	<u>\$ 1,772,338</u>	<u>\$ 4,637,123</u>	<u>\$ 6,409,461</u>

**11. CONTINGENCIES**

**A. Litigation**

The City records liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. 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 presently pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

**B. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government.

Certain grant audits are currently in progress. Any disallowed claims, including amount 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.

**12. Other Post Employment Benefits (OPEB)**

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

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

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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2010, the City contributed \$1,329,768. Retirees receiving benefits contributed \$432,945 through their required contribution of \$528.76 per month for single health coverage and \$1,254.74 per month for family health coverage.

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

Annual required contribution	\$ 1,843,438
Interest on net OPEB obligation	(16,358)
Adjustment to annual required contribution	<u>19,484</u>
Annual OPEB cost (expense)	1,846,564
Contributions made	<u>(896,823)</u>
Increase (decrease) in net OPEB obligation	949,741
Net OPEB obligation - July 1, 2009	<u>(363,520)</u>
Net OPEB obligation - June 30, 2010	\$ 586,221

Fiscal year 2009 was the initial year that GASB Statement No. 45 was adopted by the City. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 and 2010 are presented in the following table:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 580,962	162.57 %	\$ (363,520)
6/30/2010	\$ 1,846,562	48.57 %	\$ 586,221

Funding status and funding progress: The funded status of the plan as of July 1, 2009, the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$16,953,953
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$16,953,953</u>
Covered payroll (active employees)	42,686,340
UAAL as a percentage of covered payroll	39.7%

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

**CITY OF DAVENPORT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 (CONTINUED)**

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

The actuarial calculations were performed in accordance with the entry age normal cost method as of the July 1, 2009 valuation date. The actuarial assumptions included a 4.5 percent discount rate, an annual health care cost trend rate of 10 percent reduced by decrements of .50 percent annually to an ultimate rate of 4.5 percent. The UAAL is amortized over the maximum acceptable period of 30 years as a level percentage of projected payroll on an open basis.

**13. RECENTLY ISSUED PRONOUNCEMENTS**

The Governmental Accounting Standard Board (GASB) has issued four statements not yet implemented by the City of Davenport. The statements, which might impact the City of Davenport, are as follows:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the City, beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued January 2010, will be effective for the City beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. GASB 57 amends GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the City beginning with its year ending June 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

**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, 2010**

	GOVERNMENTAL FUNDS ACTUAL	PROPRIETARY FUNDS ACTUAL	TOTAL ACTUAL
<b>REVENUES:</b>			
Taxes	\$ 77,168,031	\$ 3,323,301	\$ 80,491,332
Special assessments	37,717	-	37,717
Licenses and permits	1,275,935	-	1,275,935
Intergovernmental	29,024,273	1,752,126	30,776,399
Charges for services	3,926,869	40,253,538	44,180,407
Use of monies and property	1,035,244	292,716	1,327,960
Fines and forfeits	1,314,564	149,833	1,464,397
Loan repayments	648,896	-	648,896
Other	4,362,836	141,375	4,504,211
<b>Total Revenues</b>	<b>118,794,365</b>	<b>45,912,889</b>	<b>164,707,254</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
Public safety	38,211,590	-	38,211,590
Public works	17,169,622	-	17,169,622
Culture and recreation	12,344,792	-	12,344,792
Community and economic development	20,699,276	-	20,699,276
General government	8,370,902	-	8,370,902
Capital outlay	56,227,626	-	56,227,626
<b>Debt service:</b>			
Principal retirement	14,912,225	-	14,912,225
Interest	6,078,034	-	6,078,034
Bond issuance costs	153,704	-	153,704
Business type activities	-	47,225,815	47,225,815
<b>Total Expenditures</b>	<b>174,167,771</b>	<b>47,225,815</b>	<b>221,393,586</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(55,373,406)</b>	<b>(1,312,926)</b>	<b>(56,686,332)</b>
<b>OTHER FINANCING SOURCES, NET</b>	<b>28,248,608</b>	<b>448,666</b>	<b>28,697,274</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(27,124,798)</b>	<b>(864,260)</b>	<b>(27,989,058)</b>
<b>BALANCES BEGINNING OF YEAR</b>	<b>44,445,347</b>	<b>10,330,598</b>	<b>54,775,945</b>
<b>BALANCES END OF YEAR</b>	<b>\$ 17,320,549</b>	<b>\$ 9,466,338</b>	<b>\$ 26,786,887</b>

See note to Required Supplementary Information

BUDGETED AMOUNTS			FINAL TO ACTUAL VARIANCE
ORIGINAL	FINAL		
\$ 80,396,114	\$ 81,168,163	\$ (676,831)	
25,000	175,000	(137,283)	
1,256,555	1,256,555	19,380	
39,314,567	84,528,643	(53,752,244)	
47,433,602	47,995,130	(3,814,723)	
1,411,642	2,310,204	(982,244)	
1,242,887	1,242,887	221,510	
770,000	770,000	(121,104)	
5,591,170	13,402,900	(8,898,689)	
<u>177,441,537</u>	<u>232,849,482</u>	<u>(68,142,228)</u>	
38,185,575	40,176,727	1,965,137	
13,949,832	18,164,663	995,041	
10,169,504	11,432,358	(912,434)	
13,589,422	23,945,011	3,245,735	
9,660,974	9,005,000	634,098	
70,000,000	129,354,069	73,126,443	
14,922,900	21,221,367	6,309,142	
4,315,203	6,078,033	(1)	
-	246,358	92,654	
49,621,443	60,664,937	13,439,122	
<u>224,414,853</u>	<u>320,288,523</u>	<u>98,894,937</u>	
<u>(46,973,316)</u>	<u>(87,439,041)</u>	<u>30,752,709</u>	
<u>35,669,100</u>	<u>46,340,000</u>	<u>(17,642,726)</u>	
(11,304,216)	(41,099,041)	13,109,983	
<u>54,775,945</u>	<u>54,775,945</u>	<u>-</u>	
<u>\$ 43,471,729</u>	<u>\$ 13,676,904</u>	<u>\$ 13,109,983</u>	

**CITY OF DAVENPORT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING  
JUNE 30, 2010**

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

Formal and legal budgetary control is based upon 8 major classes of expenditures known as functions, not by fund or fund type. These 8 functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function expenditures required to be budgeted include expenditures for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service and Enterprise Funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund. Expenditures in the culture and recreation function exceeded budget by \$912,434, due to the purchase of the River's Edge sports facility. During the year a budget amendment increased budgeted expenditures by \$95,873,670. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 164,707,254	-	\$ 164,707,254
Expenses	<u>221,393,586</u>	<u>6,946,952</u>	<u>228,340,538</u>
Net	(56,686,332)	(6,946,952)	(63,633,284)
Other financing sources, net	28,697,274	9,616,852	38,314,126
Beginning net assets	<u>54,775,945</u>	<u>112,295,924</u>	<u>167,071,869</u>
Ending net assets	\$ <u>26,786,887</u>	\$ <u>114,965,824</u>	\$ <u>141,752,711</u>

**CITY OF DAVENPORT**

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

**Required Supplementary Information**

**For the Fiscal Year Ended June 30, 2010**

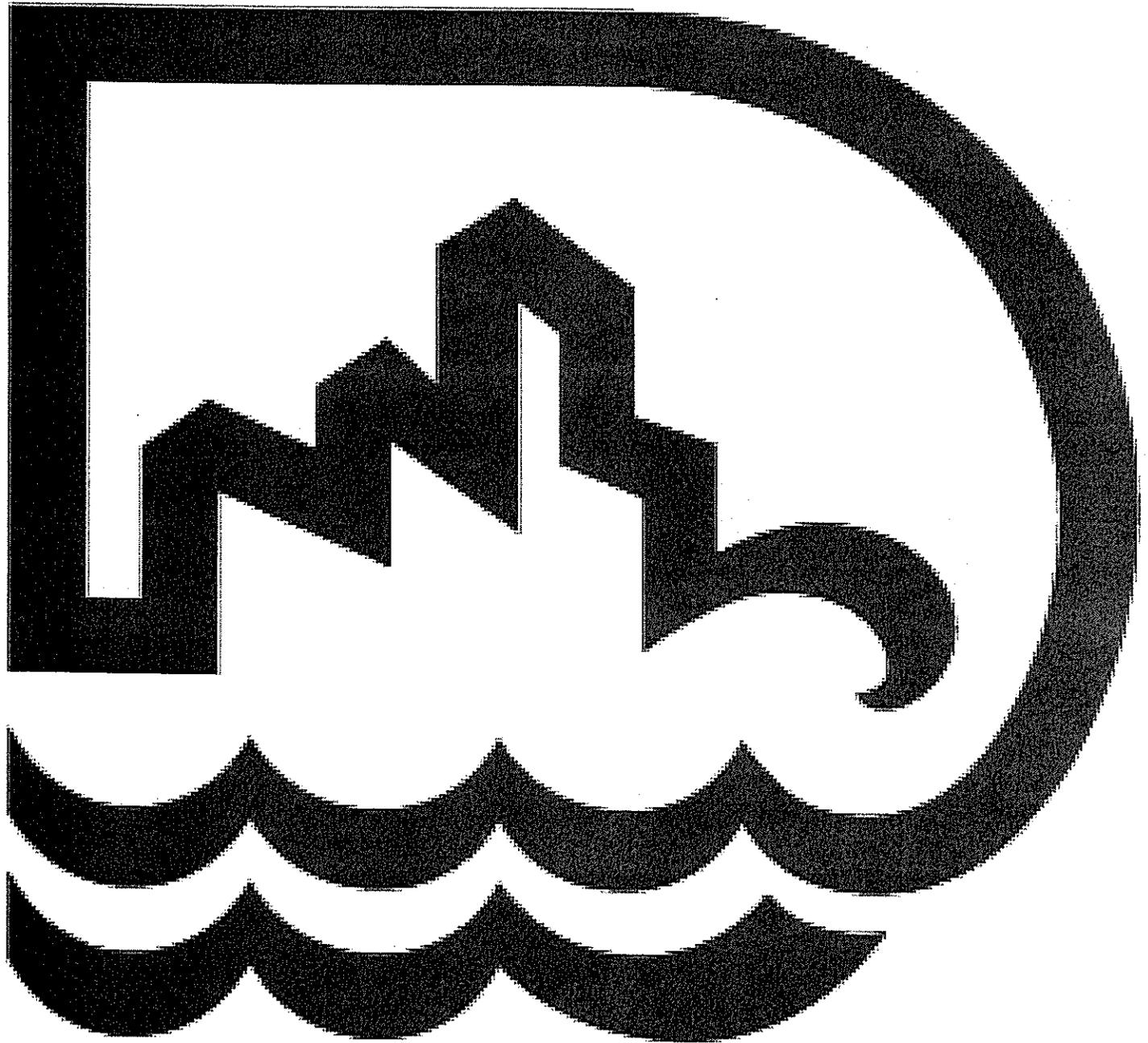
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Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((B-a)/c)
2009	7/1/2007	\$ -	\$ 6,918,112	\$6,918,112	-	\$ 43,083,844	16.06%
2010	7/1/2009	-	16,953,953	16,953,953	-	42,686,340	39.72%

Note: Fiscal Year 2009 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2009. Additional information follows:

- a. The cost method used to determine the ARC is the entry age normal cost method.
- b. There are no plan assets.
- c. Economic assumptions are as follows: health care cost trend rates of 4.5-9.0 percent; discount rate 4.5 percent.
- d. The amortization method is open basis as a level percentage of projected payroll.



## Non-Major Governmental Funds

Road Use Tax Fund – Accounts for the revenue received from the State of Iowa Road Use Tax Fund, which is collected from motor vehicle registration, fuel tax and use tax, and related expenditures, which must relate to the construction, maintenance and supervision of public streets.

Community Development Act Fund – Accounts for expenditures relating to neighborhood improvements benefiting low and moderate income persons and economic development activities, which are reimbursed by the Federal Government under the Community Development Block Grant Program.

HUD Section 8 Fund – Accounts for expenditures to landlords under a federally funded rent subsidy program.

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

Municipal Improvement Districts Fund – Accounts for revenue generated by Self-supported Municipal Improvement Districts.

Revolving Loans Fund – Accounts for various Community and Economic Development revolving loans.

Home Investment Partnership Fund – Accounts for expenditures related to the rehabilitation or new construction of rental units, and the rehabilitation of first time homebuyer owner/occupied residential units.

American Recovery and Reinvestment Act Fund – Accounts for expenditures related to the American Recovery and Reinvestment Act.

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, lead based paint removal and education , and expenditures of Economic Development Initiatives-Special Projects Grant. Also accounts for the expenditures of a Department of Justice Weed and Seed Grant.

Environmental Protection Agency – Accounts for the expenditures of an Environmental Protection Agency grant for Brownfields.

