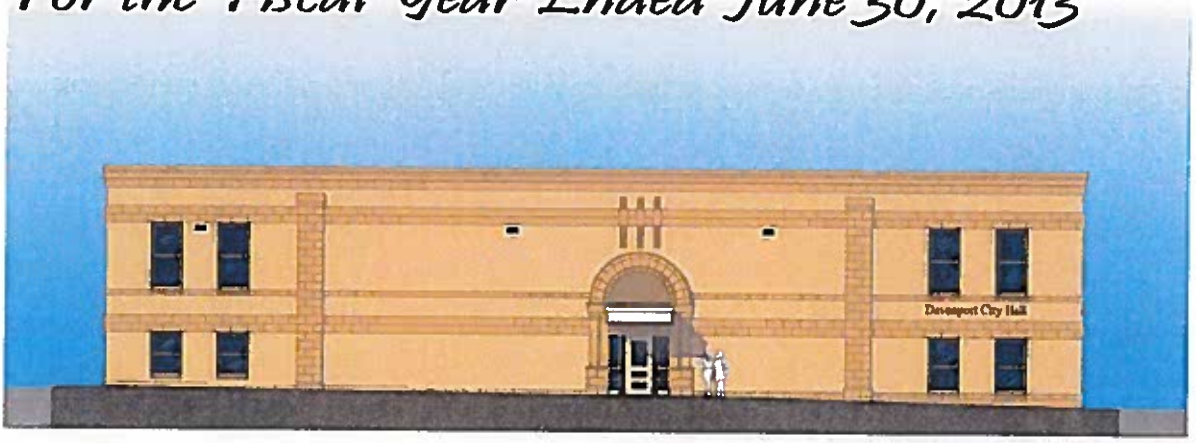
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



DAVENPORT CITY HALL
NEW NORTH ELEVATION
CITY OF DAVENPORT, IOWA

City of Davenport, Iowa

CITY OF DAVENPORT, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by:
Finance Department
Accounting Division

Front Cover: Designed by Helen Boyd, Engineering Division

INTRODUCTORY SECTION

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents	i
Letter of Transmittal	iii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Elected and Appointed Officials	x

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	22
Reconciliation of the Statement of Revenue, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position - Proprietary Funds	26
Reconciliation of Enterprise Funds Net Position to the Statement of Net Position	29
Statement of Revenue, Expenses, and Changes in Fund Net Position - Proprietary Funds	30
Reconciliation of the Change in Net Position of Enterprise Funds to the Statement of Net Activities	33
Statement of Cash Flows - Proprietary Funds	34
Statement of Fiduciary Net Position-Fiduciary Funds	38
Notes to the Financial Statements	39
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Governmental and Proprietary Funds	68
Notes to Required Supplementary Information - Budgetary Reporting	70
Other Postemployment Benefit Plan	71
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet - Non-Major Governmental Funds	74
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	76
Combining Statement of Net Position - Non-Major Enterprise Funds	80
Combining Statement of Revenue, Expenses and Changes in Fund Net Position - Non-Major Enterprise Funds	82
Combining Statement of Cash Flows - Non-Major Enterprise Funds	84
Combining Statement of Net Position - Internal Service Funds	90
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position - Internal Service Funds	91

FINANCIAL SECTION (continued)

Combining Statement of Cash Flows -Internal Service Funds	92
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	95
Schedule of Expenditures of Federal Awards	96

STATISTICAL SECTION

Net Position by Component	100
Changes in Net Position	102
Fund Balances, Governmental Funds	104
Changes in Fund Balances, Governmental Funds	106
Assessed and Taxable Value of Taxable Property	108
Direct and Overlapping Property Tax Rates	110
Property Tax Levies and Collections	112
Principal Property Taxpayers	113
Ratios of Outstanding Debt by Type	114
Ratios of General Bonded Debt Outstanding	115
Direct and Overlapping Governmental Activities Debt	116
Legal Debt Margin Information	118
Demographic and Economic Statistics	120
Principal Employers	121
Full-time and Part-time Employees by Function	122
Operating Indicators by Function	124
Capital Asset Statistics by Function	126

City of Davenport

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December 6, 2013

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

State law requires that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and that their financial condition and their transactions be examined annually by the Auditor of State or by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Davenport for the fiscal year ended June 30, 2013.

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 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, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2013 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, 2013 provided no instances of material weaknesses in the internal control over compliance or significant violations of applicable laws, regulations, contracts and grants. These reports are available in the City's separately issued Single Audit Report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Davenport, the principal city of eastern Iowa and the county seat of Scott County, is located on the Iowa bank of the Mississippi River approximately midway between the cities of Des Moines and Chicago. The City is the third largest city in Iowa. Davenport, named after Colonel George Davenport, was originally settled in 1808, making it one of the oldest cities in the upper Midwest. Incorporated in 1836, Davenport continues as one of the four remaining special charter cities in Iowa. Davenport is the major city of the Quad-City Metropolitan Area, which includes three counties located in two states. The area includes Scott County, Iowa and Rock Island and Henry Counties in Illinois. The major communities, apart from Davenport, include the cities of Bettendorf, Iowa and Rock Island, Moline and East Moline in Illinois. The Davenport-Rock Island-Moline Metropolitan Statistical Area (MSA) had an official 2010 population of 379,690. Davenport had an official 2010 population of 99,685.

The City operates under the Mayor-Council form of government. The mayor and ten council members are elected on a non-partisan basis every two years. Eight council members are elected by ward. The mayor and two remaining council members are elected at-large. A professional City Administrator is appointed by the 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 2012 unemployment rate (through nine months) of 7.1 % was lower than the nation (7.3%). The total number of jobs in the MSA has grown the past two years, and of the 199,724 persons in the labor force in 2013, 186,803 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 53% residential, 41% commercial, 2% utility and 4% industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 5.4% of total value and the remaining nine leading taxpayers account for just 6.3% 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 250 loft apartments constructed in the old warehouse district. The $40 million renovation of the Hotel Blackhawk is complete and re-opened in December 2010. This facility is attached to the City's RiverCenter Convention Hall and provides 130 new hotel rooms and 30 luxury market-rate apartments and adds 130 jobs in downtown Davenport The same company, Restoration St. Louis, also restored the Forrest Block building, an 1885 Italianate style building, with 22 market-rate luxury apartments. The company recently acquired the historic Renwick building and is currently developing 18 luxury apartments and 12,000 feet of street level retail. 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 60 new positions for a total of 235 jobs. Approximately 55 engineering jobs have been 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, administration and finance.

The City's General Fund receives approximately 75% of its revenue from property taxes. The State of Iowa allows a maximum levy rate of $8.10 per thousand dollars of assessed value and $0.27 in an emergency levy. The City has been at the maximum levy rates since 1984 and 1986, respectively. Growth limitations are imposed on the City's property tax base by the state, including the residential property rollback. Despite other revenue challenges imposed by the State, including the 1995 phase out of machinery and equipment property taxes and the exemption of gas and electric utilities, the City's taxable property tax base has grown moderately, an average of 3.0% annually over the last ten fiscal years. For FY 2014, taxable property values grew only 1.65%, well below the ten-year average. Assessed residential properties increased in value by 1.1%; however, with the residential rollback increasing from 50.7518% to 52.8166%, taxable residential property value increased by 5.2% in Davenport. Although there was significant growth in taxable residential property for FY 2014, taxable commercial property value decreased by 2.0%.

In 2013, the Iowa Legislature passed Senate File 295, which included a number of components that will continue to challenge the ability of Iowa municipalities to present balanced budgets. The largest components include a 10% rollback for all commercial properties and the creation of a new multi-residential property class with a rollback that will be equivalent to the residential rollback. The impact of SF 295 to the City of Davenport is estimated at $40 million over the next 10 years.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 4.71% per year over the last ten years. State-

mandated contributions to the statewide fire and police pension system continue to rise sharply. The contribution rate increased from 17% in FY 2010 to 19.9% in FY 2011 ($800,000 in added costs) to 24.76% in FY 2012 ($1 million in added costs) to 26.12% in FY 2013 ($400,000 in added costs) to 30.12% in FY 2014 ($400,000 in added costs). In order to fully fund projected increases in the state-mandated MFPRSI system, the City Council approved a $0.96 increase in the trust & agency property tax levy in FY 2013. The levy increase also funds increases in the City's self-funded health insurance costs, which on average increase 5% each year.

Future budgets will challenge the City to continue current services within the current revenue and expenditure structure. It is important to note that the State does provide unlimited property tax levies for employee benefits (trust and agency levy), debt service (debt service levy), and insurance/claims (tort liability levy), whereas the general and emergency levies are limited as discussed above. The City also has the ability to collect a utility franchise fee on natural gas and is actively pursuing moving the City's gaming operation onto land. These non-property-tax revenues are two options that could help diversify revenues.

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

The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local sales tax receipts. The City attempts to leverage its program commitment with available grants from the federal and state governments and private sector partnerships. Debt service payments have been made with a combination of property taxes received from the debt service levy, local option sales tax revenue, and the programmed usage of general debt service fund balance. The City Council increased the debt service property tax levy to $2.05 in FY 2013, an increase from $1.76/$1,000 which had been the rate since 2007.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2013 include:

- Street resurfacing, full depth patching and reconstruction $3.4 million
- Veteran's Memorial Parkway $.5 million (project total $17 million)
- Airport Runway Rehabilitation $6.6 million
- Central station renovation $2.7 million (project total $15.2 million)
- Bus maintenance facility $1.8 million
- Biofilter system upgrade $1.8 million (project total $3.5 million)
- Sanitary sewer lining construction and repair $6.3 million
- Continue 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. ($52.9 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, 2012. This was the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the FY2014 budget document. This is the 17th 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

Brandon Wright
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Davenport

Iowa

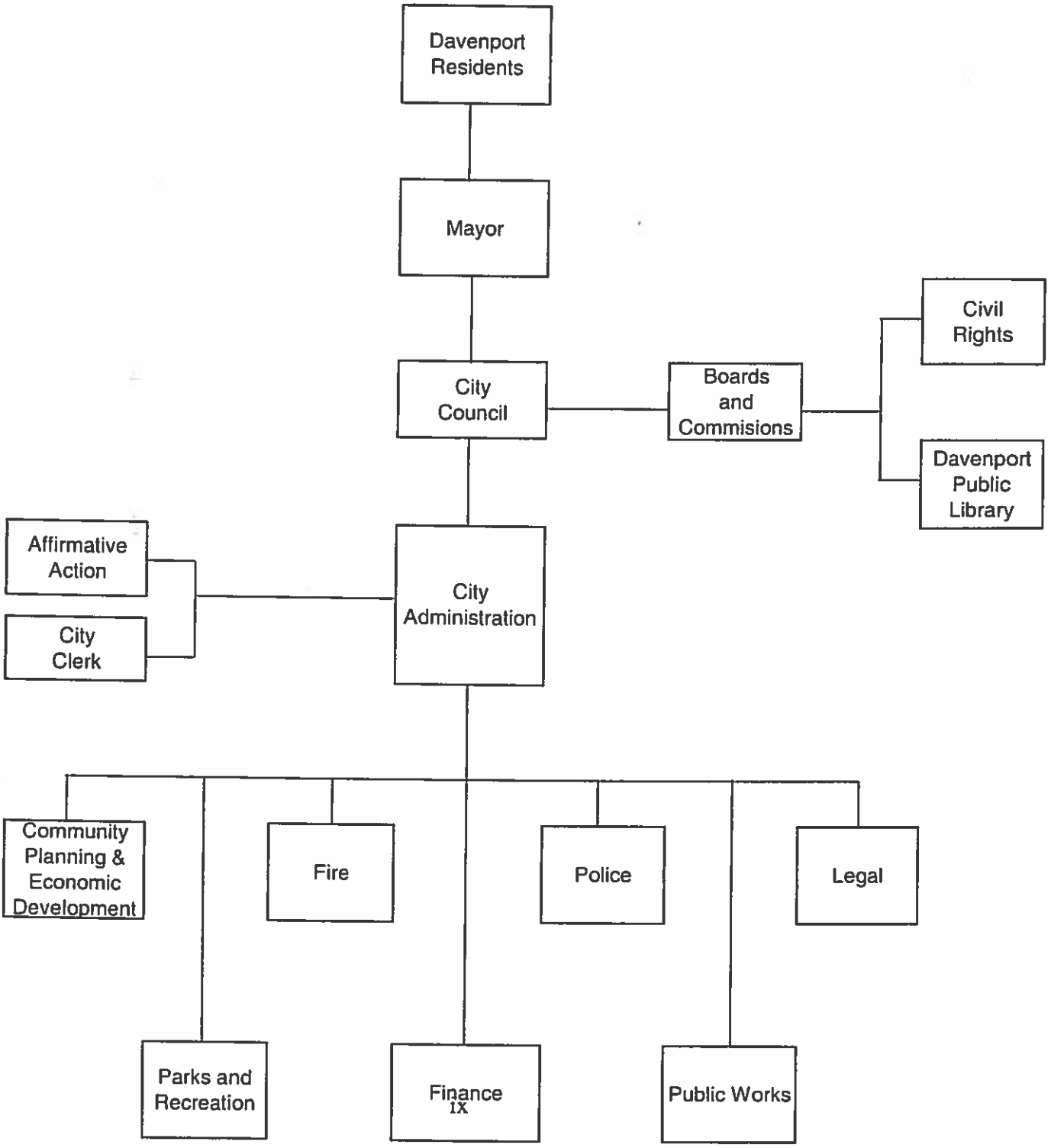
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF DAVENPORT

ORGANIZATIONAL CHART
JUNE 30, 2013



CITY OF DAVENPORT

CITY OFFICIALS
June 30, 2013

OFFICIAL TITLE	OFFICIAL	TERM EXPIRATION DATE OF ELECTED OFFICIALS
Elected Officials		
Mayor	William E. Gluba	1/14
Alderman at Large	Gene Meeker	1/14
Alderman at Large	Jason Gordon	1/14
Alderman First Ward	Nathan Brown	1/14
Alderman Second Ward	Bill Edmond	1/14
Alderman Third Ward	William J. Boom	1/14
Alderman Fourth Ward	Raymond A. Ambrose	1/14
Alderman Fifth Ward	Sheilia Burrage	1/14
Alderman Sixth Ward	Jeffrey W. Justin	1/14
Alderman Seventh Ward	Morris D. Barnhill	1/14
Alderman Eighth Ward	Mike Matson	1/14
Administration		
City Administrator	Craig Malin	
Departments		
Civil Rights	Judith Morrell	
Community Planning and Economic Development	Pamela S. Miner	
Finance	Brandon E. Wright	
Fire	Lynn Washburn-Livingston	
Human Resources	Dawn M. Sherman	
Information Technology	Rob Henry	
Legal	Thomas D. Warner	
Parks and Recreation	vacant	
Library	KennethWayne Thompson	
Police	Francis R. Donchez	
Public Works	Michael F. Clarke	

FINANCIAL SECTION

McGladrey

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member of the RSM International network of independent accounting, tax and consulting firms.

Emphasis of Matter

As described in Note 14, the City restated beginning net position for governmental activities, parking fund, sewer operations fund, clean water fund and aggregate remaining fund information for the implementation of GASB Statement No 65. Our opinion is not modified in respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13, Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Government and Proprietary Funds, and Other Postemployement Benefit Plan – on pages 68 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McGladrey LLP

Davenport, Iowa
December 5, 2013

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, 2013. 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, 2013 by $286,338 (net position). Current assets exceeded current liabilities by $59,241.
- The government's total net position increased by $14,229 during fiscal year (FY) 2013.
- At June 30, 2013, unassigned fund balance for the General Fund was $7,583, or 11.8 percent of total General Fund expenditures, while total fund balance represents 21.2 percent of total expenditures.

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

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during FY 2013. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 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(deficits) for the General Fund, General Debt Service Fund, Local Option Sales Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The City of Davenport adopts an annual appropriated budget, prepared on a modified accrual basis. A budgetary comparison statement has been provided to demonstrate legal compliance in the required supplementary information section.

The basic governmental fund financial statements can be found on pages 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 38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 64 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 71 through 91 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Comparative data from fiscal year 2012 and 2013 are presented below. In Davenport, assets exceeded liabilities and deferred inflows of resources by $286,338, an increase of 5.2%, at the close of the fiscal year ended June 30, 2013.

City of Davenport's Net Position

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 151,366	$ 155,033	$ 25,844	$ 34,503	$ 177,210	$ 189,536
Capital assets	274,522	275,358	169,322	160,442	443,844	435,800
Total assets	425,888	430,391	195,166	194,945	621,054	625,336
Noncurrent liabilities outstanding	157,274	175,848	52,320	50,235	209,594	226,083
Other liabilities	45,294	49,617	6,785	6,385	52,079	56,002
Total liabilities	202,568	225,465	59,105	56,620	261,673	282,085
Deferred inflows of resources	69,279	67,377	3,765	3,765	73,044	71,142
Net position:						
Net investment in capital assets	140,160	106,215	124,902	136,200	265,062	242,415
Restricted	32,607	44,109	4,904	4,050	37,511	48,159
Unrestricted(deficit)	(18,726)	(12,775)	2,491	(5,690)	(16,235)	(18,465)
Total net position	$ 154,041	$ 137,549	$ 132,297	$ 134,560	$ 286,338	$ 272,109

By far the largest portion of the City of Davenport's net position (93 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 position (13 percent) represents resources that are subject to external restrictions on how they may be used. Current liabilities exceed current assets 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 $59,241, $57,922 and $1,319, respectively.

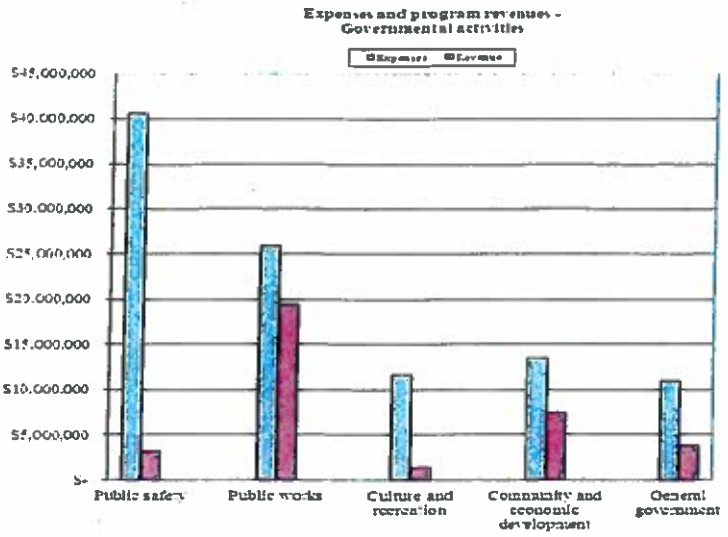
In the business-type activities, the $8,659 decrease in current and other assets is mainly due to the decrease in restricted cash from unspent bond proceeds of $9,178, due to the activity of business type capital projects.

City of Davenport's Changes in Net Position

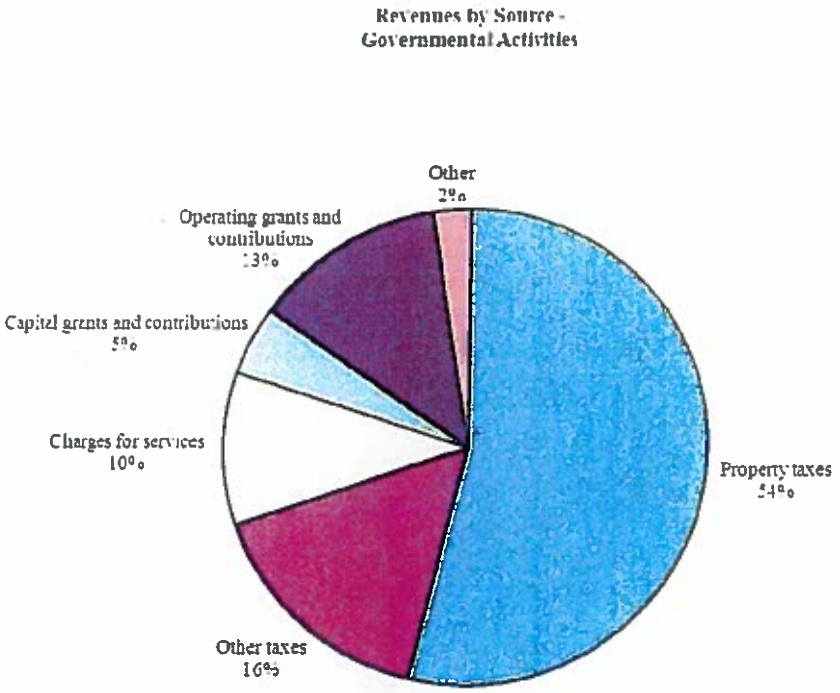
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 13,116	$ 12,332	$ 30,060	$ 29,428	$ 43,176	$ 41,760
Operating grants and contributions	16,301	19,132	1,726	1,829	18,027	20,961
Capital grants and contributions	5,828	16,534	311	12,705	6,139	29,239
General revenues:						
Property taxes	68,023	61,171	3,580	3,493	71,603	64,664
Other taxes	20,459	19,901	-	-	20,459	19,901
Other	2,706	1,400	2,735	1,010	5,441	2,410
Total revenues	126,433	130,470	38,412	48,465	164,845	178,935
Expenses:						
Public safety	40,632	42,449	-	-	40,632	42,449
Public works	25,909	32,069	-	-	25,909	32,069
Culture and recreation	11,671	15,982	-	-	11,671	15,982
Community and economic development	13,491	20,382	-	-	13,491	20,382
General government	10,870	10,097	-	-	10,870	10,097
Interest on long-term debt	6,866	5,599	-	-	6,866	5,599
Parking system	-	-	1,947	2,047	1,947	2,047
Sewer operations	-	-	17,751	16,650	17,751	16,650
RiverCenter	-	-	2,684	2,903	2,684	2,903
Public transit	-	-	6,223	6,325	6,223	6,325
Public housing	-	-	1,202	1,201	1,202	1,201
Golf courses	-	-	1,844	2,063	1,844	2,063
Airport	-	-	785	606	785	606
Curbside recycling	-	-	5,187	5,327	5,187	5,327
Clean water	-	-	2,807	2,537	2,807	2,537
Rivers Edge	-	-	747	961	747	961
Total expenses	109,439	126,578	41,177	40,620	150,616	167,198
Increase/(decrease) in net position before transfers	16,994	3,892	(2,765)	7,845	14,229	11,737
Transfers	(502)	(912)	502	912	-	-
Increase/(decrease) in net position	16,492	2,980	(2,263)	8,757	14,229	11,737
Net position-beginning,as restated	137,549	134,569	134,560	125,803	272,109	260,372
Net position-ending	$ 154,041	$ 137,549	$ 132,297	$ 134,560	$ 286,338	$ 272,109

Governmental activities. Governmental activities increased the City's net assets by $16,994, before transfers. This increase is attributable to the decrease in expenses in public works of $6,160 and decreased expenses in community and economic development of $6,891, both due to decreased capital outlay.

Certain revenues are generated that are specific to governmental program activities. These totaled $35,245. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities. There was a decrease in capital grants and contributions. Capital projects grants decreased as in the prior fiscal year there was a higher level of projects funded with grants from the Department of Transportation. Grant activity also decreased in the non-major government funds, due to the completion of the ARRA projects.



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

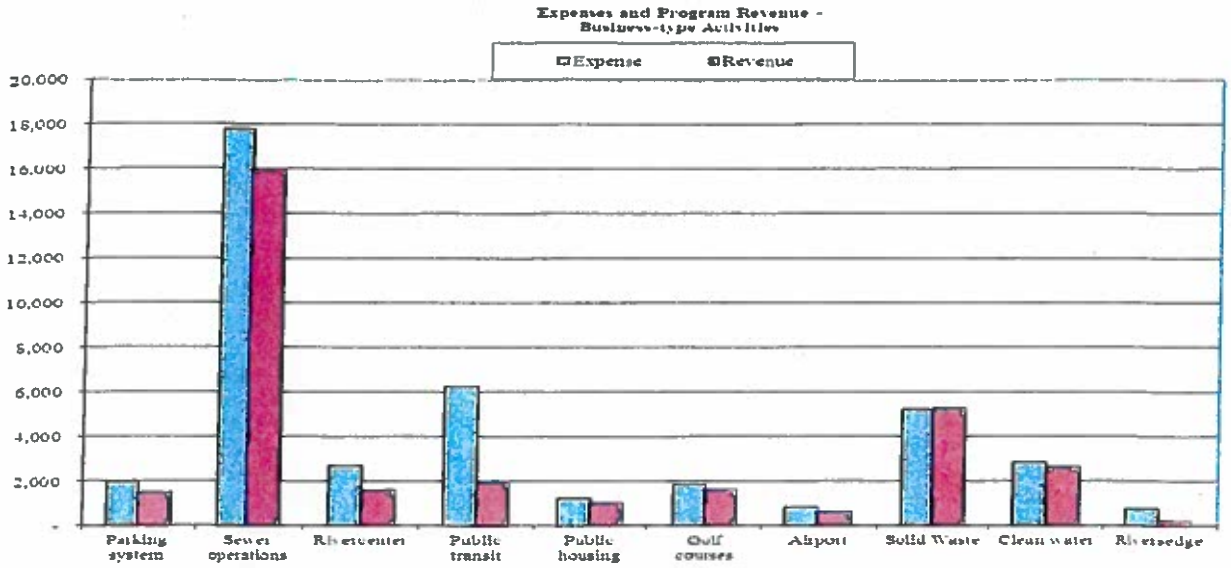


Total governmental activities' revenues for FY 2013 were $126,433, a decrease of $4,037 from FY 2012. This is primarily due to the decrease in capital grants in FY 2013 as described above. The largest single revenue source was property taxes of $68,023, which increased by $6,852 (11 percent) during FY 2013. This increase resulted from an increase in the tax base of 2.0 percent and an increase in the levy rate of $1.25 Capital grants decreased by $10,706 during FY 2013.

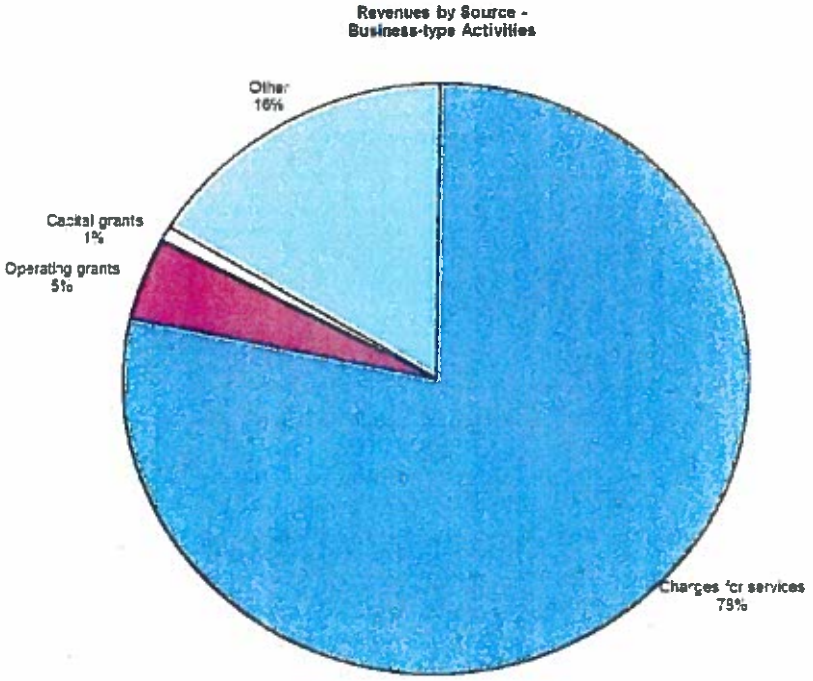
.Business-type activities. Business-type activities decreased City of Davenport's net position by $2,765. This is primarily due to a slight increase in sewer operations expenses. The decrease in total between FY 2012 and FY 2013 is the decreased capital grant activity in the Sewer Fund. In FY 2012 the City had an unusually large amount of grant activity due to the construction of the Westside Diversion Tunnel.

