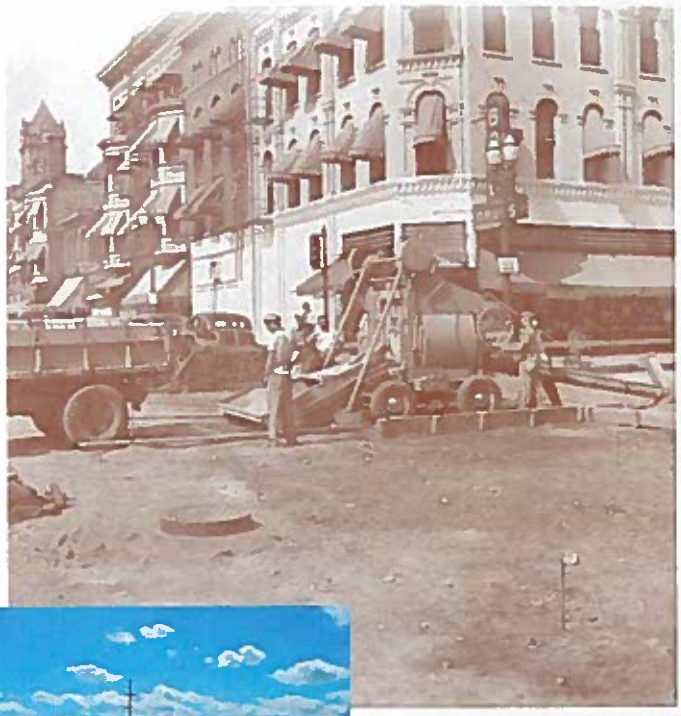

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

City of Davenport, Iowa

CITY OF DAVENPORT, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:
Finance Department
Accounting Division

Front Cover: Designed by Helen Boyd, Engineering Division

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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City of Davenport

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December 12, 2014

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, 2014.

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, 2014 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, 2014 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, 2014 provided no instances of material weaknesses in the internal control over compliance or significant violations of applicable laws, regulations, contracts and grants. These reports are available in the City's separately issued Single Audit Report.

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

Profile of the City

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

The City operates under the Mayor-Council form of government. The mayor and ten council members are elected on a non-partisan basis every two years. Eight council members are elected by ward. The mayor and two remaining council members are elected at-large. A professional city administrator is appointed by the City Council.

The City provides a full range of services including police and fire protection; solid waste collection; construction and maintenance of streets, sewers and bridges; sewage collection and treatment; culture and recreation; mass transportation; planning and zoning; and general administrative services.

For financial reporting purposes, all funds, agencies, boards, commissions, trusts, and authorities involved in the provision of these services are included if the City is financially accountable. The GASB has set forth criteria to be considered in determining financial accountability. The City of Davenport does not include any component units within its reporting entity. See Note 1A in the notes to the financial statements for more specific information on reporting entity.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council in March each year for the fiscal year beginning the following July 1. The State of Iowa requires the passage of an annual budget of total City operating expenditures by major program categories after public hearing. Activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds are included in the annual appropriated budget. Project-length financial plans are also adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program level. As a result of this program structure used for the legally-adopted budget, legal compliance (total budget-to-actual appropriations) is demonstrated in one schedule which combines all funds and is in the required supplementary information section of this report (GASB Statement 41). The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. 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 2014 unemployment rate (through nine months) was 6.4%. The total number of jobs in the MSA has grown the past two years, and of the 199,500 persons in the labor force in 2014, 186,732 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 55% residential, 39% commercial, 2% utility and 4% industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 7.2% of total value and the remaining nine leading taxpayers account for just 5.4% 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 added 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 completed renovations to the historic Renwick building and developed 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 3.6% annually over the last ten fiscal years. For the upcoming FY 2015, total assessed value increased by 1.3%, while taxable values decreased 1.6% due to state legislation, described below.

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 through FY 2024.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 5.58% over the last ten years. State-mandated contributions to the statewide fire and police pension system have continued to rise sharply through FY 2015. 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.

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

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

The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local sales tax receipts. The City attempts to leverage its program commitment with available grants from the federal and state governments and private sector partnerships. Debt service payments have been made with a combination of property taxes received from the debt service levy, local option sales tax revenue, and enterprise fund fees dedicated to this purpose. The 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 2015 include:

- Sanitary sewer lining construction and repair $9.6 million
- Forest Grove Paving $2 million
- Street resurfacing, full depth patching and reconstruction $3.6 million
- Veteran's Memorial Parkway I74 to Utica Ridge $6.8 million (project total $17 million)
- Fire truck $1.1 million
- Police department classroom/auditorium $0.5million

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, 2013. This was the 31st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the FY 2015 budget document. This is the 20th 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

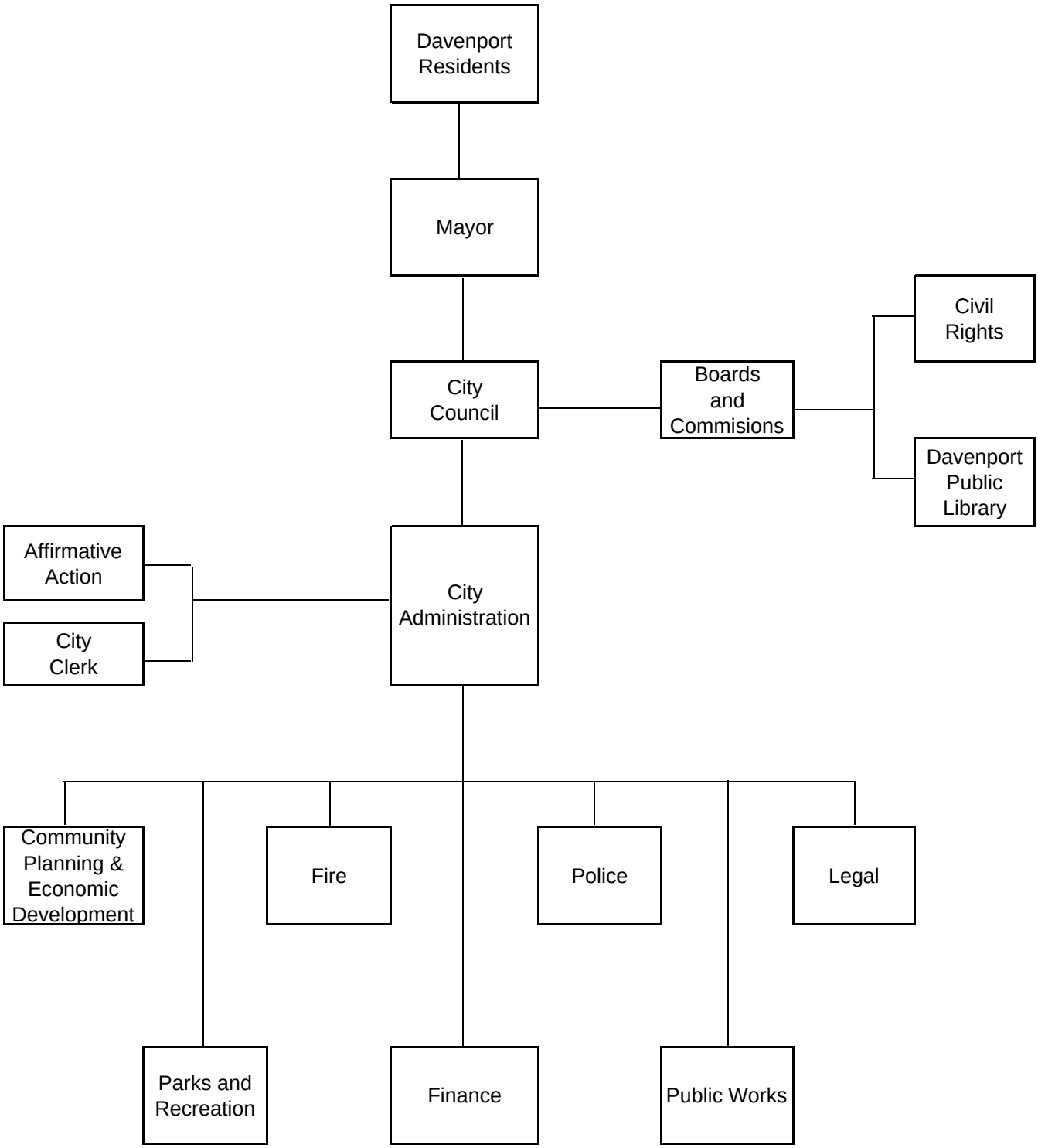
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF DAVENPORT

ORGANIZATIONAL CHART
JUNE 30, 2014



CITY OF DAVENPORT

CITY OFFICIALS
June 30, 2014

OFFICIAL TITLE	OFFICIAL	TERM EXPIRATION DATE OF ELECTED OFFICIALS
Elected Officials		
Mayor	William E. Gluba	1/16
Alderman at Large	Gene Meeker	1/16
Alderman at Large	Jason Gordon	1/16
Alderman First Ward	Richard L. Dunn	1/16
Alderman Second Ward	Bill Edmond	1/16
Alderman Third Ward	William J. Boom	1/16
Alderman Fourth Ward	Raymond A. Ambrose	1/16
Alderman Fifth Ward	Morris D. Barnhill	1/16
Alderman Sixth Ward	Jeffrey W. Justin	1/16
Alderman Seventh Ward	Mike Matson	1/16
Alderman Eighth Ward	Kerri K. Tompkins	1/16
Administration		
City Administrator	Craig Malin	
Departments		
Civil Rights	Judith Morrell	
Community Planning and Economic Development	Bruce E. Berger	
Finance	Brandon E. Wright	
Fire	Lynn Washburn-Livingston	
Human Resources	Dawn M. Sherman	
Information Technology	Rob Henry	
Legal	Thomas D. Warner	
Parks and Recreation	Scott M. Hock	
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, 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, 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.