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, 2010

ASSETS	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	\$ -	\$ -	\$ 13,266	\$ 754,534	\$ 667,961
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	45,350
Succeeding year	-	-	-	-	973,106
Accounts	866,752	-	2,100	42,758	-
Loans	-	2,375,990	-	-	-
Interest	-	5	-	58	89
Due from other governments	544,589	206,437	-	-	-
Restricted assets-cash and investments	-	38,895	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,411,341</b>	<b>\$ 2,621,327</b>	<b>\$ 15,366</b>	<b>\$ 797,350</b>	<b>\$ 1,686,506</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Wages payable	\$ 237,207	\$ 25,172	\$ 14,887	\$ 4,996	\$ -
Accounts payable	1,051,106	91,299	376	5,376	7,500
Payable from restricted assets	-	38,895	-	-	-
Interfund loans payable	177,211	12,859	-	-	-
Due to other governments	-	290	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	973,106
Other	466,523	2,375,990	-	4,010	16,424
<b>Total Liabilities</b>	<b>1,932,047</b>	<b>2,544,505</b>	<b>15,263</b>	<b>14,382</b>	<b>997,030</b>
<b>FUND BALANCES:</b>					
Reserved for encumbrances	65,862	-	103	1,210	-
Reserved for future projects	-	-	-	-	689,476
Reserved for loan applicants	-	76,822	-	-	-
Reserved for debt retirement	-	-	-	-	-
Undesignated:					
Special revenue	(586,568)	-	-	781,758	-
<b>Total Fund Balances</b>	<b>(520,706)</b>	<b>76,822</b>	<b>103</b>	<b>782,968</b>	<b>689,476</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,411,341</b>	<b>\$ 2,621,327</b>	<b>\$ 15,366</b>	<b>\$ 797,350</b>	<b>\$ 1,686,506</b>

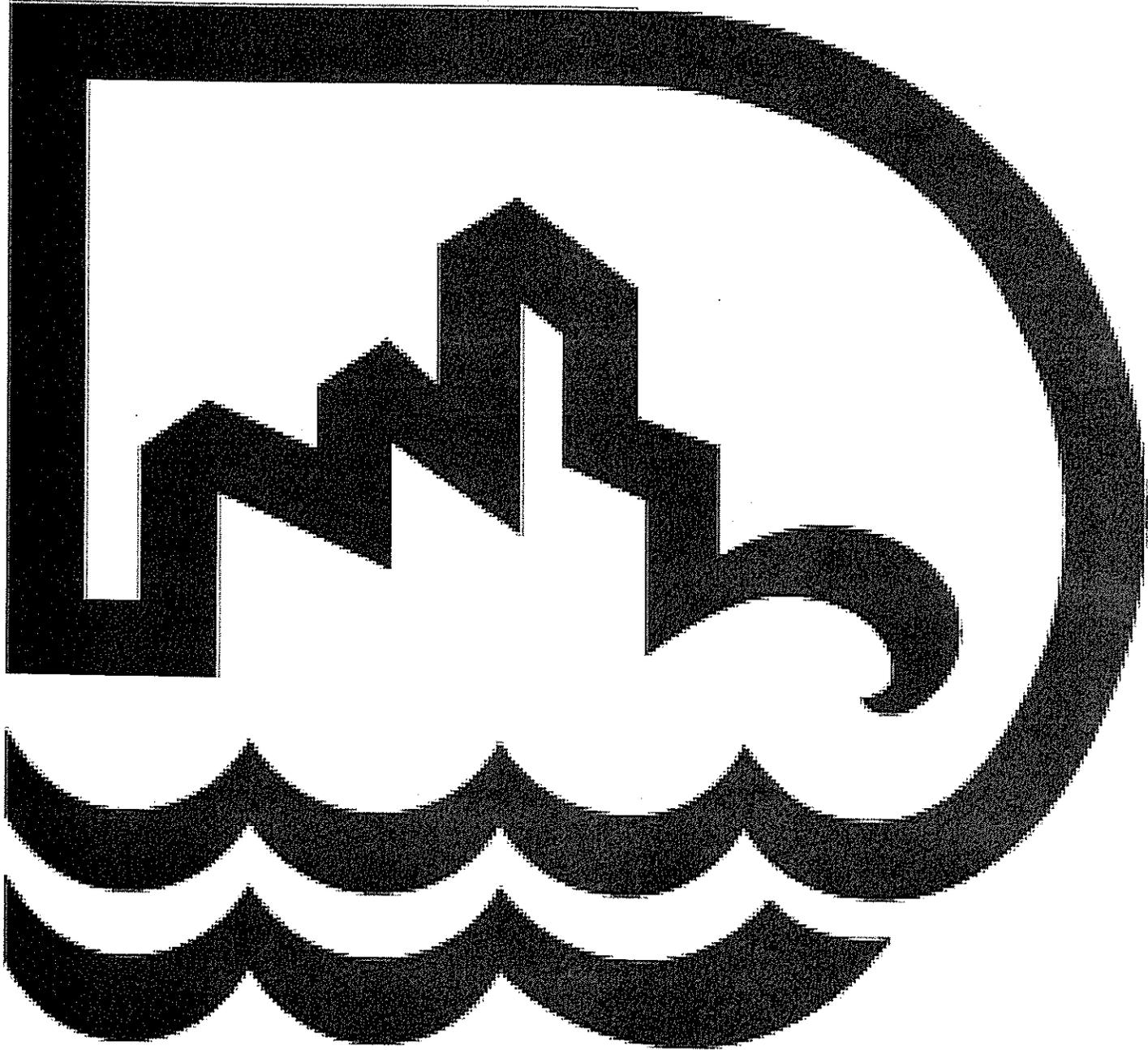
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	AMERICAN RECOVERY AND REINVESTMENT ACT	MISCELLANEOUS GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 395,659	\$ 90,935	\$ -	\$ -	\$ 1,943	\$ 310,011	\$ 2,234,309
-	-	-	-	-	67,170	112,520
-	-	-	-	-	3,733,824	4,706,930
-	-	-	-	-	-	911,610
1,151,577	7,071,284	-	-	-	-	10,598,851
45	-	-	-	-	81	278
166,272	51,373	745,629	1,308,803	1	-	3,023,104
-	-	-	-	-	-	38,895
<u>\$ 1,713,553</u>	<u>\$ 7,213,592</u>	<u>\$ 745,629</u>	<u>\$ 1,308,803</u>	<u>\$ 1,944</u>	<u>\$ 4,111,086</u>	<u>\$ 21,626,497</u>
\$ -	\$ 3,286	\$ 15,505	\$ 9,327	\$ -	\$ -	\$ 310,380
139	7,802	107,424	174,803	-	-	1,445,825
-	-	-	-	-	-	38,895
-	-	795,769	1,339,699	-	-	2,325,538
-	-	-	-	-	-	290
-	-	-	-	-	3,733,824	4,706,930
1,317,849	7,071,284	525,607	439,564	-	16,009	12,233,260
<u>1,317,988</u>	<u>7,082,372</u>	<u>1,444,305</u>	<u>1,963,393</u>	<u>-</u>	<u>3,749,833</u>	<u>21,061,118</u>
-	-	-	-	-	-	67,175
-	-	-	-	-	-	689,476
395,565	131,220	-	-	-	-	603,607
-	-	-	-	-	361,253	361,253
-	-	(698,676)	(654,590)	1,944	-	(1,156,132)
<u>395,565</u>	<u>131,220</u>	<u>(698,676)</u>	<u>(654,590)</u>	<u>1,944</u>	<u>361,253</u>	<u>565,379</u>
<u>\$ 1,713,553</u>	<u>\$ 7,213,592</u>	<u>\$ 745,629</u>	<u>\$ 1,308,803</u>	<u>\$ 1,944</u>	<u>\$ 4,111,086</u>	<u>\$ 21,626,497</u>

CITY OF DAVENPORT

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended June 30, 2010**

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,204,681
Licenses and permits	24,967	-	-	-	-
Intergovernmental	8,573,086	1,581,764	3,083,804	-	-
Use of monies and property	-	72,127	-	309,609	14,100
Loan repayments	-	356,290	-	-	-
Other	1,806,299	1,290	6,101	5,309	-
<b>Total Revenues</b>	<b>10,404,352</b>	<b>2,011,471</b>	<b>3,089,905</b>	<b>314,918</b>	<b>1,218,781</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	-
Public works	11,607,404	-	-	-	-
Culture and recreation	-	32,078	-	69,713	-
Community and economic development	-	1,903,795	3,195,053	193,547	1,117,991
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	43,827
Interest	-	-	-	-	39,648
Bond issuance costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>11,607,404</b>	<b>1,935,873</b>	<b>3,195,053</b>	<b>263,260</b>	<b>1,201,466</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,203,052)</b>	<b>75,598</b>	<b>(105,148)</b>	<b>51,658</b>	<b>17,315</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium on debt issued	-	-	-	-	-
Sale of capital assets	33,164	-	-	-	-
Transfers in	75,000	-	105,251	150,000	-
Transfers out	(757,308)	-	-	(54,493)	-
Refunding bond issuance	-	-	-	-	666,600
Payments to refunded bond escrow agent	-	-	-	-	(680,067)
<b>Total Other Financing Sources (Uses)</b>	<b>(649,144)</b>	<b>-</b>	<b>105,251</b>	<b>95,507</b>	<b>(13,467)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,852,196)</b>	<b>75,598</b>	<b>103</b>	<b>147,165</b>	<b>3,848</b>
<b>FUND BALANCES - BEGINNING</b>	<b>1,331,490</b>	<b>6,724</b>	<b>-</b>	<b>635,803</b>	<b>685,628</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ (520,706)</b>	<b>\$ 82,322</b>	<b>\$ 103</b>	<b>\$ 782,968</b>	<b>\$ 689,476</b>

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	AMERICAN RECOVERY AND REINVESTMENT ACT	MISCELLANEOUS GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,647,448	\$ 4,852,129
-	-	-	-	-	-	24,967
-	674,429	2,451,202	2,344,992	63,038	-	18,772,315
5,119	80,242	-	-	-	4,701	485,898
112,468	180,138	-	-	-	-	648,896
43,275	-	-	-	-	3,926	1,866,200
<u>160,862</u>	<u>934,809</u>	<u>2,451,202</u>	<u>2,344,992</u>	<u>63,038</u>	<u>3,656,075</u>	<u>26,650,405</u>
-	-	175,461	3,236	-	-	178,697
-	-	148,663	-	-	-	11,756,067
-	-	112,000	-	-	-	213,791
225,011	805,409	448,380	2,507,314	58,812	5,310,644	15,765,956
-	-	-	-	-	-	-
-	-	-	-	-	1,970,773	2,014,600
-	-	-	-	-	1,172,957	1,212,605
-	-	-	-	-	5,656	5,656
<u>225,011</u>	<u>805,409</u>	<u>884,504</u>	<u>2,510,550</u>	<u>58,812</u>	<u>8,460,030</u>	<u>31,147,372</u>
<u>(64,149)</u>	<u>129,400</u>	<u>1,566,698</u>	<u>(165,558)</u>	<u>4,226</u>	<u>(4,803,955)</u>	<u>(4,496,967)</u>
-	-	-	-	-	30,668	30,668
-	-	-	-	-	-	33,164
-	-	-	-	-	-	330,251
-	-	(2,092,306)	-	-	(204,080)	(3,108,187)
-	-	-	-	-	1,762,650	2,429,250
-	-	-	-	-	(1,780,433)	(2,460,500)
-	-	(2,092,306)	-	-	(191,195)	(2,745,354)
(64,149)	129,400	(525,608)	(165,558)	4,226	(4,995,150)	(7,242,321)
459,714	1,820	(173,068)	(374,365)	(2,282)	5,356,403	7,927,867
<u>\$ 395,565</u>	<u>\$ 131,220</u>	<u>\$ (698,676)</u>	<u>\$ (539,923)</u>	<u>\$ 1,944</u>	<u>\$ 361,253</u>	<u>\$ 685,546</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 four golf courses, Duck Creek, Emeis, Credit Island and Red Hawk.

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

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

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

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

**CITY OF DAVENPORT**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
June 30, 2010**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 619,182	\$ -	\$ 111,238
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	3,056	19,876	6,902
Interest	57	5	9
Due from other governments	9,408	-	-
Restricted cash and cash equivalents	31,524	-	-
Total current assets	<u>663,227</u>	<u>19,881</u>	<u>118,149</u>
Noncurrent assets:			
Deferred charges	-	-	3,000
Investment in joint venture	-	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	7,733,629	357,800	2,802,070
Improvements other than buildings	-	2,819,803	6,443,283
Equipment and vehicles	275,639	1,392,035	178,542
Paving	131,163	-	-
less accumulated depreciation	(5,026,918)	(3,049,057)	(5,581,739)
Construction in progress	309,797	-	173,336
Total noncurrent assets	<u>3,949,381</u>	<u>2,792,703</u>	<u>4,767,848</u>
Total assets	<u>4,612,608</u>	<u>2,812,584</u>	<u>4,885,997</u>
<b>LIABILITIES</b>			
LIABILITIES:			
Current liabilities:			
Wages payable	5,165	59,799	4,243
Accounts payable	10,279	76,303	6,326
Accrued interest payable	878	-	469
Compensated absences	4,759	44,286	3,793
Interfund loans payable	-	225,320	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	2,385	-	-
General obligation bonds - current	89,000	-	15,000
Total current liabilities	<u>112,466</u>	<u>405,708</u>	<u>29,831</u>
Current liabilities payable from restricted assets:			
Deposits payable	31,524	-	-
Noncurrent liabilities:			
Compensated absences	889	8,266	708
Other postemployment benefits	985	8,469	406
General obligation bonds - long term	279,680	-	124,784
Total noncurrent liabilities	<u>281,554</u>	<u>16,735</u>	<u>125,898</u>
Total liabilities	<u>425,544</u>	<u>422,443</u>	<u>155,729</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,580,701	2,792,703	4,625,064
Unrestricted	606,363	(402,562)	105,204
Total net assets	<u>\$ 4,187,064</u>	<u>\$ 2,390,141</u>	<u>\$ 4,730,268</u>

**ENTERPRISE FUNDS**

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
\$ -	\$ 74,366	\$ -	\$ 804,786
46,954	-	-	46,954
3,356,220	-	-	3,356,220
12,797	1,821,335	-	1,863,966
-	-	-	71
703,704	-	-	713,112
-	-	-	31,524
<u>4,119,675</u>	<u>1,895,701</u>	<u>-</u>	<u>6,816,633</u>
-	-	-	3,000
488,492	-	-	488,492
1,599,288	-	-	4,146,837
3,929,427	24,888	735,483	15,583,297
132,173	-	848,853	10,244,112
4,695,480	3,812,127	433,084	10,786,907
6,888	-	-	138,051
(5,672,173)	(1,895,526)	(22,347)	(21,247,760)
97,386	-	163,763	744,282
<u>5,276,961</u>	<u>1,941,489</u>	<u>2,158,836</u>	<u>20,887,218</u>
<u>9,396,636</u>	<u>3,837,190</u>	<u>2,158,836</u>	<u>27,703,851</u>
106,307	84,004	20,900	280,418
120,529	97,572	26,690	337,699
-	-	-	1,347
52,134	82,645	2,992	190,609
1,190,294	-	14,802	1,430,416
3,356,220	-	-	3,356,220
-	-	-	2,385
-	-	-	104,000
<u>4,825,484</u>	<u>264,221</u>	<u>65,384</u>	<u>5,703,094</u>
-	-	-	31,524
9,731	15,427	558	35,579
20,251	18,243	1,033	49,387
-	-	-	404,464
<u>29,982</u>	<u>33,670</u>	<u>1,591</u>	<u>489,430</u>
<u>4,855,466</u>	<u>297,891</u>	<u>66,975</u>	<u>6,224,048</u>
4,788,469	1,941,489	2,158,836	19,887,262
(247,299)	1,597,810	(66,975)	1,592,541
<u>\$4,541,170</u>	<u>\$ 3,539,299</u>	<u>\$ 2,091,861</u>	<u>\$ 21,479,803</u>

CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

**For the Fiscal Year Ended June 30, 2010**

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 369,711	\$ 2,125,590	\$ 188,984
Other	44,725	4,176	21,443
Total Operating Revenues	<u>414,436</u>	<u>2,129,766</u>	<u>210,427</u>
<b>OPERATING EXPENSES:</b>			
Employee expenses	110,583	1,056,576	45,718
Supplies and services	735,745	1,001,078	166,836
Depreciation	261,494	227,324	324,656
Total Operating Expenses	<u>1,107,822</u>	<u>2,284,978</u>	<u>537,210</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(693,386)</u>	<u>(155,212)</u>	<u>(326,783)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Taxes	-	-	-
Operating grants	767,015	-	-
Use of monies and property	3,012	280	57,095
Interest expense	(14,053)	-	(6,466)
Gain (loss) on disposition of capital assets	-	-	(5,553)
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>755,974</u>	<u>280</u>	<u>45,076</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	62,588	(154,932)	(281,707)
Capital contributions	326,027	-	442,585
Transfers out	(105,251)	-	-
Change in net assets	<u>283,364</u>	<u>(154,932)</u>	<u>160,878</u>
Total net assets - beginning	<u>3,903,700</u>	<u>2,545,073</u>	<u>4,569,390</u>
Total net assets - ending	<u>\$ 4,187,064</u>	<u>\$ 2,390,141</u>	<u>\$ 4,730,268</u>

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**ENTERPRISE FUNDS**

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<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 474,148	\$ 4,494,879	\$ 36,618	\$ 7,689,930
47	340	14,360	85,091
<u>474,195</u>	<u>4,495,219</u>	<u>50,978</u>	<u>7,775,021</u>
2,464,634	2,279,614	78,062	6,035,187
2,640,409	2,131,953	65,428	6,741,449
369,656	334,429	22,350	1,539,909
<u>5,474,699</u>	<u>4,745,996</u>	<u>165,840</u>	<u>14,316,545</u>
<u>(5,000,504)</u>	<u>(250,777)</u>	<u>(114,862)</u>	<u>(6,541,524)</u>
3,323,301	-	-	3,323,301
985,111	-	-	1,752,126
12,360	47,247	25,539	145,533
-	-	-	(20,519)
-	(3,461)	-	(9,014)
4,942	-	-	4,942
<u>4,325,714</u>	<u>43,786</u>	<u>25,539</u>	<u>5,196,369</u>
(674,790)	(206,991)	(89,323)	(1,345,155)
3,857	850,722	2,181,184	3,804,375
-	-	-	(105,251)
<u>(670,933)</u>	<u>643,731</u>	<u>2,091,861</u>	<u>2,353,969</u>
<u>5,212,103</u>	<u>2,895,568</u>	<u>-</u>	<u>19,125,834</u>
<u>\$ 4,541,170</u>	<u>\$ 3,539,299</u>	<u>\$ 2,091,861</u>	<u>\$ 21,479,803</u>

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CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2010**

	<b>BUSINESS-TYPE ACTIVITIES -</b>		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from users	\$ 385,982	\$ 2,129,612	\$ 185,798
Cash paid to suppliers for goods and services	(732,338)	(969,267)	(163,097)
Cash paid to employees for services	(108,423)	(1,036,379)	(39,876)
Other operating revenue	44,725	4,176	21,443
Net Cash Provided by (Used for) Operating Activities	<u>(410,054)</u>	<u>128,142</u>	<u>4,268</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Repayments to other funds	(790)	(262,780)	(20,879)
Advances from other funds	-	225,320	-
Operating grants	767,015	-	-
Property tax	-	-	-
Transfers out	(105,251)	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>660,974</u>	<u>(37,460)</u>	<u>(20,879)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Refunding discount/issue costs	1,633	-	357
Acquisition and construction of capital assets	-	(90,957)	-
Principal paid on long-term debt	(86,000)	-	(15,000)
Interest paid on long-term debt	(14,224)	-	(6,510)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(98,591)</u>	<u>(90,957)</u>	<u>(21,153)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and other investment income	4,194	275	57,246
Net Increase (Decrease) in Cash and Cash Equivalents	156,523	-	19,482
CASH AND CASH EQUIVALENTS-BEGINNING	<u>494,183</u>	<u>-</u>	<u>91,756</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 650,706</u>	<u>\$ -</u>	<u>\$ 111,238</u>

**ENTERPRISE FUNDS**

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 471,626	\$ 4,463,980	\$ 36,618	\$ 7,673,616
(2,696,397)	(2,111,418)	(38,738)	(6,711,255)
(2,451,655)	(2,301,311)	(52,581)	(5,990,225)
47	340	14,360	85,091
<u>(4,676,379)</u>	<u>51,591</u>	<u>(40,341)</u>	<u>(4,942,773)</u>
(799,638)	-	-	(1,084,087)
1,190,294	-	14,802	1,430,416
985,111	-	-	1,752,126
3,323,301	-	-	3,323,301
-	-	-	(105,251)
<u>4,699,068</u>	<u>-</u>	<u>14,802</u>	<u>5,316,505</u>
-	-	-	1,990
(35,049)	(53,613)	-	(179,619)
-	-	-	(101,000)
-	-	-	(20,734)
<u>(35,049)</u>	<u>(53,613)</u>	<u>-</u>	<u>(299,363)</u>
12,360	47,247	25,539	146,861
-	45,225	-	221,230
-	29,141	-	615,080
<u>\$ -</u>	<u>\$ 74,366</u>	<u>\$ -</u>	<u>\$ 836,310</u>

(continued)

**CITY OF DAVENPORT**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2010**

	<b><u>BUSINESS-TYPE ACTIVITIES -</u></b>		
	<b><u>PUBLIC HOUSING</u></b>	<b><u>GOLF COURSES</u></b>	<b><u>AIRPORT</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>			
Operating Income (Loss)	<u>\$ (693,386)</u>	<u>\$ (155,212)</u>	<u>\$ (326,783)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used for) Operating Activities:			
Depreciation	261,494	227,324	324,656
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	19,857	4,022	(3,186)
Decrease (increase) in due from other governments	(3,586)	-	-
Decrease (increase) in prepaids	-	-	-
Increase (decrease) in accounts payable	3,407	31,811	3,739
Increase (decrease) in other accrued liabilities	2,160	20,197	5,842
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	<u>283,332</u>	<u>283,354</u>	<u>331,051</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (410,054)</u>	<u>\$ 128,142</u>	<u>\$ 4,268</u>
<b><u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u></b>			
Acquisition of capital assets	\$ 326,027	\$ -	\$ 442,585
Contribution of capital assets by subdividers	-	-	-
Contribution of capital assets by municipality	(326,027)	-	(353,442)
Contribution of capital assets by state and federal governments	-	-	(89,143)

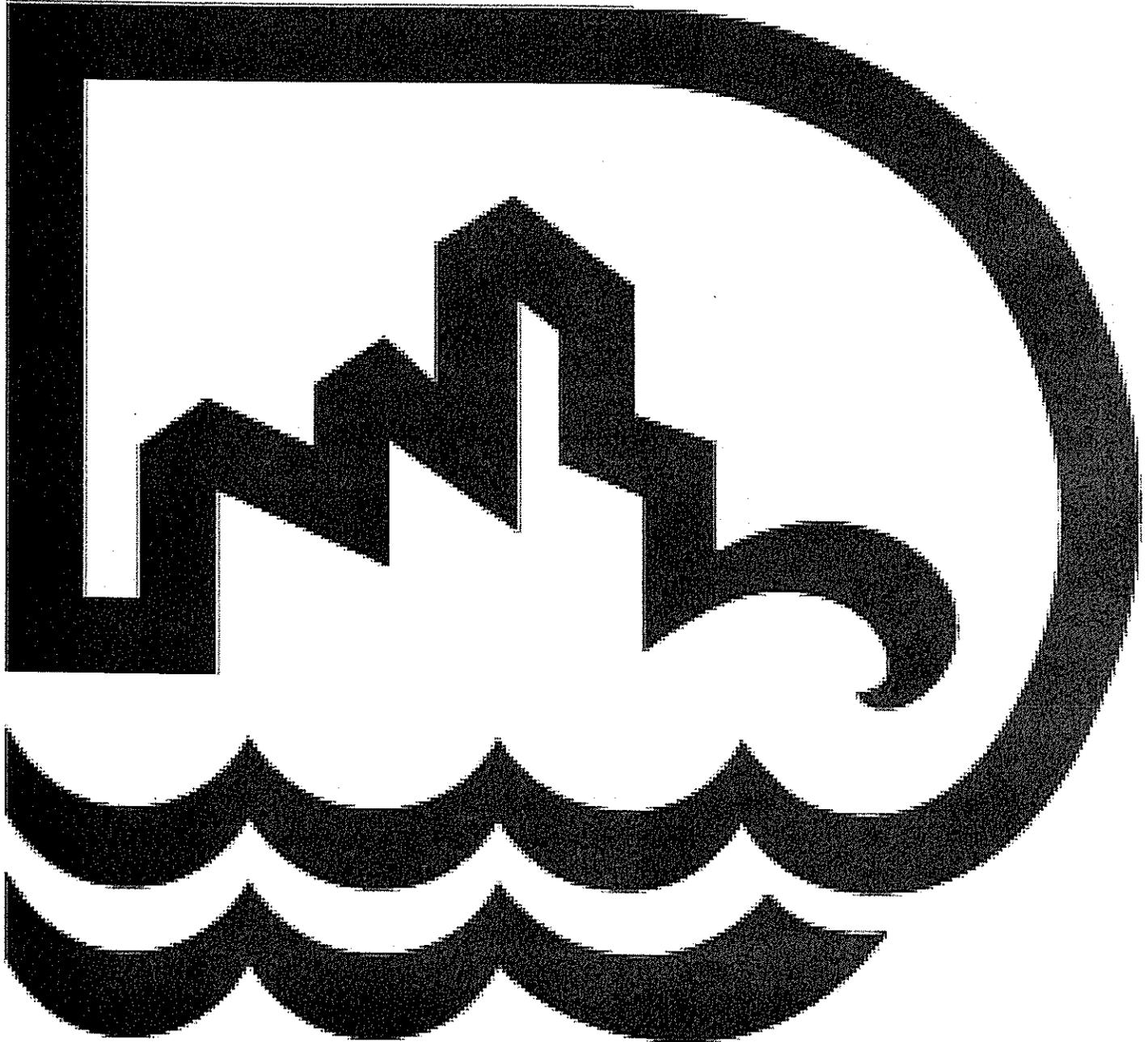
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**ENTERPRISE FUNDS**

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<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>RIVER'S EDGE</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
<u>\$ (5,000,504)</u>	<u>\$ (250,777)</u>	<u>\$ (114,862)</u>	<u>\$ (6,541,524)</u>
369,656	334,429	22,350	1,539,909
29,616	(30,899)	-	19,410
(19,812)	-	-	(23,398)
-	-	-	-
(55,988)	20,535	26,690	30,194
12,979	(21,697)	25,481	44,962
(12,326)	-	-	(12,326)
<u>324,125</u>	<u>302,368</u>	<u>74,521</u>	<u>1,598,751</u>
<u><u>\$ (4,676,379)</u></u>	<u><u>\$ 51,591</u></u>	<u><u>\$ (40,341)</u></u>	<u><u>\$ (4,942,773)</u></u>
\$ 3,857	\$ 850,722	\$ 2,181,184	\$ 3,804,375
-	-	-	-
(3,857)	(850,722)	(2,181,184)	(3,715,232)
-	-	-	(89,143)

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### **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 ASSETS  
June 30, 2010**

<u>ASSETS</u>	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,913,779	\$ 2,668,634	\$ 235,867	\$ 4,818,280
Accounts receivable	119,110	768	1,310	121,188
Interest receivable	155	379	-	534
Due from other governments	-	-	-	-
Prepays	-	37,142	190,236	227,378
Total current assets	<u>2,033,044</u>	<u>2,706,923</u>	<u>427,413</u>	<u>5,167,380</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Improvements other than buildings	-	-	1,591,639	1,591,639
Equipment and vehicles	-	-	3,484,794	3,484,794
Less accumulated depreciation	-	-	(1,762,199)	(1,762,199)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,314,234</u>	<u>3,314,234</u>
Total assets	<u>2,033,044</u>	<u>2,706,923</u>	<u>3,741,647</u>	<u>8,481,614</u>
<b><u>LIABILITIES</u></b>				
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Wages payable	1,582	24,375	43,865	69,822
Accounts payable	82,238	31,877	59,009	173,124
Compensated absences	573	33,815	70,013	104,401
Claims and judgments	1,772,338	4,637,123	-	6,409,461
Total current liabilities	<u>1,856,731</u>	<u>4,727,190</u>	<u>172,887</u>	<u>6,756,808</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	107	6,312	13,069	19,488
Other postemployment benefits	316	5,030	8,158	13,504
Total noncurrent liabilities	<u>423</u>	<u>11,342</u>	<u>21,227</u>	<u>32,992</u>
Total liabilities	<u>1,857,154</u>	<u>4,738,532</u>	<u>194,114</u>	<u>6,789,800</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	-	-	3,314,234	3,314,234
Unrestricted	175,890	(2,031,609)	233,299	(1,622,420)
Total net assets	<u>\$ 175,890</u>	<u>\$ (2,031,609)</u>	<u>\$ 3,547,533</u>	<u>\$ 1,691,814</u>

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

For the Fiscal Year Ended June 30, 2010

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 11,150,332	\$ 3,933,767	\$ 1,897,675	\$ 16,981,774
Other	253	1,024	-	1,277
Total Operating Revenues	<u>11,150,585</u>	<u>3,934,791</u>	<u>1,897,675</u>	<u>16,983,051</u>
OPERATING EXPENSES:				
Employee expenses	24,330	590,474	1,035,367	1,650,171
Supplies and services	11,920,899	4,103,443	811,450	16,835,792
Depreciation	-	-	330,877	330,877
Total Operating Expenses	<u>11,945,229</u>	<u>4,693,917</u>	<u>2,177,694</u>	<u>18,816,840</u>
OPERATING INCOME (LOSS)	(794,644)	(759,126)	(280,019)	(1,833,789)
NON-OPERATING REVENUES (EXPENSES):				
Use of monies and property	<u>8,133</u>	<u>19,930</u>	<u>-</u>	<u>28,063</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(786,511)	(739,196)	(280,019)	(1,805,726)
Capital contributions	-	-	635,687	635,687
Change in net assets	(786,511)	(739,196)	355,668	(1,170,039)
Total net assets - beginning	<u>962,401</u>	<u>(1,292,413)</u>	<u>3,191,865</u>	<u>2,861,853</u>
Total net assets - ending	<u>\$ 175,890</u>	<u>\$ (2,031,609)</u>	<u>\$ 3,547,533</u>	<u>\$ 1,691,814</u>