Total business-type activities' revenue for the fiscal year was $38,412.

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



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



Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City of Davenport's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Davenport's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year 2013, the City of Davenport's governmental funds reported combined ending fund balances of $46,806, a decrease of $3,143 in comparison with the prior year. The decrease is attributable to a decrease in the General Debt Service Fund of $13,944 in the restricted fund balance, due to the timing of a crossover refunding. There was an increase of $6,087 in the capital projects fund and an increase in the Local Option Sales Tax Fund of $1,808 due to the timing of projects being completed. Approximately 14.9 percent of this total amount, $6,983, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) $3; restricted by grantors and other legal restrictions $38,162; committed by the City Council for revolving loans and the levee improvement commission $1,103; and assigned by the Finance Director for future projects $555.

The General Fund is the chief operating fund of the City of Davenport. The General Fund includes many of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights, administration, and finance. The General Fund group as reported combines a number of individual funds each with a specific purpose. These include the General Fund, the City's primary operating fund; the Trust and Agency Fund, which accounts for employee benefits; Hotel/Motel Tax Fund; the Library Special Levy Fund, used to enhance library services; Parks Special Needs Funds, and the Flood Fund. At the end of the current fiscal year 2013, unassigned fund balance of the General Fund was $7,583, while total fund balance was $13,617. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.8 percent of total General Fund expenditures, 17.4 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 21.2 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by $3,725 during the current fiscal year and the unassigned fund balance increased by $1,977. The State of Iowa allows a maximum property tax levy rate of $8.10 per thousand dollars of assessed value and $0.27 in an emergency levy for general activities. The City has been at the maximum levy rates since 1984 and 1986, respectively. In addition to these two levies, the State allows unlimited levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), which are also accounted for in the City's General Fund. Property tax balances from these two levies are reserved at the end of each year because their use is restricted.

The General Fund balances discussed above are considered adequate by management. The City's policy on fund balance of the General Fund, excluding the other specific-use funds, was recently revised to have unassigned fund balance maintained at 15 to 20 percent of operating requirements by FY 2018. 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 $19,697, 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 $13,944, as explained above. The city prepares a rolling six-year capital improvement program. This will allow for a stable levy over the six years of the current program.

The Local Option Sales Tax Fund accounts for the proceeds of a local option sales tax and has a fund balance of $2,325. The State of Iowa provides for a one-cent local option sales tax. Davenport voters approved the tax in 1988 and the referendum directs its usage to 60 percent for property tax relief (debt service levy) and 40 percent for capital improvements. A transfer of 60 percent of tax proceeds is made to the General Debt Service Fund and the

remainder is transferred to the Capital Projects Fund as expenditures occur. The net increase in fund balance during the current year was $1,808, due to the completion of capital projects.

The Capital Projects Fund has a fund balance of $6,659, due to unspent bond proceeds. The net increase in fund balance during the current year in the Capital Projects Fund was $6,088.

Proprietary funds. The City of Davenport proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Legal Compliance Budgetary Highlights

As explained in the Letter of Transmittal, budgetary legal compliance is demonstrated in one schedule summarizing all funds in the Required Supplementary Information section of this report on pages 68 and 69.

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

- The total original revenue budget of $255,355 was increased to $310,708, an increase of $55,353. 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 $40,357. There were special revenue grant rollovers and new grants amounting to $5,861 and $16,740 budgeted for a bond refunding.

- The total original expenditure budget of $218,640 was increased to $289,595, an increase of $70,955. In the community and economic development category, $3,813 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, $43,772 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects. In the debt service category an additional $16,740 was budgeted to reflect three 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 $47,164 were not accrued or received due to construction projects not completed and special revenue grants not yet spent.
- In the other revenue category, there was $6,608 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, $6,791 was not spent in special revenue funds and will be carried forward. In the capital outlay category, $74,543 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, $3,777 of the difference is due to bond principal payments being budgeted as an expense, but reported as adjustments to the liability.

General Fund Budgetary Highlights

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

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

- The total original revenue budget of $66,826 was increased to $67,720, an increase of $894. In the intergovernmental revenue category, federal grants in the amount of $328, and state grants in the amount of $64, subsequent to original budget adoption are included as both revenues and expenditures.

- The total original expenditure budget of $64,535 was increased to $65,798, an increase of $1,263. Police forfeiture and seizure monies of $472 held as reserved General Fund balance at June 30, 2012 were included in amendments in order to authorize the expenditure during FY 2013. Public works expenditures were increased in amendments by $95 as a result of the carry forward of the monies collected from developers and reserved for reforestation. Public works budget also increased for flood related expenses by $200. Culture and recreation expenditures were amended to include grants carried forward of $273 and new grants received as noted under the revenue discussion and $250 to reflect hotel tax rebates.

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 2013 was $3,725, a positive variance from the budgeted change ($944) of $2,781.

- Revenue items that came in under budget included gaming taxes from the casino and the cable television franchise tax.

- All expenditure categories came in under budget.

- A special library property tax levy ($.27/$1,000 assessed value) was approved by voters to support operations of two new branch libraries. Unexpended taxes of $873 were a part of the favorable variance and a reservation of General Fund balance at June 30, 2013.

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, 2013, amounts to $443,845 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and vehicles, sanitary sewers, bridges, traffic signals, storm sewers, and streets and roads. The total increase in the City of Davenport's investment in capital assets for the current fiscal year was 1.9 percent. Business type activities accounted for the entire net increase. At June 30, 2013, and June 30, 2012 the depreciable capital assets of the City were 61% and 47%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2013 include the following:

Governmental activities

- Street and road work completed by the City of $6,390 including $1,029 of street resurfacing, $743 of full-depth patching, $1,853 of Pine Street replacement, $687 Harrison Street paving and $693 Harrison Street and River Drive improvements.
- Locust Street Bridge Improvements $684
- Credit Island Trail Bridge $2,202
- Enabling Garden $511

Business-type activities

- Sanitary sewers built by City of Davenport $600
- Sanitary sewers built and contributed by developers $385
- Storm sewers built by City of Davenport $724
- Storm sewers built and contributed by developers $175
- Continued construction in progress on the Westside Diversion Tunnel $10,792

Additional information on the City of Davenport's capital assets can be found in Note 6 in the notes to the financial statements.

City of Davenport's Capital Assets

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 20,003	$ 20,095	$ 11,250	$ 11,190	$ 31,253	$ 31,285
Buildings	106,172	105,284	96,925	96,703	203,097	201,987
Improvements other than buildings	28,145	27,398	13,788	13,484	41,933	40,882
Sanitary sewers	-	-	69,306	68,321	69,306	68,321
Equipment and vehicles	38,749	37,784	34,161	34,338	72,910	72,122
Bridges	9,515	6,334	-	-	9,515	6,334
Traffic signals	8,503	8,220	-	-	8,503	8,220
Storm sewers	-	-	22,670	21,960	22,670	21,960
Paving	194,722	188,423	1,374	1,363	196,096	189,786
Seawalls	2,685	2,685	-	-	2,685	2,685
Tunnels	54	54	-	-	54	54
Construction in progress	15,529	15,460	46,393	32,496	61,922	47,956
Accumulated depreciation	(149,554)	(136,379)	(126,545)	(119,413)	(276,099)	(255,792)
Total	$ 274,523	$ 275,358	$ 169,322	$ 160,442	$ 443,845	$ 435,800

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of $205,065. Of this amount, $143,712 comprises debt being serviced from the general debt service fund from property taxes and 60 percent of the local option sales tax proceeds. The remainder of the City of Davenport's debt represents bonds serviced by specified revenue sources, including the tax increment financing districts debt service fund, the municipal improvement districts fund, the sewer operations enterprise fund, the public housing enterprise fund, solid waste enterprise, clean water enterprise the parking system enterprise fund, and the airport enterprise fund. The City has issued general obligation bonds backed by its full faith and credit, including the unlimited debt service property tax levy, which are planned to be retired from the above revenue sources rather than revenue bonds because legal debt capacity exists (see below) and the resulting lower interest costs benefit its citizens and service users. Detailed information on bonded debt abatement by fund is contained in a summary on page 58 of this report.

City of Davenport's Outstanding Debt

General Obligation Bonds

	Governmental activities		Business-type activities		Total	
General obligation	2013	2012	2013	2012	2013	2012
Bonds	$161,460	$180,909	$43,605	$41,206	$205,065	$222,115

The City of Davenport's total debt decreased by $17,050 during the current fiscal year. New debt issuance of $21,870 during the year was less than the debt retired of $38,920. There were three crossover refunding issues in FY 2012 and the City has investments in escrow accounts that will retire $18,560 of debt when it is callable in FY 2014. 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 83 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 $306,922, which is significantly in excess of the City of Davenport's outstanding general obligation debt, $205,065, and other debt subject to the debt limitation of $16,914.

The City of Davenport maintains an A rating from Standard & Poor's, and an Aa2 rating from Moody's Investors Service for general obligation debt. This reflects a downgrade by Standard & Poor's from AA. Standard & Poor's states the downgrade is attributable to the depleted cash position and long term receivables in the general fund. Both firms view the outlook for their most recent ratings as negative. Based on the increased cash balances and increased fund balances in its FY 2013 financial reports, the City is continuing to make strides to change the outlook to positive.

Additional information on the City of Davenport's long-term debt can be found in Note 9 in the notes to the financial statements.

Economic Factors and Current and Future Budgets

The City's General Fund receives approximately 75% of its revenue from property taxes. The State of Iowa allows a maximum levy rate of $8.10 per thousand dollars of assessed value and $0.27 in an emergency levy. The City has been at the maximum levy rates since 1984 and 1986, respectively. Growth limitations are imposed on the City's property tax base by the state, including the residential property rollback. Despite other revenue challenges imposed by the State, including the 1995 phase out of machinery and equipment property taxes and the exemption of gas and electric utilities, the City's taxable property tax base has grown moderately, an average of 3.0% annually over the last ten fiscal years. For FY 2014, taxable property values grew only 1.65%, well below the ten-year average. Assessed residential properties increased in value by 1.1%; however, with the residential rollback increasing from 50.7518% to 52.8166%, taxable residential property value increased by 5.2% in Davenport. Although there was significant growth in taxable residential property for FY 2014, taxable commercial property value decreased by 2.0%.

In 2013, the Iowa Legislature passed Senate File 295, which included a number of components that will continue to challenge the ability of Iowa municipalities to present balanced budgets. The largest components include a 10% rollback for all commercial properties and the creation of a new multi-residential property class with a rollback that will be equivalent to the residential rollback. The impact of SF 295 to the City of Davenport is estimated at $40 million over the next 10 years.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 4.71% per year over the last ten years. State-mandated contributions to the statewide fire and police pension system continue to rise sharply. The contribution rate increased from 17% in FY 2010 to 19.9% in FY 2011 ($800,000 in added costs) to 24.76% in FY 2012 ($1 million in added costs) to 26.12% in FY 2013 ($400,000 in added costs) to 30.12% in FY 2014 ($400,000 in added costs). In order to fully fund projected increases in the state-mandated MFPRSI system, the City Council approved a $0.96 increase in the trust & agency property tax levy in FY 2013. The levy increase also funds increases in the City's self-funded health insurance costs, which on average increase 5% each year.

The City's six bargaining groups and non-bargaining employees all went without a general wage increase in FY 2013 in order to reduce costs. General wage increases will be 1% in FY 2014 and an effectual increase of 2.25% in FY 2015. To better manage costs, investments in labor-saving technology continue to be supported, methods to reduce health care claims are ongoing, and intergovernmental partnerships are pursued where practicable. Revenue sources continue to be diversified (resulting in the reallocation of personnel costs to other funds) with incremental increases in the sewer fee, clean water fee, solid waste fee, and building permit fees to provide for the services related to each of these functions.

For the future, plans to enable the City to continue to adopt balanced budgets include: continued evaluation of the unlimited levies for employee benefits (Trust and Agency) and property and liability insurance and claims (Tort); consideration of a natural gas franchise utility fee to further diversify revenue; and moving the city's gaming operation onto land. The City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets.

Requests for Information

This financial report is designed to provide a general overview of the City of Davenport's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Brandon Wright, Finance Director, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.

CITY OF DAVENPORT

STATEMENT OF NET POSITION
June 30, 2013

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current assets:			
Unrestricted current assets:			
Cash and investments	$ 12,403,847	$ 829,342	$ 13,233,189
Delinquent property taxes receivable	1,500,010	65,428	1,565,438
Succeeding year property taxes receivable	68,848,407	3,615,987	72,464,394
Other taxes receivable	3,261,734	-	3,261,734
Special assessments	1,199,481	-	1,199,481
Accounts receivable	2,741,940	8,848,639	11,590,579
Internal balances	5,757,466	(5,757,466)	-
Due from other governments	5,340,228	465,542	5,805,770
Inventory	-	33,059	33,059
Prepaid items	300,017	2,860	302,877
Loans receivable - net	1,811,475	-	1,811,475
Total unrestricted current assets	103,164,605	8,103,391	111,267,996
Restricted current assets:			
Cash and cash equivalents	52,078	-	52,078
Total current assets	103,216,683	8,103,391	111,320,074
Noncurrent assets:			
Investment in joint venture	-	443,201	443,201
Loans receivable - net	16,303,279	-	16,303,279
Restricted cash and cash equivalents	12,941,938	17,133,196	30,075,134
Restricted cash and investments - held in escrow	18,903,724	164,130	19,067,854
Capital assets:			
Land	20,002,931	11,250,241	31,253,172
Buildings	106,171,714	96,925,051	203,096,765
Improvements other than buildings	28,144,924	13,788,021	41,932,945
Sanitary sewers	-	69,306,285	69,306,285
Equipment and vehicles	38,748,879	34,161,392	72,910,271
Bridges	9,515,356	-	9,515,356
Traffic signals	8,502,673	-	8,502,673
Storm sewers	-	22,669,823	22,669,823
Streets and roads	194,721,534	1,374,009	196,095,543
Seawalls	2,685,289	-	2,685,289
Tunnels	54,326	-	54,326
Construction in progress	15,529,290	46,392,719	61,922,009
Accumulated depreciation	(149,554,304)	(126,545,061)	(276,099,365)
Total capital assets	274,522,612	169,322,480	443,845,092
Total noncurrent assets	322,671,553	187,063,007	509,734,560
Total assets	$ 425,888,236	$ 195,166,398	$ 621,054,634

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	$ 6,959,445	$ 549,866	$ 7,509,311
Contracts payable	1,519,880	-	1,519,880
Accrued wages payable	1,224,670	238,133	1,462,803
Accrued compensated absences	4,257,050	551,967	4,809,017
Claims and judgments	3,764,978	-	3,764,978
Due to other governments	193	-	193
Accrued interest payable	520,307	159,361	679,668
General obligation bonds payable	16,044,785	4,070,215	20,115,000
Unearned revenue - other	10,932,538	96,900	11,029,438
Total	45,223,846	5,666,442	50,890,288
Current liabilities payable from restricted assets:			
Accounts payable	56,873	-	56,873
Deposits payable	-	903,332	903,332
Notes payable	13,440	215,000	228,440
Total current liabilities payable from restricted assets	70,313	1,118,332	1,188,645
Total current liabilities	45,294,159	6,784,774	52,078,933
Noncurrent liabilities:			
Accrued compensated absences	637,236	82,696	719,932
Claims and judgments	3,334,492	-	3,334,492
Other postemployment benefits	3,563,619	790,363	4,353,982
Note payable	297,351	9,583,163	9,880,514
General obligation bonds payable	148,241,409	41,863,873	190,105,282
Special assessment with government commitment	1,199,481	-	1,199,481
Total noncurrent liabilities	157,273,588	52,320,095	209,593,683
Total liabilities	202,567,747	59,104,869	261,672,616
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	68,848,407	3,615,987	72,464,394
Deferred amount on refunding	430,968	148,885	579,853
Total deferred inflows of resources	69,279,375	3,764,872	73,044,247
NET POSITION			
Net investment in capital assets	140,160,840	124,901,380	265,062,220
Restricted:			
Employee benefits	2,346,801	-	2,346,801
Tort Liability	1,502,701	-	1,502,701
Local option sales tax	2,324,697	-	2,324,697
Library	873,040	-	873,040
Police seizure	753,642	-	753,642
Debt retirement	22,077,031	-	22,077,031
Road use tax	509,416	-	509,416
Community development act	203,238	-	203,238
Municipal improvement districts	849,740	-	849,740
Revolving loans	998,019	-	998,019
Section 8	34,572	-	34,572
Home investment partnership projects	28,896	-	28,896
Levee improvement commission projects	105,013	-	105,013
Equipment replacement	-	4,904,259	4,904,259
Unrestricted (deficit)	(18,726,532)	2,491,018	(16,235,514)
Total net position	$ 154,041,114	$ 132,296,657	$ 286,337,771

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, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SALES AND SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	$ 40,631,720	$ 2,821,608	$ 339,945	$ 33,101
Public works	25,908,915	4,382,205	9,324,117	5,722,162
Culture and recreation	11,670,469	850,025	522,795	-
Community and economic development	13,491,393	1,467,138	5,912,591	73,195
General government	10,870,243	3,595,092	201,790	-
Interest on long-term debt	6,865,979	-	-	-
Total governmental activities	109,438,719	13,116,068	16,301,238	5,828,458
Business-type activities:				
Parking system	1,947,343	1,463,314	-	
Sewer operations	17,751,082	16,654,087	-	(754,234)
Rivercenter	2,684,311	1,485,292	-	106,357
Public transit	6,222,902	515,210	1,163,780	248,590
Public housing	1,202,506	431,545	559,686	5,059
Golf courses	1,844,454	1,576,808	-	36,953
Airport	784,792	206,821	-	374,920
Solid waste	5,187,482	5,227,041	-	-
Clean water	2,806,621	2,315,651	2,282	293,205
River's Edge	746,906	184,325	-	-
Total business-type activities	41,178,399	30,060,094	1,725,748	310,850
Total government	$ 150,617,118	$ 43,176,162	$ 18,026,986	$ 6,139,308

General Revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Property taxes, levied for public transit
Local option sales tax
Hotel/motel tax
Franchise taxes

Investment earnings
Gain on sale of capital assets
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position

Net position, beginning as restated

Net position, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ (37,437,066)	$ -	$ (37,437,066)
(6,480,431)	-	(6,480,431)
(10,297,649)	-	(10,297,649)
(6,038,469)	-	(6,038,469)
(7,073,361)	-	(7,073,361)
(6,865,979)	-	(6,865,979)
(74,192,955)	-	(74,192,955)
-	(484,029)	(484,029)
-	(1,851,229)	(1,851,229)
-	(1,092,662)	(1,092,662)
-	(4,295,322)	(4,295,322)
-	(206,216)	(206,216)
-	(230,693)	(230,693)
-	(203,051)	(203,051)
-	39,559	39,559
-	(195,483)	(195,483)
-	(562,581)	(562,581)
-	(9,081,707)	(9,081,707)
(74,192,955)	(9,081,707)	(83,274,662)
59,722,236	-	59,722,236
8,300,419	-	8,300,419
-	3,580,415	3,580,415
15,210,804	-	15,210,804
2,170,593	-	2,170,593
3,077,428	-	3,077,428
1,036,972	660,890	1,697,862
1,634,804	25,446	1,660,250
34,114	2,048,686	2,082,800
(502,762)	502,762	-
90,684,608	6,818,199	97,502,807
16,491,653	(2,263,508)	14,228,145
137,549,461	134,560,165	272,109,626
$ 154,041,114	$ 132,296,657	$ 286,337,771

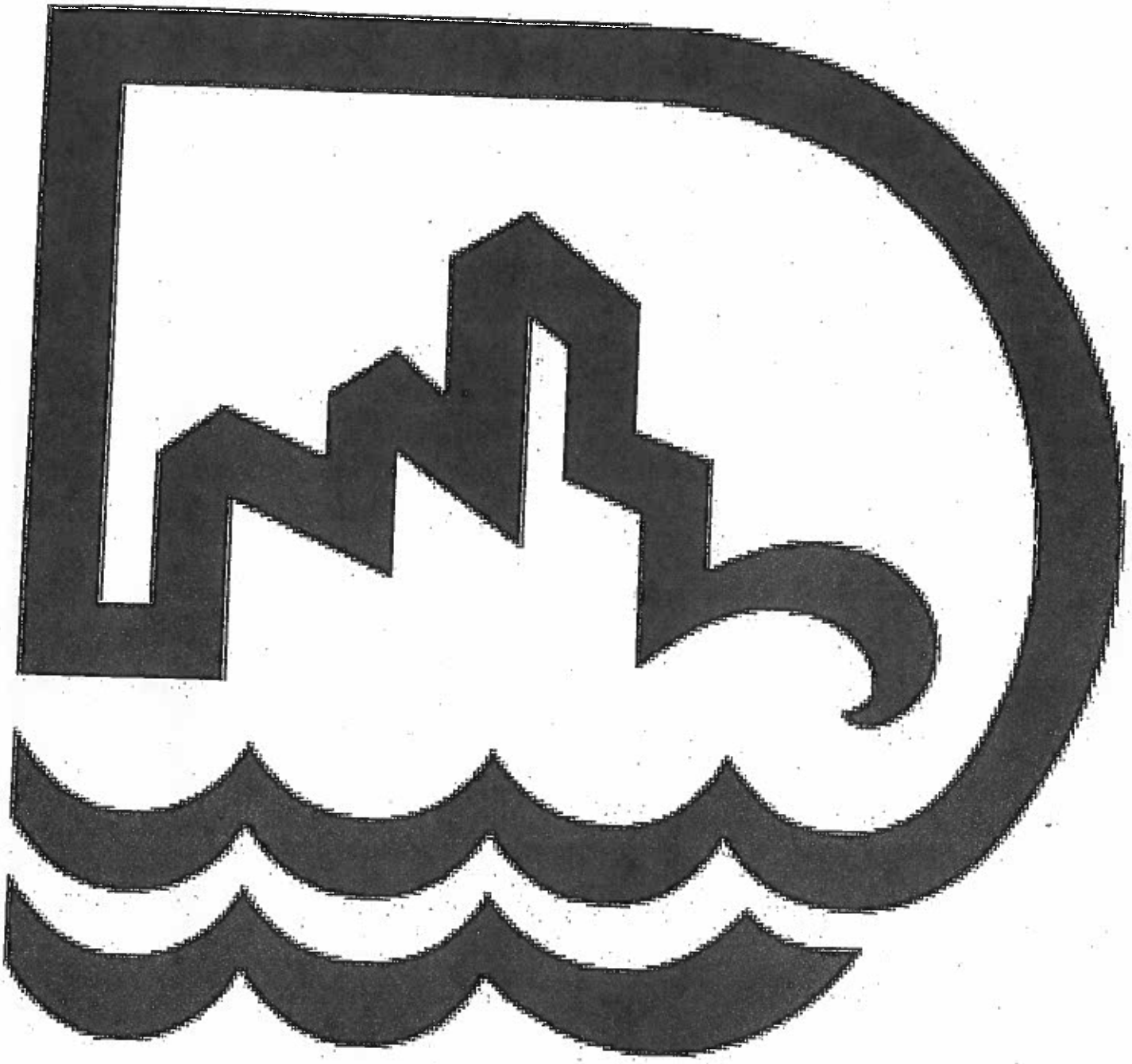
CITY OF DAVENPORT

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2013

ASSETS	GENERAL FUND	LOCAL OPTION SALES TAX FUND
Cash and investments	$ 5,433,130	$ -
Receivables:		
Property taxes:		
Delinquent	994,665	-
Succeeding year	54,927,784	-
Other taxes	815,836	2,445,898
Accounts	934,262	60,546
Special assessments	-	35,091
Loans	-	2,492,860
Interfund receivable	7,937,445	-
Due from other governments	264,504	-
Prepaids	2,949	-
Restricted assets-cash and investments	-	-
Restricted investments - held in escrow	-	-
TOTAL ASSETS	$ 71,310,575	$ 5,034,395
LIABILITIES		
Wages payable	1,049,297	26,681
Accounts payable	1,445,757	94,732
Contracts payable		-
Payable from restricted assets	-	-
Interfund payable	17,234	2,554,154
Due to other governments	-	-
Unearned revenue	-	-
Note payable	-	-
Matured bonds payable	-	-
Matured interest payable	-	-
TOTAL LIABILITIES	2,512,288	2,675,567
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - succeeding year property tax	54,927,784	-
Unavailable revenue - intergovernmental and special assessments	253,398	34,131
TOTAL DEFERRED INFLOWS OF RESOURCES	55,181,182	34,131
FUND BALANCES		
Nonspendable	$ 2,949	$ -
Restricted	5,476,184	2,324,697
Committed	-	-
Assigned	555,034	-
Unassigned (Deficit)	7,582,938	-
TOTAL FUND BALANCES	13,617,105	2,324,697
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 71,310,575	$ 5,034,395

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

GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ 11,312,913	$ 2,593,916	$ 19,339,959
163,700	-	341,645	1,500,010
8,417,311	-	5,503,312	68,848,407
-	-	-	3,261,734
68,250	1,031,460	30,577	2,125,095
1,164,390	-	-	1,199,481
-	-	15,621,894	18,114,754
1,467,539	456,420	-	9,861,404
-	3,396,727	1,678,997	5,340,228
-	-	-	2,949
-	-	52,078	52,078
18,903,724	-	-	18,903,724
$ 30,184,914	$ 16,197,520	$ 25,822,419	$ 148,549,823
-	4,079	115,605	1,195,662
-	4,417,688	559,066	6,517,243
-	1,519,880	-	1,519,880
-	-	52,078	52,078
887,861	-	660,263	4,119,512
-	-	193	193
-	-	10,932,538	10,932,538
-	310,791	-	310,791
20,000	-	-	20,000
3,381	-	-	3,381
911,242	6,252,438	12,319,743	24,671,278
8,417,311	-	5,503,312	68,848,407
1,159,816	3,286,508	3,490,233	8,224,086
9,577,127	3,286,508	8,993,545	77,072,493
$ -	$ -	$ -	$ 2,949
19,696,545	6,658,574	4,006,348	38,162,348
-	-	1,103,032	1,103,032
-	-	-	555,034
-	-	(600,249)	6,982,689
19,696,545	6,658,574	4,509,131	46,806,052
$ 30,184,914	$ 16,197,520	$ 25,822,419	$ 148,549,823