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 Postemployment Benefit Plan – on pages 66 through 69 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.

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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 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 City's internal control over financial reporting and compliance.

McGladrey LLP

Davenport, Iowa
December 11, 2014

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, 2014. 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, 2014 by $302,034 (net position). Current assets exceeded current liabilities by $70,127.

- The government's total net position increased by $15,696 during fiscal year (FY) 2014.

- At June 30, 2014, unassigned fund balance for the General Fund was $8,537, or 12.8 percent of total General Fund expenditures, while total fund balance represents 23.0 percent of total expenditures.

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

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during FY 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 14 through 17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Davenport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including restrictions on the use of certain monies. All of the funds of the City of Davenport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Davenport maintains 15 individual governmental funds. In the basic financial statements, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances(deficits) for the General Fund, General Debt Service Fund, Local Option Sales Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report (supplemental information).

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

The basic governmental fund financial statements can be found on pages 18 through 25 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 26 through 37 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Davenport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has three agency funds. The basic agency fund financial statements can be found on page 38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 65 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 93 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 2013 and 2014 are presented below. In Davenport, assets exceeded liabilities and deferred inflows of resources by $302,034, an increase of 5.5%, at the close of the fiscal year ended June 30, 2014.

City of Davenport's Net Position

	Governmental Activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 162,309	$ 151,366	$ 31,882	$ 25,844	$ 194,191	$ 177,210
Capital assets	269,943	274,522	175,902	169,322	445,845	443,844
Total assets	432,252	425,888	207,784	195,166	640,036	621,054
Noncurrent liabilities outstanding	150,420	157,274	61,384	52,320	211,804	209,594
Other liabilities	45,354	45,294	7,827	6,785	53,181	52,079
Total liabilities	195,774	202,568	69,211	59,105	264,985	261,673
Deferred inflows of resources	69,303	69,279	3,713	3,765	73,016	73,044
Net position:						
Net investment in capital assets	145,746	140,160	124,953	124,902	270,699	265,062
Restricted	29,555	32,607	4,610	4,904	34,165	37,511
Unrestricted(deficit)	(8,126)	(18,726)	5,296	2,491	(2,830)	(16,235)
Total net position	$ 167,175	$ 154,041	$ 134,859	$ 132,297	$ 302,034	$ 286,338

By far the largest portion of the City of Davenport's net position (90 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 (11 percent) represents resources that are subject to external restrictions on how they may be used. Current assets exceed current liabilities in all three categories, both for the City as a whole, as well as for its separate governmental and business-type activities, in the amounts of $70,127, $66,987 and $3,140, respectively.

In the governmental activities, the $4,579 decrease in capital assets is due to results of a capital asset inventory performed on a rotating schedule and expensing items previously in construction in progress that we thought would be capitalized.

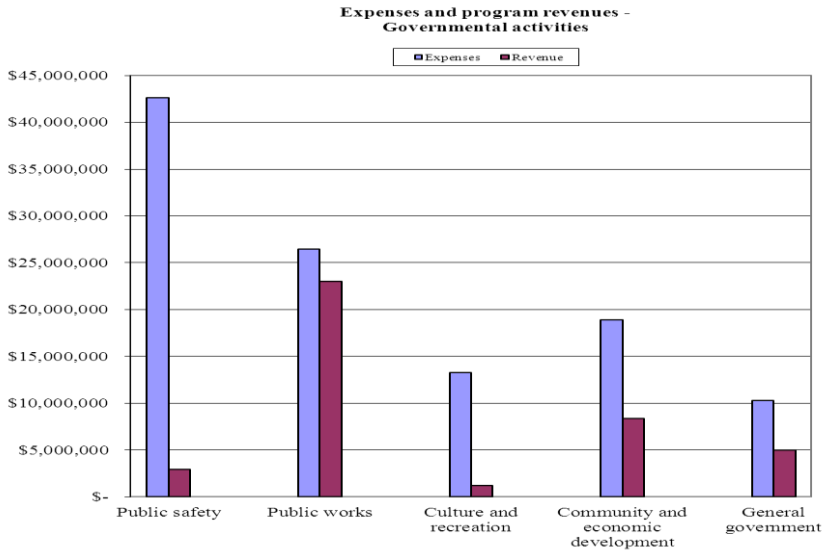
City of Davenport's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 12,467	$ 13,116	$ 31,475	$ 30,060	$ 43,942	$ 43,176
Operating grants and contributions	19,667	16,301	3,378	1,726	23,045	18,027
Capital grants and contributions	8,410	5,828	3,038	311	11,448	6,139
General revenues:						
Property taxes	69,609	68,023	3,647	3,580	73,256	71,603
Other taxes	21,057	20,459	-	-	21,057	20,459
Other	1,246	2,706	1,225	2,735	2,471	5,441
Total revenues	132,456	126,433	42,763	38,412	175,219	164,845
Expenses:						
Public safety	42,650	40,632	-	-	42,650	40,632
Public works	26,440	25,909	-	-	26,440	25,909
Culture and recreation	13,286	11,671	-	-	13,286	11,671
Community and economic development	18,877	13,491	-	-	18,877	13,491
General government	10,261	10,870	-	-	10,261	10,870
Interest on long-term debt	6,101	6,866	-	-	6,101	6,866
Parking system	-	-	1,936	1,947	1,936	1,947
Sewer operations	-	-	17,700	17,751	17,700	17,751
RiverCenter	-	-	3,032	2,684	3,032	2,684
Public transit	-	-	6,509	6,223	6,509	6,223
Public housing	-	-	1,315	1,202	1,315	1,202
Golf courses	-	-	1,792	1,844	1,792	1,844
Airport	-	-	612	785	612	785
Curbside recycling	-	-	5,389	5,187	5,389	5,187
Clean water	-	-	2,817	2,807	2,817	2,807
Rivers Edge	-	-	806	747	806	747
Total expenses	117,615	109,439	41,908	41,177	159,523	150,616
Increase/(decrease) in net position before transfers	14,841	16,994	855	(2,765)	15,696	14,229
Transfers	(1,707)	(502)	1,707	502	-	-
Increase/(decrease) in net position	13,134	16,492	2,562	(2,263)	15,696	14,229
Net position-beginning,as restated	154,041	137,549	132,297	134,560	286,338	272,109
Net position-ending	$ 167,175	$ 154,041	$ 134,859	$ 132,297	$ 302,034	$ 286,338

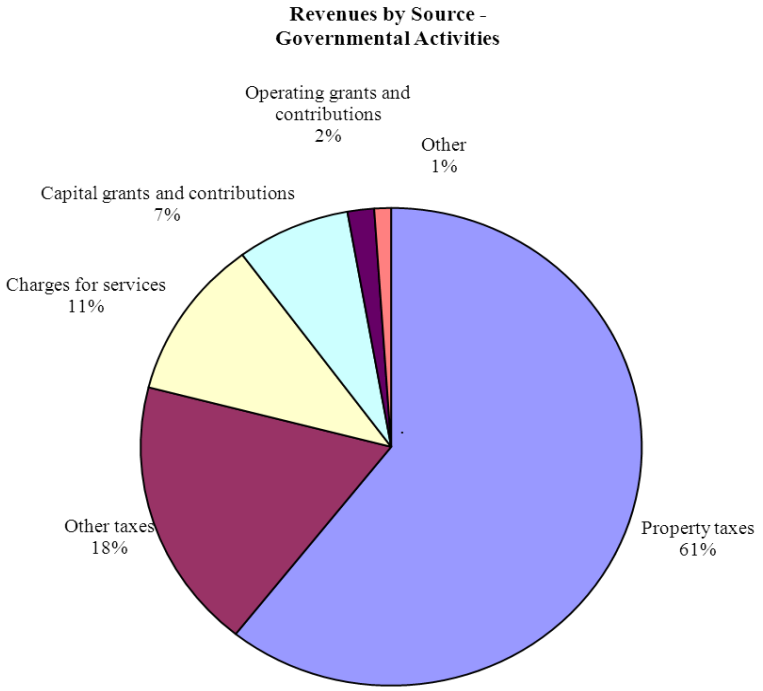
Governmental activities. Governmental activities increased the City's net position by $14,841, before transfers. This is an increase of $2,153 from 2013, due in part to the grant related activity described below.