**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2010**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from users	\$ 11,042,283	\$ 4,502,043	\$ 1,903,401	\$ 17,447,727
Cash paid to suppliers for goods and services	(11,427,343)	(3,159,643)	(839,916)	(15,426,902)
Cash paid to employees for services	(21,752)	(591,978)	(1,060,922)	(1,674,652)
Other operating revenue	253	1,024	-	1,277
Net Cash Provided by (Used for) Operating Activities	<u>(406,559)</u>	<u>751,446</u>	<u>2,563</u>	<u>347,450</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	-	-	(58,816)	(58,816)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(58,816)</u>	<u>(58,816)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and investment income	15,787	27,010	-	42,797
Net Increase (Decrease) in Cash and Cash Equivalents	(390,772)	778,456	(56,253)	331,431
CASH AND CASH EQUIVALENTS- BEGINNING	<u>2,304,551</u>	<u>1,890,178</u>	<u>292,120</u>	<u>4,486,849</u>
CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 1,913,779</u>	<u>\$ 2,668,634</u>	<u>\$ 235,867</u>	<u>\$ 4,818,280</u>

**CITY OF DAVENPORT**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2010**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (794,644)	\$ (759,126)	\$ (280,019)	\$ (1,833,789)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	330,877	330,877
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(108,049)	568,276	5,726	465,953
Decrease (increase) in prepaids		(2,644)	(68,052)	(70,696)
Increase (decrease) in accounts payable	493,556	946,444	39,586	1,479,586
Increase (decrease) in other accrued liabilities	2,578	(1,504)	(25,555)	(24,481)
Total Adjustments	<u>388,085</u>	<u>1,510,572</u>	<u>282,582</u>	<u>2,181,239</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (406,559)</u>	<u>\$ 751,446</u>	<u>\$ 2,563</u>	<u>\$ 347,450</u>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Acquisition of capital assets	\$ -	\$ -	\$ 635,687	\$ 635,687
Contribution of capital assets by municipality	-	-	(635,687)	(635,687)

### **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, 2010**

	BALANCE JUNE 30,2009	ADDITIONS	DELETIONS	BALANCE JUNE 30,2010
<b>RIVERFRONT TASK FORCE</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 3,590	\$ 24	\$ -	\$ 3,614
Interest receivable	7	-	7	-
<b>TOTAL ASSETS</b>	<b>\$ 3,597</b>	<b>\$ 24</b>	<b>\$ 7</b>	<b>\$ 3,614</b>
<b>LIABILITIES:</b>				
Due to other governments	\$ 3,597	\$ 24	\$ 7	\$ 3,614
<b>LIBRARY GIFT</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 230,090	\$ 129,016	\$ 152,283	\$ 206,823
Interest receivable	712	21	712	21
<b>TOTAL ASSETS</b>	<b>\$ 230,802</b>	<b>\$ 129,037</b>	<b>\$ 152,995</b>	<b>\$ 206,844</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,224	\$ 89,677	\$ 86,549	\$ 5,352
Due to other governments	228,578	39,360	66,446	201,492
<b>TOTAL LIABILITIES</b>	<b>\$ 230,802</b>	<b>\$ 129,037</b>	<b>\$ 152,995</b>	<b>\$ 206,844</b>
<b>M.D. PETERSEN MEMORIAL</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 2,607	\$ 1,001	\$ 3,395	\$ 213
Interest receivable	7	-	7	-
<b>TOTAL ASSETS</b>	<b>\$ 2,614</b>	<b>\$ 1,001</b>	<b>\$ 3,402</b>	<b>\$ 213</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 793	\$ 801	\$ 1,594	\$ -
Due to other governments	1,821	200	1,808	213
<b>TOTAL LIABILITIES</b>	<b>\$ 2,614</b>	<b>\$ 1,001</b>	<b>\$ 3,402</b>	<b>\$ 213</b>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 236,287	\$ 130,041	\$ 155,678	\$ 210,650
Interest receivable	726	21	726	21
<b>TOTAL ASSETS</b>	<b>\$ 237,013</b>	<b>\$ 130,062</b>	<b>\$ 156,404</b>	<b>\$ 210,671</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 3,017	\$ 90,478	\$ 88,143	\$ 5,352
Due to other governments	233,996	39,584	68,261	205,319
<b>TOTAL LIABILITIES</b>	<b>\$ 237,013</b>	<b>\$ 130,062</b>	<b>\$ 156,404</b>	<b>\$ 210,671</b>

**CITY OF DAVENPORT**

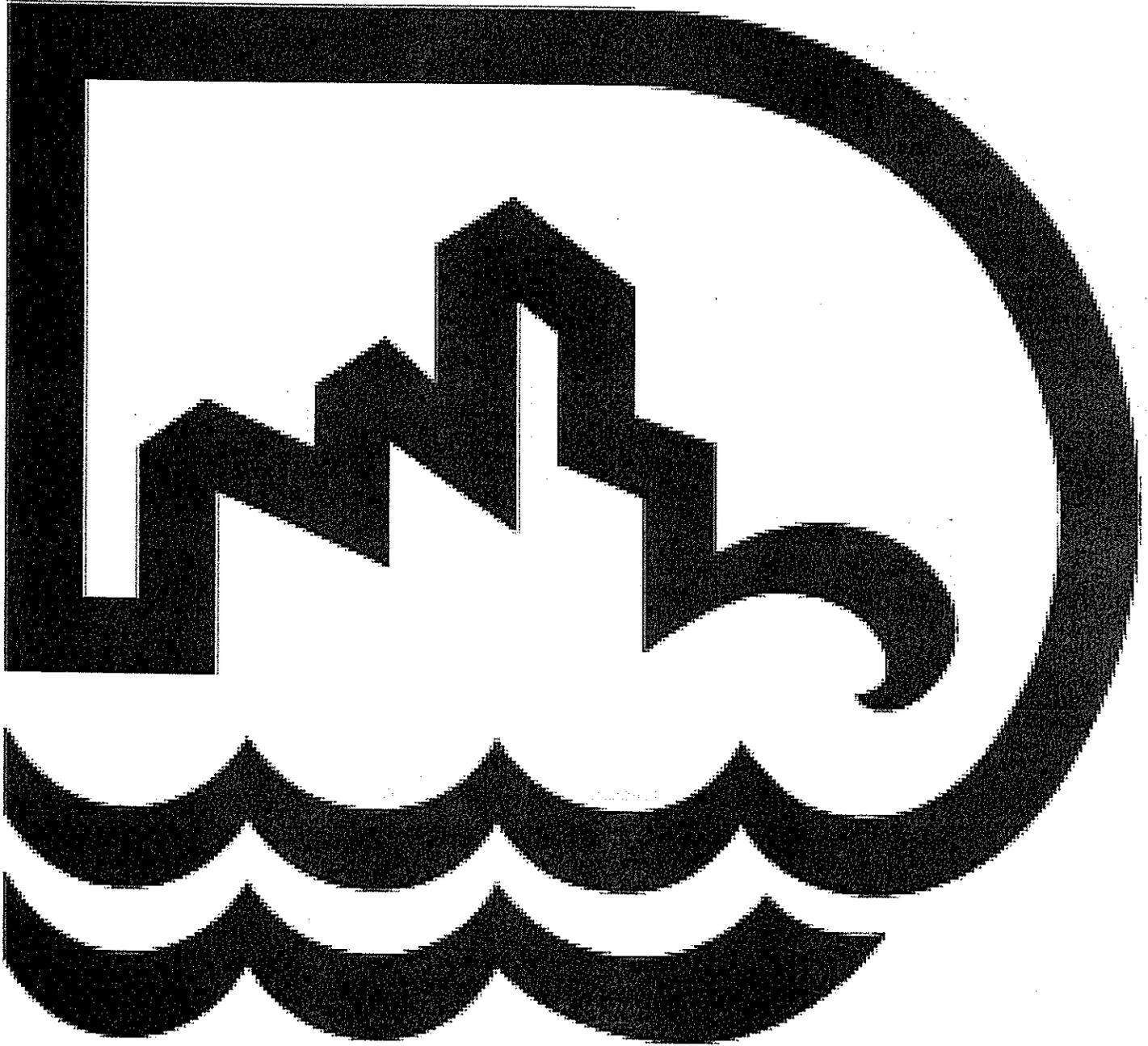
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
<b>Direct:</b>			
<b><u>Department of Housing and Urban Development (HUD)</u></b>			
N/C S/R Section 8 Programs	14.182	KC76237	\$ 383,267
Community Development Block Grants/Entitlement Grants	14.218	B0 XM C1 90002	1,941,373
HERA - Neighborhood Stabilization Program	14.228		633,843
HOME Investment Partnerships Program	14.239	M0 XM C1 90200	805,409
EDI Special Projects	14.246	B03 SPIA 0194	413,233
ARRA CDBG-R	14.253	B09 MY 190002	149,641
Jump Start HUD Program	14.256		178,072
Homeless Prevention & Rapid Rehousing	14.257	S09 MY 190003	324,423
Fair Housing Assistance Program	14.401	FF 207 K0 77015	68,472
Public and Indian Housing	14.850	KC 914 8	125,423
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	3,083,804
Public Housing - Capital Fund Program	14.872	KC 914 8	258,324
Lead Based Paint Grant	14.900	IALHB 0349 07	747,334
ARRA Capital Funds	14.885	IA 0550 4550 109	64,693
Equal Employment Opportunity Commission	30.001	EE CCN 1001 14	42,650
<b><u>Department of Transportation</u></b>			
Clark Street Bridge	20.205	608 HBRR 13	318,469
Rails For Eastern Iowa Industrial Center	20.205	RDP FE 06(01) 4982	53,252
Davenport Municipal Airport	20.205	319 00 24 14	64,995
Division Street	20.205	STPU 1827 (648) 70 82	2,136,713
Pier & Bank Stabilization	20.205	STPU 1827 (655) 8R 82	290,530
			2,863,959
Federal Transit - Formula Grants	20.507	IA 90 X 337 00	235,873
Federal Transit - Formula Grants	20.507	IA 90 X 362 00	354,667
Federal Transit - Formula Grants	20.507	IA 90 X 337 00	7,492
Federal Transit - Formula Grants	20.507	IA 90 X 350 00	1,614
Federal Transit - Formula Grants	20.507	IA 90 X 362 00	104,058
			703,704
<b><u>Environmental Protection Agency</u></b>			
Surveys, Studies, Investigations and Special			
Purpose Grants	66.606	XP 98 7584 01	403,005
EPA Assistance	66.818	BF 98 7659 01	63,038

**CITY OF DAVENPORT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
<b><u>Department of Energy</u></b>			
ARRA Energy & Efficiency Block Grant	81.128	SC 000 3271	170,285
<b><u>Department of Homeland Security</u></b>			
Assistance to Firefighters	97.044	EMW 2009 F0 02503	312,000
<b><u>Department of Justice</u></b>			
Weed & Seed	16.595	2009 WS QX 0109	41,286
Bulletproof Vest Partnership Program	16.607	UG 06 2XG	10,097
Office of Community Oriented Policing Services	16.710	2005 IN WX 0025	1,598,140
	16.710	2007 CK WX 0031	1,892,332
ARRA Cops Hiring	16.710	2009 RK WX 0305	175,460
			<u>3,665,932</u>
National Recreational and Park Association	93.283		12,674
Organized Crime Drug Enforcement Task Force	N/A		14,022
<b>Total Direct</b>			<b><u>17,479,964</u></b>
<b>Indirect:</b>			
<b><u>Department of Justice</u></b>			
Alcohol, Tobacco and Firearms Training Assistance	16.012		8,623
Community Prosecution and Project Safe Neighborhoods	16.609	03S SD 05	7,170
Enforcing Underage Drinking Laws (EUDL)	16.727	JUV 07 JD07 F08	20,789
Governor's Office of Drug Control Policy:	16.803	09 JAG ARRA 265	45,308
Drug Enforcement	N/A		5,137
HIDTA	N/A	09 G09 MW 000 9A	5,470
<b><u>Department of Transportation</u></b>			
<b><u>Iowa Department of Transportation</u></b>			
ARRA Full Depth Patching	20.205	ESL 1827 (660) 7S 82	641,356
ARRA Front Porch Parkway	20.205	ESL 1827 (662) 7S 82	267,843
ARRA Resurfacing	20.205	ESL 1827 (659) 7S 82	1,183,107
			<u>2,092,306</u>
<b><u>National Highway Traffic Safety Administration</u></b>			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 05 04 TASK 10	27,815
<b>Total Indirect</b>			<b><u>2,212,618</u></b>
<b>Total</b>			<b><u>\$ 19,692,582</u></b>



### Statistical Section

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

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

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

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

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

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

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

CITY OF DAVENPORT

NET ASSETS BY COMPONENT,  
LAST EIGHT FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year			
	2010	2009	2008	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 125,751,423	\$ 105,380,683	\$ 107,377,588	\$ 89,441,418
Restricted	26,268,566	37,923,794	34,634,008	43,140,165
Unrestricted	(22,165,731)	2,694,253	3,975,550	5,039,462
Total governmental activities net assets	<u>\$ 129,854,258</u>	<u>\$ 145,998,730</u>	<u>\$ 145,987,146</u>	<u>\$ 137,621,045</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 113,558,845	\$ 106,460,687	\$ 109,164,803	\$ 109,968,802
Restricted	4,414,849	-	-	-
Unrestricted	4,336,900	13,226,200	12,464,481	12,747,591
Total business-type activities net assets	<u>\$ 122,310,594</u>	<u>\$ 119,686,887</u>	<u>\$ 121,629,284</u>	<u>\$ 122,716,393</u>
Primary government				
Invested in capital assets, net of related debt	\$ 239,310,268	\$ 211,841,370	\$ 216,542,391	\$ 199,410,220
Restricted	30,683,415	37,923,794	34,634,008	43,140,165
Unrestricted	(17,828,831)	15,920,453	16,440,031	17,787,053
Total primary government net assets	<u>\$ 252,164,852</u>	<u>\$ 265,685,617</u>	<u>\$ 267,616,430</u>	<u>\$ 260,337,438</u>