CITY OF DAVENPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total governmental fund balances	$ 46,806,052
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	271,032,028
Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds.	8,224,086
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,594,266
Internal service funds activities allocated to business-type activities	22,110
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	(4,757,014)
Accrued interest payable	(516,926)
General Obligation bonds payable and special assessments	(165,896,643)
Other post employment benefits	(3,466,845)
	(174,637,428)
Net position of governmental activities	$ 154,041,114

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

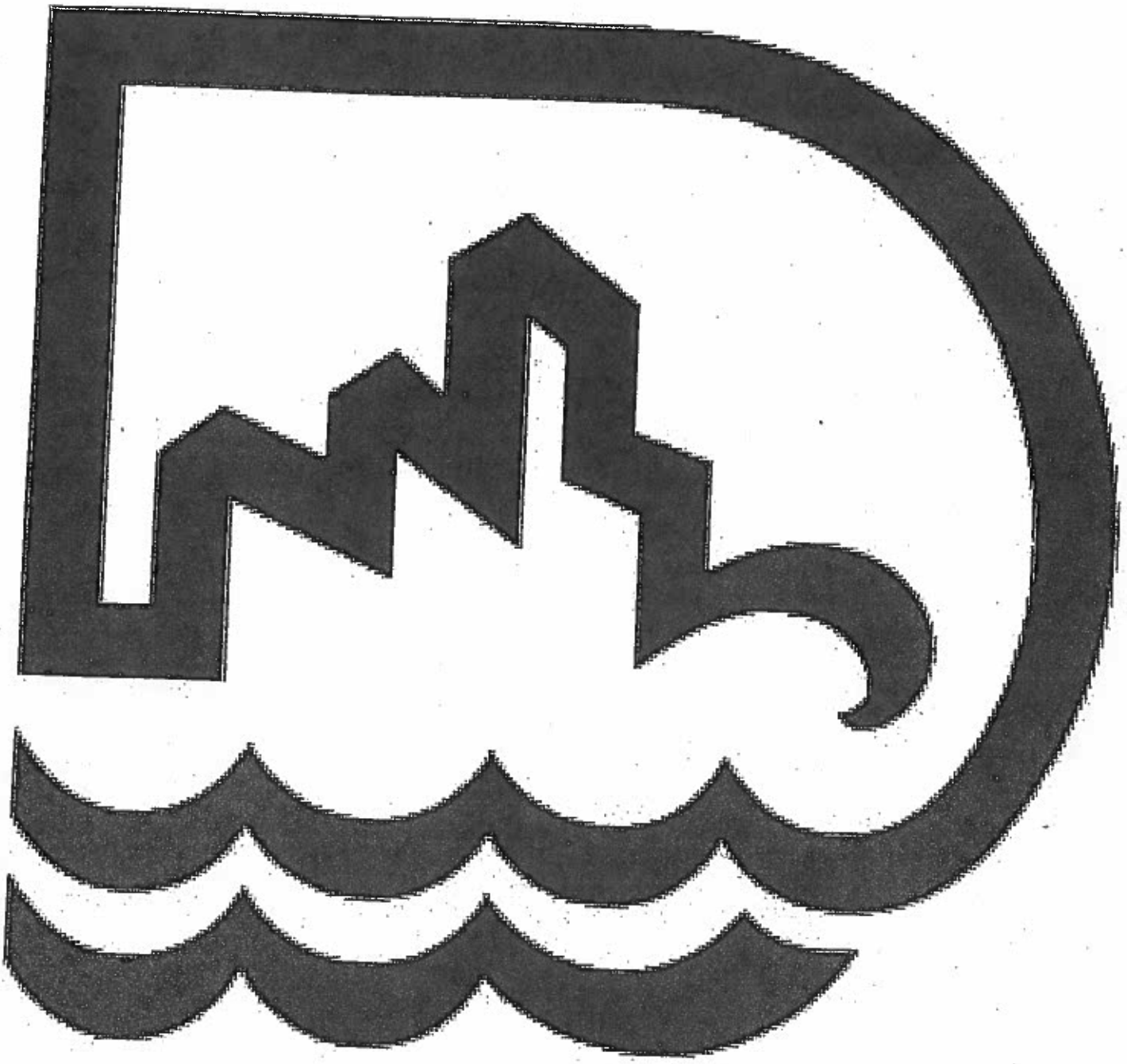
CITY OF DAVENPORT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	$ 59,199,414	$ 15,210,804	$ 8,301,365	$ -
Special assessments	-	28,462	65,295	-
Licenses and permits	1,525,686	-	-	-
Intergovernmental	1,211,347	-	-	5,522,425
Charges for services	4,060,735	149,949	-	-
Use of monies and property	278,969	93,690	280,006	34,510
Fines and forfeits	1,740,494	-	-	-
Loan repayments	-	-	-	-
Other	382,004	20,000	1,270,744	1,002,223
Total Revenues	68,398,649	15,502,905	9,917,410	6,559,158
EXPENDITURES:				
Current:				
Public safety	38,908,780	1,065,465	-	-
Public works	4,680,836	1,274,182	-	-
Culture and recreation	10,897,946	77,570	-	-
Community and economic development	1,154,206	199,072	108,474	-
General government	8,443,007	41,245	-	-
Capital outlay	-	-	-	17,188,086
Debt service:				
Principal retirement	-	-	14,566,450	-
Interest	-	-	6,153,995	-
Bond issuance costs	-	-	11,145	205,258
Total Expenditures	64,084,775	2,657,534	20,840,064	17,393,344
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,313,874	12,845,371	(10,922,654)	(10,834,186)
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	12,382,000
Premium on debt issued	-	-	369,756	-
Sale of capital assets	-	1,114,720	901,873	-
Transfers in	252,500	-	9,126,482	4,539,827
Transfers out	(841,398)	(12,151,859)	-	-
Refunding bond issuance	-	-	2,310,000	-
Payment to refunded bond escrow agent	-	-	(15,730,000)	-
Total Other Financing Sources (Uses)	(588,898)	(11,037,139)	(3,021,889)	16,921,827
NET CHANGE IN FUND BALANCES	3,724,976	1,808,232	(13,944,543)	6,087,641
FUND BALANCES -BEGINNING	9,892,129	516,465	33,641,088	570,933
FUND BALANCES - ENDING	$ 13,617,105	$ 2,324,697	$ 19,696,545	$ 6,658,574

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 5,550,995	$ 88,262,578
-	93,757
93,664	1,619,350
16,103,400	22,837,172
-	4,210,684
349,797	1,036,972
-	1,740,494
860,284	860,284
984,490	3,659,461
23,942,630	124,320,752
186,682	40,160,927
9,333,695	15,288,713
97	10,975,613
9,168,121	10,629,873
116,843	8,601,095
-	17,188,086
1,674,725	16,241,175
833,414	6,987,409
-	216,403
21,313,577	126,289,294
2,629,053	(1,968,542)
-	12,382,000
113,017	482,773
-	2,016,593
251,324	14,170,133
(1,642,913)	(14,636,170)
-	2,310,000
(2,170,000)	(17,900,000)
(3,448,572)	(1,174,671)
(819,519)	(3,143,213)
5,328,650	49,949,265
$ 4,509,131	$ 46,806,052



CITY OF DAVENPORT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances: total governmental funds	$	(3,143,213)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlay exceeded depreciation in the current period.		
Capital Expenditures		13,280,004
Depreciation		(13,726,209)
		(446,205)
The following is the detail of various miscellaneous transactions involving capital assets which effect the increase/decrease in assets in the current period.		
Gain on sale of capital assets		1,634,804
Donations		213,950
Proceeds from sale of capital assets		(2,016,593)
		(167,839)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		253,630
The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.		
General obligation bonds issued, premiums and other deferred costs on bonds (additions and amortization)		3,073,059
Repayment of bond principal		16,241,175
Interest		70,894
		19,385,128
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.		(1,063,176)
Internal services funds are used by management to charge the costs of various activities internally to individual funds. The net income of certain activities of internal service funds is reported with governmental activities.		1,673,328
Change in net position of governmental activities	$	16,491,653

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

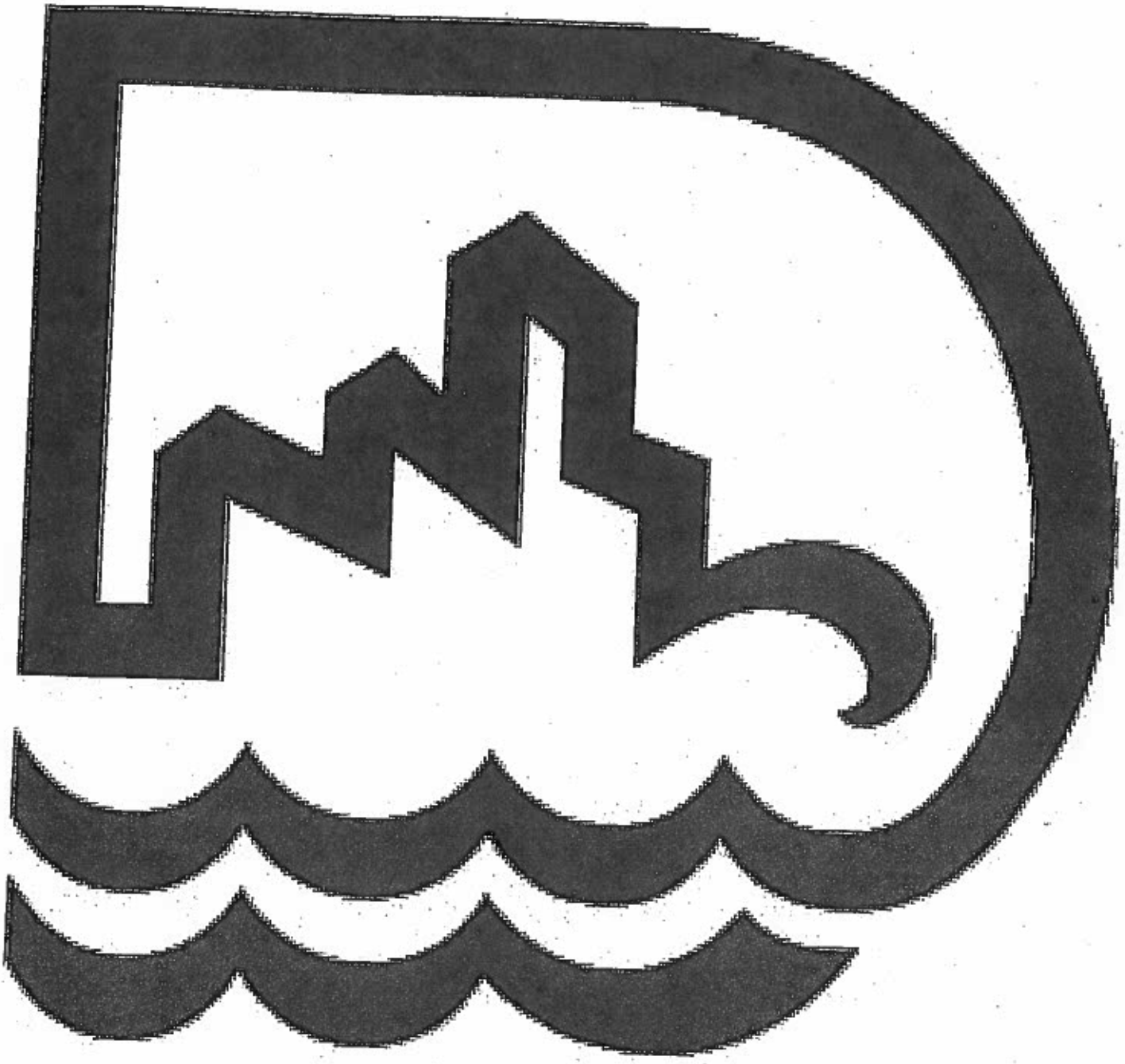
CITY OF DAVENPORT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013

	BUSINESS-TYPE ACTIVITIES -	
ASSETS	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	$ -	$ -
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	65,839	5,031,378
Due from other governments	-	276,496
Inventory		-
Prepaids	-	-
Total current assets	65,839	5,307,874
Noncurrent assets:		
Investment in joint venture	-	-
Restricted cash and cash equivalents	-	14,740,303
Restricted investments - held in escrow	-	164,130
Capital assets:		
Land	3,647,368	779,435
Buildings	26,238,949	35,199,152
Improvements other than buildings	189,547	141,111
Sanitary sewers	-	69,306,285
Paving	1,140,885	
Equipment and vehicles	707,848	19,139,543
Storm sewers	-	-
Less accumulated depreciation	(9,650,810)	(70,630,069)
Construction in progress	28,461	44,556,025
Total noncurrent assets	22,302,248	113,395,915
Total assets	22,368,087	118,703,789
LIABILITIES		
LIABILITIES:		
Current liabilities:		
Wages payable	7,505	91,969
Accounts payable	12,179	150,171
Accrued interest payable	18,016	130,584
Compensated absences	12,129	288,551
Claims and judgments	-	-
Interfund loans payable	448,592	1,537,580
Unearned revenue	-	-
Note payable - current	-	215,000
General obligation bonds - current	622,025	2,978,365
Deposits payable	-	870,132
Total current liabilities	1,120,446	6,262,352
Noncurrent liabilities:		
Compensated absences	1,817	43,231
Claims and judgments	-	-
Other postemployment benefits	25,424	336,876
Note payable	-	9,583,163
General obligation bonds -long term	5,787,799	32,704,712
Total noncurrent liabilities	5,815,040	42,667,982
Total liabilities	6,935,486	48,930,334
DEFERRED INFLOWS OF RESOURCES		
Succeeding year property tax	-	-
Deferred amount on refunding	78,874	66,370
Total deferred inflows of resources	78,874	66,370
NET POSITION		
Net investment in capital assets	15,813,550	62,044,215
Restricted for equipment replacement	-	4,904,259
Unrestricted (deficit)	(459,823)	2,758,611
Total net position	$ 15,353,727	$ 69,707,085

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

ENTERPRISE FUNDS				
RIVERCENTER	CLEAN WATER	TOTAL NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
$ -	$ 353,861	$ 475,481	$ 829,342	$ 6,005,826
-	-	65,428	65,428	-
-	-	3,615,987	3,615,987	-
764,259	744,784	2,242,379	8,848,639	616,845
-	-	189,046	465,542	-
33,059	-	-	33,059	-
2,860	-	-	2,860	297,068
800,178	1,098,645	6,588,321	13,860,857	6,919,739
-	-	443,201	443,201	-
-	1,509,693	883,200	17,133,196	-
-	-	-	164,130	-
2,472,550	204,051	4,146,837	11,250,241	-
18,789,006	-	16,697,944	96,925,051	-
59,147	316,520	13,081,696	13,788,021	2,532,471
		-	69,306,285	-
84,121		149,003	1,374,009	
667,694	1,323,051	12,323,256	34,161,392	3,909,779
-	22,669,823	-	22,669,823	-
(10,451,729)	(10,897,153)	(24,915,300)	(126,545,061)	(2,951,666)
-	1,197,851	610,382	46,392,719	-
11,620,789	16,323,836	23,420,219	187,063,007	3,490,584
12,420,967	17,422,481	30,008,540	200,923,864	10,410,323
829	20,015	117,815	238,133	29,008
80,156	18,303	289,057	549,866	446,997
-	7,372	3,389	159,361	-
1,498	44,794	204,995	551,967	119,386
-	-	-	-	3,764,978
194,323	113,671	3,441,190	5,735,356	6,536
83,143	-	13,757	96,900	-
-	-	-	215,000	-
-	155,000	314,825	4,070,215	-
-	-	33,200	903,332	-
359,949	359,155	4,418,228	12,520,130	4,366,905
224	6,711	30,713	82,696	17,886
-	-	-	-	3,334,492
2,873	52,301	372,889	790,363	96,774
-	-	-	9,583,163	-
-	2,387,914	983,448	41,863,873	-
3,097	2,446,926	1,387,050	52,320,095	3,449,152
363,046	2,806,081	5,805,278	64,840,225	7,816,057
-	-	3,615,987	3,615,987	-
-	-	3,641	148,885	-
-	-	3,619,628	3,764,872	-
11,620,789	13,780,922	21,641,904	124,901,380	3,490,584
-	-	-	4,904,259	-
437,132	835,478	(1,058,270)	2,513,128	(896,318)
$ 12,057,921	$ 14,616,400	$ 20,583,634	$ 132,318,767	$ 2,594,266



CITY OF DAVENPORT
RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total enterprise funds net position	$ 132,318,767
Amounts reported for enterprise activities in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.	681,393
Adjustments fo reflect the consolidation of prior years internal service fund activities related to enterprise funds.	(703,503)
Net position of business-type activities	$ 132,296,657

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

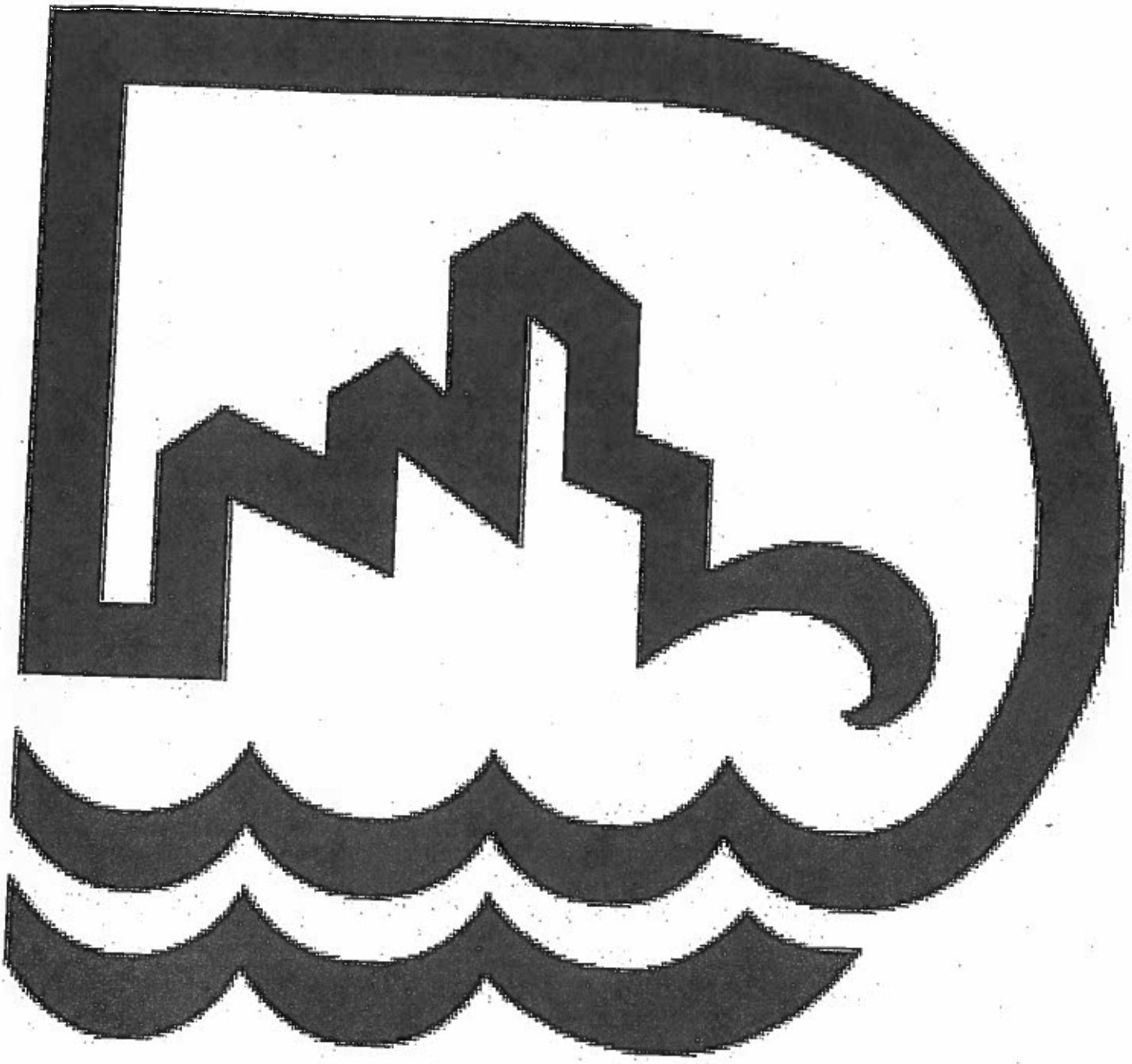
CITY OF DAVENPORT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	BUSINESS-TYPE ACTIVITIES -		
	PARKING SYSTEM	SEWER OPERATIONS	RIVERCENTER
OPERATING REVENUES:			
Charges for services	$ 1,395,293	$ 16,654,087	$ 1,485,292
Fines and forfeits	68,021	-	-
Other	1,201	1,642,829	51,935
Total Operating Revenues	1,464,515	18,296,916	1,537,227
OPERATING EXPENSES:			
Employee expenses	419,543	6,160,384	53,316
Supplies and services	588,992	8,062,329	2,113,921
Depreciation	766,520	3,697,549	544,845
Total Operating Expenses	1,775,055	17,920,262	2,712,082
OPERATING INCOME (LOSS)	(310,540)	376,654	(1,174,855)
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	-	-	-
Use of monies and property	22,412	87,789	-
Interest expense	(215,246)	(53,992)	-
Gain (loss) on disposition of capital assets	-	-	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	(192,834)	33,797	-
(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(503,374)	410,451	(1,174,855)
Capital contributions	-	(754,234)	106,357
Transfers in	-	-	629,086
Transfers out	-	-	-
Change in net position	(503,374)	(343,783)	(439,412)
Total net postion - beginning as restated	15,857,101	70,050,868	12,497,333
Total net position - ending	$ 15,353,727	$ 69,707,085	$ 12,057,921

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

ENTERPRISE FUNDS			
CLEAN WATER	TOTAL NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
$ 2,315,651	$ 8,141,750	$ 29,992,073	$ 18,852,279
-	-	68,021	-
175,486	177,235	2,048,686	1,633,820
2,491,137	8,318,985	32,108,780	20,486,099
1,050,180	6,479,365	14,162,788	1,781,698
829,448	7,804,892	19,399,582	16,081,459
903,115	2,003,583	7,915,612	449,830
2,782,743	16,287,840	41,477,982	18,312,987
(291,606)	(7,968,855)	(9,369,202)	2,173,112
-	3,580,415	3,580,415	-
2,282	1,723,466	1,725,748	-
6,410	544,279	660,890	9,435
(58,454)	(34,647)	(362,339)	-
-	25,446	25,446	-
-	(19,471)	(19,471)	-
(49,762)	5,819,488	5,610,689	9,435
(341,368)	(2,149,367)	(3,758,513)	2,182,547
293,205	665,522	310,850	208,899
-	50,000	679,086	-
	(176,324)	(176,324)	(36,725)
(48,163)	(1,610,169)	(2,944,901)	2,354,721
14,664,563	22,193,803	135,263,668	239,545
$ 14,616,400	$ 20,583,634	$ 132,318,767	$ 2,594,266



CITY OF DAVENPORT
RECONCILIATION OF THE CHANGE IN NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Net change in net position in enterprise funds	$	(2,944,901)
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.		681,393
Change in net position of business-type activities	$	(2,263,508)

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, 2013

	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	$ 1,446,144	$ 16,338,041
Cash paid to suppliers for goods and services	(594,513)	(8,157,940)
Cash paid to employees for services	(414,539)	(6,079,670)
Other operating revenue	1,201	1,642,829
Net Cash Provided by (Used for) Operating Activities	438,293	3,743,260
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayments to other funds	(70,630)	(3,281,601)
Advances from other funds	448,592	1,537,580
Operating grants	-	-
Property tax	-	-
Transfers in	-	-
Transfers out	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	377,962	(1,744,021)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from general obligation bonds	-	6,320,000
Proceeds from loan	-	208,162
Refunding discount/issue costs and premiums	(14,925)	(2,332,961)
Proceeds from the sale of capital assets	-	-
Acquisition and construction of capital assets	-	(14,331,800)
Principal paid on long-term debt	(607,225)	(2,800,100)
Interest paid on long-term debt	(216,517)	(1,051,349)
Deposits-other municipalities	-	207,480
Refunding bond proceeds	-	1,125,060
Net Cash Provided by (Used for) Capital and Related Financing Activities	(838,667)	(12,655,508)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	1,153,565
Interest and other investment income	22,412	87,789
Net Cash provided by (used for) Investing Activities	22,412	1,241,354
Net Increase (Decrease) in Cash and Cash Equivalents	-	(9,414,915)
CASH AND CASH EQUIVALENTS-BEGINNING	-	24,155,218
CASH AND CASH EQUIVALENTS-ENDING	$ -	$ 14,740,303

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

ENTERPRISE FUNDS

RIVERCENTER	CLEANWATER	TOTAL NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
$ 1,486,096	$ 2,244,393	$ 7,973,145	$ 29,487,819	$ 18,237,540
(2,176,352)	(829,117)	(7,973,255)	(19,731,177)	(15,957,110)
(51,266)	(1,017,510)	(6,359,484)	(13,922,469)	(1,768,155)
51,935	175,486	177,235	2,048,686	1,633,820
(689,587)	573,252	(6,182,359)	(2,117,141)	2,146,095
(133,822)	(23,492)	(2,411,216)	(5,920,761)	6,536
194,323	113,671	3,441,190	5,735,356	-
-	2,282	1,723,466	1,725,748	-
-	-	3,580,415	3,580,415	-
629,086	-	50,000	679,086	-
-	-	(176,324)	(176,324)	(36,725)
689,587	92,461	6,207,531	5,623,520	(30,189)
-	528,000	330,000	7,178,000	-
-	-	-	208,162	-
-	1,282	(87,647)	(2,434,251)	-
-	-	32,583	32,583	-
-	(874,910)	(271,721)	(15,478,431)	(18,996)
-	(125,000)	(244,500)	(3,776,825)	-
-	(60,490)	(34,637)	(1,362,993)	-
-	-	-	207,480	-
-	-	-	1,125,060	-
-	(531,118)	(275,922)	(14,301,215)	(18,996)
-	-	99,892	1,253,457	-
-	6,410	544,279	660,890	9,435
-	6,410	644,171	1,914,347	9,435
-	141,005	393,421	(8,880,489)	2,106,345
-	1,722,549	965,260	26,843,027	3,899,481
$ -	$ 1,863,554	$ 1,358,681	$ 17,962,538	$ 6,005,826

(continued)

CITY OF DAVENPORT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2013

	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income (Loss)	$ (310,540)	$ 376,654
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	766,520	3,697,549
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(17,170)	(340,857)
Decrease in due from other governments	-	24,811
Decrease (increase) in inventory and prepaids	-	1,430
Increase (decrease) in accounts payable	(5,521)	(97,041)
Increase in other accrued liabilities	5,004	80,714
Increase (decrease) in other deferred revenue	-	-
Total Adjustments	748,833	3,366,606
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 438,293	$ 3,743,260
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Acquisition of capital assets through capital contributions	$ -	$ (754,234)
Contribution of capital assets by municipality	-	1,013,207
Contribution of capital assets by subdividers	-	-
Contribution of capital assets by state and federal governments	-	-
Contribution by other	-	(258,973)
Capitalized interest	-	1,010,397

ENTERPRISE FUNDS				
RIVERCENTER	CLEANWATER	TOTAL NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
$ (1,174,855)	$ (291,606)	$ (7,968,855)	$ (9,369,202)	$ 2,173,112
544,845	903,115	2,003,583	7,915,612	449,830
(3,222)	(71,258)	(148,306)	(580,813)	(614,739)
-	-	(12,113)	12,698	-
(3,077)	-	-	(1,647)	(63,289)
(59,354)	331	(168,363)	(329,948)	187,638
2,050	32,670	119,881	240,319	13,543
4,026	-	(8,186)	(4,160)	-
485,268	864,858	1,786,496	7,252,061	(27,017)
$ (689,587)	$ 573,252	$ (6,182,359)	$ (2,117,141)	$ 2,146,095
$ 106,357	$ 293,205	$ 665,522	$ 310,850	$ 208,899
(106,357)	(12,805)	(312,700)	581,345	(208,899)
-	(175,000)	(211,295)	(386,295)	-
-	(95,000)	(45,952)	(140,952)	-
-	(10,400)	(95,575)	(364,948)	-
-	3,600	-	1,013,997	-

CITY OF DAVENPORT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2013

	AGENCY FUNDS
ASSETS	
Cash and investments	$ 392,512
Total assets	$ 392,512
LIABILITIES	
Accounts payable	$ 11,164
Due to other governments	381,348
Total liabilities	$ 392,512

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

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. The Governmental Accounting Standards Board (GASB) is the accepted standard – setting body for establishing governmental accounting and financial reporting principles. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the City's governing body required by financial reporting standards for governmental units, are included herewith.