Certain revenues are generated that are specific to governmental program activities. These totaled $40,544. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities. There was an increase in both operating grants and contributions and capital grants and contributions. The operating grant revenue increased in the HUD Section 8 fund by $275. The city received $2,359 of a supplemental Community Development Block Grant passed thru the State of Iowa to rehabilitate a building that was previously home to a tire company and has been renovated into 37 units of mixed

income rental housing. Capital grants and contributions increased $2,040 due to the progress of the Transload Facility project that is partially funded by the U.S. Department of Commerce and the Iowa Department of Transportaiton.



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

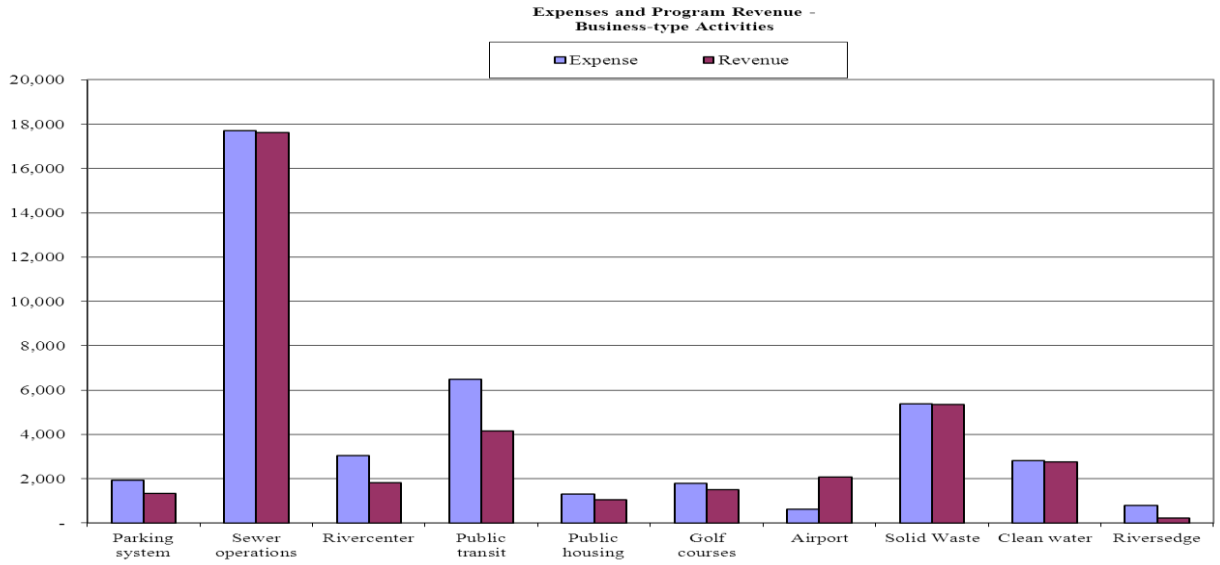


Total governmental activities' revenues for FY 2014 were $132,456, an increase of $6,023 from FY 2013. This is primarily due to the increase in operating and capital grants in FY 2014 as described above. The largest single revenue source was property taxes of $69,609, which increased by $1,586 (2.3 percent) during FY 2014. This increase resulted from an increase in the tax base of 1.7 percent.

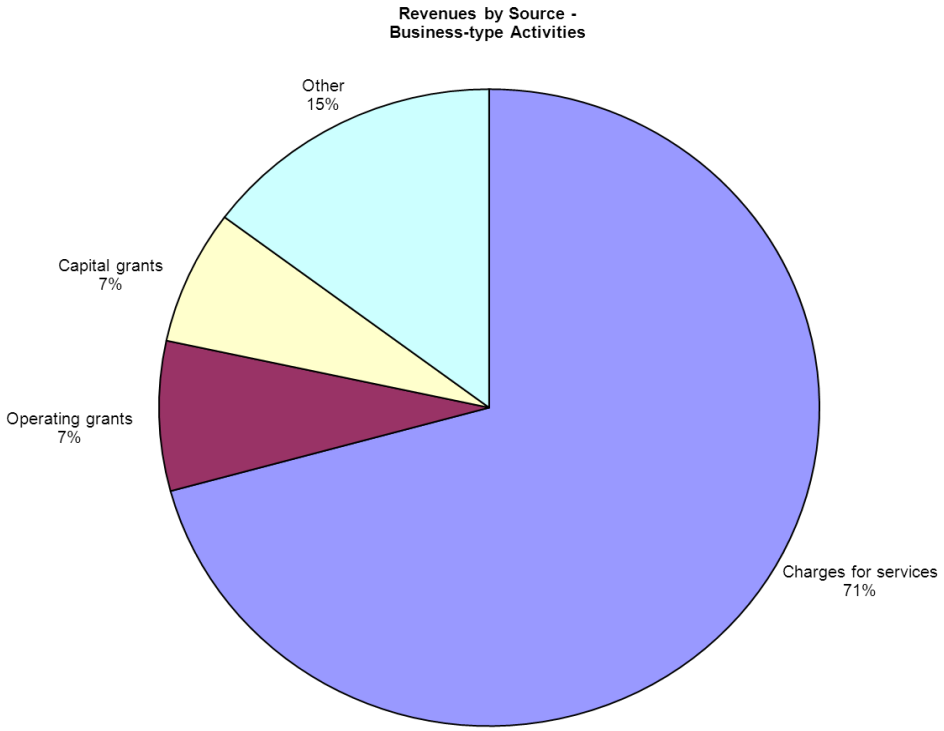
Business-type activities. Business-type activities increased City of Davenport's net position by $855. This is primarily due to the increased Transit Grants received as a result of carry over Federal Transit amounts that were due to expire of $761.

Total business-type activities revenue for the fiscal year was $42,763.

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 2014, the City of Davenport's governmental funds reported combined ending fund balances of $53,697, an increase of $6,891 in comparison with the prior year. The increase is attributable to an increase in the Capital Project Fund and the Local Option Sales Tax Fund of $8,506 and $2,142, respectively, due to the timing of progress on projects. There was a $6,312 decrease in the General Debt Service Fund, due to the timing of a crossover refunding. Without the crossover refunding, the General Debt Service fund balance would have increased $2,088. There was an increase of $1,703 in the general fund due to planned fund balance growth. Approximately 16.0 percent of this total amount, $8,193, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable (represents prepaid amounts) $11; restricted by grantors and other legal restrictions $43,530; committed by the City Council for revolving loans and the levee improvement commission $1,184; and assigned by the Finance Director for future projects $779.

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 2014, unassigned fund balance of the General Fund was $8,537, while total fund balance was $15,321. 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 12.8 percent of total General Fund expenditures, 19.2 percent General Fund expenditures excluding the specific purpose funds, while total fund balance represents 23.0 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund increased by $1,703 during the current fiscal year and the unassigned fund balance increased by $953. 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. 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 $13,385, 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 $6,312 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 $4,466. 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 $2,142, due to the completion of capital projects.

The Capital Projects Fund has a fund balance of $15,164, due to unspent bond proceeds. The net increase in fund balance during the current year in the Capital Projects Fund was $8,506.

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 $250,435 was increased to $318,835, an increase of $68,400. 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 $37,837. There were special revenue grant rollovers and new grants amounting to $7,603 and $18,560 budgeted for a bond refunding.

- The total original expenditure budget of $207,179 was increased to $286,248, an increase of $79,069. In the community and economic development category, $7,603 was carried forward for on-going grants and budgeted for new grants. In the capital outlay category, $49,240 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects. In the debt service category an additional $18,560 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 $38,373 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 $6,957 of transfers not made, due to the not completed status of some capital projects.
- In the community and economic development expenditure category, $5,795 was not spent in special revenue funds and will be carried forward. In the capital outlay category, $69,954 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, $4,285 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 $67,483 was increased to $68,656, an increase of $1,173. In the intergovernmental revenue category, federal grants in the amount of $244, and state grants in the amount of $76, subsequent to original budget adoption are included as both revenues and expenditures.

- The total original expenditure budget of $67,762 was increased to $69,236, an increase of $1,474. Police forfeiture and seizure monies of $686 held as reserved General Fund balance at June 30, 2013 were included in amendments in order to authorize the expenditure during FY 2014. 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 $49. Culture and recreation expenditures were amended to include grants carried forward of $356 and new grants received as noted under the revenue discussion.

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

- The net change in the General Fund balance in FY 2014 was $1,703, a positive variance from the budgeted change ($952) of $751.

- 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, 2014.