Fiscal Year			
2006	2005	2004	2003
\$ 68,823,065	\$ 88,164,547	\$ 77,077,585	\$ 72,111,446
52,997,137	35,494,223	40,472,202	41,416,734
6,977,388	5,903,723	5,574,170	4,568,399
<u>\$ 128,797,590</u>	<u>\$ 129,562,493</u>	<u>\$ 123,123,957</u>	<u>\$ 118,096,579</u>
\$ 114,960,736	\$ 100,497,072	\$ 91,650,821	\$ 93,049,920
-	-	-	-
14,110,629	13,644,118	21,741,675	18,449,449
<u>\$ 129,071,365</u>	<u>\$ 114,141,190</u>	<u>\$ 113,392,496</u>	<u>\$ 111,499,369</u>
\$ 183,783,801	\$ 188,661,619	\$ 168,728,406	\$ 165,161,366
52,997,137	35,494,223	40,472,202	41,416,734
21,088,017	19,547,841	27,315,845	23,017,848
<u>\$ 257,868,955</u>	<u>\$ 243,703,683</u>	<u>\$ 236,516,453</u>	<u>\$ 229,595,948</u>

**CITY OF DAVENPORT**

**CHANGES IN NET ASSETS,  
LAST EIGHT FISCAL YEARS  
(accrual basis of accounting)**

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>								
<b>Governmental activities:</b>								
General government	\$ 9,385,078	\$ 10,026,526	\$ 8,523,359	\$ 8,710,088	\$ 6,413,439	\$ 10,445,510	\$ 8,480,484	\$ 6,685,470
Public safety	54,618,260	37,946,102	37,929,524	37,866,348	35,330,398	32,069,077	29,072,920	23,906,370
Public works	45,177,539	22,727,385	21,653,523	18,514,994	19,152,943	18,288,161	25,266,595	27,612,830
Culture and recreation	19,395,592	13,924,558	11,663,190	11,831,207	15,989,106	15,273,271	14,720,304	9,793,268
Community and economic development	24,923,932	17,884,887	10,083,864	10,485,046	10,892,810	12,540,036	14,016,808	20,548,796
Interest on long-term debt	6,232,307	5,159,660	5,352,084	5,437,269	4,977,495	4,697,555	4,088,608	4,307,208
<b>Total governmental activities expenses</b>	<b>159,732,708</b>	<b>107,669,118</b>	<b>95,205,544</b>	<b>92,844,952</b>	<b>92,756,191</b>	<b>93,313,610</b>	<b>95,645,719</b>	<b>92,853,942</b>
<b>Business-type activities:</b>								
Sewer operations	14,614,261	13,661,231	12,933,042	13,275,949	12,359,594	12,336,175	11,612,949	12,072,674
Parking system	2,293,309	2,130,548	2,214,256	2,297,589	2,223,058	1,987,325	2,089,879	1,625,843
Rivercenter	2,029,591	2,273,405	2,075,251	2,044,864	2,287,829	3,856,510	3,976,124	3,220,654
Public transit	5,555,580	5,243,812	5,108,767	5,200,408	4,781,823	4,464,738	4,343,827	4,443,687
Public housing	1,130,451	1,024,289	1,088,723	1,056,560	984,783	956,687	906,413	960,487
Golf courses	2,305,035	2,215,155	2,360,114	2,388,785	2,204,089	2,651,694	2,142,641	2,105,937
Airport	555,304	536,281	564,139	533,995	492,146	446,777	469,150	403,870
Solid waste	4,835,236	4,424,452	4,426,700	4,584,023	4,148,895	4,255,444	1,256,114	1,194,442
Clean water (1)	2,231,978	1,803,626	1,747,692	1,684,045	1,608,951	-	-	-
Riversedge	166,168	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>35,716,913</b>	<b>33,312,799</b>	<b>32,518,684</b>	<b>33,066,218</b>	<b>31,091,168</b>	<b>30,955,350</b>	<b>26,797,097</b>	<b>26,027,594</b>
<b>Total primary government expenses</b>	<b>\$ 195,449,621</b>	<b>\$ 140,981,917</b>	<b>\$ 127,724,228</b>	<b>\$ 125,911,170</b>	<b>\$ 123,847,359</b>	<b>\$ 124,268,960</b>	<b>\$122,442,816</b>	<b>\$ 118,881,536</b>
<b>Program revenues</b>								
<b>Governmental activities:</b>								
<b>Charges for services:</b>								
General government	\$ 3,802,966	\$ 1,906,531	\$ 2,492,146	\$ 2,185,830	\$ 1,807,942	\$ 1,677,053	\$ 1,547,685	\$ 1,599,974
Public safety	2,433,034	1,991,648	1,769,379	1,772,612	2,175,988	1,577,554	1,464,648	1,175,217
Public works	6,200,604	1,891,001	2,212,146	1,486,492	1,941,969	1,753,160	2,058,239	2,059,079
Culture and recreation	1,420,156	1,255,539	1,110,907	1,774,460	3,820,105	499,872	579,825	635,603
Community and economic development	2,134,740	762,264	842,579	872,306	955,624	1,066,391	1,028,891	951,787
Operating grants and contributions	22,362,460	17,583,390	14,562,005	14,410,329	15,244,322	18,165,499	18,263,763	17,819,204
Capital grant and contributions	27,041,539	5,315,374	3,851,299	4,409,902	6,043,958	8,099,263	15,163,936	13,963,733
<b>Total governmental activities program revenues</b>	<b>65,395,499</b>	<b>30,705,747</b>	<b>26,840,461</b>	<b>26,911,931</b>	<b>31,989,908</b>	<b>32,838,792</b>	<b>40,106,987</b>	<b>38,204,597</b>
<b>Business-type activities:</b>								
<b>Charges for services:</b>								
Sewer operations	11,693,354	11,769,322	10,863,016	10,151,322	10,348,088	10,207,702	10,455,763	10,662,507
Parking system	1,454,569	1,675,828	1,699,437	1,765,985	1,657,506	1,630,981	1,779,026	1,261,027
Rivercenter	863,707	1,151,073	988,216	918,739	1,153,477	2,693,539	2,464,777	1,792,285
Public transit	479,090	479,056	451,139	455,216	453,792	593,905	411,253	356,238
Public housing	369,711	388,302	388,640	344,286	334,919	327,173	330,757	327,964
Golf courses	2,125,590	2,237,644	2,236,252	2,310,782	2,358,403	2,404,051	2,246,411	2,221,928
Airport	188,984	181,104	185,644	175,622	173,624	154,581	147,081	142,965
Solid waste (1)	4,494,879	4,481,816	4,577,669	4,451,864	3,777,700	3,729,191	1,610,426	1,255,136
Clean water (2)	1,730,883	1,740,483	1,765,014	1,718,423	1,609,020	-	-	-
River's Edge (3)	36,618	-	-	-	-	-	-	-
Operating grants and contributions	1,752,126	1,557,994	1,792,100	1,463,558	1,669,214	1,363,461	1,655,812	1,442,654
Capital grant and contributions	8,979,787	1,603,113	2,169,889	4,192,000	7,466,146	4,340,112	4,158,826	9,392,192
<b>Total business-type activities program revenues</b>	<b>34,169,298</b>	<b>27,265,735</b>	<b>27,117,016</b>	<b>27,947,797</b>	<b>31,001,889</b>	<b>27,444,696</b>	<b>25,260,132</b>	<b>28,854,896</b>
<b>Total primary government program revenues</b>	<b>\$ 99,564,797</b>	<b>\$ 57,971,482</b>	<b>\$ 53,957,477</b>	<b>\$ 54,859,728</b>	<b>\$ 62,991,797</b>	<b>\$ 60,283,488</b>	<b>\$ 65,367,119</b>	<b>\$ 67,059,493</b>

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (94,337,209)	\$ (76,963,371)	\$ (68,365,083)	\$ (65,933,021)	\$ (60,766,283)	\$ (60,474,818)	\$ (55,538,732)	\$ (54,649,345)
Business-type activities	(1,547,615)	(6,047,064)	(5,401,668)	(5,118,421)	(89,279)	(3,510,654)	(1,536,965)	2,827,302
<b>Total primary government net expense</b>	<b>\$ (95,884,824)</b>	<b>\$ (83,010,435)</b>	<b>\$ (73,766,751)</b>	<b>\$ (71,051,442)</b>	<b>\$ (60,855,562)</b>	<b>\$ (63,985,472)</b>	<b>\$ (57,075,697)</b>	<b>\$ (51,822,043)</b>

**General Revenues and Other Changes in Net Assets**

<b>Governmental activities:</b>								
<b>Taxes</b>								
Property taxes	\$ 58,524,411	\$ 56,602,349	\$ 54,216,032	\$ 52,302,784	\$ 49,714,718	\$ 47,050,918	\$ 43,784,134	\$ 41,751,259
Local option sales tax	14,061,501	14,268,556	14,925,248	14,408,214	13,071,274	12,556,556	12,892,682	12,695,189
Hotel/motel tax	1,636,626	1,745,523	1,687,454	1,586,261	1,611,777	1,395,028	1,453,268	1,439,259
Franchise tax	3,264,313	3,213,249	3,337,590	3,355,323	3,212,235	3,293,130	3,082,228	2,680,182
Investment earnings	1,035,244	1,390,993	2,953,986	3,839,767	3,010,775	1,943,966	1,542,997	1,546,216
Gain on sale of capital assets	65,547	4,905	51,385	78,176	367,546	-	-	-
Miscellaneous	53,761	96,087	62,432	41,118	362,904	295,533	291,640	333,941
Transfers	(448,666)	(346,707)	(501,515)	(784,469)	(11,349,849)	(970,101)	(383,019)	(611,958)
<b>Total governmental activities</b>	<b>78,192,737</b>	<b>76,974,955</b>	<b>76,732,612</b>	<b>74,827,174</b>	<b>60,001,380</b>	<b>65,565,030</b>	<b>62,663,930</b>	<b>59,834,088</b>
<b>Business-type activities:</b>								
Property taxes (public transit)	3,323,301	3,248,353	3,097,575	3,017,365	2,905,895	2,769,893	2,628,096	2,552,247
Investment earnings	259,257	400,305	649,905	790,290	698,124	462,890	344,863	444,436
Loss on donation of capital assets	-	-	-	(5,894,826)	-	-	-	-
Miscellaneous	140,098	109,302	65,564	66,151	65,586	56,464	74,114	5,537
Transfers	448,666	346,707	501,515	784,469	11,349,849	970,101	383,019	611,958
<b>Total business-type activities</b>	<b>4,171,322</b>	<b>4,104,667</b>	<b>4,314,559</b>	<b>(1,236,551)</b>	<b>15,019,454</b>	<b>4,259,348</b>	<b>3,430,092</b>	<b>3,614,178</b>
<b>Total primary government</b>	<b>\$ 82,364,059</b>	<b>\$ 81,079,622</b>	<b>\$ 81,047,171</b>	<b>\$ 73,590,623</b>	<b>\$ 75,020,834</b>	<b>\$ 69,824,378</b>	<b>\$ 66,094,022</b>	<b>\$ 63,448,266</b>
<b>Change in Net Assets</b>								
Governmental activities	\$ (16,144,472)	\$ 11,584	\$ 8,367,529	\$ 8,894,153	\$ (764,903)	\$ 5,090,212	\$ 7,125,198	\$ 5,184,743
Business-type activities	2,623,707	(1,942,397)	(1,087,109)	(6,354,972)	14,930,175	748,694	1,893,127	6,441,480
<b>Total primary government</b>	<b>\$ (13,520,765)</b>	<b>\$ (1,930,813)</b>	<b>\$ 7,280,420</b>	<b>\$ 2,539,181</b>	<b>\$ 14,165,272</b>	<b>\$ 5,838,906</b>	<b>\$ 9,018,325</b>	<b>\$ 11,626,223</b>

(1) In fiscal year 2005, the city moved the solid waste division from governmental activities, public works to join the existing recycling division and made a combined solid waste business-type activity.

(2) In fiscal year 2006, the city split the clean water division from governmental activities, public works to a business-type activity.

(3) Newly acquired facility in fiscal year 2010

CITY OF DAVENPORT

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

	Fiscal Year				
	2010	2009	2008	2007	2006
General Fund					
Reserved	\$ 4,781,365	\$ 5,837,263	\$ 5,468,328	\$ 5,897,658	\$ 6,466,266
Unreserved	5,640,835	4,961,376	5,057,016	6,658,196	7,561,989
Total general fund	<u>\$ 10,422,200</u>	<u>\$ 10,798,639</u>	<u>\$ 10,525,344</u>	<u>\$ 12,555,854</u>	<u>\$ 14,028,255</u>
All Other Governmental funds					
Reserved	\$ 8,558,420	\$ 32,666,636	\$ 27,199,618	\$ 32,790,103	\$ 41,987,883
Unreserved, reported in					
Special revenue funds	(1,156,132)	980,072	3,754,094	6,527,897	6,116,563
Capital project funds	(503,939)	-	-	-	(710,670)
Total all other governmental funds	<u>\$ 6,898,349</u>	<u>\$ 33,646,708</u>	<u>\$ 30,953,712</u>	<u>\$ 39,318,000</u>	<u>\$ 47,393,776</u>

Fiscal Year				
2005	2004	2003	2002	2001
\$ 5,932,616	\$ 5,050,104	\$ 5,060,818	\$ 6,283,879	\$ 7,555,945
7,173,392	7,520,660	6,607,063	6,473,599	6,989,297
<u>\$ 13,106,008</u>	<u>\$ 12,570,764</u>	<u>\$ 11,667,881</u>	<u>\$ 12,757,478</u>	<u>\$ 14,545,242</u>
\$ 33,277,257	\$ 33,305,150	\$ 35,191,771	\$ 36,656,434	\$ 27,044,137
5,554,019	6,186,458	5,269,271	5,283,533	6,778,424
(7,430,722)	(3,067,709)	(3,267,011)	(4,575,568)	(6,022,870)
<u>\$ 31,400,554</u>	<u>\$ 36,423,899</u>	<u>\$ 37,194,031</u>	<u>\$ 37,364,399</u>	<u>\$ 27,799,691</u>