The City of Davenport has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

The City of Davenport does not have any component units required to be reported within the City's reporting entity.

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items previously Reported as Assets and Liabilities,* in the current year. The adaptation of these Statements changed the presentation of the basic financial statements to statement of net position format and restated net position, as disclosed in Note 14.

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 $1,521,379 in maintenance fees during the fiscal year ended June 30, 2013. The City's interest in the joint venture is accounted for under the equity method in the Transit enterprise fund (Note 8). Financial statements of the Quad-City Garage Policy Group may be obtained from the entity's administrative office at 2929 5th Avenue, Rock Island, IL 61201.

B. Government-wide and Fund Financial Statements

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

supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

C. Fund Accounting

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

(1) Governmental Fund Types

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

(a) General Fund

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

(b) Local Option Sales Tax Fund

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

(c) General Debt Service Fund

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

(d) Capital Projects Fund

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

(2) Proprietary Fund Types

Proprietary fund types are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income.

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

(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. This fund is a nonmajor fund but the City has elected to report it as a major fund for public interest purposes.

(d) Clean Water Fund – Accounts for revenue and expenses related to the operation and maintenance of the storm water collection system including inspections, mapping, drainage maintenance, street sweeping and other activities related to clean water activities. This fund is a nonmajor fund but the City has elected to report it as a major fund for public interest purposes.

Internal service funds are used to finance and account for, employee insurance, risk management, and information management services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

(3) Fiduciary Fund Types

Fiduciary fund types are used to account for assets held by the City in a trustee capacity under a formal trust agreement or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the City's fiduciary fund type:

(a) Agency Funds

Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations. The agency funds function primarily as a clearing mechanism for cash resources, which are collected, held as such for brief period, and then disbursed to authorized recipients.

The City has 3 agency funds: Riverfront Task Force that accounts for donations toward the formulation of a plan for riverfront development; Library Gift that accounts for donations to the Davenport Public Library and disbursements as authorized by the Library Board of Trustees and M.D. Petersen Memorial that accounts for annual contributions from the Petersen estate and disbursements designated by the Davenport Levee Improvement Commission.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds do not have a measurement focus, as they record only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and budgeted for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property tax, local option sales tax, intergovernmental revenues and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Licenses and permits, fines and forfeits, charges for services, 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.

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. Cash and Pooled Cash Investments

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Fund cash deficits, which represent current loans between funds, have been reported as interfund loans receivable/payable.

F. Investments

Investments in government agency securities are stated at fair value based on quoted market prices. Investments in the Iowa Public Agency Investment Trust are stated at amortized cost.

G. Statement of Cash Flows

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

H. Property Tax Receivable

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2013 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable have been recorded, the related revenue is treated as a deferred inflow in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied and budgeted for.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2012.

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, 2013 was $16.78 per $1,000 of assessed valuation.

I. Loans Receivable

Loans receivable consist of $4,326,860 of financing provided to companies that are beginning operations. The remaining $13,787,894 of loans receivable are low- and no-interest loans. The City receives federal funds from the U.S. Department of Housing and Urban Development as part of the Community Development Block Grant, which allows the City to provide loans at below-market-rates to eligible corporations and individuals to finance urban and community development. Loans are carried at the amount of unpaid principal. Management records allowances for estimated uncollectible amounts of $3,866,498 based on historic information and review of outstanding amounts.

J. Special Assessments Receivable

Special assessments are levied against certain property owners benefited by various street projects. Special assessments receivable consists of assessments due over the next ten years in relation to these projects.

K. Restricted Assets

If the use of monies received is limited by City ordinance and/or contract provisions, they are reported as restricted assets. Also, liabilities which are payable from restricted assets are reported as such. The following assets are reported as restricted at June 30, 2013: unexpended general obligation bond proceeds and other funds

restricted to capital outlay of $8,936,213, deposits and equipment replacements of $5,804,090 in the Sewer Enterprise Fund, $1,509,693 of unexpended bond proceeds in the Clean Water Enterprise Fund; $725,000 of unexpended bond proceeds in the Solid Waste Enterprise Fund; $125,000 of unexpended bond proceeds in the Public Housing Fund, security deposits of $33,200 in the Public Housing Fund, and loan escrow payments of $52,078 in the Community Development Act Special Revenue Fund. In governmental activities, there is also $12,941,938 of unexpended general obligation proceeds restricted to capital outlay. In addition, $18,903,724 is held in escrow related to the crossover refunding of bonds.

L. Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statement and proprietary fund financial statements. In the governmental funds capital assets (capital outlay) is reported as expenditures and no depreciation is recognized. Generally, capital assets purchased in excess of $5,000 are capitalized if they have an expected useful life of one year or greater. Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest was $1,010,397 in the Sewer Operations Fund and $3,600 in the Clean Water Fund.

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

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

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

M. Unearned Revenues

Unearned revenues represent grants and similar items received, but for which the City has not met all eligibility requirements imposed by the provider.

N. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities and enterprise funds report unavailable revenues from several sources: property taxes and deferred amount on refunding. The governmental funds also include unavailable revenues

from special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, only the property tax revenues and deferred amount on refunding remain under the full accrual basis of accounting. The property tax revenues will become an inflow in the year they are levied and budgeted for.

O. 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 payables/receivables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

P. Compensated Absences

City employees earn vacation and sick leave based upon union contracts or City policy on an annual basis and are credited with vacation and sick leave hours each payroll period. Vacation leave is fully vested when earned. In general, except for Police and Fire personnel, 75% of accumulated sick leave in excess of 720 hours earned prior to July 1, 1987 is vested using the employees' hourly rate at July 1, 1987. For Police and Fire personnel hired before July 1, 1988, 75% of accumulated sick leave earned in excess of 720 hours is vested using the employees' hourly rate at the time of termination. Employees are offered the option of accumulating overtime hours to be taken as compensatory time off rather than being paid for them on a current basis; any amounts unused at time of termination are also paid.

For government-wide financial statements and proprietary fund types, these accumulations are recorded as expenses and liabilities in the fiscal year earned. For governmental fund types, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Q. Net Position

Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds for the Sewer Operations, Clean Water, Solid Waste and Public Housing Funds were $8,936,213, $1,509,693, $725,000 and $125,000 respectively. Unspent debt proceeds for the Capital Projects Fund were $12,941,938. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of $2,346,801 for employee benefits; $1,502,701 for tort liability; $2,324,697 for local option sales tax; $873,040 for library; $22,077,031 for debt service; $509,416 for road use tax and $849,740 for municipal improvement districts. Net position is reported as unrestricted when it does not meet the definition of the two preceding categories. Deficits will require future funding. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

R. **Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and principal payments are reported as debt service expenditures.

S. **Prepaids**

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.

T. **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 position during the reporting period. Actual results could differ from those estimates.

2. CONTINGENCIES

A. **Litigation**

The City records liabilities resulting from claims and legal actions only when they become probable and estimatable. There are several lawsuits pending against the City for various reasons. Liability insurance covers many of the lawsuits for personal injury, property damage and civil rights violations 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.

Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although City management and counsel expect such amounts, if any, to be immaterial.

3. DEPOSITS AND INVESTMENTS

A. **Deposits**

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was $43,338,653 and the bank balances were $42,904,094. As of June 30, 2013, the City's deposits with financial institutions were entirely

covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

B. Investments

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured Iowa institutions approved by the City Council; prime eligible bankers acceptances, certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and state and local securities.

Interest rate risk – the City's investment policy limits the investment of operating funds in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City. The City's investments in State and Local Government Securities exceed the 397 day investment period, but the maturities match the crossover refundings.

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

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

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

At June 30, 2013, the interest rate risk and credit risk of the City's investments are as follows:

Type	Fair Value	Maturities	Credit Ratings
State and Local Government Securities (SLGS)	250,776	December 1, 2013	AA+
State and Local Government Securities (SLGS)	18,811,077	June 1, 2014	AA+

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) with maturity of 1 day, which are valued at an amortized cost of $414,260 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

4. FUND TRANSFER RECONCILIATION

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

Transfer in:

Transfer out:	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major governmental Funds	RiverCenter Fund	Non-major proprietary Funds	**Total transfer**
General Fund	$ -	$ -	$ 162,312	$ -	$ 629,086	$ 50,000	$ 841,398
Local Option Sales Tax Fund	-	9,126,482	2,950,377	75,000	-	-	12,151,859
General Debt Service Fund	-	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-	-
Risk Internal Service Fund	-	-	36,725	-	-	-	36,725
Other non-major governmental funds	252,500	-	1,390,413	-	-	-	1,642,913
Other non-major enterprise funds	-	-	-	176,324	-	-	176,324
Total Transfer	$ 252,500	$ 9,126,482	$4,539,827	$ 251,324	$ 629,086	$ 50,000	$ 14,849,219

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other governmental and proprietary funds in accordance with budgetary authorizations. The governmental activities also contributed capital to the Parking System Fund, Sewer Operations Fund, RiverCenter Fund, Clean Water Fund, Public Housing Fund, Golf Courses Fund, Airport Fund, Public Transit Fund, Solid Waste Fund and River's Edge Fund.

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2013, interfund receivables and payables are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Local Option Sales Tax Fund	$ 767,679
	General Debt Service Fund	887,861
	Non-major Governmental Funds	660,263
	Sewer Fund	1,537,580
	RiverCenter Fund	194,323
	Parking Fund	448,592
	Non-major Proprietary Funds	3,441,147
General Debt Service	Local Option Sales Tax Fund	1,467,539
Capital Projects	Clean Water Fund	113,671
	Non-major Proprietary Funds	43
	Risk Internal Service Fund	6,536
	General Fund	17,234
	Local Option Sales Tax Fund	318,936
		$ 9,861,404

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.

6. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30,2013:

	BEGINNING BALANCE 06/30/12	ADDITIONS	DELETIONS	ENDING BALANCE 06/30/13
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	$ 20,095,416	$ -	$ (92,485)	$ 20,002,931
Construction in progress	15,460,013	10,596,243	(10,526,966)	15,529,290
Total capital assets, not being depreciated	35,555,429	10,596,243	(10,619,451)	35,532,221
Capital assets being depreciated				
Buildings	105,284,461	1,026,838	(139,585)	106,171,714
Improvements other than buildings	27,397,543	896,836	(149,455)	28,144,924
Equipment and vehicles	37,783,652	1,926,122	(960,895)	38,748,879
Bridges	6,333,822	3,181,534	-	9,515,356
Traffic Signals	8,219,716	322,957	(40,000)	8,502,673
Streets and roads	188,423,250	6,298,284	-	194,721,534
Seawalls	2,685,289	-	-	2,685,289
Tunnels	54,326	-	-	54,326
Total capital assets being depreciated	376,182,059	13,652,571	(1,289,935)	388,544,695
Less accumulated depreciation for:				
Buildings	30,106,991	2,714,746	(38,446)	32,783,291
Improvements other than buildings	9,058,036	1,458,879	(8,718)	10,508,197
Equipment and vehicles	24,704,536	2,760,912	(919,067)	26,546,381
Bridges	2,354,422	210,100	-	2,564,522
Traffic signals	5,464,100	252,514	(34,400)	5,682,214
Streets and roads	64,559,114	6,691,850	-	71,250,964
Seawalls	116,080	84,322	-	200,402
Tunnels	15,617	2,716	-	18,333
Total accumulated depreciation	136,378,896	14,176,039	(1,000,631)	149,554,304
Total capital assets being depreciated, net	239,803,163	(523,468)	(289,304)	238,990,391
Governmental activities capital assets, net	$ 275,358,592	$ 10,072,775	$ (10,908,755)	$ 274,522,612
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Land	$ 11,190,268	$ 59,973	$ -	$ 11,250,241
Construction in progress	32,495,681	14,736,282	(839,244)	46,392,719
Total capital assets not being depreciated	43,685,949	14,796,255	(839,244)	57,642,960
Capital assets, being depreciated:				
Buildings	96,702,845	232,125	(9,919)	96,925,051
Improvements other than buildings	13,483,586	304,435	-	13,788,021
Equipment and vehicles	34,338,319	603,634	(780,561)	34,161,392
Sanitary sewer	68,321,034	985,251	-	69,306,285
Storm Sewer	21,959,955	709,868	-	22,669,823
Streets and roads	1,363,057	10,952	-	1,374,009
Total capital assets being depreciated	236,168,796	2,846,265	(790,480)	238,224,581
Less accumulated depreciation for:				
Buildings	45,807,010	2,772,779	(9,919)	48,569,870
Improvements other than buildings	7,231,297	522,037	-	7,753,334
Equipment and vehicles	22,597,320	2,060,831	(773,424)	23,884,727
Sanitary sewer	34,468,993	1,777,344	-	36,246,337
Storm sewer	9,235,503	736,142	-	9,971,645
Streets and roads	72,669	46,479	-	119,148
Total accumulated depreciation	119,412,792	7,915,612	(783,343)	126,545,061
Total capital assets,being depreciated, net	116,756,004	(5,069,347)	(7,137)	111,679,520
Business-type activities capital assets, net	$ 160,441,953	$ 9,726,908	$ (846,381)	$ 169,322,480

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

Governmental activities:	
General government	$ 656,965
Community & economic development	26,528
Public works	8,456,755
Public safety	1,768,692
Culture & recreation	2,817,269
Internal service assets are charged to the various functions based on their usage of the assets	449,830
Total depreciation expense-governmental activities	$14,176,039
Business-type activities:	
Parking systems	$ 766,520
Sewer operations	3,697,549
RiverCenter	544,845
Public transit	556,432
Public housing	316,176
Golf courses	185,063
Airport	370,334
Curbside recycling	466,468
Clean Water Utility	903,115
Rivers Edge	109,110
Total depreciation expense-business-type activities	$ 7,915,612

The government has active construction projects as of June 30, 2013. 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:

Projects	Spent-to-Date	Remaining Commitment
Streets/Improvements	$ 19,561,164	$ 3,555,354
Sanitary Sewer/WPCP	24,132,119	7,939,740
Parks	82,841	156,901
Public Buildings	293,223	329,519
Total	$ 44,069,347	$ 11,981,514

The streets and improvements are being financed with state and federal grants along with general obligation bonds, local option sales tax, and road use tax. The sanitary sewers and water pollution control plant improvements are being funded by general obligation bonds being serviced by the Sewer Operations Fund.

The government had no significant encumbrances as of June 30, 2013.

7. EMPLOYEE RETIREMENT SYSTEMS

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

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

A. Iowa Public Employees Retirement System

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 5.78% of their annual covered salary and the City is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were $2,567,903, $2,514,056, and $2,113,864 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 of the MFPRSI. 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 104th 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, 2013, 2012 and 2011 were 26.12%, 24.76%, and 19.90%. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2013, 2012 and 2011 were $5,329,969, $5,320,594, and $4,023,428, 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 directors' 457 deferred compensation plans. The City's contributions for the years ended June 30, 2013, 2012 and 2011 were $1,901,498, $1,811,869, and $1,758,704 respectively.

8. JOINT VENTURE

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

The City of Davenport and MetroLink have jointly constructed a maintenance facility. The City contributed $542,196 and the MetroLink contributed $362,523. The remainder of the funding was provided by grants from the Federal Transit Administration and the State of Illinois in the amount of $5,495,205. The maintenance facility is recorded as an asset of MetroLink, and not by the QCGPG. The City's share of the facility is $257,587 as of June 30, 2013.

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 an 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. The City's investment as of June 30, 2013 was $185,614.

A summary of the latest available financial information for the QCGPG as of June 30, 2013, and for the year then ended is as follows:

Total assets	$903,094
Total liabilities	$461,813
Total equity	$441,281
Total revenue	$5,204,898
Total expenses	$5,229,661
Net change in fund equity	$(24,763)

The City uses the equity method of accounting for these investments. At June 30, 2013, this amounted to $443,201 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 5th Avenue, Rock Island, IL 61201.

9. LONG-TERM DEBT

The following is a summary of changes in long-term debt, including premiums, for the year ended June 30, 2013 (numbers shown in thousands):

Governmental Activities:	Balance June 30,2012	Additions	Retirements	Balance June 30,2013	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 179,768	$ 14,626	$ (34,133)	$ 160,261	$ 16,045
Special Assessment Debt	1,141	66	(8)	1,199	-
Premium on issuance	4,238	483	(696)	4,025	
Total Bonds Payable	185,147	15,175	(34,837)	165,485	16,045
Other post employment benefits payable	2,455	1,109	-	3,564	-
Compensated Absences	4,926	4.567	(4,599)	4,894	4,257
Note Payable	311	-	-	311	13
	$ 192,839	$ 20,851	$ (39,436)	$ 174,254	$ 20,315
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	$ 41,206	$ 7,178	$ (4,779)	$ 43,605	$ 4,070
Premium on issuance	2,370	286	(327)	2,329	-
Total Bonds Payable	43,576	7,464	(5,106)	45,934	4,070
Compensated Absences	637	927	(929)	635	552
Other post employment benefits payable	545	245	-	790	-
Note Payable	9,798	208	(208)	9,798	215
	$ 54,556	$ 8,844	$ (6,243)	$ 57,157	$ 4,622

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

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end $137,272 of internal service funds compensated absences and $96,774 of other post-employment benefits are included in the above amounts. Also, for the governmental activities, compensated absences and other post employment benefits are generally liquidated by the fund incurring the expense. The General Fund of the city includes a trust and agency fund that is used to levy taxes to pay for and liquidate benefit obligations.

General obligation bonds payable at June 30, 2013, is comprised of the following individual issues:

		Outstanding Balance June 30, 2013 (in thousands of dollars)
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).	160
C.	$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.)	20,435
D.	$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.)	505
E.	$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.)	550
F.	$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.)	7,700
G.	$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).	520

H.	$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.)	1,300
I.	$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.	7,005
J.	$3,530,000 2008 General Obligation Economic Development serial bonds due in annual installments of $205,000 to $400,000 through June 1, 2021; interest at 3.5 to 6.2 percent ($3,530,000 principal and interest thereon is being serviced by the TIF increment Financing District Debt Service Fund.)	2,630
K.	$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.)	11,515
L.	$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.)	6,150
M.	$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.	9,035
N.	$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.)	14,400
O.	$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.)	7,235
P.	$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.)	2,980

Q.	$33,745,000 2010D General Obligation Streets, Sewer, Cleanwater, Airport, Equipment and Economic Development serial bonds due in annual installments of $1,815,000 to $3,350,000 through June 1, 2025; interest at 2.0 to 4.0 percent ($7,049,000, $692,000, $512,000 and $1,010,000 principal and interest thereon is being serviced by the Sewer Enterprise Fund, Cleanwater Enterprise Fund, Airport Enterprise Fund and Tax Increment Financing District Debt Service Fund, respectively.)	25,415
R.	$6,005,000 2011A Refunding of 2002 Streets, Buildings, Parks, Equipment and Sewer serial bonds due in annual installments of $875,000 to $1,100,000 through June 1, 2017; interest at 2.0 to 4.0 percent ($2,317,750 principal and interest thereon is being serviced by the Sewer Enterprise Fund.)	4,165
S.	$31,250,000 2012 General Obligation Streets, Sewers, Buildings, Solid Waste, Clean Water and Equipment serial bonds due in annual installments of $565,000 to $2,700,000 through June 1, 2031; interest at 2.0 to 4.0 percent ($2,034,000, $17,454,000, $406,000 and $1,473,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund, Solid Waste Enterprise Fund and Clean Water Fund, respectively).	26,550
T.	$4,460,000 2012B Crossover Refunding of $2,195,000 of 2003A Taxable General Obligation Stadium Bonds maturing June 1, 2014 through 2018 and $2,135,000 of Taxable General Obligation Economic Development bonds, Series 2004A maturing June 1, 2014 through 2023 due in annual installments of $245,000 to $685,000 through June 1, 2023; interest at .7 to 3.1 percent ($2,152,715 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund.)	4,460
U.	$11,720,000 2012C Crossover Refunding of $6,050,000 of General Obligation Bonds, Series 2003 maturing June 1, 2014 through 2018, $1,445,000 of General Obligation Bonds, Series 2004B, maturing June 1, 2014 through 2019, and $4,915,000 of General Obligation Bonds, Series 2004C maturing June 1, 2014 through 2019 due in annual installments of $1,060,000 to $2,240,000 through June 1, 2019; interest at 3.0 to 4.0 percent ($1,055,965 and $90,240 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Airport Enterprise Fund, respectively.)	11,720
V.	$18,745,000 Crossover Refunding of $18,560,000 of General Obligation Bonds, Series 2005A maturing June 1, 2015 through 2025 due in annual installments of $1,215,000 to $2,220,000 through June 1, 2025; interest at 3.0 percent ($140,905 in principal and interest thereon is being serviced by the Sewer Enterprise Fund.)	18,745

W.	$2,310,000 2013 Current Refunding of $2,195,000 of 2003B General Obligation Stadium Bonds due in annual installments of $705,000 to $805,000 maturing June 1, 2014 through 2016; interest at 2.0 percent	2,310
X.	$19,560,000 2013A General Obligation Streets, Sewers, Buildings, Solid Waste, Clean Water, Tax Increment Financing and Equipment serial bonds due in annual payments of $575,000 to $2,830,000 through June 1, 2032; interest at 2.0 to 3.25 percent ($1,930,000, $6,320,000, $330,000 and $528,000 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund, Sewer Enterprise Fund, Solid Waste Enterprise Fund and Clean Water Fund, respectively).	19,560
	Total general obligation bonds	205,065
	General obligation bonds serviced by Enterprise Funds	(43,605)
	Matured bonds	(20)
	General obligation bonds reported in Governmental Activities	$ 161,440

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 $43,604,935. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of $1,199,481. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of $510,500. These abated bonds, including interest thereon, are included in the above schedule and represent a contingent liability against the City's full faith and credit. The general credit of the City is obligated only to the extent that user fees, special assessment collections or liens foreclosed against properties involved in the special assessment projects, municipal improvement district taxes, and levee rents are insufficient to retire outstanding bonds.

In order to limit the liability of taxpayers, the State Constitution of Iowa imposes a limit on the amount of debt local governments may incur. The City of Davenport's debt limitation is five (5) percent of its gross assessed valuation. This limitation applies to general obligation indebtedness and Tax Increment Financing agreements entered in to rebate taxes paid over time. At June 30, 2013, the statutory limit for the City was $306,921,649 providing a debt margin of $84,942,349.

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 6/30/13, the City has drawn all of the loan, except for the final $6,000 that is held until completion of the project. 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 including maintaining net revenues of the sewer operating of at least 110% of the amount of principal and interest due in revenue bonds in the same year and the completion and issuance of the City's annual audit within 180 days of year end.

The note is expected to be paid as follows:

Year ended June 30	Principal	Interest
2014	$ 215,000	$ 287,700
2015	222,000	281,250
2016	229,000	274,590
2017	237,000	267,720
2018	244,000	260,610
2019 – 2023	1,347,000	1,188,240
2024 – 2028	1,581,000	972,600
2029 – 2033	1,856,000	719,430
2034 – 2038	2,176,000	422,430
2039 – 2041	1,483,000	89,910
	$ 9,590,000	$ 4,764,480

The City has entered into a second agreement with the Iowa Finance Authority to borrow $7,085,000 in the form of the proceeds of the Iowa Finance Authority Taxable Sewer Revenue Bond Series 2013. 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 1.75% with interest payments payable semiannually commencing December 1, 2013. Principal repayment is annually each June 1 commencing June 1, 2015. As of 6/30/13, the City had drawn $208,163. The note is payable solely from the net revenues of the sewer utility and has the same covenants as the other Iowa Finance Authority note.

The note is expected to be paid as follows:

Year ended June 30	Principal	Interest
2014	$ -	$ 63,581
2015	292,000	122,686
2016	297,000	118,877
2017	303,000	113,680
2018	309,000	108,377
2019-2023	1,643,000	458,483
2024-2028	1,814,000	308,840
2029-2033	2,002,000	143,693
2034	425,000	7,437
	$ 7,085,000	$ 1,445,654

The City has entered into an agreement with the Iowa Department of Transportation to borrow $310,791 from the Railroad Revolving Loan Program. The City drew the funds from the Iowa Department of Transportation for construction of a new rail spur line to serve the Eastern Iowa Industrial Center. The loan bears interest at 3% with principal and interest payments payable semiannually originally commencing in June 2013. However, the loan agreement is being reworked due to a change in the completion date of the project. The City is not in default and below is an estimated revised debt schedule.

The estimated payment schedule is:

Year ended June 30	Principal	Interest
2014	$ 13,440	$ 4,662
2015	27,489	8,716
2016	28,320	7,885
2017	29,175	7,029
2018	30,057	6,147
2019-2023	182,310	16,815
	$ 310,791	$ 51,254

On March 5, 2013, the City issued $2,370,000 of its General Obligation Current Refunding Bonds with an average coupon rate of 2.00% to refund $2,195,000 of its General Obligation Bonds dated December 1, 2003 with an average coupon rate of 3.85%. The City refunded these bonds to reduce its total debt service payments over the next 3 years by $140,182 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new) of $134,330.