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, 2014, amounts to $445,845 (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 City of Davenport's investment in capital assets almost stayed identical to last year. Business type activities accounted for the entire net increase. At June 30, 2014, and June 30, 2013 the depreciable capital assets of the City were 43% and 44%. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2014 include the following:

<u>Governmental activities</u>

- Street and road work completed by the City of $10,220 including $1,041 of full-depth patching, $4,181 of Veteran's Memorial Parkway extension, $3,230 East River Drive resurfacing, and $1,038 Tremont Avenue extension.
- Ferris Wheel at Modern Woodmen Stadium $1,708

<u>Business-type activities</u>

- Sanitary sewers built by City of Davenport $2,395
- Storm sewers built by City of Davenport $220
- Littig Area Detention Basin $877
- Digital Radio System $704
- Sewer TV Van $508

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	
	2014	2013	2014	2013	2014	2013
Land	$ 20,003	$ 20,003	$ 11,250	$ 11,250	$ 31,253	$ 31,253
Buildings	105,711	106,172	97,334	96,925	203,045	203,097
Improvements other than buildings	28,255	28,145	13,788	13,788	42,043	41,933
Sanitary sewers	-	-	117,543	69,306	117,543	69,306
Equipment and vehicles	41,403	38,749	34,030	34,161	75,433	72,910
Bridges	9,461	9,515	-	-	9,461	9,515
Traffic signals	8,503	8,503	-	-	8,503	8,503
Storm sewers	-	-	23,766	22,670	23,766	22,670
Paving	205,407	194,722	1,374	1,374	206,781	196,096
Seawalls	2,685	2,685	-	-	2,685	2,685
Tunnels	54	54	-	-	54	54
Construction in progress	11,617	15,529	11,513	46,393	23,130	61,922
Accumulated depreciation	(163,155)	(149,554)	(134,697)	(126,545)	(297,852)	(276,099)
Total	$ 269,944	$ 274,523	$ 175,901	$ 169,322	$ 445,845	$ 443,845

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of $200,100. Of this amount, $135,701 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	2014	2013	2014	2013	2014	2013
Bonds	$151,885	$161,460	$48,215	$43,605	$200,100	$205,065

The City of Davenport's total debt decreased by $4,965 during the current fiscal year. New debt issuance of $34,075 during the year was less than the debt retired of $39,040. There was a crossover refunding issues in FY 2014 and the City has investments in escrow accounts that will retire $11,785 of debt when it is callable in FY 2015. 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 85 percent of outstanding bonded debt scheduled for repayment in 10 years and 98 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 $307,269, which is significantly in excess of the City of Davenport's outstanding general obligation debt, $200,100, and other debt subject to the debt limitation of $5,487.

The City of Davenport maintains an AA- rating from Standard & Poor's, and an Aa3 rating from Moody's Investors Service for general obligation debt. This reflects an upgrade by Standard & Poor's from A. The upgrade by Standard & Poor's reflects an improvement of the city's liquidity position and the removal of potential enterprise risk in FY 2013. The downgrade by Moody's reflects the limited reserves and liquidity across all city funds, as well as their new local government obligation methodology.

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 3.6% annually over the last ten fiscal years. For FY 2014, taxable assessed valuations increased 1.7%. This was due to the addition of $112 million in residential property values and a decrease of $28 million in commercial and industrial values. This is exclusive of changes in utility values. The residential rollback increased from 50.7518% to 52.8166%.

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 through FY 2024.

Personnel costs represent one of the single largest categories of costs for the City. Employee benefits include funding for health claims, which have increased an average of 5.58% 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) to 30.41% in FY 2015. 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 were 1% in FY 2014 and will be 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, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets:			
Unrestricted current assets:			
Cash and investments	$ 20,157,197	$ 1,412,718	$ 21,569,915
Delinquent property taxes receivable	1,180,373	63,204	1,243,577
Succeeding year property taxes receivable	68,937,239	3,605,618	72,542,857
Other taxes receivable	3,433,123	-	3,433,123
Special assessments	1,140,451	-	1,140,451
Accounts receivable	1,527,260	9,430,653	10,957,913
Accrued interest receivable	26,053	5,060	31,113
Internal balances	4,778,617	(4,778,617)	-
Due from other governments	9,000,990	1,101,183	10,102,173
Inventory	-	119,242	119,242
Prepaid items	331,560	7,693	339,253
Loans receivable - net	1,770,800	-	1,770,800
Total unrestricted current assets	112,283,663	10,966,754	123,250,417
Restricted current assets:			
Cash and cash equivalents	58,827	-	58,827
Total current assets	112,342,490	10,966,754	123,309,244
Noncurrent assets:			
Investment in joint venture	-	434,151	434,151
Loans receivable - net	15,937,200	-	15,937,200
Restricted cash and cash equivalents	22,708,213	19,408,957	42,117,170
Restricted cash and investments - held in escrow	11,321,223	1,072,410	12,393,633
Capital assets:			
Land	20,002,931	11,250,241	31,253,172
Buildings	105,710,810	97,333,863	203,044,673
Improvements other than buildings	28,254,710	13,788,021	42,042,731
Sanitary sewers	-	117,542,619	117,542,619
Equipment and vehicles	41,403,457	34,029,798	75,433,255
Bridges	9,461,243	-	9,461,243
Traffic signals	8,502,673	-	8,502,673
Storm sewers	-	23,766,442	23,766,442
Streets and roads	205,406,879	1,374,009	206,780,888
Seawalls	2,685,289	-	2,685,289
Tunnels	54,326	-	54,326
Construction in progress	11,616,606	11,513,039	23,129,645
Accumulated depreciation	(163,155,630)	(134,696,703)	(297,852,333)
Total capital assets	269,943,294	175,901,329	445,844,623
Total noncurrent assets	319,909,930	196,816,847	516,726,777
Total assets	$ 432,252,420	$ 207,783,601	$ 640,036,021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	$ 7,741,822	$ 798,047	$ 8,539,869
Contracts payable	848,839	-	848,839
Accrued wages payable	1,366,331	292,026	1,658,357
Accrued compensated absences	4,224,672	601,271	4,825,943
Claims and judgments	4,121,719	-	4,121,719
Due to other governments	529	-	529
Accrued interest payable	524,389	190,034	714,423
General obligation bonds payable	15,862,260	4,437,740	20,300,000
Unearned revenue - other	10,591,856	89,491	10,681,347
Capital Lease Payable	-	91,025	91,025
Total	45,282,417	6,499,634	51,782,051
Current liabilities payable from restricted assets:			
Accounts payable	58,827	-	58,827
Deposits payable	-	813,669	813,669
Notes payable	13,440	514,000	527,440
Total current liabilities payable from restricted assets	72,267	1,327,669	1,399,936
Total current liabilities	45,354,684	7,827,303	53,181,987
Noncurrent liabilities:			
Accrued compensated absences	553,288	78,746	632,034
Claims and judgments	3,195,783	-	3,195,783
Other postemployment benefits	4,628,642	1,023,559	5,652,201
Note payable	297,351	13,693,982	13,991,333
General obligation bonds payable	140,604,200	46,398,521	187,002,721
Special assessment with government commitment	1,140,451	-	1,140,451
Capital Lease Payable	-	189,352	189,352
Total noncurrent liabilities	150,419,715	61,384,160	211,803,875
Total liabilities	195,774,399	69,211,463	264,985,862
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	68,937,239	3,605,618	72,542,857
Deferred amount on refunding	328,875	107,108	435,983
Other deferred inflows of resources	36,998	-	36,998
Total deferred inflows of resources	69,303,112	3,712,726	73,015,838
NET POSITION			
Net investment in capital assets	145,746,153	124,953,410	270,699,563
Restricted:			
Employee benefits	2,719,630	-	2,719,630
Tort Liability	1,433,279	-	1,433,279
Local option sales tax	4,466,397	-	4,466,397
Library	873,040	-	873,040
Police seizure	973,492	-	973,492
Debt retirement	16,614,527	-	16,614,527
Road use tax	496,696	-	496,696
Community development act	146,664	-	146,664
Municipal improvement districts	478,048	-	478,048
Revolving loans	1,041,456	-	1,041,456
Section 8	169,222	-	169,222
Home investment partnership projects	5	-	5
Levee improvement commission projects	142,953	-	142,953
Equipment replacement	-	4,610,003	4,610,003
Unrestricted (deficit)	(8,126,653)	5,295,999	(2,830,654)
Total net position	$ 167,174,909	$ 134,859,412	$ 302,034,321

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, 2014

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	$ 42,649,971	$ 2,780,989	$ 83,732	$ 68,000
Public works	26,439,948	4,089,579	10,612,749	8,332,393
Culture and recreation	13,285,572	593,369	603,762	9,567
Community and economic development	18,877,119	457,258	7,906,317	-
General government	10,261,218	4,546,069	459,838	-
Interest on long-term debt	6,101,313	-	-	-
Total governmental activities	117,615,141	12,467,264	19,666,398	8,409,960
Business-type activities:				
Parking system	1,935,914	1,418,539	-	(90,123)
Sewer operations	17,700,417	17,485,142	-	121,846
RiverCenter	3,031,575	1,823,924	-	-
Public transit	6,508,558	533,804	2,758,015	859,106
Public housing	1,314,883	424,386	620,196	-
Golf courses	1,791,523	1,517,159	-	-
Airport	611,884	187,444	-	1,895,900
Solid waste	5,388,789	5,349,669	-	-
Clean water	2,817,230	2,497,339	-	251,204
River's Edge	806,140	237,388	-	-
Total business-type activities	41,906,913	31,474,794	3,378,211	3,037,933
Total government	$ 159,522,054	$ 43,942,058	$ 23,044,609	$ 11,447,893