CITY OF DAVENPORT

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

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Revenues</b>					
Taxes	\$ 77,168,031	\$ 75,503,579	\$ 73,900,380	\$ 71,440,755	\$ 67,238,905
Special assessments	37,717	6,806	139,517	50,982	40,535
Licenses and permits	1,275,935	1,154,269	1,496,632	1,395,934	1,623,543
Intergovernmental	29,024,273	22,579,386	17,417,503	17,053,854	19,729,182
Charges for services	3,926,869	4,081,012	3,616,388	2,798,325	3,490,189
Use of monies and property	1,035,244	1,390,993	2,953,986	3,839,767	3,010,775
Fines and forfeits	1,314,564	938,544	554,937	873,092	997,004
Loan repayments	648,896	611,113	584,230	663,341	594,829
Other	4,362,836	1,257,734	2,106,748	2,105,786	4,308,377
Total revenues	<u>118,794,365</u>	<u>107,523,436</u>	<u>102,770,321</u>	<u>100,221,836</u>	<u>101,033,339</u>
<b>Expenditures (1)</b>					
General government	8,370,902	7,849,694	7,908,979	7,215,792	7,242,260
Public safety	38,211,590	37,719,742	37,817,252	36,215,539	33,930,920
Public works	17,169,622	15,838,441	15,316,163	11,812,816	11,789,864
Culture and recreation	12,738,612	11,113,692	10,182,468	9,406,214	8,632,061
Community and economic development	20,305,456	17,030,912	9,930,122	8,960,280	10,016,894
Policy and administration					
Community protection					
Human development					
Home and community environment					
Capital outlay	56,227,626	25,959,860	24,969,390	30,935,403	31,196,883
Debt service					
Principal	14,912,225	12,125,079	12,466,632	13,256,573	13,049,158
Interest	6,078,034	5,030,293	5,151,715	5,238,443	4,816,787
Bond issuance expense	153,704	285,250	84,386	68,526	105,731
Total expenditures	<u>174,167,771</u>	<u>132,952,963</u>	<u>123,827,107</u>	<u>123,109,586</u>	<u>120,780,558</u>
Excess of revenues over (under) expenditures	<u>(55,373,406)</u>	<u>(25,429,527)</u>	<u>(21,056,786)</u>	<u>(22,887,750)</u>	<u>(19,747,219)</u>
<b>Other Financing Sources (Uses)</b>					
Bond issuance	28,676,000	26,820,000	9,910,000	13,940,000	35,660,000
Discount on debt issued	(66,902)	56,945	155,453	(51,222)	(148,544)
Premium on debt issued	30,668				
Refunding bonds issued	6,546,400	-	4,380,000	10,959,625	-
Payment to refunded bond escrow agent	(6,555,500)	-	(4,354,806)	(11,005,000)	-
Sale of capital assets	66,608	4,905	51,385	78,176	1,643,684
Transfers in	16,951,068	17,244,760	14,574,161	14,210,513	14,507,366
Transfers out	(17,399,734)	(15,730,792)	(14,052,777)	(14,721,821)	(14,999,818)
Total other financing sources (uses)	<u>28,248,608</u>	<u>28,395,818</u>	<u>10,663,416</u>	<u>13,410,271</u>	<u>36,662,688</u>
Net change in fund balances	<u>\$ (27,124,798)</u>	<u>\$ 2,966,291</u>	<u>\$ (10,393,370)</u>	<u>\$ (9,477,479)</u>	<u>\$ 16,915,469</u>
Debt service as a percentage of noncapital expenditures	13.66%	15.26%	17.72%	19.48%	19.94%

(1) In fiscal year 2003 the state changed the expenditure reporting categories.

Fiscal Year				
2005	2004	2003	2002	2001
\$ 63,519,997	\$ 60,657,581	\$ 58,580,723	\$ 56,129,537	\$ 55,449,443
55,964	18,098	95,885	109,613	229,153
1,600,302	1,556,959	1,474,719	1,350,200	1,337,699
21,801,090	28,447,769	27,433,000	22,009,253	18,185,211
3,334,847	3,594,151	3,462,165	2,931,111	2,506,285
1,943,966	1,542,997	1,546,216	2,185,533	3,695,481
604,751	533,863	481,059	565,819	373,862
978,166	976,217	907,832	981,357	915,789
3,052,499	2,820,598	1,805,786	1,429,359	1,836,291
<u>96,891,582</u>	<u>100,148,233</u>	<u>95,787,385</u>	<u>87,691,782</u>	<u>84,529,214</u>
6,878,912	6,661,912	6,032,938	-	-
31,539,164	29,666,713	19,230,179	-	-
11,829,081	19,305,594	32,558,630	-	-
7,878,176	15,270,977	12,098,168	-	-
10,937,442	13,964,776	12,526,841	-	-
			6,885,044	6,734,448
			28,937,272	28,519,472
			8,052,451	8,011,876
			19,252,381	20,240,634
26,981,978	26,820,496	9,802,681	16,867,400	15,096,188
10,809,309	11,095,495	9,971,020	9,237,935	8,844,706
4,549,030	4,144,917	4,267,994	4,294,564	4,007,944
35,791	230,021	47,565	-	-
<u>111,438,883</u>	<u>127,160,901</u>	<u>106,536,016</u>	<u>93,527,047</u>	<u>91,455,268</u>
<u>(14,547,301)</u>	<u>(27,012,668)</u>	<u>(10,748,631)</u>	<u>(5,835,265)</u>	<u>(6,926,054)</u>
10,355,000	27,475,000	10,140,000	13,967,750	7,870,000
(18,161)	(154,069)	(51,468)	-	-
-	11,337,000	-	5,885,000	9,020,000
-	(11,199,276)	-	(5,816,841)	(8,960,105)
95,946	69,783	12,092	17,762	7,308
11,876,152	12,028,025	12,158,543	12,882,356	11,845,657
<u>(12,249,737)</u>	<u>(12,411,044)</u>	<u>(12,770,501)</u>	<u>(13,323,818)</u>	<u>(12,437,275)</u>
<u>10,059,200</u>	<u>27,145,419</u>	<u>9,488,666</u>	<u>13,612,209</u>	<u>7,345,585</u>
<u>\$ (4,488,101)</u>	<u>\$ 132,751</u>	<u>\$ (1,259,965)</u>	<u>\$ 7,776,944</u>	<u>\$ 419,531</u>
18.18%	15.19%	14.72%	17.65%	16.83%

CITY OF DAVENPORT

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

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Levy Year	Fiscal Year	ACTUAL VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
1999	2001	2,276,768	965,403	181,899	17,193	199,418	57,598
2000	2002	2,332,603	997,859	183,034	17,461	197,345	32,952
2001	2003	2,583,593	1,144,674	173,102	17,933	202,306	12,730
2002	2004	2,631,773	1,166,494	171,056	18,107	209,260	979
2003	2005	2,912,339	1,296,665	167,366	14,088	221,476	602
2004	2006	3,126,797	1,317,790	165,524	14,030	230,234	919
2005	2007	3,361,503	1,437,813	162,735	14,715	233,767	1,123
2006	2008	3,531,282	1,451,082	158,288	14,580	247,982	1,418
2007	2009	3,747,601	1,562,748	171,687	14,782	239,523	2,317
2008	2010	3,784,782	1,579,002	163,691	14,589	262,718	3,076

Levy Year	Fiscal Year	TAXABLE VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
1999	2001	1,247,654	950,025	176,148	16,402	199,418	56,784
2000	2002	1,311,263	994,595	178,421	17,274	197,344	32,952
2001	2003	1,334,571	1,118,462	173,102	17,933	202,135	12,720
2002	2004	1,351,999	1,166,494	171,056	18,107	208,836	979
2003	2005	1,410,066	1,286,675	167,366	14,088	225,060	598
2004	2006	1,498,414	1,317,790	165,524	14,030	215,864	919
2005	2007	1,545,096	1,425,136	162,735	14,715	206,783	1,113
2006	2008	1,607,643	1,451,082	158,288	14,580	203,541	1,418
2007	2009	1,650,821	1,558,379	171,687	13,319	208,017	2,311
2008	2010	1,721,872	1,579,002	163,691	13,693	209,530	3,077

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. For property values as of January 1, 2005, the roll back rate was 45.996% for residential property and .85% for commercial and other. For the remaining classes of property, the taxable value was equal to 100% of actual value.

Source: Levy rate sheet and valuation from Scott County.

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<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>	<u>Total direct tax rate</u>
3,698,279	(11,907)	3,686,372	14.63%
3,761,254	(11,716)	3,749,538	14.63%
4,134,338	(11,692)	4,122,646	14.63%
4,197,669	(11,356)	4,186,313	14.96%
4,612,536	(11,066)	4,601,470	15.24%
4,855,294	(10,756)	4,844,538	15.24%
5,211,656	(10,733)	5,200,923	15.58%
5,404,632	(10,496)	5,394,136	15.58%
5,738,658	(10,515)	5,728,143	15.58%
5,807,858	(10,350)	5,797,508	15.58%

<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>
2,646,431	(11,907)	2,634,524
2,731,849	(11,716)	2,720,133
2,858,923	(11,692)	2,847,231
2,917,471	(11,356)	2,906,115
3,103,853	(11,066)	3,092,787
3,212,541	(10,756)	3,201,785
3,355,578	(10,735)	3,344,843
3,436,552	(10,496)	3,426,056
3,604,534	(10,515)	3,594,019
3,690,865	(10,350)	3,680,515

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CITY OF DAVENPORT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$1.000 of assessed value)

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City Direct Rates

<u>Fiscal</u> <u>Year</u>	<u>General</u>	<u>Tort</u> <u>Liability</u>	<u>Trust &amp;</u> <u>Agency</u>	<u>Library (1)</u>	<u>Transit</u>	<u>Emergency</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>
2001	8.10	0.36	4.00	-	0.91	0.27	0.99	14.63
2002	8.10	0.36	4.00	-	0.91	0.27	0.99	14.63
2003	8.10	0.00	4.36	-	0.91	0.27	0.99	14.63
2004	8.10	0.34	4.36	-	0.91	0.27	0.99	14.97
2005	8.10	0.34	4.36	0.27	0.91	0.27	0.99	15.24
2006	8.10	0.30	4.40	0.27	0.91	0.27	0.99	15.24
2007	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58
2008	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58
2009	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58
2010	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58

(1) First year for voter approved Library Levy was fiscal year 2005.

Source: City of Davenport Finance Department

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Overlapping Rates

<u>Scott County</u>	<u>Davenport Schools</u>	<u>Area IX College</u>	<u>Other</u>	<u>Total</u>
4.16	15.51	0.60	0.38	35.28
4.17	15.47	0.60	0.38	35.25
4.48	16.96	0.62	0.44	37.13
4.81	17.08	0.62	0.38	37.86
4.76	17.10	0.59	0.34	38.03
5.57	17.10	0.59	0.33	38.83
5.51	17.11	0.61	0.36	39.17
5.54	17.11	0.61	0.37	39.21
5.34	17.08	0.61	0.35	38.96
5.47	17.09	0.88	0.33	39.35

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CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Current Collections</u>	<u>Percentage of Levy</u>
2001	41,824,538	41,127,901	98.33%
2002	43,159,271	42,499,603	98.47%
2003	44,910,592	44,143,261	98.29%
2004	46,532,163	45,815,344	98.46%
2005	50,180,308	49,586,833	98.82%
2006	53,083,691	52,441,378	98.79%
2007	55,616,871	55,351,006	99.52%
2008	57,327,443	57,218,872	99.81%
2009	60,026,971	59,657,908	99.39%
2010	61,880,687	61,684,773	99.68%

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

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CITY OF DAVENPORT

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Name of Property	Property type	2010			2001		
		Taxable Valuation	Rank	% of taxable value	Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	\$ 204,089,144	1	5.39%	\$ 155,067,733	1	5.89%
SDG Macerich Properties	Shopping Center	63,972,785	2	1.69%	64,779,217	2	2.46%
Iowa-American Water Co.	Utility	41,860,979	3	1.11%	42,008,432	3	1.59%
Gulf Investments LLC	Utility	24,522,800	4	0.65%	-	-	-
Deere & Company	Manufacturing	22,600,000	5	0.60%	30,182,634	4	1.15%
Davenport-Duhler Family Trust	Commercial	20,554,200	6	0.54%	-	-	-
Northbrook Housing Partners	Realty	19,374,430	7	0.51%	-	-	-
Oscar Mayer & Co.	Meat Packing	-	-	-	24,116,562	5	0.92%
Quanex	Manufacturing	-	-	-	21,957,759	6	0.83%
Peterson Properties LC	Industrial Center	-	-	-	20,739,000	7	0.79%
National Amusement Inc.	Theatre Complexes	19,015,000	8	0.50%	18,613,316	8	0.71%
THF Davenport North Development	Realty	17,372,600	9	0.46%	-	-	0.00%
QWEST	Utility	15,281,242	10	0.40%	-	-	-
Bradley Operation	Shopping Center	-	-	-	15,787,809	9	0.60%
Ralston Purina Co.	Grain Milling	-	-	-	15,325,000	10	0.58%
Total		<u>\$ 448,643,180</u>		<u>11.85%</u>	<u>\$ 408,577,462</u>		<u>15.51%</u>

Source: Scott County Auditor's Office.

**CITY OF DAVENPORT**

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

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Fiscal Year	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Other General Obligation Debt	Other Long-term Debt	General Obligation Bonds	Total Primary Government		
2001	71,767	881	952	13,573	87,173	3.37%	881
2002	77,018	801	716	22,547	101,082	3.82%	1,031
2003	77,287	715	703	25,648	104,353	3.82%	1,066
2004	94,701	620	407	25,109	120,837	4.36%	1,237
2005	94,549	517	206	24,186	119,458	4.25%	1,226
2006	117,445	404	33	22,280	140,162	4.16%	1,439
2007	118,219	281	20	20,606	139,126	3.93%	1,424
2008	115,865	147	7	19,810	135,829	3.66%	1,372
2009	130,713	-	-	18,392	149,105	3.88%	1,479
2010	144,488	-	-	18,647	163,135	unavailable	1,610

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

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

The personal income and population data is not yet available.