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

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

Year Ending June 30	Governmental Activities General Obligation Bonds and Special Assessments		Business-type Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	$ 16,025	$ 6,101	$ 4,070	$ 1,552
2015	17,387	5,519	3,938	1,394
2016	17,165	4,967	3,865	1,280
2017	15,087	4,400	3,893	1,163
2018	14,636	3,855	3,574	1,039
2019-2023	54,805	11,769	15,890	3,303
2024-2028	21,490	3,042	8,375	673
2029-2031	4,845	374	-	-
Totals	161,440	40,027	43,605	10,404
Matured	20	2	-	-
	$ 161,460	$ 40,029	$ 43,605	$ 10,404

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 per member, and an aggregate annual stop loss amount of approximately $12,462,764 for 2013. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims lag report provided by the third party administrator. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year. Based on experience, the claims payable balance of $807,975 as of June 30, 2013 is considered current and due within one year.

General and Auto Liability, Property, and Workers' Compensation – The City has established a Risk Management Fund for self-insurance related to general and automobile liability, property, and workers' compensation claims which is included in the Internal Service Fund type. Self-insurance was in effect up to individual stop loss amounts per occurrence of $500,000 for general and auto liability, $100,000 for property and $2,000,000 for workers' compensation for 2013. 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. Based on experience, $2,957,003 of the claims payable as of June 30, 2013 is considered current and due within one year.

Changes in reported liabilities for the fiscal years ended June 30, 2012 and 2013 are summarized as follows:

	Employee Insurance Fund	Risk Management Fund	Total
Liabilities at June 30, 2011	$ 700,068	$ 5,321,214	$ 6,021,282
Claims and changes in estimates during fiscal year 2012	11,720,132	3,252,074	14,972,206
Claim payments	(11,232,348)	(2,549,149)	(13,781,497)
Liabilities at June 30, 2012	$ 1,187,852	$ 6,024,139	$ 7,211,991
Claims and changes in estimates during fiscal year 2013	10,635,835	1,802,519	12,438,354
Claim payments	(11,015,712)	(1,535,163)	(12,550,875)
Liabilities at June 30, 2013	807,975	$ 6,291,495	$ 7,099,470

11. INDIVIDUAL FUND DISCLOSURES

The Risk Management internal service fund has a deficit unrestricted net position balance of $1,537,181 as of June 30, 2013. The Miscellaneous grant non-major governmental fund has a deficit balance of $600,249 as of June 30, 2013, due to deferred inflows of resources. Deficits in the internal service fund will be addressed through future premiums and charges for services. Deficits in the non-major governmental fund will be addressed through future grant revenue.

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.

The required contribution is based on projected pay-as-you-go financing. The source of payment is the fund that pays the benefits for the current employees; either the General Fund or a proprietary fund. For fiscal year 2013, the City contributed $272,045. Retirees receiving benefits contributed $464,527 through their required contribution of $624.41 per month for single health coverage and $1,397.39 per month for family health coverage.

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

Annual required contribution	$1,591,343
Interest on net OPEB obligation	134,986
Adjustment to annual required contribution	(99,990)
Annual OPEB cost (expense)	1,626,339
Contributions made	(272,045)
Increase (decrease) in net OPEB obligation	1,354,294
Net OPEB obligation - July 1, 2012	2,999,688
Net OPEB obligation - June 30, 2013	$4,353,982

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011 thru 2013 are presented in the following table:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2011	$ 1,838,218	32.18%	$ 1,834,188
06/30/2012	$ 1,560,259	25.30%	$ 2,999,688
06/30/2013	$ 1,626,339	16.73%	$ 4,353,982

Funding status and funding progress: The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	$ 13,492,482
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 13,492,482
Covered payroll (active employees)	45,228,587
UAAL as a percentage of covered payroll	29.83%

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

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

The actuarial calculations were performed in accordance with the entry age normal cost method as of the July 1, 2011 valuation date. The actuarial assumptions included a 4.5 percent discount rate, a wage inflation component of 4.0%, an annual health care cost trend rate of 8.5 percent reduced by decrements of .50 percent annually to an ultimate rate of 4.5 percent. The UAAL is amortized over the maximum acceptable period of 30 years as a level percentage of projected payroll on an open basis.

13. FUND BALANCE

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of constraints imposed on the use of funds. The City of Davenport evaluated each of its funds at June 30, 2013 and classified fund balances into the following five categories:

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

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

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

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

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

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

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

Special Revenue Funds:

The City of Davenport has one major special revenue fund. The Local Option Sales Tax Fund accounts for the proceeds of a one-cent local option sales tax. In addition to the local option sales tax collections, a minimal amount of charges for services, use of monies and property, and miscellaneous revenue are reported. Loan repayments are reported in this fund as a result of an economic development loan made in early 2011.

Fund Balances:	General Fund	Major Special Revenue Local Option Sales Tax Fund	Major Debt Service Fund	Major Capital Projects Fund	Non Major Special Revenue Funds	Non Major Debt Service Fund	Total
Nonspendable:							
Prepaids	$ 2,949	$ -	$ -	$ -	$ -	$ -	$ 2,949
Restricted for:							
Tort	1,502,701	-	-	-	-	-	1,502,701
Debt Service	-	-	19,696,545	-	-	2,380,486	22,077,031
Capital Projects	-	-	-	6,658,574	-	-	6,658,574
Police Non-recurring	753,642	-	-	-	-	-	753,642
Library	873,040	-	-	-	-	-	873,040
Employee Benefits	2,346,801	-	-	-	-	-	2,346,801
Community Development Block Grant Projects	-	-	-	-	203,238	-	203,238
HUD Section 8 Rents	-	-	-	-	34,572	-	34,572
Municipal Improvement Projects	-	-	-	-	849,740		849,740
Home Investment Partnership Projects	-	-	-	-	28,896	-	28,896
Road Use Tax project	-	-	-	-	509,416	-	509,416
Local Option Sales Tax	-	2,324,697	-	-	-	-	2,324,697
Committed for:							
Levee Improvement Commission Projects	-	-	-	-	105,013	-	105,013
Revolving Loans	-	-	-	-	998,019	-	998,019
Assigned for:							
Library projects	127,618	-	-	-	-	-	127,618
Police projects	18,017	-	-	-	-	-	18,017
Parks projects	9,386	-	-	-	-	-	9,386
Reforestation	94,917	-	-	-	-	-	94,917
RiverCenter projects	271,069	-	-	-	-	-	271,069
Parks Special Needs Program	34,027	-	-	-	-	-	34,027
Unassigned:	7,582,938	-	-	-	(600,249)	-	6,982,689
Total Fund Balances:	$13,617,105	$ 2,324,697	$19,696,545	$ 6,658,574	$ 2,128,645	$ 2,380,486	$ 46,806,052

14. RESTATEMENT OF BEGINNING NET POSITION

The City restated the following net position previously reported:

	Parking	Sewer Operations	Clean Water	Non Major Enterprise Funds	Governmental Activities	Business Type Activities
Net position, June 30, 2012 as previously reported	$15,892,327	$70,498,975	$14,688,765	$22,209,406	$138,928,286	$135,083,303
Less bond issuance costs previously amortized	(35,226)	(448,107)	(24,202)	(15,603)	(1,378,825)	(523,138)
Net position, July 1, 2013 as restated	$15,857,101	$70,050,868	$14,664,563	$22,193,803	$137,549,461	$134,560,165

The restatement of the governmental activities net position, business type activities and proprietary net position was done to implement GASB Statement No. 65.

15. RECENTLY ISSUED PRONOUNCEMENTS

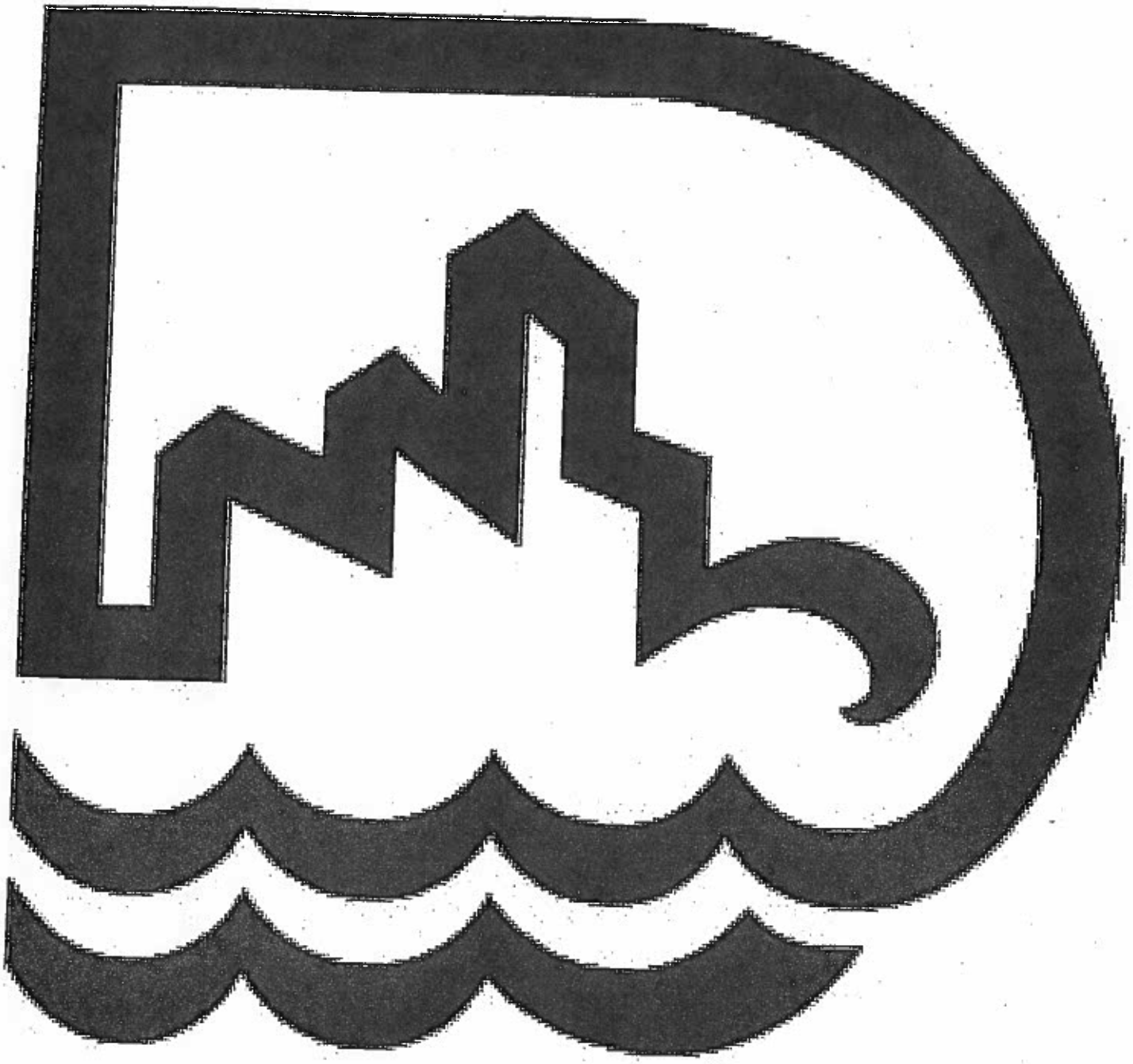
The Governmental Accounting Standard Board (GASB) has issued four statements not yet implemented by the City of Davenport. The City has not yet determined the impact of the statements not yet implemented. The statements, which may impact the City of Davenport, are as follows:

GASB Statement No. 66, *Technical Corrections - 2012*, issued April 2012, will be effective for the City beginning with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (*a*) operating lease payments that vary from a straight-line basis; (*b*) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (*c*) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases,* and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the City beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement provides guidance for: determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for the City beginning with its year ending June 30, 2014. This Statement provides accounting and financial reporting guidance to state and local governments that offer nonexchange financial guarantees and for governments that receive guarantees on their obligations. This Statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement. A nonexchange financial guarantee is a credit enhancement or assurance offered by a guarantor without receiving equal or approximately equal value in exchange. The guarantor agrees to pay an obligation holder in the event that the issuer of the obligation is not able to make its required payments to the obligation holder. Nonexchange financial guarantees can include guarantees by a state for bonds issued by local governments within that state or guarantees of mortgage loans to individuals, if equal or approximately equal value is not received in exchange.



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, 2013

	GOVERNMENTAL FUNDS ACTUAL	PROPRIETARY FUNDS ACTUAL	TOTAL ACTUAL
REVENUES:			
Taxes	$ 88,262,578	$ 3,580,415	$ 91,842,993
Special assessments	93,757	-	93,757
Licenses and permits	1,619,350	-	1,619,350
Intergovernmental	22,837,172	1,725,748	24,562,920
Charges for services	4,210,684	48,844,352	53,055,036
Use of monies and property	1,036,972	670,325	1,707,297
Fines and forfeits	1,740,494	68,021	1,808,515
Loan repayments	860,284	-	860,284
Other	3,659,461	3,682,506	7,341,967
Total Revenues	124,320,752	58,571,367	182,892,119
EXPENDITURES:			
Current:			
Public safety	40,160,927	-	40,160,927
Public works	15,288,713	-	15,288,713
Culture and recreation	10,975,613	-	10,975,613
Community and economic development	10,629,873	-	10,629,873
General government	8,601,095	-	8,601,095
Capital outlay	17,188,086	-	17,188,086
Debt service:			
Principal retirement	16,241,175	-	16,241,175
Interest	6,987,409	-	6,987,409
Bond issuance costs	216,403	-	216,403
Business type activities	-	51,787,866	51,787,866
	126,289,294	51,787,866	178,077,160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,968,542)	6,783,501	4,814,959
OTHER FINANCING SOURCES (USES), NET	(1,174,671)	466,037	(708,634)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(3,143,213)	7,249,538	4,106,325
BALANCES BEGINNING OF YEAR,	49,949,264	12,241,054	62,190,318
BALANCES END OF YEAR	$ 46,806,051	$ 19,490,592	$ 66,296,643

See note to Required Supplementary Information

BUDGETED AMOUNTS		
ORIGINAL	FINAL	FINAL TO ACTUAL VARIANCE
$ 92,224,709	$ 92,229,888	$ (386,895)
53,500	53,500	40,257
1,378,600	1,378,600	240,750
34,454,905	71,727,047	(47,164,127)
53,745,595	53,992,979	(937,943)
1,597,190	1,671,390	35,907
1,598,000	1,598,000	210,515
1,099,339	1,099,339	(239,055)
69,203,190	86,957,768	(79,615,801)
255,355,028	310,708,511	(127,816,392)
40,619,565	41,641,782	1,480,855
18,447,784	18,786,985	3,498,272
10,923,094	11,468,482	492,869
12,522,747	17,420,554	6,790,681
8,764,976	9,129,423	528,328
47,958,564	91,731,096	74,543,010
16,572,175	31,771,175	15,530,000
5,660,999	6,987,409	-
-	270,000	53,597
57,169,755	60,388,498	8,600,632
218,639,659	289,595,404	111,518,244
36,715,369	21,113,107	(16,298,148)
(39,164,015)	(51,042,481)	50,333,847
(2,448,646)	(29,929,374)	34,035,699
19,168,625	62,190,318	-
$ 16,719,979	$ 32,260,944	$ 34,035,699

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
JUNE 30, 2013

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

Formal and legal budgetary control is based upon 8 major classes of expenditures known as functions, not by fund or fund type. These 8 functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function expenditures required to be budgeted include expenditures for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service and Enterprise Funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund. During the year a budget amendment increased budgeted expenditures by $70,955,745. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	$ 182,829,119	-	$ 182,829,119
Expenses	178,077,160	8,365,442	186,442,602
Net	4,814,959	(8,365,442)	(3,550,483)
Other financing sources, net	(708,634)	525,724	(182,910)
Beginning net position	62,190,318	123,262,160	185,452,478
Ending net position	$ 66,296,643	$ 115,422,442	$ 181,719,085

CITY OF DAVENPORT

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

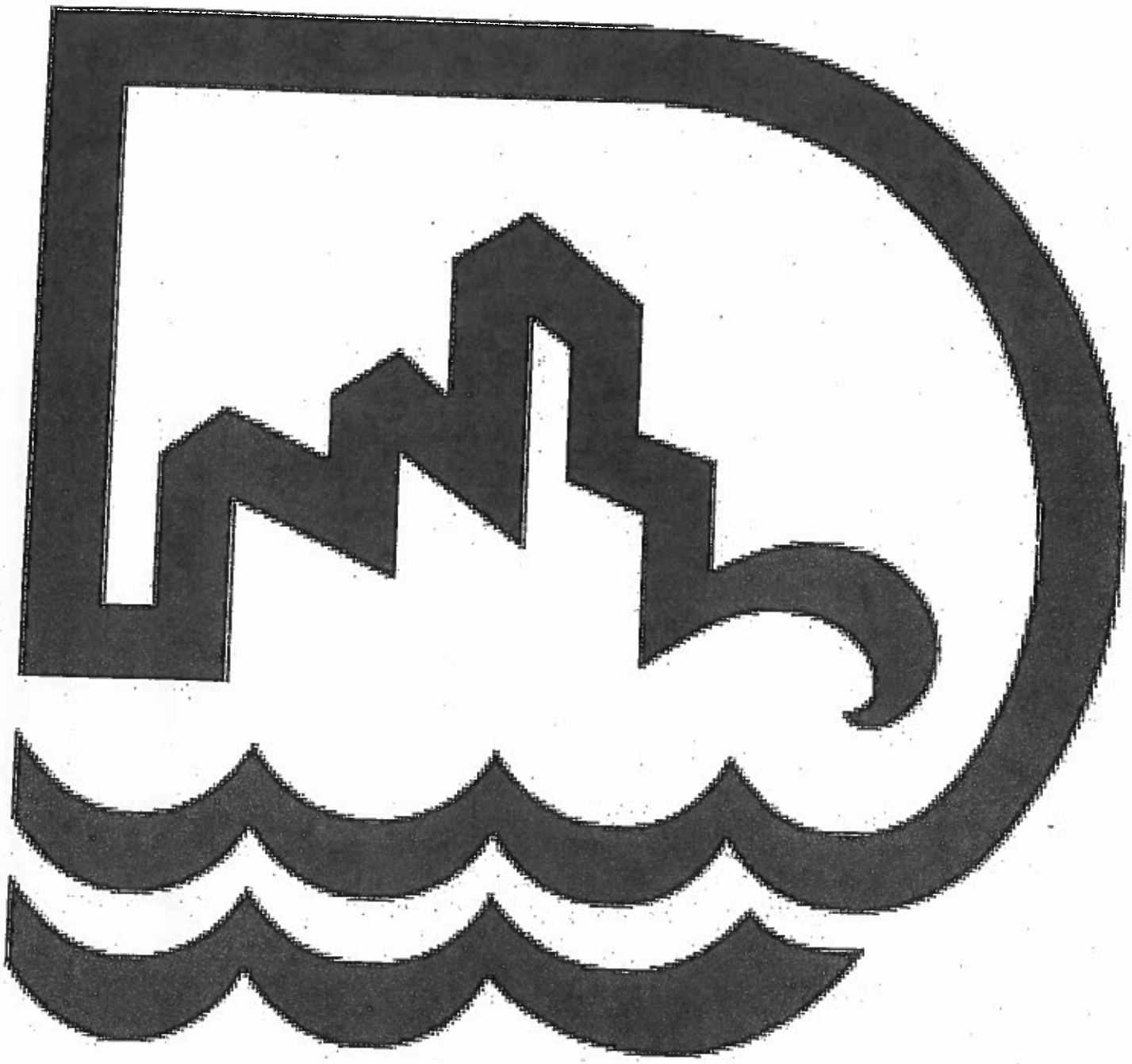
Required Supplementary Information

For the Fiscal Year Ended June 30, 2013

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)
2011	7/1/2009	-	16,953,953	16,953,953	-	45,639,232	37.15%
2012	7/1/2011	-	13,492,482	13,492,482	-	47,559,240	28.37%
2013	7/1/2011	-	13,492,482	13,492,482	-	45,228,587	29.83%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2011. 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 4.5-8.5 percent; discount rate 4.5 percent, wage inflation component of 4.0%.
d. The amortization method is open basis as a level percentage of projected payroll.



COMBINING STATEMENTS, AND SCHEDULES

Non-Major Governmental Funds

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

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

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

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

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

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

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

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, a Neighborhood Stabilization grant, and lead based paint removal and education.

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, 2013

ASSETS	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	$ 63,549	$ 129,065	$ -	$ 109,146	$ 989,912
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	69,012
Succeeding year	-	-	-	-	833,677
Accounts	7,042	-	16,893	6,642	-
Loans	-	2,859,951	-	-	-
Due from other governments	816,353	134,488	177,479	1,912	-
Restricted assets-cash and investments	-	52,078	-	-	-
TOTAL ASSETS	$ 886,944	$ 3,175,582	$ 194,372	$ 117,700	$ 1,892,601
LIABILITIES					
Wages payable	99,031	7,564	6,451	-	-
Accounts payable	278,497	52,558	1,249	8,092	208,545
Payable from restricted assets	-	52,078	-	-	-
Interfund loans payable	-	-	9,310	-	-
Due to other governments	-	193	-	-	-
Unearned revenue	-	-	-	4,595	-
TOTAL LIABILITIES	377,528	112,393	17,010	12,687	208,545
DEFERRED INFLOWS OF RESOURCES					
Succeeding year property tax	-	-	-	-	833,677
Unavailable revenue	-	2,859,951	142,790	-	639
TOTAL DEFERRED INFLOWS OF RESOURCES	-	2,859,951	142,790	-	834,316
FUND BALANCES (DEFICITS)					
Restricted fund balance	$ 509,416	$ 203,238	$ 34,572	$ -	$ 849,740
Committed fund balance	-	-	-	105,013	-
Unassigned fund balance	-	-	-	-	-
TOTAL FUND BALANCES(DEFICITS)	509,416	203,238	34,572	105,013	849,740
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	$ 886,944	$ 3,175,582	$ 194,372	$ 117,700	$ 1,892,601

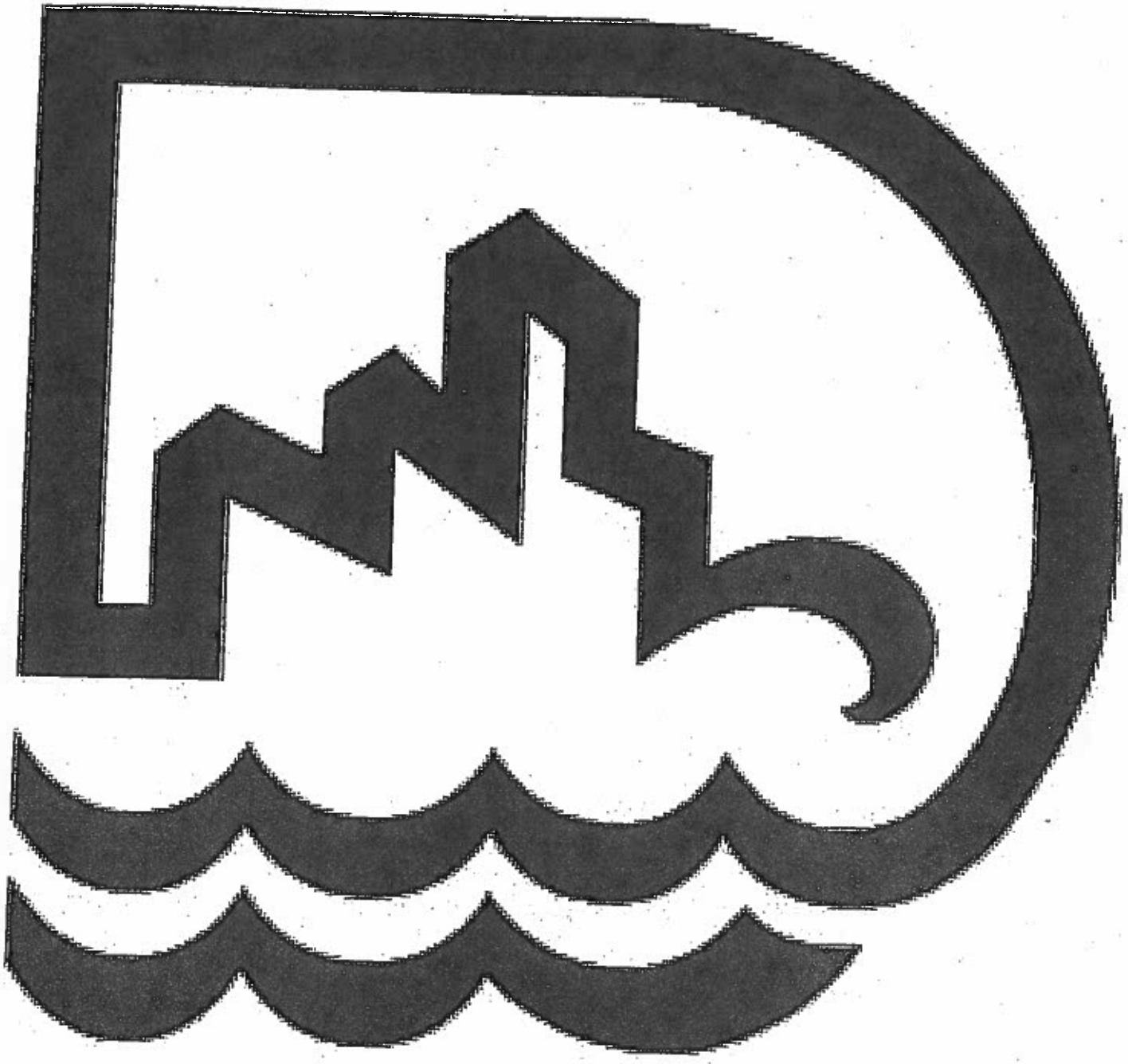
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ 998,019	$ 29,414	$ -	$ 274,811	$ 2,593,916
-	-	-	272,633	341,645
-	-	-	4,669,635	5,503,312
-	-	-	-	30,577
1,351,565	9,261,702	314,676	1,834,000	15,621,894
-	-	548,765	-	1,678,997
-	-	-	-	52,078
$ 2,349,584	$ 9,291,116	$ 863,441	$ 7,051,079	$ 25,822,419
-	518	2,041	-	115,605
-	-	10,125	-	559,066
-	-	-	-	52,078
-	-	650,953	-	660,263
-	-	-	-	193
1,351,565	9,261,702	314,676	-	10,932,538
1,351,565	9,262,220	977,795	-	12,319,743
-	-	-	4,669,635	5,503,312
-	-	485,895	958	3,490,233
-	-	485,895	4,670,593	8,993,545
$ -	$ 28,896	$ -	$ 2,380,486	$ 4,006,348
998,019	-	-	-	1,103,032
-	-	(600,249)	-	(600,249)
998,019	28,896	(600,249)	2,380,486	4,509,131
$ 2,349,584	$ 9,291,116	$ 863,441	$ 7,051,079	$ 25,822,419

CITY OF DAVENPORT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
For the Fiscal Year Ended June 30, 2013