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

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

Net position, beginning

Net position, ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ (39,717,250)	$ -	$ (39,717,250)
(3,405,227)	-	(3,405,227)
(12,078,874)	-	(12,078,874)
(10,513,544)	-	(10,513,544)
(5,255,311)	-	(5,255,311)
(6,101,313)	-	(6,101,313)
(77,071,519)	-	(77,071,519)
-	(607,498)	(607,498)
-	(93,429)	(93,429)
-	(1,207,651)	(1,207,651)
-	(2,357,633)	(2,357,633)
-	(270,301)	(270,301)
-	(274,364)	(274,364)
-	1,471,460	1,471,460
-	(39,120)	(39,120)
-	(68,687)	(68,687)
-	(568,752)	(568,752)
-	(4,015,975)	(4,015,975)
(77,071,519)	(4,015,975)	(81,087,494)
61,120,041	-	61,120,041
8,489,044	-	8,489,044
-	3,646,576	3,646,576
15,840,748	-	15,840,748
2,277,032	-	2,277,032
2,938,969	-	2,938,969
1,176,460	618,220	1,794,680
17,355	61,731	79,086
52,581	545,287	597,868
(1,706,916)	1,706,916	-
90,205,314	6,578,730	96,784,044
13,133,795	2,562,755	15,696,550
154,041,114	132,296,657	286,337,771
$ 167,174,909	$ 134,859,412	$ 302,034,321

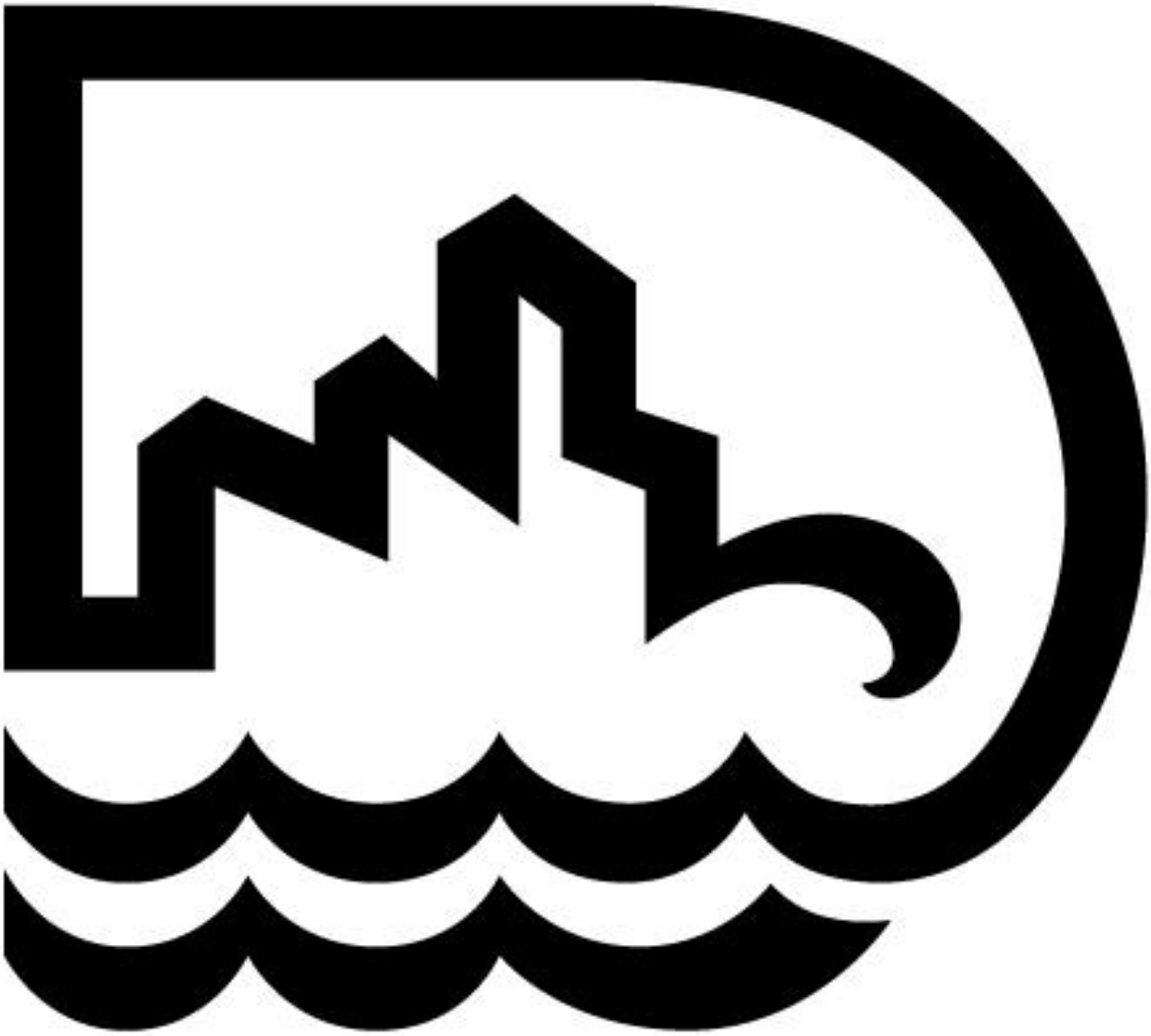
CITY OF DAVENPORT

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2014

	GENERAL FUND	LOCAL OPTION SALES TAX FUND
ASSETS		
Cash and investments	$ 10,516,041	$ 1,680,011
Receivables:		
Property taxes:		
Delinquent	960,927	-
Succeeding year	54,751,959	-
Other taxes	919,725	2,513,398
Accounts	666,939	21,267
Special assessments	-	34,196
Loans	-	2,417,847
Interest	4,158	-
Interfund receivable	4,886,446	-
Due from other governments	266,693	68,000
Prepaids	5,440	-
Restricted assets-cash and investments	-	-
Restricted investments - held in escrow	-	-
TOTAL ASSETS	$ 72,978,328	$ 6,734,719
LIABILITIES		
Wages payable	$ 1,121,478	$ 31,591
Accounts payable	1,576,143	132,944
Contracts payable		-
Payable from restricted assets	-	-
Interfund payable	4,969	2,070,551
Due to other governments	-	-
Unearned revenue	-	-
Note payable	-	-
Matured bonds payable	-	-
Matured interest payable	-	-
TOTAL LIABILITIES	2,702,590	2,235,086
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - succeeding year property tax	54,751,959	-
Unavailable revenue - intergovernmental and special assessments	203,264	33,236
TOTAL DEFERRED INFLOWS OF RESOURCES	54,955,223	33,236
FUND BALANCES		
Nonspendable	$ 5,440	$ -
Restricted	5,999,441	4,466,397
Committed	-	-
Assigned	778,856	-
Unassigned	8,536,778	-
TOTAL FUND BALANCES	15,320,515	4,466,397
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 72,978,328	$ 6,734,719

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
$ 267,461	$ 18,046,379	$ 3,861,520	$ 34,371,412
146,095	-	73,351	1,180,373
8,418,523	-	5,766,757	68,937,239
-	-	-	3,433,123
152,995	646,662	20,562	1,508,425
1,106,255	-	-	1,140,451
-	-	15,290,153	17,708,000
13,461	-	3,351	20,970
1,508,038	1,395,506	-	7,789,990
-	6,946,623	1,719,674	9,000,990
-	-	5,868	11,308
-	-	58,827	58,827
11,321,223	-	-	11,321,223
$ 22,934,051	$ 27,035,170	$ 26,800,063	$ 156,482,331
$ -	$ 5,066	$ 170,868	$ 1,329,003
-	4,812,285	1,099,295	7,620,667
-	848,839	-	848,839
-	-	58,827	58,827
-	-	421,902	2,497,422
-	-	529	529
-	-	10,591,856	10,591,856
-	310,791	-	310,791
20,000	-	-	20,000
3,381	-	-	3,381
23,381	5,976,981	12,343,277	23,281,315
8,418,523	-	5,766,757	68,937,239
1,107,392	5,893,795	3,329,374	10,567,061
9,525,915	5,893,795	9,096,131	79,504,300
$ -	$ -	5,868	$ 11,308
13,384,755	15,164,394	4,514,539	43,529,526
-	-	1,184,409	1,184,409
-	-	-	778,856
-	-	(344,161)	8,192,617
13,384,755	15,164,394	5,360,655	53,696,716
$ 22,934,051	$ 27,035,170	$ 26,800,063	$ 156,482,331



CITY OF DAVENPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total governmental fund balances	$ 53,696,716
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.	266,005,494
Assets are not available to pay for current-period expenditures are reported as a deferred inflow of resources in governmental funds.	10,530,063
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.	5,039,006
Internal service funds activities allocated to business-type activities	(513,951)
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	(4,644,153)
Accrued interest payable	(521,008)
General Obligation bonds payable and special assessments	(157,915,786)
Other post employment benefits	(4,501,472)
	(167,582,419)
Net position of governmental activities	$ 167,174,909