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

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CITY OF DAVENPORT

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

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Fiscal Year	General Obligation Debt	Percentage of Taxable Value of Property (1)	Per Capita
2001	86,221	3.27%	872
2002	100,366	3.69%	1,024
2003	103,650	3.64%	1,059
2004	120,430	4.14%	1,233
2005	119,252	3.86%	1,224
2006	140,129	4.38%	1,439
2007	139,106	4.16%	1,424
2008	135,822	3.96%	1,372
2009	149,105	4.15%	1,479
2010	163,135	4.43%	1,610

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

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

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

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CITY OF DAVENPORT

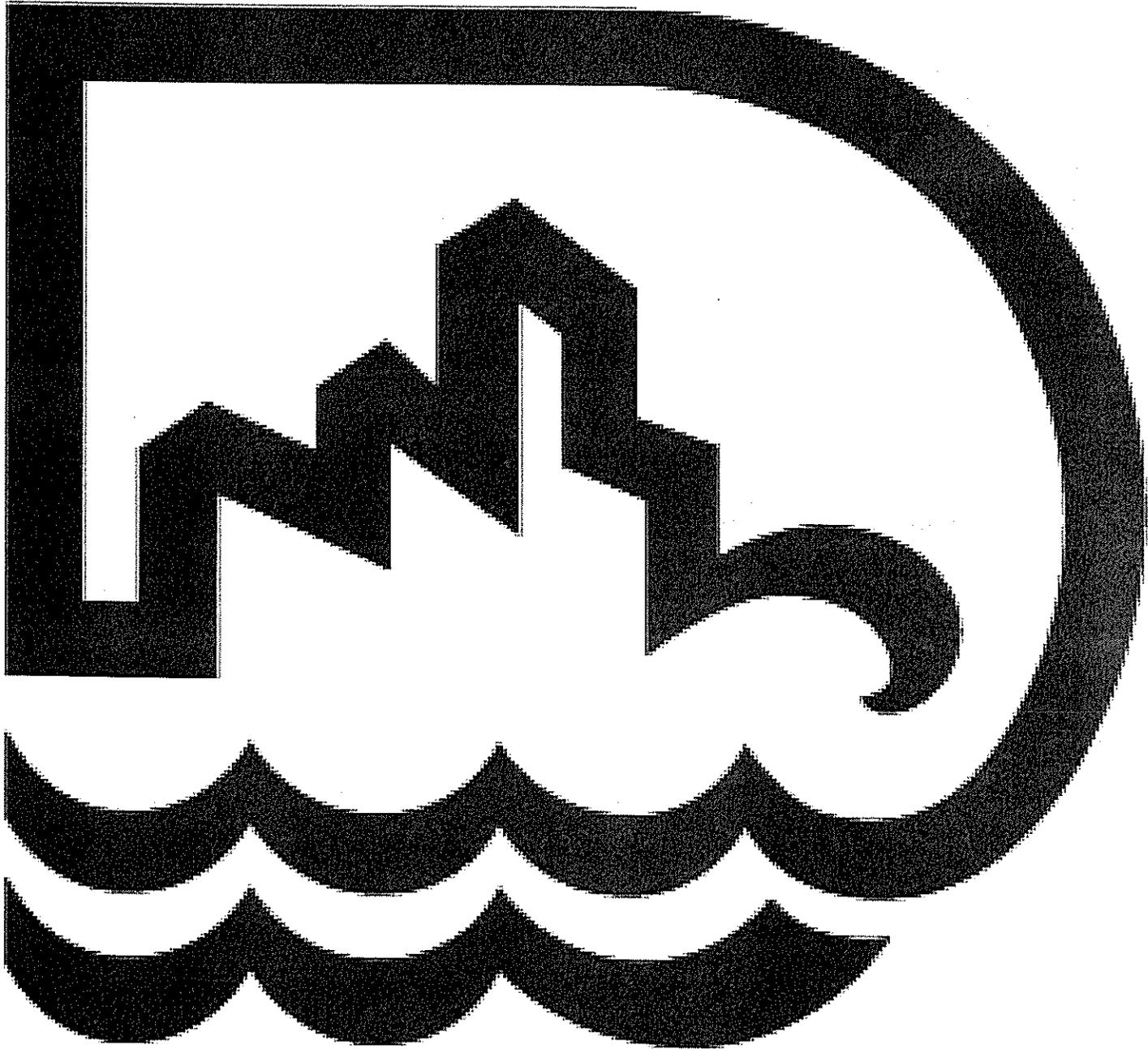
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2010  
(dollars in thousands)

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Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	17,190,000	53.59%	9,212,121
Eastern Iowa Community College	74,885,000	31.63%	23,686,126
Subtotal, overlapping debt			<u>32,898,247</u>
City direct debt			<u>163,135,000</u>
Total direct and overlapping debt			<u>\$ 196,033,247</u>

Sources: Debt outstanding data provided by each governmental unit. Percent applicable to city provided by Scott County.

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CITY OF DAVENPORT

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

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Fiscal year	2001	2002	2003	2004
Debt limit	\$ 187,655,163	\$ 190,875,662	\$ 208,925,388	\$ 211,734,034
Total net debt applicable to limit	<u>86,443,837</u>	<u>100,366,235</u>	<u>103,649,548</u>	<u>129,560,074</u>
Legal debt margin	\$ 101,211,326	\$ 90,509,427	\$ 105,275,840	\$ 82,173,960
Total net debt applicable to the limit as a percentage of debt limit	46.07%	52.58%	49.61%	61.19%

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

**Source:** City of Davenport Finance Department.

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**Legal debt margin calculation for Fiscal Year 2010**

Assessed valuation		\$ 5,904,382,028	
Debt limit (5% of assessed value)			\$ 295,219,101
Debt applicable to limit:			
General Obligation Bonds		163,135,000	
Tax Increment Financing Rebate Agreements		12,957,605	
Total G.O. Indebtedness			176,092,605
Legal debt margin			<u>\$ 119,126,496</u>

	2005	2006	2007	2008	2009	2010
	\$ 232,991,693	\$ 246,426,202	\$ 263,977,950	\$ 274,332,381	\$ 290,703,247	\$ 295,219,101
	128,381,797	148,929,153	148,364,852	148,501,164	130,745,865	119,126,496
	\$ 104,609,896	\$ 97,497,049	\$ 115,613,098	\$ 125,831,217	\$ 159,957,382	\$ 176,092,605
	55.10%	60.44%	56.20%	54.13%	44.98%	40.35%

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CITY OF DAVENPORT

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

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Year	Population (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2000	97,400	2,532,692,200	26,003	17,181	3.0%
2001	98,900	2,589,795,400	26,186	16,831	2.9%
2002	98,000	2,646,490,000	27,005	17,210	3.7%
2003	97,900	2,729,354,100	27,879	16,544	4.7%
2004	97,700	2,773,116,800	28,384	16,077	4.5%
2005	97,400	2,811,840,600	28,869	15,543	4.8%
2006	97,400	3,366,046,600	34,559	15,674	4.3%
2007	97,682	3,536,869,856	36,208	15,365	4.3%
2008	98,975	3,715,026,625	37,535	15,967	4.2%
2009	101,335	3,837,979,755	38,065	15,405	6.9%

Sources:

- (1) Sales and Marketing Management, Survey of Buying Power, September issues.
  - (2) BEA website-AMSA04-Advance Metropolitan Statistical Area Income Summary for Davenport, Rock Island, Moline SMSA as of calendar year end.
  - (3) Davenport Community School District based on census at start of school year.
  - (4) 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 (1)**

Employer	12/31/2000			12/31/2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	3,000	1	6.00%	4,900	1	9.67%
Northpark Mall	3,000	2	6.00%	-		
Davenport Community Schools	2,323	3	4.65%	2,096	2	4.14%
ALCOA	-			2,030	3	4.01%
Kraft Foods/Oscar Mayer	1,700	4	3.40%	1,650	4	3.26%
Eastern Iowa Community College	1,045	5	2.09%	1,005	7	1.98%
City of Davenport	932	6	1.86%	1,086	5	2.14%
MidAmerican Energy Company	-			1,025	6	2.02%
John Deere Davenport Works	892	7	1.78%	-		
President/Rhythm City Casino	724	8	1.45%	600	11	1.18%
APAC Teleservices	600	9	1.20%	900	8	1.78%
United Parcel Service	584	10	1.17%	590	13	1.16%
St. Ambrose University	550	11	1.10%	636	9	1.26%
Sears Manufacturing	484	12	0.97%	600	11	1.18%
Von Maur	449	13	0.90%	560	14	1.11%
Scott County	425	14	0.85%	-		
Quad City Times	340	15	0.68%	-		
AT&T	-			610	10	1.20%
	<u>17,048</u>		<u>34.10%</u>	<u>18,288</u>		<u>36.09%</u>

Source: Quad City Development Group, Direct staff contact with Company

(1) Information not available as of 6/30/10, therefore information is presented as of calendar year.

CITY OF DAVENPORT

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION  
LAST TEN CALENDAR YEARS  
June 30, 2010**

FUNCTION/PROGRAM	2009		2008		2007		2006		2005	
	FULL TIME	PART TIME								
<b>PUBLIC SAFETY</b>										
Police	217	29	209	27	212	23	209	24	203	24
Fire	153	2	155	0	153	1	149	2	143	-
<b>PUBLIC WORKS</b>	284	34	278	30	278	29	280	26	295	18
<b>CULTURE &amp; RECREATION</b>										
Leisure Facilities and Services	34	129	32	76	35	23	38	32	33	45
Library	41	37	39	35	38	34	43	32	42	22
Museum of Art	-	-	-	-	-	-	-	-	-	- (2)
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>	39	13	37	12	37	11	33	11	46	6
<b>GENERAL GOVERNMENT</b>										
Mayor	2	-	2	-	2	-	2	-	2	-
Council	0	11	1	11	1	10	1	10	1	10
Finance	22	5	23	2	23	-	22	2	23	-
Information Technology	10	-	10	-	11	-	9	1 (3)	7	1
Administration	7	-	7	-	7	-	7	-	5	-
Legal	4	-	4	-	4	-	5	-	5	-
Human Resources	5	2	5	3	6	4	6	6	6	1
Civil Rights	4	2	4	1	4	2	4	3	4	4
<b>Total</b>	<b>822</b>	<b>264</b>	<b>806</b>	<b>197</b>	<b>811</b>	<b>137</b>	<b>808</b>	<b>149</b>	<b>815</b>	<b>131</b>

(1) In 2000 the city entered into a management agreement with Compass Facilities Management, Inc. to manage, operate and market the RiverCenter and Adler Theatre. Employees working at these facilities at 12/31/00 were Compass employees whereas they were City employees in prior years.

(2) In 2004 the Museum of Art became a stand alone entity whereas in prior years the employees were City employees.

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

Source: City of Davenport Department of Human Resources.

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2004		2003		2002		2001		2000	
FULL	PART								
TIME									
198	24	203	24	203	25	202	28	197	25
140	-	144	-	146	-	148	-	147	-
293	18	310	21	311	22	303	22	291	23
36	45	43	40	44	33	46	39	45	19 (1)
35	22	36	24	34	27	37	25	36	23
-	-	9	4	10	3	16	8	14	8
46	6	43	-	40	1	38	-	37	1
2	-	2	-	2	-	2	-	2	-
1	10	1	10	1	10	1	10	1	11
28	-	28	-	31	-	33	-	30	-
5	-	5	-	5	-	4	-	3	-
5	-	6	-	7	-	6	-	7	-
7	1	5	-	6	-	7	-	8	-
4	4	4	1	5	-	4	1	3	1
<u>800</u>	<u>130</u>	<u>839</u>	<u>124</u>	<u>845</u>	<u>121</u>	<u>847</u>	<u>133</u>	<u>821</u>	<u>111</u>

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**CITY OF DAVENPORT**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
June 30, 2010**

FUNCTION/PROGRAM	FISCAL YEAR				
	2010	2009	2008	2007	2006
<b>PUBLIC SAFETY</b>					
Fire calls answered	14,399	13,842	13,188	13,257	12,294
Police-arrests (1)	7,529	8,526	8,960	9,813	8,919
Construction permits issued	2,426	2,196	2135	2,051	2,328
<b>PUBLIC WORKS</b>					
Refuse collected (cu yds per year)	25,737 tons	26,789 tons	71,000	74,185	71,627
Gallons of wastewater processed (in millions) (1)	11,607	10,038	10,731	7,884	6,424
Yard waste composted (cu yds)	102,176	109,800	98,030	107,361	68,739
Citibus ridership	1,180,383	1,125,000	1,088,000	1,045,550	982,663
Utility service customers	40,000	40,000	40,000	40,000	40,000
<b>CULTURE &amp; RECREATION</b>					
Rounds of golf played	80,113	101,813	136,386	113,128	111,329
Swimming pools attendance	30,830	27,708	28,000	31,000	27,373
Recreation programs available	549	636	1,061	554	410
Recreation program enrollment	42,500	38,844	30,396	48,301	53,517
Library - walk-in patrons served	511,259	449,218	395,498	390,394	307,330
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>					
Planning & zoning-final development review	2	5	8	15	15
Households assisted with rental assistance	750	716	701	680	672

(1) Amounts for FY 08 and prior have been changed to fiscal year amounts from calendar year amounts

Source: Various City of Davenport departments.

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FISCAL YEAR				
2005	2004	2003	2002	2001
11,729	11,420	11,177	11,248	10,926
7,740	7,608	7,472	7,178	7,223
2,659	2,690	2,918	3,352	4,020
71,324	70,878	71,481	73,206	74,224
6,972	8,821	7,406	8,818	9,846
90,226	92,042	100,904	95,850	98,834
940,046	881,947	866,001	unavailable	unavailable
38,340	38,000	38,000	38,000	38,000
109,499	112,712	110,158	89,892	90,830
33,064	27,063	33,729	61,790	42,893
305	298	unavailable	unavailable	unavailable
37,097	4,433	unavailable	unavailable	unavailable
279,751	295,963	311,733	309,693	310,531
23	10	23	20	23
711	725	747	617	616

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CITY OF DAVENPORT

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
June 30, 2010**

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FUNCTION/PROGRAM	FISCAL YEAR				
	2010	2009	2008	2007	2006
<b>PUBLIC SAFETY</b>					
Police cars	74	64	67	94	77
Fire stations	7	7	7	7	7
Fire trucks	16	16	16	14	13
<b>PUBLIC WORKS</b>					
Streets (miles)	695	695	692	692	690
Traffic signals	153	153	152	151	150
Street lights	9,680	9,632	9,558	9,456	9,237
Refuse collection trucks	31	34	30	36	48
Buses	21	21	20	20	20
<b>CULTURE &amp; RECREATION</b>					
Golf courses	3	3	4	4	4
Acres of parks	1,700	1,700	1,700	1,700	1,700
Swimming pools	3	3	4	4	4
Libraries	3	2	2	2	2

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

Source: City of Davenport Summary of Fixed Assets Report.

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FISCAL YEAR				
2005	2004	2003	2002	2001
68	62	72	61	63
7	7	7	7	7
13	13	14	14	14
684	684	581	581	581
146	144	138	134	125
9,263	9,174	8,947	8,815	8,766
40	42	37	36	35
20	25	30	19	19
4	4	3	3	3
1,700	1,700	1,700	1,700	1,700
4	4	4	4	3
1	1	1	1	1

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Honorable Mayor and  
Members of City Council  
City of Davenport, Iowa  
Davenport, Iowa

In connection with our audit of the financial statements of the City of Davenport, Iowa as of and for the year ended June 30, 2010, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Certain control deficiencies that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

**Journal Entries:** The Assistant Finance Director has to the ability to post journal entries but there is no review of these entries. We recommend that an independent review of the entries posted by the Assistant Finance Director be performed.