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
REVENUES:					
Taxes	$ -	$ -	$ -	$ -	$ 1,348,363
Licenses and permits	93,664	-	-	-	-
Intergovernmental	9,665,390	1,303,742	3,217,266	11,675	-
Use of monies and property	-	64,023	120	157,850	1,381
Loan repayments	-	617,346	-	-	-
Other	695,257	-	28,541	20,714	-
Total Revenues	10,454,311	1,985,111	3,245,927	190,239	1,349,744
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	9,318,436	-	-	-	-
Culture and recreation	-	-	-	97	-
Community and economic development	-	1,798,215	3,711,581	222,940	964,495
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	53,400
Interest	-	-	-	-	15,345
Total Expenditures	9,318,436	1,798,215	3,711,581	223,037	1,033,240
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,135,875	186,896	(465,654)	(32,798)	316,504
OTHER FINANCING SOURCES (USES):					
Premium on debt issued	-	-	-	-	-
Transfers in	-	-	176,324	75,000	-
Transfers out	(1,285,896)	-	-	(20,856)	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,285,896)	-	176,324	54,144	-
NET CHANGE IN FUND BALANCES	(150,021)	186,896	(289,330)	21,346	316,504
FUND BALANCES (DEFICITS) - BEGINNING	659,437	16,342	323,902	83,667	533,236
FUND BALANCES (DEFICITS) - ENDING	$ 509,416	$ 203,238	$ 34,572	$ 105,013	$ 849,740

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	AMERICAN RECOVERY AND REINVESTMENT ACT	MISCELLANEOUS GRANTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ -	$ -	$ -	$ -	$ 4,202,632	$ 5,550,995
-	-	-	-	-	93,664
-	407,131	351,138	1,147,058	-	16,103,400
11,762	67,420	-	4,679	42,562	349,797
22,438	215,015	-	5,485	-	860,284
231,651	-	-	-	8,327	984,490
265,851	689,566	351,138	1,157,222	4,253,521	23,942,630
-	-	186,682	-	-	186,682
-	-	15,259	-	-	9,333,695
-	-	-	-	-	97
28,626	662,218	-	771,471	1,008,575	9,168,121
-	-	-	116,843	-	116,843
-	-	-	-	1,621,325	1,674,725
-	-	-	-	818,069	833,414
28,626	662,218	201,941	888,314	3,447,969	21,313,577
237,225	27,348	149,197	268,908	805,552	2,629,053
-	-	-	-	113,017	113,017
-	-	-	-	-	251,324
-	-	(111,661)	-	(224,500)	(1,642,913)
-	-	-	-	(2,170,000)	(2,170,000)
-	-	(111,661)	-	(2,281,483)	(3,448,572)
237,225	27,348	37,536	268,908	(1,475,931)	(819,519)
760,794	1,548	(37,536)	(869,157)	3,856,417	5,328,650
$ 998,019	$ 28,896	$ -	$ (600,249)	$ 2,380,486	$ 4,509,131



Non-Major Enterprise Funds

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

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

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

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

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

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

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2013

	BUSINESS-TYPE ACTIVITIES -		
ASSETS	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	$ -	$ -	$ 20,956
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	12,132	12,834	2,336
Due from other governments	32,256	-	-
Total current assets	44,388	12,834	23,292
Noncurrent assets:			
Investment in joint venture	-	-	-
Restricted cash and cash equivalents	158,200	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	8,340,628	413,246	2,574,939
Improvements other than buildings	183,111	2,983,341	8,886,462
Paving	131,163	10,952	-
Equipment and vehicles	267,284	1,486,635	185,320
Less accumulated depreciation	(5,725,182)	(3,326,859)	(6,633,438)
Construction in progress	-	-	444,813
Total noncurrent assets	3,881,275	2,839,437	6,207,452
Total assets	3,925,663	2,852,271	6,230,744
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	2,365	19,995	1,627
Accounts payable	21,121	46,513	2,311
Accrued interest payable	423	-	1,547
Compensated absences	6,357	28,719	5,655
Interfund loans payable	35,155	820,906	-
Unearned revenue	2,385	-	-
General obligation bonds - current	123,000	-	46,825
Total current liabilities	190,806	916,133	57,965
Current liabilities payable from restricted assets:			
Deposits payable	33,200	-	-
Noncurrent liabilities:			
Compensated absences	953	4,303	847
Other postemployment benefits	7,228	54,084	4,098
General obligation bonds - long term	62,760	-	462,060
Total noncurrent liabilities	70,941	58,387	467,005
Total liabilities	294,947	974,520	524,970
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	-	-	-
Deferred charge on refunding	-	-	3,641
Total deferred inflows of resources	-	-	3,641
NET POSITION			
Net investment in capital assets	3,662,315	2,839,437	5,694,926
Unrestricted	(31,599)	(961,686)	7,207
Total net position	$ 3,630,716	$ 1,877,751	$ 5,702,133

ENTERPRISE FUNDS			
PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ -	$ 454,525	$ -	$ 475,481
65,428	-	-	65,428
3,615,987	-	-	3,615,987
24,315	2,189,762	1,000	2,242,379
156,790	-	-	189,046
3,862,520	2,644,287	1,000	6,588,321
443,201	-	-	443,201
-	725,000	-	883,200
			-
1,599,288	-	-	4,146,837
4,120,577	24,888	1,223,666	16,697,944
179,929	-	848,853	13,081,696
6,888	-	-	149,003
5,971,379	4,070,433	342,205	12,323,256
(6,183,516)	(2,707,611)	(338,694)	(24,915,300)
165,569	-	-	610,382
6,303,315	2,112,710	2,076,030	23,420,219
10,165,835	4,756,997	2,077,030	30,008,540
49,361	39,176	5,291	117,815
118,288	84,899	15,925	289,057
-	1,419	-	3,389
55,900	104,885	3,479	204,995
2,132,608	-	452,521	3,441,190
11,372	-	-	13,757
-	145,000	-	314,825
2,367,529	375,379	477,216	4,385,028
-	-	-	33,200
8,375	15,714	521	30,713
148,099	138,114	21,266	372,889
-	458,628	-	983,448
156,474	612,456	21,787	1,387,050
2,524,003	987,835	499,003	5,805,278
3,615,987	-	-	3,615,987
-	-	-	3,641
3,615,987	-	-	3,619,628
5,860,114	1,509,082	2,076,030	21,641,904
(1,834,269)	2,260,080	(498,003)	(1,058,270)
$4,025,845	$ 3,769,162	$ 1,578,027	$ 20,583,634

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
OPERATING REVENUES:			
Charges for services	$ 431,545	$ 1,576,808	$ 206,821
Other	36,602	18,490	113,206
Total Operating Revenues	468,147	1,595,298	320,027
OPERATING EXPENSES:			
Employee expenses	142,681	841,074	96,297
Supplies and services	760,237	856,605	313,656
Depreciation	316,176	185,063	370,334
Total Operating Expenses	1,219,094	1,882,742	780,287
OPERATING (LOSS)	(750,947)	(287,444)	(460,260)
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	559,686	-	-
Use of monies and property	38	-	77,360
Interest expense	(8,035)	-	(17,878)
Gain (loss) on disposition of capital assets	-	8,583	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues	551,689	8,583	59,482
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(199,258)	(278,861)	(400,778)
Capital contributions	5,059	36,953	374,920
Transfers in	-	-	-
Transfers out	(176,324)	-	-
Change in net position	(370,523)	(241,908)	(25,858)
Total net position - beginning as restated	4,001,239	2,119,659	5,727,991
Total net position - ending	$ 3,630,716	$ 1,877,751	$ 5,702,133

ENTERPRISE FUNDS

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ 515,210	$ 5,227,041	$ 184,325	$ 8,141,750
6	1,228	7,703	177,235
515,216	5,228,269	192,028	8,318,985
2,612,727	2,522,672	263,914	6,479,365
3,167,655	2,333,867	372,872	7,804,892
556,432	466,468	109,110	2,003,583
6,336,814	5,323,007	745,896	16,287,840
(5,821,598)	(94,738)	(553,868)	(7,968,855)
3,580,415	-	-	3,580,415
1,163,780	-	-	1,723,466
14,400	45,595	406,886	544,279
-	(8,734)	-	(34,647)
5,500	11,363	-	25,446
(19,471)	-	-	(19,471)
4,744,624	48,224	406,886	5,819,488
(1,076,974)	(46,514)	(146,982)	(2,149,367)
248,590	-	-	665,522
-	-	50,000	50,000
-	-	-	(176,324)
(828,384)	(46,514)	(96,982)	(1,610,169)
4,854,229	3,815,676	1,675,009	22,193,803
$ 4,025,845	$ 3,769,162	$ 1,578,027	$ 20,583,634

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	$ 413,329	$ 1,576,484	$ 208,718
Cash paid to suppliers for goods and services	(764,307)	(857,997)	(312,721)
Cash paid to employees for services	(139,819)	(822,466)	(91,693)
Other operating revenue	36,602	18,490	113,206
Net Cash Provided by (Used for) Operating Activities	(454,195)	(85,489)	(82,490)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Repayments to other funds	-	(474,775)	-
Advances from other funds	35,155	820,906	-
Operating grants	559,686	-	-
Property tax	-	-	-
Transfers in	-	-	-
Transfers out	(176,324)	-	-
Net Cash Provided by Non-Capital Financing Activities	418,517	346,131	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation bonds	-	-	-
Refunding discount/issue costs	(1,779)	-	(96,051)
Proceeds from the sale of capital assets	-	8,583	-
Acquisition and construction of capital assets	-	(269,225)	-
Principal paid on long-term debt	(119,500)	-	(45,000)
Interest paid on long-term debt	(8,304)	-	(18,364)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(129,583)	(260,642)	(159,415)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Sale of investments	-	-	99,892
Interest and other investment income	38	-	77,360
Net Cash provided by (used for) Investing Activities	38	-	177,252
Net increase (decrease) in Cash and Cash Equivalents	(165,223)	-	(64,653)
CASH AND CASH EQUIVALENTS-BEGINNING	323,423	-	85,609
CASH AND CASH EQUIVALENTS-ENDING	$ 158,200	$ -	$ 20,956

ENTERPRISE FUNDS			
PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ 499,643	$ 5,091,646	$ 183,325	$ 7,973,145
(3,341,482)	(2,318,641)	(378,107)	(7,973,255)
(2,577,398)	(2,467,245)	(260,863)	(6,359,484)
6	1,228	7,703	177,235
(5,419,231)	306,988	(447,942)	(6,182,359)
(1,474,976)	-	(461,465)	(2,411,216)
2,132,608	-	452,521	3,441,190
1,163,780	-	-	1,723,466
3,580,415	-	-	3,580,415
-	-	50,000	50,000
-	-	-	(176,324)
5,401,827	-	41,056	6,207,531
-	330,000	-	330,000
-	10,183	-	(87,647)
5,500	18,500	-	32,583
(2,496)	-	-	(271,721)
-	(80,000)	-	(244,500)
-	(7,969)	-	(34,637)
3,004	270,714	-	(275,922)
-	-	-	99,892
14,400	45,595	406,886	544,279
14,400	45,595	406,886	644,171
-	623,297	-	393,421
-	556,228	-	965,260
$ -	$ 1,179,525	$ -	$ 1,358,681

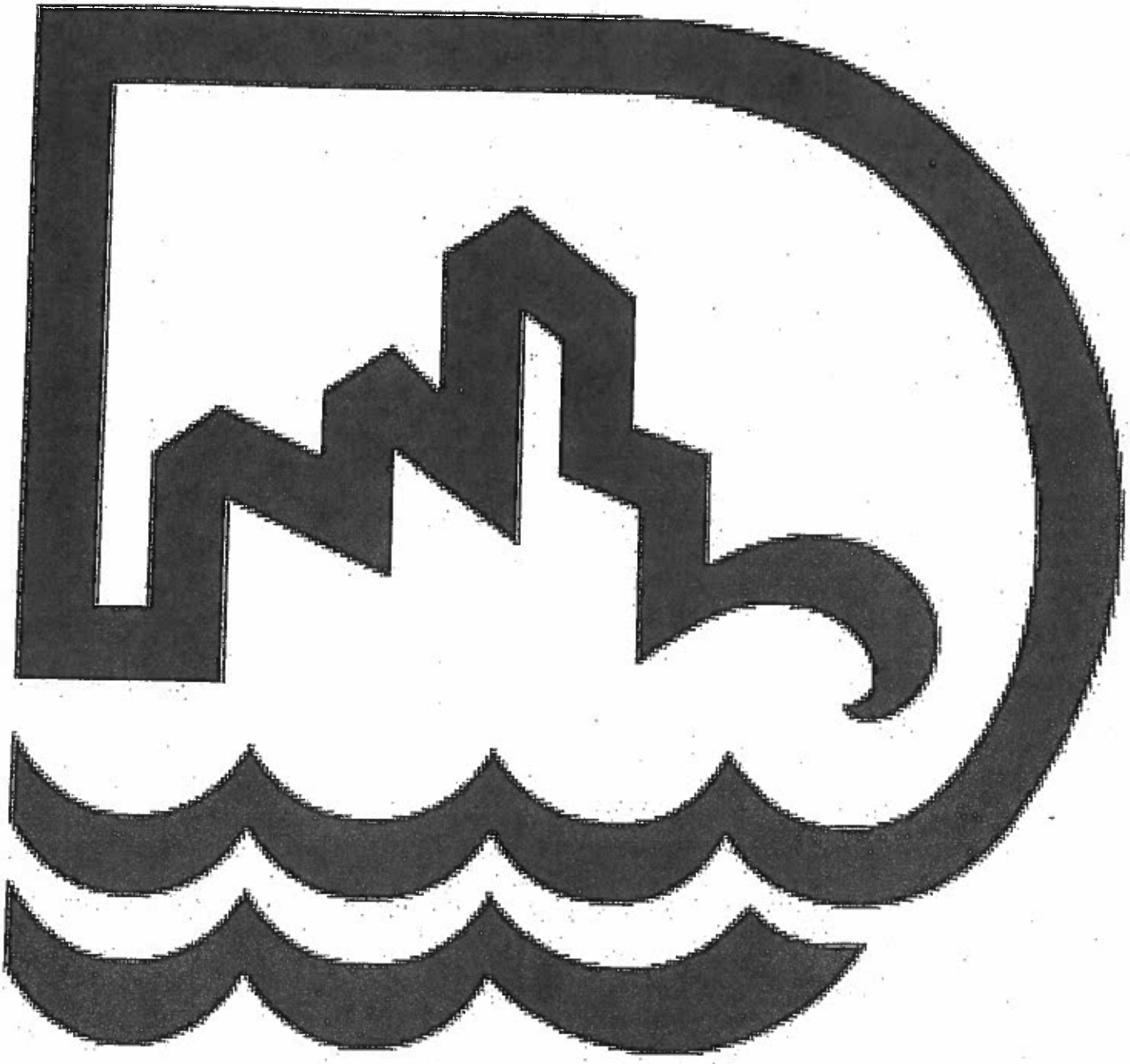
(continued)

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2013

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating loss	$ (750,947)	$ (287,444)	$ (460,260)
Adjustments to Reconcile Operating loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	316,176	185,063	370,334
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(1,171)	(324)	1,897
Decrease (increase) in due from other governments	(9,363)	-	-
Decrease (increase) in prepaids	-	-	-
Increase (decrease) in accounts payable	(4,070)	(1,392)	935
Increase (decrease) in other accrued liabilities	2,862	18,608	4,604
Increase (decrease) in other deferred revenue	(7,682)	-	-
Total Adjustments	296,752	201,955	377,770
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (454,195)	$ (85,489)	$ (82,490)
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Acquisition of capital assets through capital contributions	$ 5,059	$ 36,953	$ 374,920
Contribution of capital assets by municipality	(5,059)	(36,953)	(163,625)
Contribution of capital assets by subdividers	-	-	(211,295)
Contribution of capital assets by state and federal governments	-	-	-
Contribution by other	-	-	-

ENTERPRISE FUNDS			
PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ (5,821,598)	$ (94,738)	$ (553,868)	$ (7,968,855)
556,432	466,468	109,110	2,003,583
(12,313)	(135,395)	(1,000)	(148,306)
(2,750)	-	-	(12,113)
-	-	-	-
(173,827)	15,226	(5,235)	(168,363)
35,329	55,427	3,051	119,881
(504)	-	-	(8,186)
402,367	401,726	105,926	1,786,496
$ (5,419,231)	$ 306,988	$ (447,942)	$ (6,182,359)
$ 248,590	$ -	$ -	$ 665,522
(107,063)	-	-	(312,700)
-	-	-	(211,295)
(45,952)	-	-	(45,952)
(95,575)	-	-	(95,575)



Internal Service Funds

Employee Insurance Fund – Accounts for the revenue received from employee and employer contributions and expenses for insurance premiums, administrative fees, and health claims related to the City's protected employee benefit program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Risk Management Fund – Accounts for liability, property and worker's compensation insurance premiums, claims and administrative fees of the City's protected self-insurance program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Information Management Services Fund – Accounts for the accumulation and allocation of costs associated with information technology.

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2013

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	$ 1,638,675	$ 4,330,844	$ 36,307	$ 6,005,826
Accounts receivable	10,557	606,104	184	616,845
Prepaids	-	41,199	255,869	297,068
Total current assets	1,649,232	4,978,147	292,360	6,919,739
Noncurrent assets:				
Capital assets:				
Improvements other than buildings	-	-	2,532,471	2,532,471
Equipment and vehicles	-	-	3,909,779	3,909,779
Less accumulated depreciation	-	-	(2,951,666)	(2,951,666)
Total noncurrent assets	-	-	3,490,584	3,490,584
Total assets	1,649,232	4,978,147	3,782,944	10,410,323
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	779	14,929	13,300	29,008
Accounts payable	329,984	84,505	32,508	446,997
Compensated absences	284	62,787	56,315	119,386
Claims and judgments	807,975	2,957,003	-	3,764,978
Interfund loans payable	-	6,536	-	6,536
Total current liabilities	1,139,022	3,125,760	102,123	4,366,905
Noncurrent liabilities:				
Compensated absences	42	9,407	8,437	17,886
Claims and judgments	-	3,334,492	-	3,334,492
Other postemployment benefits	3,141	45,669	47,964	96,774
Total noncurrent liabilities	3,183	3,389,568	56,401	3,449,152
Total liabilities	1,142,205	6,515,328	158,524	7,816,057
NET POSITION				
Investment in capital assets	-	-	3,490,584	3,490,584
Unrestricted	507,027	(1,537,181)	133,836	(896,318)
Total net position	$ 507,027	$ (1,537,181)	$ 3,624,420	$ 2,594,266

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services	$ 13,085,330	$ 4,100,264	$ 1,666,685	$ 18,852,279
Other	462,226	1,171,594	-	1,633,820
Total Operating Revenues	13,547,556	5,271,858	1,666,685	20,486,099
OPERATING EXPENSES:				
Employee expenses	88,195	899,057	794,446	1,781,698
Supplies and services	12,301,189	2,941,317	838,953	16,081,459
Depreciation	-	-	449,830	449,830
Total Operating Expenses	12,389,384	3,840,374	2,083,229	18,312,987
OPERATING INCOME (LOSS)	1,158,172	1,431,484	(416,544)	2,173,112
NON-OPERATING REVENUES (EXPENSES):				
Use of monies and property	621	8,814	-	9,435
Total Non-operating Revenues (Expenses)	621	8,814	-	9,435
INCOME (LOSS) BEFORE CONTRIBUTIONS	1,158,793	1,440,298	(416,544)	2,182,547
Capital contributions	-	-	208,899	208,899
Transfers out	-	(36,725)	-	(36,725)
Change in net position	1,158,793	1,403,573	(207,645)	2,354,721
Total net position - beginning	(651,766)	(2,940,754)	3,832,065	239,545
Total net position - ending	$ 507,027	$ (1,537,181)	$ 3,624,420	$ 2,594,266

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	$ 13,074,773	$ 3,496,266	$ 1,666,501	$ 18,237,540
Cash paid to suppliers for goods and services	(12,285,425)	(2,719,642)	(952,043)	(15,957,110)
Cash paid to employees for services	(88,108)	(888,515)	(791,532)	(1,768,155)
Other operating revenue	462,226	1,171,594	-	1,633,820
Net Cash provided by (used for) Operating Activities	1,163,466	1,059,703	(77,074)	2,146,095
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Repayments to other funds	-	6,536	-	6,536
Transfers out	-	(36,725)	-	(36,725)
Net Cash used for Non-Capital Financing Activities	-	(30,189)	-	(30,189)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(18,996)	(18,996)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	(18,996)	(18,996)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	621	8,814	-	9,435
Net increase (decrease) in Cash and Cash Equivalents	1,164,087	1,038,328	(96,070)	2,106,345
CASH AND CASH EQUIVALENTS-BEGINNING	474,588	3,292,516	132,377	3,899,481
CASH AND CASH EQUIVALENTS-ENDING	$ 1,638,675	$ 4,330,844	$ 36,307	$ 6,005,826

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2013

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Operating Income (Loss)	$ 1,158,172	$ 1,431,484	$ (416,544)	$ 2,173,112
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	449,830	449,830
Change in assets and liabilities:				
Decrease in accounts receivable	(10,557)	(603,998)	(184)	(614,739)
Decrease (increase) in prepaids	68,453	(5,090)	(126,652)	(63,289)
Increase in accounts payable	(52,689)	226,765	13,562	187,638
Increase (decrease) in other accrued liabilities	87	10,542	2,914	13,543
Total Adjustments	5,294	(371,781)	339,470	(27,017)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 1,163,466	$ 1,059,703	$ (77,074)	$ 2,146,095
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Acquisition of capital assets through capital contributions	$ -	$ -	$ 208,899	$ 208,899
Contribution of capital assets by municipality	-	-	(208,899)	(208,899)

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, 2013

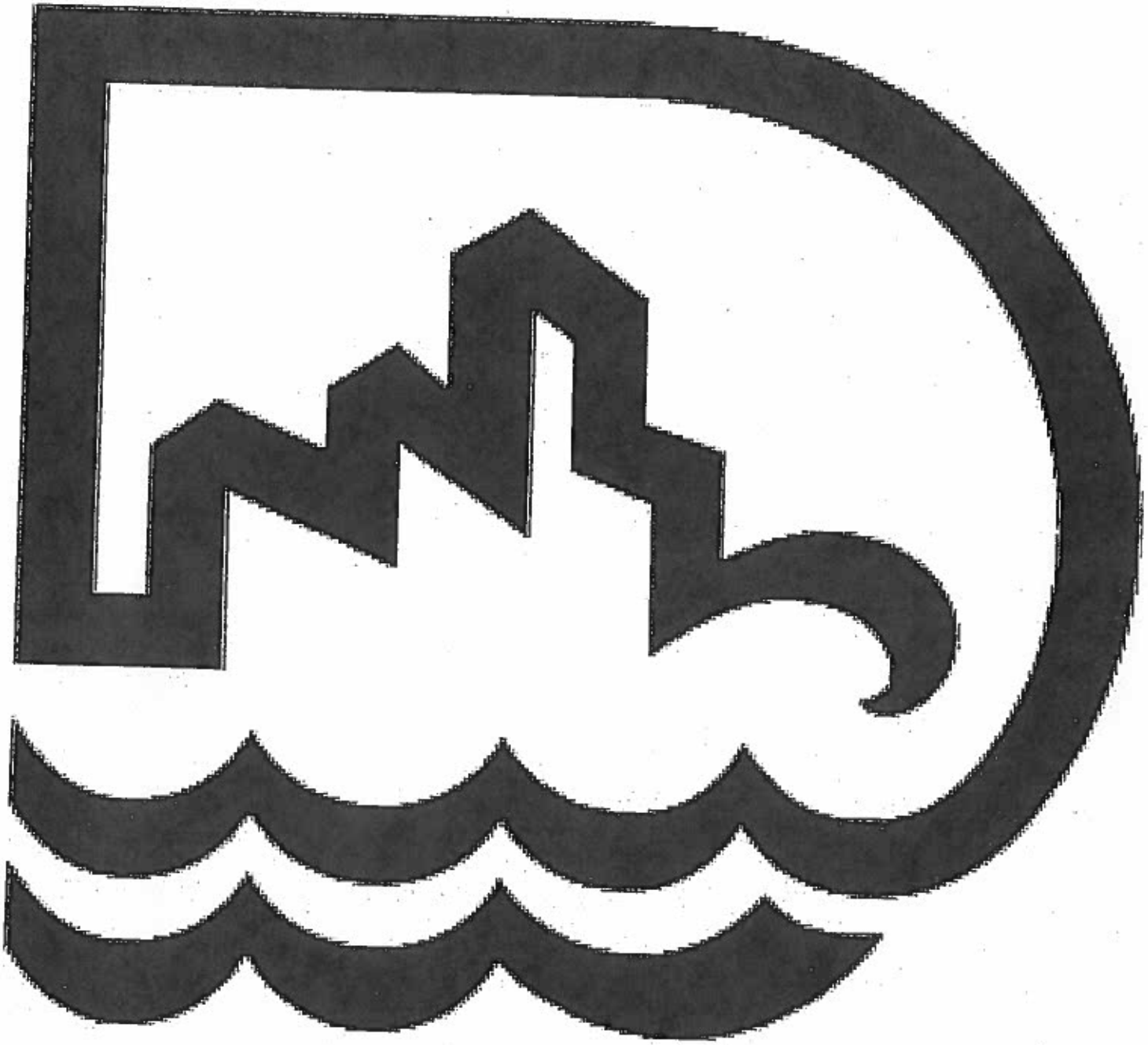
RIVERFRONT TASK FORCE	BALANCE JUNE 30,2012	ADDITIONS	DELETIONS	BALANCE JUNE 30,2013
ASSETS:				
Cash and investments	$ 3,639	$ 6	$ -	$ 3,645
TOTAL ASSETS	$ 3,639	$ 6	$ -	$ 3,645
LIABILITIES:				
Due to other governments	$ 3,639	$ 6	$ -	$ 3,645
LIBRARY GIFT				
ASSETS:				
Cash and investments	$ 490,910	$ 169,831	$ 274,041	$ 386,700
TOTAL ASSETS	$ 490,910	$ 169,831	$ 274,041	$ 386,700
LIABILITIES:				
Accounts payable	$ 17,582	$ 169,831	$ 176,249	$ 11,164
Due to other governments	473,328	-	97,792	375,536
TOTAL LIABILITIES	$ 490,910	$ 169,831	$ 274,041	$ 386,700
M.D. PETERSEN MEMORIAL				
ASSETS:				
Cash and investments	$ 2,163	$ 4	$ -	$ 2,167
TOTAL ASSETS	$ 2,163	$ 4	$ -	$ 2,167
LIABILITIES:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other governments	2,163	4	-	2,167
TOTAL LIABILITIES	$ 2,163	$ 4	$ -	$ 2,167
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	$ 496,712	$ 169,841	$ 274,041	$ 392,512
TOTAL ASSETS	$ 496,712	$ 169,841	$ 274,041	$ 392,512
LIABILITIES:				
Accounts payable	$ 17,582	$ 169,831	$ 176,249	$ 11,164
Due to other governments	479,130	10	97,792	381,348
TOTAL LIABILITIES	$ 496,712	$ 169,841	$ 274,041	$ 392,512