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

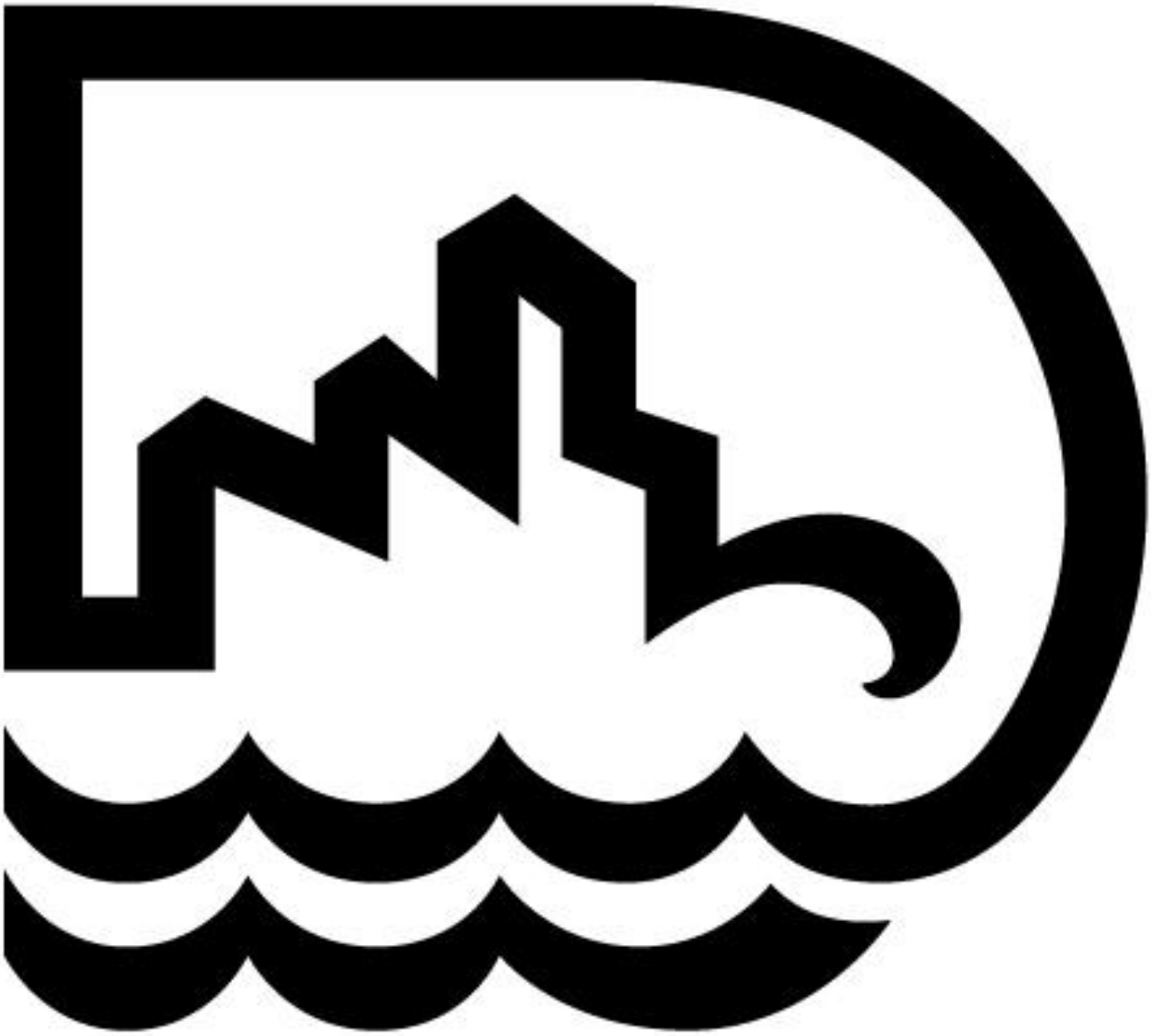
CITY OF DAVENPORT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2014

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	$ 60,207,114	$ 15,840,749	$ 8,483,333	$ -
Special assessments	-	7,473	40,580	48,192
Licenses and permits	1,679,731	-	-	-
Intergovernmental	1,159,513	68,000	-	6,093,323
Charges for services	3,951,785	99,834	-	-
Use of monies and property	308,668	162,167	291,212	40,194
Fines and forfeits	1,931,967	-	-	-
Loan repayments	-	-	-	86,240
Other	396,986	-	1,001,538	1,093,761
Total Revenues	69,635,764	16,178,223	9,816,663	7,361,710
EXPENDITURES:				
Current:				
Public safety	40,772,552	375,150	-	-
Public works	4,758,575	1,538,462	-	-
Culture and recreation	11,213,507	68,206	-	-
Community and economic development	1,310,626	236,023	-	-
General government	8,639,508	77,685	6,300	-
Capital outlay	-	-	-	15,247,456
Debt service:				
Principal retirement	-	-	32,885,160	-
Interest	-	-	5,374,352	-
Bond issuance costs	-	-	72,385	177,273
Total Expenditures	66,694,768	2,295,526	38,338,197	15,424,729
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,940,996	13,882,697	(28,521,534)	(8,063,019)
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	14,850,000
Premium on debt issued	-	-	2,370,295	-
Sale of capital assets	-	17,355	-	-
Transfers in	341,650	-	9,504,449	1,819,063
Transfers out	(1,579,236)	(11,758,352)	-	(100,224)
Refunding bond issuance	-	-	10,335,000	-
Total Other Financing Sources (Uses)	(1,237,586)	(11,740,997)	22,209,744	16,568,839
NET CHANGE IN FUND BALANCES	1,703,410	2,141,700	(6,311,790)	8,505,820
FUND BALANCES -BEGINNING	13,617,105	2,324,697	19,696,545	6,658,574
FUND BALANCES - ENDING	$ 15,320,515	$ 4,466,397	$ 13,384,755	$ 15,164,394

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

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 5,890,751	$ 90,421,947
-	96,245
70,021	1,749,752
18,209,976	25,530,812
-	4,051,619
374,219	1,176,460
-	1,931,967
979,050	1,065,290
1,616,143	4,108,428
27,140,160	130,132,520
69,148	41,216,850
11,260,754	17,557,791
-	11,281,713
12,307,014	13,853,663
97,226	8,820,719
-	15,247,456
1,874,625	34,759,785
726,961	6,101,313
-	249,658
26,335,728	149,088,948
804,432	(18,956,428)
-	14,850,000
35,301	2,405,596
-	17,355
361,393	12,026,555
(349,602)	(13,787,414)
-	10,335,000
47,092	25,847,092
851,524	6,890,664
4,509,131	46,806,052
$ 5,360,655	$ 53,696,716



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, 2014

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

Net change in fund balances: total governmental funds	$	6,890,664
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		9,553,526
Depreciation		(14,178,643)
		(4,625,117)
The following is the detail of various miscellaneous transactions involving capital assets which effect the increase/decrease in assets in the current period.		
Loss on disposal of capital assets		(384,062)
Proceeds from sale of capital assets		(17,355)
		(401,417)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,305,977
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)		(8,043,928)
Repayment of bond principal		16,024,785
Interest		(4,082)
		7,976,775
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.		(921,766)
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.		1,908,679
Change in net position of governmental activities	$	13,133,795

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

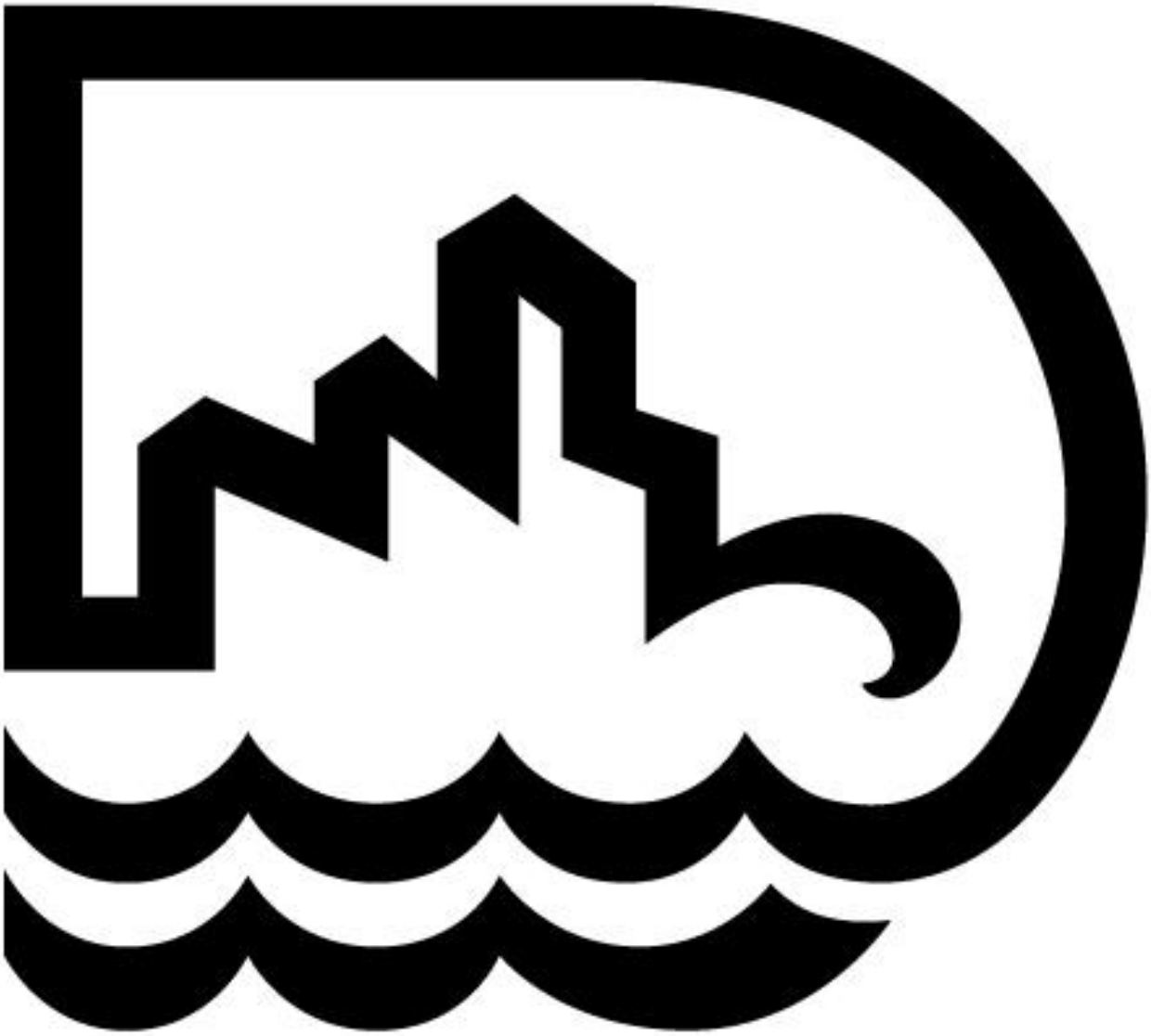
CITY OF DAVENPORT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2014