**Suspension and Debarment:** During testing of the Community Development Block Grant, we noted that subrecipient files did not contain the procedures performed in order to verify that the subrecipient was neither suspended nor debarred from receiving federal funds. The City does have an agreement with the subrecipients that states subrecipients must comply with all state and federal requirements. In addition, the City has verbally communicated to subrecipients during the Application Workshop that subrecipients may neither be suspended nor debarred from receiving federal funds. We recommend the City implement additional procedures to ensure subrecipients are neither suspended nor debarred from receiving federal. Verification checks may be performed by collecting a certification from the entity, adding a clause or condition to the covered transaction with the entity or checking the Excluded Parties List System at <http://epls.arnet.gov>. Documentation should be maintained in the file by the City when verification has taken place.

**Information Technology:**

Disaster Recovery: There is no formal Disaster Recovery Plan policy and/or procedures in place. A disaster can happen at any time and could cause the inability of the City of Davenport to provide the critical business functions for a period of time. This could result in significant damage and/or financial loss. A Disaster Recovery Plan would describe the process for the City of Davenport to recover from major interruptions and minimize the risk of significant damage and/or financial loss. We recommend implementing a formal Disaster Recovery Plan and consider keeping this Plan a live document that changes with the changes in technology that occur within the City of Davenport, Iowa.

Policies and Procedures: There are no formal policies and/or procedures in place in the following areas: Systems Development, Change Management, Physical Security and Access, Data Backup, Problem Management, Third Party Vendor Management, Application Controls, and End User Computing. The lack of formal policies and procedures could cause a deficiency in standards for the City of Davenport. There is also a risk that "known" procedures are not being followed. Any risks that arise from the lack of these policies and/or procedures could cause a financial loss to the City of Davenport. We recommend implementing formal policies and/or procedures for the areas listed above. We also recommend keeping these policies and procedures updated as changes in technology arise.

This communication is intended solely for the information and use of management, the Mayor and City Council and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 29, 2010

# **City of Davenport, Iowa**

Compliance Report  
November 29, 2010

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council  
City of Davenport, Iowa  
Davenport, Iowa

We have audited the 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, 2010, which collectively comprise the City of Davenport, Iowa's basic financial statements and have issued our report thereon dated November 29, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Davenport, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Davenport, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Davenport, Iowa's internal control over financial reporting.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Davenport, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Davenport, Iowa's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the City of Davenport, Iowa in a separate letter dated November 29, 2010.

This report is intended solely for the information and use of the Mayor and Members of the City Council, management, others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 29, 2010



**Independent Auditor's Report on Compliance With Requirements  
That Could Have a Direct and Material Effect on  
Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

To the Honorable Mayor and  
Members of the City Council  
City of Davenport, Iowa  
Davenport, Iowa

**Compliance**

We have audited the City of Davenport, Iowa's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City of Davenport, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Davenport, Iowa's management. Our responsibility is to express an opinion on the City of Davenport, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Davenport, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Davenport, Iowa's compliance with those requirements.

In our opinion, the City of Davenport, Iowa complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 10-III-A.

**Internal Control Over Compliance**

Management of the City of Davenport, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Davenport, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Davenport, Iowa's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the 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, 2010, and have issued our report thereon dated November 29, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City of Davenport, Iowa's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayor and Members of the City Council, management, others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 29, 2010

City of Davenport, Iowa

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
<b>Direct:</b>			
<b>U.S. Department of Housing and Urban Development (HUD)</b>			
N/C S/R Section 8 Programs	14.182	KC76237	\$ 383,267
Community Development Block Grants/Entitlement Grants	14.218	BOXMC190002	1,941,373
HERA - Neighborhood Stabilization Program	14.228		633,843
HOME Investment Partnerships Program	14.239	MOXMC190200	805,409
EDI Special Projects	14.246	B03SPIA0194	413,233
ARRA - CDBG-R	14.253	B09MY190002	149,641
Jump Start HUD Program	14.256		178,072
ARRA - Homeless Prevention & Rapid ReHousing Program	14.257	S-09-MY-19-0003	324,423
Fair Housing Assistance Program	14.401	FF207K077015	68,472
Public and Indian Housing	14.850	KC9148	125,423
Section 8 Housing Choice Vouchers	14.871	KC9027V	3,083,804
Public Housing - Capital Fund Program	14.872	KC9148	258,324
Lead Based Paint Grant	14.900	IALHB0349-07	747,334
ARRA - Capital Funds	14.885	IA05504550109	64,693
			9,177,311
<b>Equal Employment Opportunity Commission</b>			
Employment Discrimination Title VII of the City Rights Act of 1964	30.001	EECCN100114	42,650
<b>U.S. Department of Transportation</b>			
Clark Street Bridge	20.205	6-08-HBRR-13	318,469
Rails for Eastern Iowa Industrial Center	20.205	RDP-FE06(01)-49-82	53,252
Davenport Municipal Airport	20.205	3190024-14	64,995
Division Street	20.205	STP-U-1827(648)-70-82	2,136,713
Pier & Bank Stabilization	20.208	STP-U-1827(653-658)-8R-82	290,530
Federal Transit - Formula Grants	20.507	IA-90-X33700	235,873
Federal Transit - Formula Grants	20.507	IA-90-X36200	354,667
Federal Transit - Formula Grants	20.507	IA-90-X233700	7,492
Federal Transit - Formula Grants	20.507	IA-90-X235000	1,614
Federal Transit - Formula Grants	20.507	IA-90-X836200	104,058
			3,567,663
<b>U.S. Environmental Protection Agency</b>			
Surveys, Studies, Investigations and Special Purpose Grants	66.606	XP987584-01	403,005
EPA Assistance	66.818	BF-987659-01	63,038
			466,043
<b>U.S. Department of Energy</b>			
ARRA - Energy & Efficiency Block Grant	81.128	SC-0003271	170,285

(Continued)

City of Davenport, Iowa

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
Assistance to Firefighters	97.044	EMW2009F002503	<u>312,000</u>
<b>U.S. Department of Justice</b>			
Weed & Seed	16.595	2009-WS-QX0109	41,286
Bulletproof Vest Partnership	16.607	UG062XG	10,097
Community Oriented Policing Services	16.710	2005 IN WX 0025	1,598,141
Community Oriented Policing Services	16.710	2007 CK WX 0031	1,892,332
ARRA - Cops Hiring	16.710	20092KW305	175,460
Organized Crime Drug Enforcement Task Force	16.N/A		<u>14,022</u>
			<u>3,731,338</u>
<b>U.S. Department of Health and Human Services</b>			
National Recreational and Park Association	93.283		<u>12,674</u>
<b>Total Direct</b>			<u>17,479,964</u>
<b>Indirect:</b>			
<b>U.S. Department of Justice</b>			
Passed through Governor's Office of Drug Control Policy:			
Alcohol, Tobacco and Firearms Training Assistance	16.012	N/A	8,623
Community Prosecution and Project Safe Neighborhoods	16.609	03S-SD05	7,170
Enforcing Underage Drinking Laws	16.727	JUV-07-JD07-F08	20,789
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	09JAG/ARRA-265	45,308
Drug Enforcement	16.N/A	N/A	5,137
HIDTA	16.N/A	09 G09MW0009A	<u>5,470</u>
			<u>92,497</u>
<b>U.S. Department of Transportation</b>			
Passed through Iowa Department of Transportation:			
ARRA - Full Depth Patching	20.205	ESL-1827-6607582	641,356
ARRA - Frong Portch Parkway	20.205	ESL-1827(662)7S 82	267,843
ARRA - Resurfacing	20.205	ESL-1827(59)7S 82	<u>1,183,107</u>
			<u>2,092,306</u>
<b>U.S. Department of Transportation</b>			
<b>National Highway Traffic Safety Administration</b>			
Passed through Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 05-04 TASK 10	<u>27,815</u>
<b>Total Indirect</b>			<u>2,212,618</u>
<b>Total</b>			<u>\$ 19,692,582</u>

See Notes to the Schedule of Expenditures of Federal Awards.

**City of Davenport, Iowa**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Davenport, Iowa for the year ended June 30, 2010. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2. Significant Accounting Policies**

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue and revenue is available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement.

**Note 3. Subrecipients**

Of the federal expenditures presented in the schedule, the City of Davenport, Iowa provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 864,842
HOME Investment Partnerships Program	14.239	191,246
Office of Community Oriented Policing Services	16.710	1,892,332

City of Davenport, Iowa

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010

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Comment Number	Comment	Status	Corrective Action or Other Explanation
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None

**City of Davenport, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010**

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**I. Summary of the Independent Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
16.710	ARRA - Cops Hiring
16.710	Community Oriented Policing Services
14.257	ARRA - Homeless Prevention and Rapid Re-Housing Program
<b>CDBG - Entitlement Grants Cluster:</b>	
14.218	Community Development Block Grants/Entitlement Grants
14.253	ARRA - Community Development Block Grant - R
<b>CDBG - State Administered Small Cities Program Cluster:</b>	
14.228	Neighborhood Stabilization Program
<b>CFP Cluster:</b>	
14.872	Public Housing Capital Fund
14.885	ARRA - Public Housing Capital Fund
<b>Highway Planning and Construction Cluster:</b>	
20.205	Highway Planning and Construction
20.205	ARRA - Highway Planning and Construction
<b>Federal Transit Cluster:</b>	
20.507	Federal Transit

Dollar threshold used to distinguish between type A and type B programs: \$590,777

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

City of Davenport, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

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II. Findings Related to the Basic Financial Statements

A. Significant Deficiencies in Internal Control

None

B. Compliance

None

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control for Federal Awards

None

B. Compliance

10-III-A

U.S. Department of Justice,  
Community Oriented Policing Services (CFDA 16.710) (Direct)  
Federal Award Year: 2010

Finding: The City did not verify that a vendor of a procurement contract was neither suspended nor debarred from receiving federal funds by the federal government.

Criteria: Under OMB A-133 Circular guidelines, entities are to perform a verification check for covered transactions under A-102 Common rule to ensure parties they are contracting with are not suspended or debarred by the federal government.

Condition: The City is required to ensure vendors with procurement contracts exceeding \$25,000 are not suspended or debarred.

Questioned costs: None.

Context: One contract tested.

Effect: The City could have entered into a procurement contract with suspended or debarred parties.

Cause: The City did not verify suspension or debarment of the vendor, because they were not aware of the requirement.

Recommendation: We recommend the City verify that all vendors with signed contracts being reimbursed with federal grant monies are not suspended or debarred by the federal government at the time of the contract. Verification checks may be performed by collecting a certification from the entity, adding a clause or condition to the covered transaction with the entity or checking the Excluded Parties List System at <http://epls.arnet.gov>. Documentation should be maintained in the file by the City of the verification that has taken place.

(Continued)

City of Davenport, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

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Response and corrective action plan: The City has made the verification check part of the purchasing process when federal dollars are involved.

**IV. Other Findings Related to Required Statutory Reporting**

**10-IV-A**

Certified budget: Expenditures during the year ended June 30, 2010 exceeded the amount budgeted in the culture and recreation function.

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response and corrective action plan: The budget will be amended in the future, if applicable.

Conclusion: Response accepted.

**10-IV-B**

Questionable expenditures: We noted no expenditures for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as this is defined in the Attorney General's opinion dated April 25, 1979.

**10-IV-C**

Travel expense: Mileage rates for travel were not approved by the City Council.

Recommendation: The mileage rates for travel should be approved by the City Council in accordance with Chapter 70A.9 of the Code of Iowa.

Response and corrective action plan: The City Council will annually approve paying the IRS mileage rate.

Conclusion: Response accepted.

(Continued)

**City of Davenport, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-IV-D**

Business transactions: Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ryan Iossi, Fire Employee, Father is owner of R. G. Iossi Inc.	Services	\$ 7,159.00
Brian Klinkenberg, Fire Employee, Owner of Computer Services for IT	Services	\$ 11,176.00
Karl Leslein, Fire Employee, Independent Contractor for Alex Air Apparatus	Services	\$ 37,688.00
Thomas Tillberg, Police Employee, Part Owner of Ronomas Rental Properties	Services	\$ 31,159.00
Jay Verhorevoort, Paid Consultant for Digital Intelligence INC.	Services	\$ 7,791.00
Daniel Sheridan, Parks employee, Wife is part owner of Jessica Sheridan Company	Services	\$ 9,962.00
Ian Frink, Park Board, Minority Owner of Crawford Company.	Services	\$ 28,184.00
Thomas D Gabrilson, part owner of Gabrilson Htg & AC	Services	\$ 3,764.00
John Gere, Planning & Zoning Committee, part owner of SGGM Architects	Services	\$ 61,455.00
Judy Schawver, Civil Rights Committee, Owner of Shawver & Schawver	Services	\$ 9,461.00
Trisha Townsend, Levee Committee, Husband owns Townsend Engineering	Services	\$ 9,030.00
Dana Wilkinson, Owner of Paragon Comm Interiors Inc	Services	\$ 4,132.00

**10-IV-E**

Bond coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

(Continued)

**City of Davenport, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-IV-F**

Council minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

**10-IV-G**

Deposits and investments: No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**10-IV-H**

Revenue bonds: The City has established the sinking and reserve accounts required by the revenue bonds.

**10-IV-I**

Unclaimed property: Iowa Code Chapter 556.11 requires that before November 1 after the end of each fiscal year the City shall prepare and file with the State Treasurer of Iowa an account of monies that have become unclaimed during the preceding fiscal year. It was noted the filing of the fiscal year ending June 30, 2009 "Unclaimed Property" Report was filed on November 18, 2009.

Recommendation: We recommend timely filing of all reports to ensure compliance with state laws and regulations.

Response and corrective action plan: The City will continue to strive to timely file all reports in accordance with state laws and regulations.

Conclusion: Response accepted.

**City of Davenport, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2010**

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<b>Comment Number</b>	<b>Comment</b>	<b>Corrective Action Plan</b>	<b>Contact Person</b>	<b>Anticipated Date of Completion</b>
<b>Compliance Over Federal Awards:</b>				
10-III-A	The City did not verify that a vendor of a procurement contract was neither suspended nor debarred from receiving federal funds.	See corrective action plan at 10-III-A,	Linda Folland Assistant Finance Director	June 30, 2011
<b>Statutory Reporting:</b>				
10-IV-A	The culture and recreation function exceeded budgeted expenditures.	See corrective action plan at 10-IV-A.	Linda Folland Assistant Finance Director	June 30, 2011
10-IV-C	The City did not have the mileage rate approved by the City Council.	See corrective action plan at 10-IV-C.	Linda Folland Assistant Finance Director	June 30, 2011
10-IV-I	The City did not file the "Unclaimed Property" report until 18 days after the report became due.	See corrective action plan at 10-IV-I.	Linda Folland Assistant Finance Director	June 30, 2011