CITY OF DAVENPORT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
Direct:			
U.S. Department of Housing and Urban Development (HUD)			
N/C S/R Section 8 Programs	14.182	KC76237	$ 373,544
Community Development Block Grants/Entitlement Grants	14.218	B 11 MC 19 0002	1,710,662
HOME Investment Partnerships Program	14.239	M 11 MC 190200	662,219
Fair Housing Assistance Program	14.401	FF 207 K0 77015	80,640
Public and Indian Housing	14.850	IA 05 S04 5501	53,695
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	3,360,056
Public Housing - Capital Fund Program	14.872	KC 914 8	132,447
Lead Based Paint Grant	14.900	IA LHB 0349 07	294,688
			6,667,951
Equal Employment Opportunity Commission			
Employment Discrimination Title VII of the Civil Rights Act of 1964	30.001	EE CCN 1001 14	77,300
U.S. Department of Transportation			
Davenport Municipal Airport	20.205	319 00 24 14	8,594
Airport Rehabilitate Taxiway (T-Hanger Access)	20.205	319 00 24 15	51,026
Runway 3 Approach Panel Replacement	20.205	319 00 24 16	217,848
Airport Environmental Assessment	20.205	319 00 24 17	7,755
Pine Street Reconstruction	20.205	STPU 1827 (662) 70 82	1,284,709
Credit Island Bridge	20.205	EDP 1827(002) 7Y 82	281,051
Clark Street Bridge	20.205	BHM 1827 (631) 8K 82	19,841
Veteran's Memorial Parkway	20.205	67 ST HDP 1827 (649) 7482 2	735,145
Subtotal			2,605,967
Federal Transit - Formula Grants	20.507	IA 90 X 297 00	90,638
Federal Transit - Formula Grants	20.507	IA 90 X 350 01	7,692
Federal Transit - Formula Grants	20.507	IA 90 X 372 00	570,772
			3,275,069
U.S. Department of Agriculture			
Farmers Market Promotion Program	10.168	12-25-G-1559	11,675
U.S. Department of the Interior			
American Battlefield Protection Program	15.928	GA-2255-12-005	21,443
U.S. Department of Energy			
ARRA Energy and Renewable Energy	81.122	OE0000416	106,802
U.S. Department of Homeland Security			
Port Security Rescue Boat	97.056	2010 PU T0 0059	22,034
Port Security Equipment	97.056	2012 PU 000 42	11,067
			33,101
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	UG 06 2XG	23,290
Office of Community Oriented Policing Services ARRA Cops Hiring	16.710	2009 RK WX 0305	186,682
Organized Crime Drug Enforcement Task Force	N/A		2,126
			212,097

National Recreation and Park Association			
Parks Take Me Fishing	15.653	F 125 E 20	10,000
Achieve	93.283		10,000
			20,000
Total Direct			**10,425,438**
Indirect:			
U.S. Department of Justice			
Passed through Governor's Office of Drug Control Policy:			
Enforcing Underage Drinking Laws (EUDL)	16.727	JUV 07 JD07 F08	6,945
ARRA Governor's Office of Drug Control Policy	16.730	10 JAG 43056	50,410
JAG/AUV	16.738	2010 DJ BX 0797	19,921
Project Safe Neighborhood	16.609		6,255
HIDTA	N/A	09 G09 MW 000 9A	1,955
US Marshalls	N/A		1,998
			87,485
U.S. Department of Natural Resources			
Passed through Iowa Department of Natural Resources:			
Aquatic Education	15.605		4,490
U.S. Department of Housing and Urban Development (HUD)			
Passed through Iowa Department of Economic Development:			
HERA - Neighborhood Stabilization Program	14.228	N/A	423,500
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	87,552
Community Development Block Grant Disaster Recovery	14.228	BGDRF- 08 DRHB-220	47,251
			558,303
U.S. Department of Transportation			
Passed through Iowa Department of Transportation:			
ARRA Front Porch Parkway	20.205	ESL 1827 (662) 7S 82	13,744
ARRA Resurfacing	20.205	ESL 1827 (659) 7S 82	50,527
ARRA Full Depth	20.205	ESL 1827 (660) 7S 83	66,748
Federal Transit -5310 Funds	20.513		185,105
			316,123
U.S. Department of Transportation			
Passed Through Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 11-04 Task 10	18,370
Corporation For National And Community Service			
Passed through Iowa Commission on Volunteer Service:			
AmeriCorps	94.006	11 AF 02	132,994
Interpreter Grant	94.006	N/A	1,280
Volunteer Generation Fund Grant	94.021	11 VGF N4	43,426
			177,699
Total Indirect			**1,162,470**
Total Expenditures of Federal Awards			**$ 11,587,908**



STATISTICAL SECTION

Statistical Section

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

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

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

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

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

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

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

CITY OF DAVENPORT

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

	Fiscal Year			
	2013	2012	2011	2010
Governmental activities				
Net investment in capital assets	$ 140,160,840	$ 107,161,965	$ 126,691,668	$ 125,751,423
Restricted	32,606,806	44,110,046	12,739,452	26,268,566
Unrestricted	(18,726,532)	(12,343,725)	(3,483,506)	(22,165,731)
Total governmental activities net position	$ 154,041,114	$ 138,928,286	$ 135,947,614	$ 129,854,258
Business-type activities				
Net investment in capital assets	$ 124,901,380	$ 136,518,021	$ 123,757,219	$ 113,558,845
Restricted	4,904,259	4,049,687	3,849,157	4,414,849
Unrestricted	2,491,018	(5,484,405)	(1,280,067)	4,336,900
Total business-type activities net position	$ 132,296,657	$ 135,083,303	$ 126,326,309	$ 122,310,594
Primary government				
Net investment in capital assets	$ 265,062,220	$ 243,679,986	$ 250,448,887	$ 239,310,268
Restricted	37,511,065	48,159,733	16,588,609	30,683,415
Unrestricted	(16,235,514)	(17,828,130)	(4,763,573)	(17,828,831)
Total primary government net position	$ 286,337,771	$ 274,011,589	$ 262,273,923	$ 252,164,852

Fiscal Year					
2009	2008	2007	2006	2005	2004
$ 105,380,683	$ 107,377,588	$ 89,441,418	$ 68,823,065	$ 88,164,547	$ 77,077,585
37,923,794	34,634,008	43,140,165	52,997,137	35,494,223	40,472,202
2,694,253	3,975,550	5,039,462	6,977,388	5,903,723	5,574,170
$ 145,998,730	$ 145,987,146	$ 137,621,045	$ 128,797,590	$ 129,562,493	$ 123,123,957
$ 106,460,687	$ 109,164,803	$ 109,968,802	$ 114,960,736	$ 100,497,072	$ 91,650,821
-	-	-	-	-	-
13,226,200	12,464,481	12,747,591	14,110,629	13,644,118	21,741,675
$ 119,686,887	$ 121,629,284	$ 122,716,393	$ 129,071,365	$ 114,141,190	$ 113,392,496
$ 211,841,370	$ 216,542,391	$ 199,410,220	$ 183,783,801	$ 188,661,619	$ 168,728,406
37,923,794	34,634,008	43,140,165	52,997,137	35,494,223	40,472,202
15,920,453	16,440,031	17,787,053	21,088,017	19,547,841	27,315,845
$ 265,685,617	$ 267,616,430	$ 260,337,438	$ 257,868,955	$ 243,703,683	$ 236,516,453

CITY OF DAVENPORT

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	$ 10,870,243	$ 10,097,216	$ 9,914,196	$ 9,385,078	$ 10,026,526	$ 8,523,359	$ 8,710,088	$ 6,413,439	$ 10,445,510	$ 8,480,484
Public safety	40,631,720	42,449,097	42,049,042	54,618,260	37,946,102	37,929,524	37,866,348	35,330,398	32,069,077	29,072,920
Public works	25,908,915	32,069,097	43,599,123	45,177,539	22,727,385	21,653,523	18,514,994	19,152,943	18,288,161	25,266,595
Culture and recreation	11,670,469	15,981,258	13,674,184	19,395,592	13,924,558	11,663,190	11,831,207	15,989,106	15,273,271	14,720,304
Community and economic development	13,491,393	20,382,079	14,880,835	24,923,932	17,884,887	10,083,864	10,485,046	10,892,810	12,540,036	14,016,808
Interest on long-term debt	6,865,979	5,598,997	6,489,039	6,232,307	5,159,660	5,352,084	5,437,269	4,977,495	4,697,555	4,088,608
Total governmental activities expenses	109,438,719	126,577,744	130,606,419	159,732,708	107,669,118	95,205,544	92,844,952	92,756,191	93,313,610	95,645,719
Business-type activities:										
Sewer operations	17,751,082	16,650,341	15,506,121	14,614,261	13,661,231	12,933,042	13,275,949	12,359,594	12,336,175	11,612,949
Parking system	1,947,343	2,046,877	2,080,257	2,293,309	2,130,548	2,214,256	2,297,589	2,223,058	1,987,325	2,089,879
Rivercenter	2,684,311	2,902,730	2,616,467	2,029,591	2,273,405	2,075,251	2,044,864	2,287,829	3,856,510	3,976,124
Public transit	6,222,902	6,324,871	5,866,989	5,555,580	5,243,812	5,108,767	5,200,408	4,781,823	4,464,738	4,343,827
Public housing	1,202,506	1,200,491	1,045,905	1,130,451	1,024,289	1,088,723	1,056,560	984,783	956,687	906,413
Golf courses	1,844,454	2,063,357	2,072,059	2,305,035	2,215,155	2,360,114	2,388,785	2,204,089	2,651,694	2,142,641
Airport	784,792	606,160	578,765	555,304	536,281	564,139	533,995	492,146	446,777	469,150
Solid waste	5,187,482	5,326,665	5,049,222	4,835,236	4,424,452	4,426,700	4,584,023	4,148,895	4,255,444	1,256,114
Clean water (1)	2,806,621	2,537,290	2,185,141	2,231,978	1,803,626	1,747,692	1,684,045	1,608,951	-	-
RiverseEdge	746,906	960,907	1,087,614	166,168						
Total business-type activities expenses	41,178,399	40,619,689	38,088,540	35,716,913	33,312,799	32,518,684	33,066,218	31,091,168	30,955,350	26,797,097
Total primary government expenses	$ 150,617,118	$ 167,197,433	$ 168,694,959	$ 195,449,621	$ 140,981,917	$ 127,724,228	$ 125,911,170	$ 123,847,359	$ 124,268,960	$ 122,442,816
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 3,595,092	$ 3,331,628	$ 3,401,763	$ 3,802,966	$ 1,906,531	$ 2,492,146	$ 2,185,830	$ 1,807,942	$ 1,677,053	$ 1,547,685
Public safety	2,821,608	2,991,978	4,272,343	2,433,034	1,991,648	1,769,379	1,772,612	2,175,988	1,577,554	1,464,648
Public works	4,382,205	4,486,531	2,938,022	6,200,604	1,891,001	2,212,146	1,486,492	1,941,969	1,753,160	2,058,239
Culture and recreation	850,025	772,321	1,698,503	1,420,156	1,255,539	1,110,907	1,774,460	3,820,105	499,872	579,825
Community and economic development	1,467,138	749,931	630,293	2,134,740	762,264	842,579	872,306	955,624	1,066,391	1,028,891
Operating grants and contributions	16,301,238	19,132,333	19,069,548	22,362,460	17,583,390	14,562,005	14,410,329	15,244,322	18,165,499	18,263,763
Capital grant and contributions	5,828,458	16,334,680	20,033,057	27,041,539	5,315,374	3,851,299	4,409,902	6,043,958	8,099,263	15,163,936
Total governmental activities program revenues	35,245,764	47,999,402	52,043,529	65,395,499	30,705,747	26,840,461	26,911,931	31,989,908	32,838,792	40,106,987
Business-type activities:										
Charges for services:										
Sewer operations	16,654,087	15,993,320	14,177,170	11,693,354	11,769,322	10,863,016	10,151,322	10,348,088	10,207,702	10,455,763
Parking system	1,463,314	1,351,539	1,399,623	1,454,569	1,675,828	1,699,437	1,765,985	1,657,506	1,630,981	1,779,026
Rivercenter	1,485,292	1,725,151	1,327,314	863,707	1,151,073	988,216	918,739	1,153,477	2,693,539	2,464,777
Public transit	515,210	516,315	506,706	479,090	479,056	451,139	455,216	453,792	593,905	411,253
Public housing	431,545	421,850	415,874	369,711	388,302	388,640	344,286	334,919	327,173	330,757
Golf courses	1,576,808	1,863,339	1,875,575	2,125,590	2,237,644	2,236,252	2,310,782	2,358,403	2,404,051	2,246,411
Airport	206,821	209,121	179,002	188,984	181,104	185,644	175,622	173,624	154,581	147,081
Solid waste (1)	5,227,041	5,023,908	4,592,794	4,494,879	4,481,816	4,577,669	4,451,864	3,777,700	3,729,191	1,610,426
Clean water (2)	2,315,651	2,075,947	1,788,322	1,730,883	1,740,483	1,765,014	1,718,423	1,609,020	-	-
River's Edge (3)	184,325	247,685	255,061	36,618						
Operating grants and contributions	1,725,748	1,828,869	1,654,119	1,752,126	1,557,994	1,792,100	1,463,558	1,669,214	1,363,461	1,655,812
Capital grant and contributions	310,850	12,704,352	10,663,923	8,979,787	1,603,113	2,169,889	4,192,000	7,466,146	4,340,112	4,158,826
Total business-type activities program revenues	32,096,692	43,961,396	38,835,483	34,169,298	27,265,735	27,117,016	27,947,797	31,001,889	27,444,696	25,260,132
Total primary government program revenues	$ 67,342,456	$ 91,960,798	$ 90,879,012	$ 99,564,797	$ 57,971,482	$ 53,957,477	$ 54,859,728	$ 62,991,797	$ 60,283,488	$ 65,367,119

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue										
Governmental activities	$ (74,192,955)	$ (78,578,342)	$ (78,562,890)	$ (94,337,209)	$ (76,963,371)	$ (68,365,083)	$ (65,933,021)	$ (60,766,283)	$ (60,474,818)	$ (55,538,732)
Business-type activities	(9,081,707)	3,341,707	746,943	(1,547,615)	(6,047,064)	(5,401,668)	(5,118,421)	(89,279)	(3,510,654)	(1,536,965)
Total primary government net expense	$ (83,274,662)	$ (75,236,635)	$ (77,815,947)	$ (95,884,824)	$ (83,010,435)	$ (73,766,751)	$ (71,051,442)	$ (60,855,562)	$ (63,985,472)	$ (57,075,697)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 68,022,655	$ 61,170,609	$ 59,359,397	$ 58,524,411	$ 56,602,349	$ 54,216,032	$ 52,302,784	$ 49,714,718	$ 47,050,918	$ 43,784,134
Local option sales tax	15,210,804	15,062,987	14,934,103	14,061,501	14,268,556	14,925,248	14,408,214	13,071,274	12,556,556	12,892,682
Hotel/motel tax	2,170,593	2,055,052	1,834,327	1,636,626	1,745,523	1,687,454	1,586,261	1,611,777	1,395,028	1,453,268
Franchise tax	3,077,428	2,782,635	2,878,172	3,264,313	3,213,249	3,337,590	3,355,323	3,212,235	3,293,130	3,082,228
Investment earnings	1,036,972	1,218,684	1,014,156	1,035,244	1,390,993	2,953,986	3,839,767	3,010,775	1,943,966	1,542,997
Gain on sale of capital assets	1,634,804	108,867	728,558	65,547	4,905	51,385	78,176	367,546	-	-
Miscellaneous	34,114	72,124	58,419	53,761	96,087	62,432	41,118	362,904	295,533	291,640
Transfers	(502,762)	(911,944)	1,128,264	(448,666)	(346,707)	(501,515)	(784,469)	(11,349,849)	(970,101)	(383,019)
Total governmental activities	90,684,608	81,559,014	81,935,396	78,192,737	76,974,955	76,732,612	74,827,174	60,001,380	65,565,030	62,663,930
Business-type activities:										
Property taxes (public transit)	3,580,415	3,493,152	3,376,227	3,323,301	3,248,353	3,097,575	3,017,365	2,905,895	2,769,893	2,628,096
Investment earnings	660,890	700,403	658,157	259,257	400,305	649,905	790,290	698,124	462,890	344,863
Gain on sale of capital assets	25,446	-	-	-	-	-	-	-	-	-
Loss on donation of capital assets	-	-	-	-	-	-	(5,894,826)	-	-	-
Miscellaneous	2,048,686	309,788	362,652	140,098	109,302	65,564	66,151	65,586	56,464	74,114
Transfers	502,762	911,944	(1,128,264)	448,666	346,707	501,515	784,469	11,349,849	970,101	383,019
Total business-type activities	6,818,199	5,415,287	3,268,772	4,171,322	4,104,667	4,314,559	(1,236,551)	15,019,454	4,259,348	3,430,092
Total primary government	$ 97,502,807	$ 86,974,301	$ 85,204,168	$ 82,364,059	$ 81,079,622	$ 81,047,171	$ 73,590,623	$ 75,020,834	$ 69,824,378	$ 66,094,022
Change in Net Position										
Governmental activities	$ 16,491,653	$ 2,980,672	$ 3,372,506	$ (16,144,472)	$ 11,584	$ 8,367,529	$ 8,894,153	$ (764,903)	$ 5,090,212	$ 7,125,198
Business-type activities	(2,263,508)	8,756,994	4,015,715	2,623,707	(1,942,397)	(1,087,109)	(6,354,972)	14,930,175	748,694	1,893,127
Total primary government	$ 14,228,145	$ 11,737,666	$ 7,388,221	$ (13,520,765)	$ (1,930,813)	$ 7,280,420	$ 2,539,181	$ 14,165,272	$ 5,838,906	$ 9,018,325

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

	Fiscal Year			
	2013	2012	2011	2010
General Fund				
Nonspendable	$ 2,949	$ 23,179	$ 17,069	$ -
Restricted	5,476,184	3,717,150	3,883,934	-
Committed	-	-	-	-
Assigned	555,034	545,488	551,836	-
Unassigned	7,582,938	5,606,312	5,392,141	-
Reserved	-	-	-	4,781,365
Unreserved	-	-	-	5,640,835
Total General Fund	13,617,105	9,892,129	9,844,980	10,422,200
All Other Governmental funds				
Nonspendable	-	-	-	-
Restricted	32,686,164	40,119,368	14,266,498	-
Committed	1,103,032	844,461	1,058,755	-
Assigned	-	-	-	-
Unassigned	(600,249)	(906,693)	(1,035,514)	-
Reserved	-	-	-	8,558,420
Unreserved, reported in special revenue funds	-	-	-	(1,956,132)
Capital project funds	-	-	-	(503,939)
Total All Other Governmental funds	$ 33,188,947	$ 40,057,136	$ 14,289,739	$ 6,098,349

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

Fiscal Year					
2009	2008	2007	2006	2005	2004
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,837,263	5,468,328	5,897,658	6,466,266	5,932,616	5,050,104
4,961,376	5,057,016	6,658,196	7,561,989	7,173,392	7,520,660
10,798,639	10,525,344	12,555,854	14,028,255	13,106,008	12,570,764
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
32,666,636	27,199,618	32,790,103	41,987,883	33,277,257	33,305,150
980,072	3,754,094	6,527,897	6,116,563	5,554,019	6,186,458
-	-	-	(710,670)	(7,430,722)	(3,067,709)
$ 33,646,708	$ 30,953,712	$ 39,318,000	$ 47,393,776	$ 31,400,554	$ 36,423,899

CITY OF DAVENPORT

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

	Fiscal Year			
	2013	2012	2011	2010
Revenues				
Taxes	$ 88,262,578	$ 80,884,683	$ 78,730,720	$ 77,168,031
Special assessments	93,757	58,964	157,683	37,717
Licenses and permits	1,619,350	1,317,804	1,238,659	1,275,935
Intergovernmental	22,837,172	35,240,010	31,332,008	29,024,273
Charges for services	4,210,684	4,479,467	4,146,542	3,926,869
Use of monies and property	1,036,972	1,218,685	1,014,156	1,035,244
Fines and forfeits	1,740,494	1,936,641	1,967,004	1,314,564
Loan repayments	860,284	723,850	839,699	648,896
Other	3,659,461	4,598,710	4,519,410	4,362,836
Total revenues	124,320,752	130,458,814	123,945,881	118,794,365
Expenditures (1)				
General government	8,601,095	8,992,941	8,178,030	8,370,902
Public safety	40,160,927	39,554,541	39,137,701	38,211,590
Public works	15,288,713	15,505,355	17,073,051	17,169,622
Culture and recreation	10,975,613	11,305,093	11,485,665	12,738,612
Community and economic development	10,629,873	15,234,614	13,823,997	20,305,456
Capital outlay	17,188,086	38,425,489	35,710,271	56,227,626
Debt service				
Principal	16,241,175	17,234,350	17,071,575	14,912,225
Interest	6,987,409	6,200,955	6,233,849	6,078,034
Bond issuance expense	216,403	125,781	150,055	153,704
Total expenditures	126,289,294	152,579,119	148,864,194	174,167,771
Excess of revenues over (under) expenditures	(1,968,542)	(22,120,305)	(24,918,313)	(55,373,406)
Other Financing Sources (Uses)				
Bond issuance	12,382,000	11,790,000	25,299,250	28,676,000
Discount on debt issued	-	-	-	(66,902)
Premium on debt issued	482,773	3,321,543	1,377,130	30,668
Refunding bonds issued	2,310,000	33,637,890	3,687,250	6,546,400
Payment to refunded bond escrow agent	(17,900,000)	-	(3,880,000)	(6,555,500)
Sale of capital assets	2,016,593	108,867	728,558	66,608
Transfers in	14,170,133	20,129,136	17,023,775	16,951,068
Transfers out	(14,636,170)	(21,052,585)	(15,224,330)	(17,399,734)
Total other financing sources (uses)	(1,174,671)	47,934,851	29,011,633	28,248,608
Net change in fund balances	$ (3,143,213)	$ 25,814,546	$ 4,093,320	$ (27,124,798)
Debt service as a percentage of noncapital expenditures	20.55%	18.24%	17.28%	12.92%

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

Fiscal Year					
2009	2008	2007	2006	2005	2004
$ 75,503,579	$ 73,900,380	$ 71,440,755	$ 67,238,905	$ 63,519,997	$ 60,657,581
6,806	139,517	50,982	40,535	55,964	18,098
1,154,269	1,496,632	1,395,934	1,623,543	1,600,302	1,556,959
22,579,386	17,417,503	17,053,854	19,729,182	21,801,090	28,447,769
4,081,012	3,616,388	2,798,325	3,490,189	3,334,847	3,594,151
1,390,993	2,953,986	3,839,767	3,010,775	1,943,966	1,542,997
938,544	554,937	873,092	997,004	604,751	533,863
611,113	584,230	663,341	594,829	978,166	976,217
1,257,734	2,106,748	2,105,786	4,308,377	3,052,499	2,820,598
107,523,436	102,770,321	100,221,836	101,033,339	96,891,582	100,148,233
7,849,694	7,908,979	7,215,792	7,242,260	6,878,912	6,661,912
37,719,742	37,817,252	36,215,539	33,930,920	31,539,164	29,666,713
15,838,441	15,316,163	11,812,816	11,789,864	11,829,081	19,305,594
11,113,692	10,182,468	9,406,214	8,632,061	7,878,176	15,270,977
17,030,912	9,930,122	8,960,280	10,016,894	10,937,442	13,964,776
25,959,860	24,969,390	30,935,403	31,196,883	26,981,978	26,820,496
12,125,079	12,466,632	13,256,573	13,049,158	10,809,309	11,095,495
5,030,293	5,151,715	5,238,443	4,816,787	4,549,030	4,144,917
285,250	84,386	68,526	105,731	35,791	230,021
132,952,963	123,827,107	123,109,586	120,780,558	111,438,883	127,160,901
(25,429,527)	(21,056,786)	(22,887,750)	(19,747,219)	(14,547,301)	(27,012,668)
26,820,000	9,910,000	13,940,000	35,660,000	10,355,000	27,475,000
56,945	155,453	(51,222)	(148,544)	(18,161)	(154,069)
-	4,380,000	10,959,625	-	-	11,337,000
-	(4,354,806)	(11,005,000)	-	-	(11,199,276)
4,905	51,385	78,176	1,643,684	95,946	69,783
17,244,760	14,574,161	14,210,513	14,507,366	11,876,152	12,028,025
(15,730,792)	(14,052,777)	(14,721,821)	(14,999,818)	(12,249,737)	(12,411,044)
28,395,818	10,663,416	13,410,271	36,662,688	10,059,200	27,145,419
$ 2,966,291	$ (10,393,370)	$ (9,477,479)	$ 16,915,469	$ (4,488,101)	$ 132,751
15.26%	17.72%	19.48%	19.94%	18.18%	15.19%

CITY OF DAVENPORT

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

Levy Year	Fiscal Year	ACTUAL VALUE Residential	Commercial	Industrial	Agricultural	Utilities	Other
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
2009	2011	3,838,410	1,569,003	154,658	20,246	272,575	3,088
2010	2012	3,924,743	1,610,948	146,875	20,370	278,170	3,074
2011	2013	4,011,589	1,566,209	139,106	24,753	287,690	2,832

Levy Year	Fiscal Year	TAXABLE VALUE Residential	Commercial	Industrial	Agricultural	Utilities	Other
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
2009	2011	1,797,306	1,569,003	154,658	13,417	205,383	3,088
2010	2012	1,902,023	1,610,948	146,875	14,058	213,792	3,074
2011	2013	2,033,254	1,566,209	139,106	14,243	216,271	2,832

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.

Gross valuation	Less Military exemption	Net valuation	Total direct tax rate
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%
5,857,980	(10,216)	5,847,764	15.53%
5,984,180	(9,957)	5,974,223	15.53%
6,032,179	(9,707)	6,022,472	16.78%

Gross valuation	Less Military exemption	Net valuation
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
3,742,855	(10,216)	3,732,639
3,890,770	(9,956)	3,880,814
3,971,915	(9,705)	3,962,210

CITY OF DAVENPORT

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per $1,000 of assessed value)

	City Direct Rates							
Fiscal Year	General	Tort Liability	Trust & Agency	Library (1)	Transit	Emergency	Debt Service	Total
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
2011	8.10	0.25	3.97	0.27	0.91	0.27	1.76	15.53
2012	8.10	0.25	3.97	0.27	0.91	0.27	1.76	15.53
2013	8.10	0.25	4.93	0.27	0.91	0.27	2.05	16.78

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

Source: City of Davenport Finance Department

Overlapping Rates

Scott County	Davenport Schools	Area IX College	Other	Total
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
6.38	17.11	0.92	0.31	40.25
6.38	17.05	1.02	0.32	40.30
6.30	17.05	0.92	0.38	41.43

CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied	Current Collections	Percentage of Levy
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%
2011	62,430,924	62,382,970	99.92%
2012	65,965,698	64,450,150	97.70%
2013	72,248,709	70,098,272	97.02%

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

CITY OF DAVENPORT

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Name of Property	Property type	2013 Taxable Valuation	Rank	% of taxable value	2004 Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	$ 220,245,823	1	5.42%	$ 159,880,870	1	5.50%
Macerich North Park Mall LLC/SDG Macerich Properties	Shopping Center	58,460,300	2	1.44%	61,664,800	2	2.12%
Iowa-American Water Co.	Utility	48,091,181	3	1.18%	42,876,227	3	1.48%
Gulf Investments LLC	Utility	24,760,600	4	0.61%	-		
Senior Star Investments I LLC	Retirement Home	23,717,322	5	0.58%	-		
Deere & Company	Manufacturing	23,567,200	6	0.58%	24,902,642	4	0.86%
ARCP JDDPTIA01 LLC	Commercial	19,868,300	7	0.49%	-		
MFR-X1 Alexis LLC	Commercial	19,374,430	8	0.48%	-		
MFR PARTNERS XII LLC	Commercial	18,578,420	9	0.46%	-		
THF Davenport North Development	Realty	18,465,500	10	0.45%	-		
Quanex	Manufacturing	-			20,693,500	5	0.71%
US West Communications	Utility	-			18,309,533	6	0.63%
National Amusement Inc.	Theatre Complexes	-			17,506,500	7	0.60%
Oscar Mayer & Co.	Meat Packing	-			15,785,932	8	0.54%
Bradley Operation	Shopping Center	-			14,618,400	9	0.50%
Peterson Properties LC	Industrial Center	-			13,776,600	10	0.47%
Total		$ 475,129,076		11.69%	$ 390,015,004		13.42%

Source: Scott County Auditor.