	BUSINESS-TYPE ACTIVITIES -	
ASSETS	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	$ -	$ -
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	94,751	5,333,702
Interest	-	4,472
Due from other governments	-	248,336
Inventory		-
Prepaids	-	2,264
Total current assets	94,751	5,588,774
Noncurrent assets:		
Investment in joint venture	-	-
Restricted cash and cash equivalents	-	15,936,506
Restricted investments - held in escrow	-	1,072,410
Capital assets:		
Land	3,647,368	779,435
Buildings	26,238,949	35,458,767
Improvements other than buildings	189,547	141,111
Sanitary sewers	-	117,542,619
Paving	1,140,885	
Equipment and vehicles	707,848	19,386,509
Storm sewers	-	-
Less accumulated depreciation	(10,404,587)	(75,175,759)
Construction in progress	28,461	7,557,661
Total noncurrent assets	21,548,471	122,699,259
Total assets	21,643,222	128,288,033
LIABILITIES		
LIABILITIES:		
Current liabilities:		
Wages payable	8,377	111,010
Accounts payable	40,212	181,973
Capital leases payable	-	91,025
Accrued interest payable	16,713	158,349
Compensated absences	10,360	318,511
Claims and judgments	-	-
Interfund loans payable	347,398	2,200,129
Unearned revenue	-	-
Note payable - current	-	514,000
General obligation bonds - current	636,850	3,177,450
Deposits payable	-	778,953
Total current liabilities	1,059,910	7,531,400
Noncurrent liabilities:		
Capital leases payable	-	189,352
Compensated absences	1,357	41,714
Claims and judgments	-	-
Other postemployment benefits	31,467	435,723
Note payable	-	13,693,982
General obligation bonds -long term	5,150,950	36,972,508
Total noncurrent liabilities	5,183,774	51,333,279
Total liabilities	6,243,684	58,864,679
DEFERRED INFLOWS OF RESOURCES		
Succeeding year property tax	-	-
Deferred amount on refunding	69,991	34,525
Total deferred inflows of resources	69,991	34,525
NET POSITION		
Net investment in capital assets	15,690,680	62,063,575
Restricted for equipment replacement	-	4,610,003
Unrestricted (deficit)	(361,133)	2,715,251
Total net position	$ 15,329,547	$ 69,388,829

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
$ -	$ 690,164	$ 722,554	$ 1,412,718	$ 8,493,998
-	-	63,204	63,204	-
-	-	3,605,618	3,605,618	-
810,970	816,531	2,374,699	9,430,653	18,835
-	245	343	5,060	5,083
-	-	-	248,336	-
22,239	-	97,003	119,242	-
2,633	2,796	852,847	860,540	320,252
835,842	1,509,736	7,716,268	15,745,371	8,838,168
-	-	434,151	434,151	-
-	1,229,060	2,243,391	19,408,957	-
-	-	-	1,072,410	-
2,472,550	204,051	4,146,837	11,250,241	-
18,891,978	-	16,744,169	97,333,863	-
59,147	316,520	13,081,696	13,788,021	2,601,753
		-	117,542,619	-
84,121		149,003	1,374,009	
696,573	1,095,077	12,143,791	34,029,798	4,586,317
-	23,766,442	-	23,766,442	-
(10,999,901)	(11,606,124)	(26,510,332)	(134,696,703)	(3,299,760)
-	640,772	3,286,145	11,513,039	49,490
11,204,468	15,645,798	25,718,851	196,816,847	3,937,800
12,040,310	17,155,534	33,435,119	212,562,218	12,775,968
1,032	22,099	149,508	292,026	37,328
153,435	19,426	403,001	798,047	121,155
-	-	-	91,025	-
-	6,461	8,511	190,034	-
980	55,515	215,905	601,271	118,312
-	-	-	-	4,121,719
166,542	4,555	2,573,944	5,292,568	-
73,720	-	15,771	89,491	-
-	-	-	514,000	-
-	153,000	470,440	4,437,740	-
-	-	34,716	813,669	-
395,709	261,056	3,871,796	13,119,871	4,398,514
-	-	-	189,352	-
128	7,270	28,277	78,746	15,495
-	-	-	-	3,195,783
3,721	71,773	480,875	1,023,559	127,170
-	-	-	13,693,982	-
-	2,212,947	2,062,116	46,398,521	-
3,849	2,291,990	2,571,268	61,384,160	3,338,448
399,558	2,553,046	6,443,064	74,504,031	7,736,962
-	-	3,605,618	3,605,618	-
-	-	2,592	107,108	-
-	-	3,608,210	3,712,726	-
11,204,468	13,279,851	22,714,836	124,953,410	3,937,800
-	-	-	4,610,003	-
436,284	1,322,637	669,009	4,782,048	1,101,206
$ 11,640,752	$ 14,602,488	$ 23,383,845	$ 134,345,461	$ 5,039,006



CITY OF DAVENPORT
RECONCILIATION OF ENTERPRISE FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total enterprise funds net position	$ 134,345,461
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.	536,061
Adjustments fo reflect the consolidation of prior years internal service fund activities related to enterprise funds.	(22,110)
Net position of business-type activities	$ 134,859,412