CITY OF DAVENPORT

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

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES				
Fiscal Year	General Obligation Bonds	Other General Obligation Debt	Other Long-term Debt	General Obligation Bonds	Other Long-term Debt	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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	4.04%	1,610
2011	152,715	-	-	24,384	-	177,099	unavailable	1,777
2012	180,909	-	311	41,206	9,798	232,224	unavailable	2,330
2013	165,485	-	311	45,934	9,798	221,528	unavailable	2,222

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

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

The personal income and population data is not yet available.

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

CITY OF DAVENPORT

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

Fiscal Year	General Obligation Debt	Percentage of Taxable Value of Property (1)	Per Capita
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
2011	177,099	4.76%	1,777
2012	232,224	5.98%	2,330
2013	221,528	5.59%	2,222

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

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

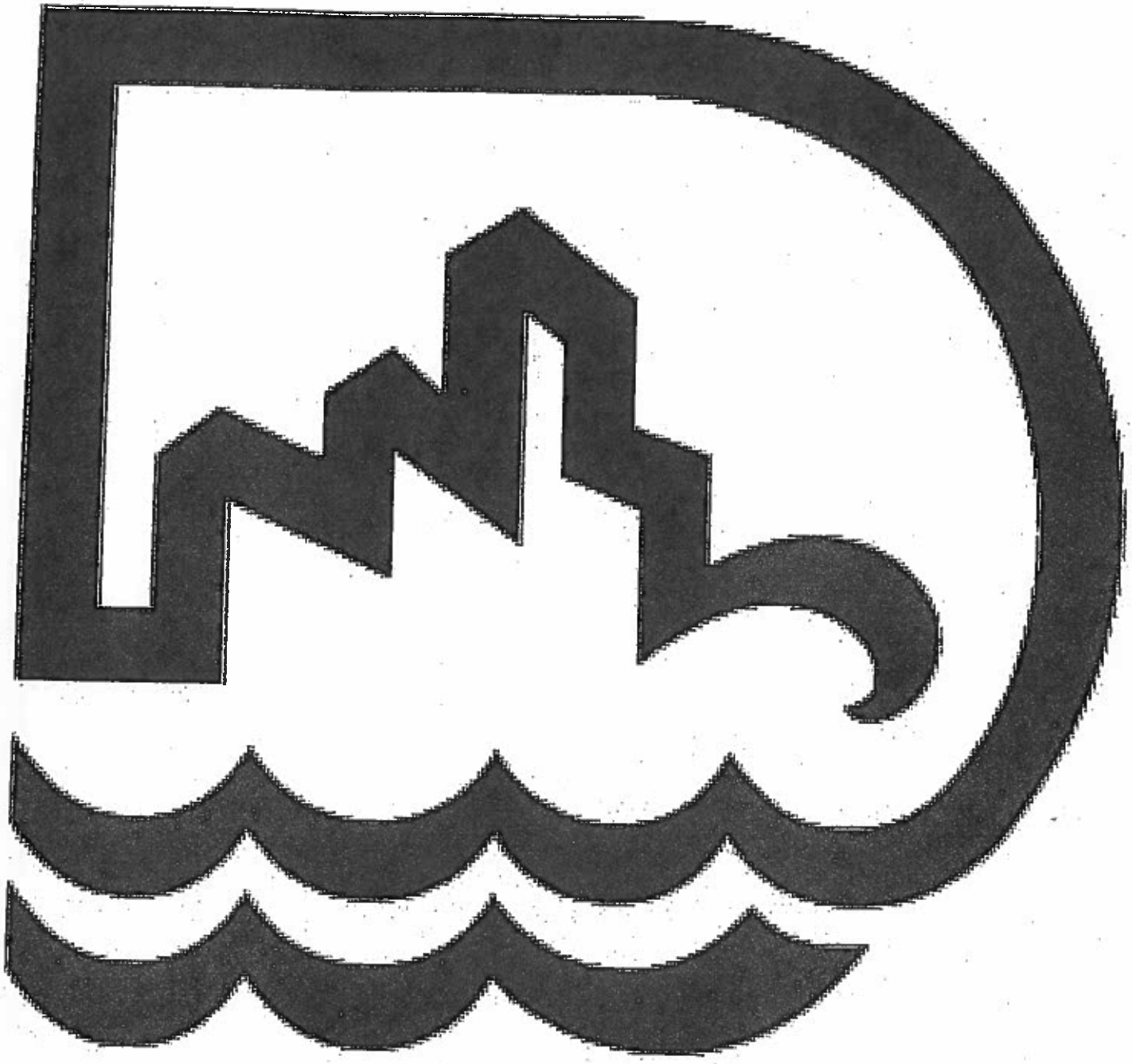
Source: City of Davenport Finance Department and Scott County Auditor's Office.

CITY OF DAVENPORT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013
(dollars in thousands)

Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Scott County	50,095,000	52.79%	26,445,151
Eastern Iowa Community College	62,240,000	31.36%	19,518,464
Subtotal, overlapping debt			45,963,615
City direct debt			165,796,466
Total direct and overlapping debt			$ 211,760,081

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



CITY OF DAVENPORT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal year	2004	2005	2006	2007
Debt limit	$ 211,734,034	$ 232,991,693	$ 246,426,202	$ 263,977,950
Total net debt applicable to limit	129,560,074	128,381,797	148,929,153	148,364,852
Legal debt margin	$ 82,173,960	$ 104,609,896	$ 97,497,049	$ 115,613,098
Total net debt applicable to the limit as a percentage of debt limit	61.19%	55.10%	60.44%	56.20%

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

Source: City of Davenport Finance Department.

Legal debt margin calculation for Fiscal Year 2013		
Assessed valuation	$ 6,138,432,980	
Debt limit (5% of assessed value)		$ 306,921,649
Debt applicable to limit:		
General Obligation Bonds	205,065,000	
Tax Increment Financing Rebate Agreements	16,914,300	
Total G.O. Indebtedness		221,979,300
Legal debt margin		$ 84,942,349

2008	2009	2010	2011	2012	2013
$ 274,332,381	$ 290,703,247	$ 295,219,101	297,663,843	303,752,150	306,921,649
148,501,164	159,957,382	176,092,605	$ 189,966,525	235,046,500	221,979,300
$ 125,831,217	$ 130,745,865	$ 119,126,496	$ 107,697,318	$ 68,705,650	$ 84,942,349
54.13%	55.02%	59.65%	63.82%	77.38%	72.32%

CITY OF DAVENPORT

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (2)	Personal Income	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
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	4.3%
2009	101,335	3,837,979,755	38,065	15,405	7.2%
2010	99,685	4,041,341,135	39,881	15,407	7.5%
2011	99,685	N/A (1)	N/A (1)	16,131	7.4%
2012	99,685	N/A (1)	N/A (1)	15,545	7.0%

Sources:

(1) Information not available at time of printing

(2) Sales and Marketing Management, Survey of Buying Power, September issues.

(3) BEA website-AMSA04-Advance Metropolitan Statistical Area Income Summary for Davenport, Rock Island, Moline SMSA as of calendar year end.

(4) Davenport Community School District based on census at start of school year.

(5) Iowa Workforce Development, for Davenport as of calendar year end

CITY OF DAVENPORT

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	8/31/2003			11/30/12		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	3,000	1	5.97%	4,900	1	7.88%
Northpark Mall	3,000	1	5.97%	-		
Davenport Community Schools	2,606	3	5.18%	2,500	2	4.02%
ALCOA	-		0.00%	2,250	3	3.62%
Kraft Foods/Oscar Mayer	1,620	4	3.22%	1,500	4	2.41%
City of Davenport	963	6	1.92%	1,138	5	1.83%
Rhythm City Casino/Isle Capri	641	9	1.27%	1,050	6	1.69%
MidAmerican Energy Company	-		0.00%	1,025	7	1.65%
Eastern Iowa Community College	980	5	1.95%	1,016	8	1.63%
John Deere Davenport Works	950	7	1.89%	-		
APAC Teleservices	900	8	1.79%	900	9	1.45%
Wells Fargo-Davenport Region	-		0.00%	716	10	1.15%
AT&T	-		0.00%	610	11	0.98%
Sears Manufacturing	500	12	0.99%	600	12	0.96%
United Parcel Service	600	10	1.19%	590	13	0.95%
Von Maur	404	14	0.80%	560	14	0.90%
Scott County	425	13	0.85%	500	15	0.80%
St. Ambrose University	550	11	1.09%	467	16	0.75%
Nestle Purina	367	15	0.73%	-		
Quad City Times/Lee Enterprises	342	16	0.68%	-		
	17,848		35.50%	20,322		32.67%

Source: Quad City Development Group, Direct staff contact with Company (August 2003)
Source: Iowa Quad Cities Chamber of Commerce (November 2012)

CITY OF DAVENPORT

FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS
June 30, 2013

FUNCTION/PROGRAM	2012 FULL TIME	2012 PART TIME	2011 FULL TIME	2011 PART TIME	2010 FULL TIME	2010 PART TIME	2009 FULL TIME	2009 PART TIME
PUBLIC SAFETY								
Police	189	24	195	34	194	35	217	29
Fire	138	-	140	-	149	-	153	2
PUBLIC WORKS	296	56	289	46	281	31	284	34
CULTURE & RECREATION								
Leisure Facilities and Services	21	231 (1)	34	170	34	131	34	129
Library	40	42	41	40	43	44	41	37
Museum of Art					-	-	-	-
COMMUNITY & ECONOMIC DEVELOPMENT	23	2	27	-	32	12	39	13
GENERAL GOVERNMENT								
Mayor	1	1	2	-	2	-	2	-
Council	-	10	1	10	1	10	-	11
Finance	25	1	26	2	26	2	22	5
Information Technology	7	2	7	2	8	2	10	-
Administration	6	7	6	1	6	-	7	-
Legal	4	-	4	-	4	-	4	-
Human Resources	5	2	5	2	5	2	5	2
Civil Rights	4	1	4	1	4	1	4	2
Total	759	379	781	308	789	270	822	264

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

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

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

Source: City of Davenport Department of Human Resources.

2008		2007		2006		2005		2004		2003	
FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
209	27	212	23	209	24	203	24	198	24	203	24
155	-	153	1	149	2	143	-	140	-	144	-
278	30	278	29	280	26	295	18	293	18	310	21
32	76	35	23	38	32	33	45	36	45	43	40
39	35	38	34	43	32	42	22	35	22	36	24
-	-	-	-	-	-	-	-	-	- (3)	9	4
37	12	37	11	33	11	46	6	46	6	43	-
2	-	2	-	2	-	2	-	2	-	2	-
1	11	1	10	1	10	1	10	1	10	1	10
23	2	23	-	22	2	23	-	28	-	28	-
10	-	11	-	9	1	7	1 (2)				
7	-	7	-	7	-	5	-	5	-	5	-
4	-	4	-	5	-	5	-	5	-	6	-
5	3	6	4	6	6	6	1	7	1	5	-
4	1	4	2	4	3	4	4	4	4	4	1
806	197	811	137	808	149	815	131	800	130	839	124

1 re-hired. This explains the increase in part-time employees.

CITY OF DAVENPORT

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2013

FUNCTION/PROGRAM		FISCAL YEAR 2013	2012	2011	2010	2009
PUBLIC SAFETY						
Fire calls answered		16,467	15,523	14,965	14,399	13,842
Police-arrests	(1)	5,072	6,907	7,151	7,529	8,526
Construction permits issued		2,483	2,402	2,510	2,426	2,196
PUBLIC WORKS						
Refuse collected (tons)	(2)	26,759	24,949	25,604	25,737	26,789
Gallons of wastewater processed (in millions)	(1)	9,855	8,015	10,877	11,607	10,038
Yard waste composted (cu yds)		109,972	152,564	103,379	102,176	109,800
Citibus ridership		1,407,131	1,414,496	1,202,929	1,180,383	1,125,000
Utility service customers		39,000	38,000	40,000	40,000	40,000
CULTURE & RECREATION						
Rounds of golf played		64,029	77,519	71,243	80,113	101,813
Swimming pools attendance		28,170	32,590	40,874	30,830	27,708
Recreation programs available		845	1,272	910	549	636
Recreation program enrollment		6,342	6,235	57,600	42,500	38,844
Library - walk-in patrons served		463,971	503,778	578,957	511,259	449,218
COMMUNITY & ECONOMIC DEVELOPMENT						
Planning & zoning-final development review		13	13	5	2	5
Households assisted with rental assistance		825	783	768	750	716

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

(2) Amounts for FY 08 and prior were measured in cubic yds

Source: Various City of Davenport departments.

FISCAL YEAR				
2008	2007	2006	2005	2004
13,188	13,257	12,294	11,729	11,420
8,960	9,813	8,919	7,740	7,608
2135	2,051	2,328	2,659	2,690
71,000	74,185	71,627	71,324	70,878
10,731	7,884	6,424	6,972	8,821
98,030	107,361	68,739	90,226	92,042
1,088,000	1,045,550	982,663	940,046	881,947
40,000	40,000	40,000	38,340	38,000
136,386	113,128	111,329	109,499	112,712
28,000	31,000	27,373	33,064	27,063
1,061	554	410	305	298
30,396	48,301	53,517	37,097	4,433
395,498	390,394	307,330	279,751	295,963
8	15	15	23	10
701	680	672	711	725

CITY OF DAVENPORT

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2013

	FISCAL YEAR				
FUNCTION/PROGRAM	2013	2012	2011	2010	2009
PUBLIC SAFETY					
Police cars	104	82	83	74	64
Fire stations	7	7	7	7	7
Fire trucks	16	16	16	16	16
PUBLIC WORKS					
Streets (miles)	695	695	695	695	695
Traffic signals	166	161	156	153	153
Street lights	9703	9691	9,691	9,680	9,632
Refuse collection trucks	32	29	31	31	34
Buses	21	23	21	21	21
CULTURE & RECREATION					
Golf courses	3	3	3	3	3
Acres of parks	1,913	1,913	1,700	1,700	1,700
Swimming pools	3	3	3	3	3
Libraries	3	3	3	3	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.

FISCAL YEAR				
2008	2007	2006	2005	2004
67	94	77	68	62
7	7	7	7	7
16	14	13	13	13
692	692	690	684	684
152	151	150	146	144
9,558	9,456	9,237	9,263	9,174
30	36	48	40	42
20	20	20	20	25
4	4	4	4	4
1,700	1,700	1,700	1,700	1,700
4	4	4	4	4
2	2	2	1	1

City of Davenport, Iowa

Compliance Report
June 30, 2013

Contents

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*	1 – 2
Report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by OMB Circular A-133	3 – 5
Schedule of expenditures of federal awards	6 – 7
Notes to schedule of expenditures of federal awards	8
Summary schedule of prior audit findings	9
Schedule of findings and questioned costs	10 – 14
Corrective action plan	15

McGladrey

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*

Independent Auditor's Report

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

We have audited, in accordance with the 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, 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 (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2013. The financial statements of the City for the year ended June 30, 2012 were restated for the implementation of GASB Statement No. 65.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* 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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Davenport, Iowa
December 5, 2013

McGladrey

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required
by OMB Circular A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Davenport, Iowa's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Non-Profit 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'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2013.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular No. A-133 and which are described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 5, 2013, which contained unmodified opinions on those financial statements. The financial statements of the City for year ended June 30, 2012 were restated due to the implementation of GASB Statement No. 65. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

McGladrey LLP

Davenport, Iowa
December 5, 2013

City of Davenport, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
Direct:			
U.S. Department of Housing and Urban Development (HUD)			
N/C S/R Section 8 Programs	14.182	KC76237	$ 373,544
Community Development Block Grants/Entitlement Grants	14.218	B 11 MC 19 0002	1,710,663
HOME Investment Partnerships Program	14.239	M 11 MC 190200	662,219
Fair Housing Assistance Program	14.401	FF 207 K0 127015	80,640
Public and Indian Housing	14.850	IA-05-S04-5501	53,695
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	3,360,056
Public Housing - Capital Fund Program	14.872	KC 914 8	132,446
Lead Based Paint Grant	14.900	IA LHB 0349 07	294,688
			6,667,951
Equal Employment Opportunity Commission			
Employment Discrimination Title VII of the City Rights Act of 1964	30.001	EE CCN 1001 14	77,300
U.S. Department of Transportation			
Davenport Municipal Airport	20.205	319 0024 14	8,593
Airport Rehabilitate Taxiway (T-Hanger Access)	20.205	319 00 24 15	51,025
Runway 3 Approach Panel Replacement	20.205	319 00 24 16	217,848
Airport Environmental Assessment	20.205	319 00 24 17	7,755
Pine Street Reconstruction	20.205	STPU 1827 (662) 70 82	1,284,709
Credit Island Bridge	20.205	EDP 1827(002) 7Y 82	281,051
Clark Street Bridge	20.205	BHM 1827 (631) 8K 82	19,841
Veteran's Memorial Parkway	20.205	67 ST HDP 1827 (649) 7482 2	735,145
Subtotal			2,605,967
Federal Transit - Formula Grants	20.507	IA 90 X 297 00	90,638
Federal Transit - Formula Grants	20.507	IA 90 X 350 00	7,692
Federal Transit - Formula Grants	20.507	IA 90 X 372 00	570,772
Subtotal			669,102
			3,275,069
U.S. Department of Agriculture			
Farmers Market Promotion Program	10.168	12-25-G-1559	11,675
U.S. Department of the Interior			
American Battlefield Protection Program	15.928	GA-2255-12-005	21,443
U.S. Department of Energy			
ARRA - Energy & Renewable Energy	81.122	OE0000416	106,802
U.S. Department of Homeland Security			
Port Security Rescue Boat	97.056	2010 PU T0 0059	22,034
Port Security Equipment	97.056	2012 PU 000 42	11,067
			33,101
U.S. Department of Justice			
Bulletproof Vest Partnership	16.607	UG 06 2XG	23,290
Office of Community Oriented Policing Services ARRA Cops Hiring	16.710	2009 RK WX 0305	186,681
Organized Crime Drug Enforcement Task Force	16.XXX	N/A	2,126
			212,097

(Continued)

City of Davenport, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
National Recreational and Park Association			
Parks Take Me Fishing	15.653	F 125 E 20	10,000
Achieve	15.653	N/A	10,000
			20,000
Total Direct			10,425,438
Indirect:			
U.S. Department of Justice			
Passed through Governor's Office of Drug Control Policy:			
Enforcing Underage Drinking Laws (EUDL)	16.727	JUV 07 JD07 F08	6,945
ARRA Governor's Office of Drug Control Policy	16.738	10 JAG 43056	50,410
JAG/AUV	16.738	2010 DJ BX 0797	19,921
Project Safe Neighborhood	16.609	N/A	6,255
HIDTA	16.XXX	09 G09 MW 000 9A	1,955
US Marshalls	16.XXX	N/A	1,998
			87,484
U.S. Department of Transportation			
Passed through Iowa Department of Transportation:			
ARRA - Front Porch Parkway	20.205	ESL 1827 (662) 7S 82	13,744
ARRA - Resurfacing	20.205	ESL 1827 (659) 7S 82	50,527
ARRA Full Depth	20.205	ESL 1827 (660) 7S 83	66,748
Subtotal			131,019
Federal Transit - Capital Assistance Program for Elderly Persons and Persons with Disabilities (5310 Funds)	20.513	N/A	185,105
			316,124
U.S. Department of Transportation			
National Highway Traffic Safety Administration			
Passed through Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 11-04 Task 10	18,370
U.S. Department of Natural Resources			
Passed through Iowa Department of Natural Resources:			
Aquatic Education	15.605	N/A	4,490
U.S. Department of Housing and Urban Development (HUD)			
Passed through Iowa Department of Economic Development:			
HERA - Neighborhood Stabilization Program	14.228	N/A	423,500
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	87,552
Community Development Block Grant Disaster Recovery	14.228	BGDRF- 08 DRHB-220	47,251
			558,303
Corporation For National and Community Service			
Passed Through Iowa Commission on Volunteer Service:			
AmeriCorps	94.003	12 AF 03	132,993
Interpreter Grant	94.006	10CDHIA001	1,280
Volunteer Generation Fund Grant	94.021	12 VGF N4	43,426
			177,699
Total Indirect			1,162,470
Total expenditures of federal awards			$ 11,587,908

See Notes to Schedule of Expenditures of Federal Awards.

City of Davenport, Iowa

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City for the year ended June 30, 2013. 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 basic 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 under the modified accrual basis for governmental funds and the accrual basis for proprietary funds. 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 provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 349,649

City of Davenport, Iowa

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Comment Number	Comment	Status	Corrective Action or Other Explanation
Significant Deficiency in Internal Control:			
12-II-A	The City's schedule of expenditures of federal awards for the fiscal year ended June 30, 2011 was overstated by $1,225,866 for state grant monies that were improperly included.	Corrected	
Statutory Reporting:			
12-IV-I	The City did not hold a public hearing for a construction project.	Corrected	
12-IV-J	The City did not maintain proper documentation related to notice of publication to bidders.	Corrected	

City of Davenport, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

I. Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

- 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
14.182	New Construction (N/C) and Substantial Rehabilitation (S/R) Section 8 Program
14.218	Community Development Block Grant/Entitlement Grants
14.228	State-Administered CDBG Cluster
14.871	Community Development Block Grant Disaster Recovery
81.122	ARRA - Energy & Renewable Energy

Dollar threshold used to distinguish between type A and type B programs: $347,637

Auditee qualified as low-risk auditee? ☑ Yes ☐ No

(Continued)

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted *Government Auditing Standards*

A. Internal Controls

None reported.

B. Compliance

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control for Federal Awards

None reported

B. Compliance

2013-A

U.S. Department of Housing and Urban Development (Direct)
New Construction and Substantial Rehabilitation Section 8 Program
(CFDA 14.182)
Federal Award Year 2013

Finding: The City did not submit quarterly and annual financial reports and special reporting required by the OMB Circular A-133.

Criteria: Section 8 New Construction and Substantial Rehabilitation Program require quarterly submissions of HUD-52663, *Requisition for Partial Payment of Annual Contributions* and an annual submission of HUD-52681, *Voucher for Payment of Annual Contributions and Operating Statement.* In addition HUD-50058, *Family Report on behalf of the participants,* is required when there are any admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family.

Condition: Quarterly and annual financial reports and the required special reports were not filed by the City.

Questioned Costs: None

Context: The required HUD-52663, HUD-52681 and HUD-50058 reports were not filed.

Effect: Noncompliance with federal compliance reporting requirements could result in suspension of funding.

Cause: The City did not review the OMB Circular A-133 compliance supplement.

Recommendation: We recommend that the City file required federal reports as required by the OMB Circular A-133 compliance supplement.

(Continued)

Response and Corrective Action Plan: The City follows the HUD Occupancy Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, in its ownership and management of the Heritage. Handbook 4350.3 lists the owner reporting requirements under Section 9-5. Applicable to the Heritage, are the HUD-50059, Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures, which is submitted for every tenant at every certification, and the HUD-52670, Housing Owner's Certification and Application for Housing Assistance Payments, which is filed monthly.

2013-B

U.S. Department of Housing and Urban Development (Direct)
New Construction and Substantial Rehabilitation Section 8 Program
(CFDA 14.182)
Federal Award Year 2013

Finding: The City did not perform the proper Housing Quality Standards (HQS) inspections.

Criteria: The City is required to perform Housing Quality Standards inspections required by 24 CFR sections 880.612, 881.601, 882.516, 882.808(n), 883.701, 884.217, 886.123, and 886.323.

Condition: For the 14 units tested, the City did not perform the annual inspections in accordance with the HQS Inspection requirements. While the City is performing basic annual inspections, they do not meet the requirements of the HQS inspections.

Questioned Costs: None.

Context: All housing units included in the program.

Cause: Improper inspections being completed.

Recommendation: We recommend the City perform HQS inspections.

Response and Corrective Action Plan: The City follows the HUD Occupancy Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, in its ownership and management of the Heritage. Handbook 4350.3 lists the unit inspection requirements under Section 6-29. This section requires owners to conduct annual inspections to determine whether the appliances and equipment in the unit are functioning properly and indicates that the owner may design their own inspection forms.

(Continued)

IV. Other Findings Related to Required Statutory Reporting

13-IV-A

Certified budget: Disbursements during the year ended June 30, 2013 did not exceed the amount budgeted prior to budget being amended or at year-end.

13-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.

13-IV-C

Travel expense: No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

13-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
Matthew Flynn, Community Planning and Economic Development Employee, Brother and Sister-in-law own Advantage Advertising	Services	$	8,492
Jackie Holecek, Administrative Employee, Husband owns JEH Construction	Services	$	25,742
Tory Brecht, Community Planning and Economic Development Employee, Owner with Spouse, SJ Smith Co	Services	$	11,448
Karl Leslein, Fire Employee, Independent Contractor for Alex Air Apparatus	Services	$	17,956
Richard Davidson, Board Member, Owner of Lane & Waterman	Services	$	73,450
Ian Frink, Park Board Member, Minority Owner of Crawford Company	Services	$	23,897
John Gere, Planning and Zoning Committee, Part owner of SGGM Architects	Services	$	19,027
Trisha Townsend, Levee Commission, Husband owns Townsend Engineering	Services	$	1,569
Michael Liebbe, Airport Committee, Owner of Law Townsend Engineering	Services	$	1,673
Dana Wilkinson, Board Member, Owner/CEO of Paragon Comm Interiors Inc.	Services	$	8,265

(Continued)

13-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.

13-IV-F

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

13-IV-G

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

13-IV-H

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

City of Davenport, Iowa

Corrective Action Plan
Year Ended June 30, 2013

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
Compliance for Federal Awards				
2013-A	The City did not submit quarterly and annual financial reports and special reports required under OMB.	See corrective action plan at 2013-A.	Linda Folland Assistant Finance Director	June 30, 2014
2013-B	The City did not perform the proper HQS inspections.	See corrective action plan at 2013-B.	Linda Folland Assistant Finance Director	June 30, 2014