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

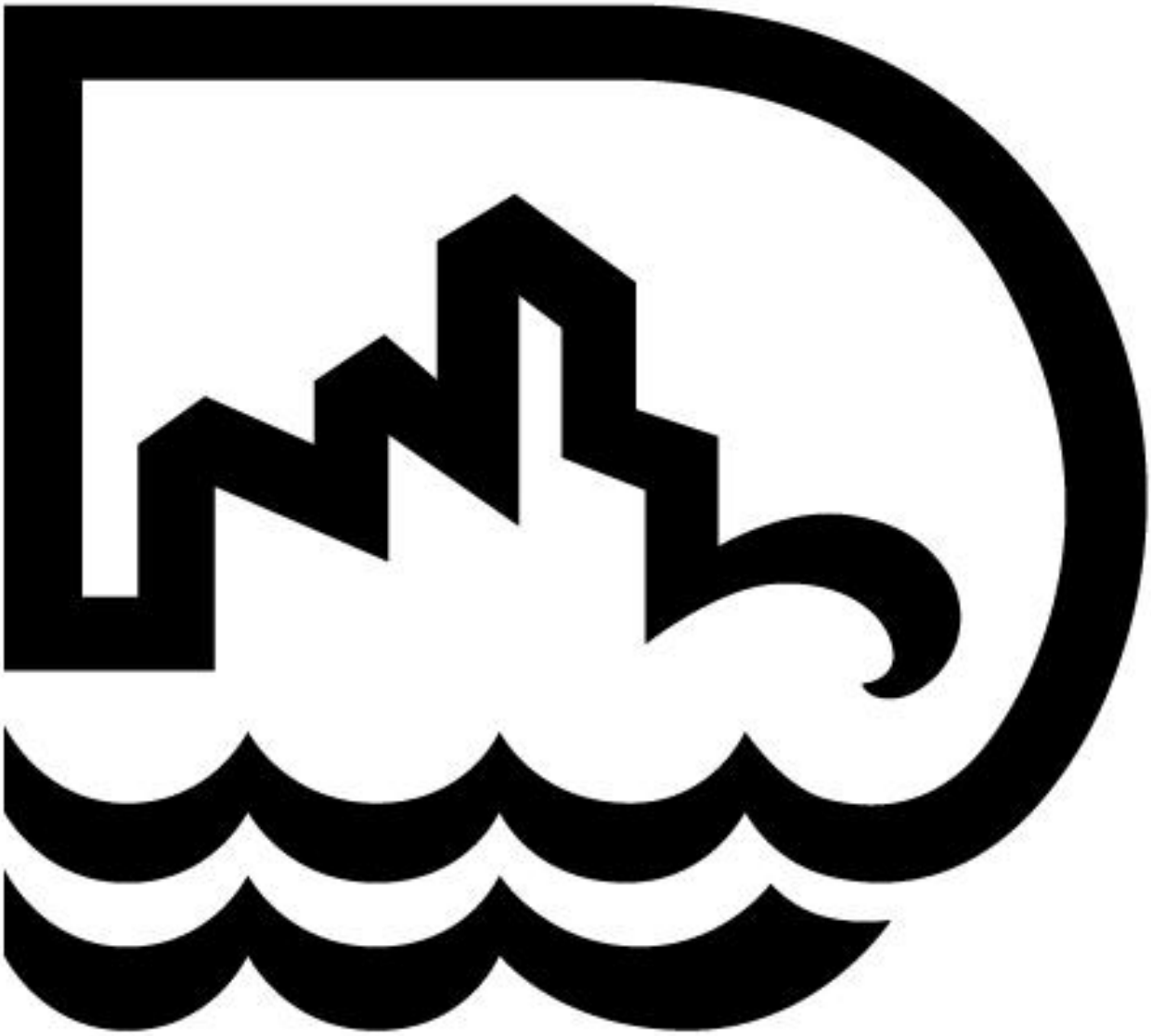
CITY OF DAVENPORT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES -		
	PARKING SYSTEM	SEWER OPERATIONS	RIVERCENTER
OPERATING REVENUES:			
Charges for services	$ 1,342,889	$ 17,485,142	$ 1,823,924
Fines and forfeits	75,650	-	-
Other	826	333,515	72,694
Total Operating Revenues	1,419,365	17,818,657	1,896,618
OPERATING EXPENSES:			
Employee expenses	376,312	6,155,493	52,799
Supplies and services	627,681	6,550,565	2,441,841
Depreciation	753,777	4,945,163	548,171
Total Operating Expenses	1,757,770	17,651,221	3,042,811
OPERATING INCOME (LOSS)	(338,405)	167,436	(1,146,193)
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Non-operating grants	-	-	-
Use of monies and property	20,237	74,306	-
Interest expense	(206,012)	(264,129)	-
Gain (loss) on disposition of capital assets	-	14,778	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	(185,775)	(175,045)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(524,180)	(7,609)	(1,146,193)
Capital contributions	-	(90,123)	121,846
Transfers in	500,000	-	607,178
Transfers out	-	(220,524)	-
Change in net position	(24,180)	(318,256)	(417,169)
Total net postion - beginning	15,353,727	69,707,085	12,057,921
Total net position - ending	$ 15,329,547	$ 69,388,829	$ 11,640,752

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
$ 2,497,339	$ 8,249,850	$ 31,399,144	$ 19,917,238
-	-	75,650	-
32,631	105,621	545,287	1,405,207
2,529,970	8,355,471	32,020,081	21,322,445
1,212,596	6,724,541	14,521,741	1,892,829
645,726	7,891,661	18,157,474	17,451,042
931,623	2,007,163	9,185,897	451,206
2,789,945	16,623,365	41,865,112	19,795,077
(259,975)	(8,267,894)	(9,845,031)	1,527,368
-	3,646,576	3,646,576	-
-	3,378,211	3,378,211	-
7,294	516,383	618,220	16,645
(57,713)	(40,958)	(568,812)	-
45,278	1,675	61,731	-
-	(9,050)	(9,050)	-
(5,141)	7,492,837	7,126,876	16,645
(265,116)	(775,057)	(2,718,155)	1,544,013
251,204	2,755,006	3,037,933	846,784
-	820,262	1,927,440	220,524
	-	(220,524)	(166,581)
(13,912)	2,800,211	2,026,694	2,444,740
14,616,400	20,583,634	132,318,767	2,594,266
$ 14,602,488	$ 23,383,845	$ 134,345,461	$ 5,039,006



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, 2014

Net change in net position in enterprise funds	$	2,026,694
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.		536,061
Change in net position of business-type activities	$	2,562,755

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	$ 1,389,627	$ 17,210,978
Cash paid to suppliers for goods and services	(599,648)	(6,240,650)
Cash paid to employees for services	(371,626)	(6,009,162)
Other operating revenue	826	333,515
Net Cash Provided by (Used for) Operating Activities	419,179	5,294,681
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayments to other funds	(448,592)	(1,537,580)
Advances from other funds	347,398	2,200,129
Grants	-	-
Property tax	-	-
Transfers in	500,000	-
Transfers out	-	(220,524)
Net Cash Provided by (Used for) Non-Capital Financing Activities	398,806	442,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from general obligation bonds	-	6,830,000
Proceeds from loan	-	4,624,820
Refunding discount/issue costs and premiums	(8,882)	(31,600)
Proceeds from the sale of capital assets	-	28,900
Acquisition and construction of capital assets	-	(11,237,142)
Principal paid on long-term debt	(622,025)	(3,193,365)
Interest paid on long-term debt	(207,315)	(1,247,491)
Deposits-other municipalities	-	(91,179)
Refunding bond proceeds	-	615,000
Net Cash Provided by (Used for) Capital and Related Financing Activities	(838,222)	(3,702,057)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	(908,280)
Interest and other investment income	20,237	69,834
Net Cash provided by (used for) Investing Activities	20,237	(838,446)
Net Increase (Decrease) in Cash and Cash Equivalents	-	1,196,203
CASH AND CASH EQUIVALENTS-BEGINNING	-	14,740,303
CASH AND CASH EQUIVALENTS-ENDING	$ -	$ 15,936,506

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
$ 1,767,790	$ 2,425,592	$ 7,457,967	$ 30,251,954	$ 20,515,248
(2,357,515)	(647,399)	(7,873,204)	(17,718,416)	(17,582,036)
(52,362)	(1,179,760)	(6,576,388)	(14,189,298)	(1,857,578)
72,694	32,631	105,621	545,287	1,405,207
(569,393)	631,064	(6,886,004)	(1,110,473)	2,480,841
(194,323)	(113,671)	(3,441,190)	(5,735,356)	(6,536)
166,543	4,555	2,573,943	5,292,568	-
-	-	3,378,211	3,378,211	-
-	-	3,646,576	3,646,576	-
607,178	-	820,262	1,927,440	220,524
-	-	-	(220,524)	(166,581)
579,398	(109,116)	6,977,802	8,288,915	47,407
-	-	1,445,000	8,275,000	-
-	-	-	4,624,820	-
-	(21,967)	103,058	40,609	-
-	50,600	1,675	81,175	-
(10,005)	(283,553)	(199,646)	(11,730,346)	(51,638)
-	(155,000)	(314,825)	(4,285,215)	-
-	(63,407)	(35,836)	(1,554,049)	-
-	-	-	(91,179)	-
-	-	-	615,000	-
(10,005)	(473,327)	999,426	(4,024,185)	(51,638)
-	-	-	(908,280)	-
-	7,049	516,040	613,160	11,562
-	7,049	516,040	(295,120)	11,562
-	55,670	1,607,264	2,859,137	2,488,172
-	1,863,554	1,358,681	17,962,538	6,005,826
$ -	$ 1,919,224	$ 2,965,945	$ 20,821,675	$ 8,493,998

(continued)

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income (Loss)	$ (338,405)	$ 167,436
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	753,777	4,945,163
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(28,912)	(302,324)
Decrease in due from other governments	-	28,160
Decrease (increase) in inventory and prepaids	-	(2,264)
Increase (decrease) in accounts payable	28,033	312,179
Increase in other accrued liabilities	4,686	146,331
Increase (decrease) in unearned revenue	-	-
Total Adjustments	757,584	5,127,245
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 419,179	$ 5,294,681
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Acquisition of capital assets through capital contributions	$ -	$ (90,123)
Contribution of capital assets by municipality	-	549,706
Contribution of capital assets by state and federal governments	-	(459,583)
Capitalized interest	-	1,011,127

ENTERPRISE FUNDS				
RIVERCENTER	CLEANWATER	TOTAL NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
$ (1,146,193)	$ (259,975)	$ (8,267,894)	$ (9,845,031)	$ 1,527,368
548,171	931,623	2,007,163	9,185,897	451,206
(46,711)	(71,747)	(130,096)	(579,790)	598,010
-	-	(663,801)	(635,641)	-
11,047	(2,796)	(97,003)	(91,016)	(23,184)
73,279	1,123	115,460	530,074	(107,810)
437	32,836	148,153	332,443	35,251
(9,423)	-	2,014	(7,409)	-
576,800	891,039	1,381,890	8,734,558	953,473
$ (569,393)	$ 631,064	$ (6,886,004)	$ (1,110,473)	$ 2,480,841
$ 121,846	$ 251,204	$ 2,755,006	$ 3,037,933	$ 846,784
(121,846)	(221,204)	(633,833)	(427,177)	(846,784)
-	(30,000)	(2,121,173)	(2,610,756)	-
-	4,783	-	1,015,910	-

CITY OF DAVENPORT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014

	AGENCY FUNDS
ASSETS	
Cash and investments	$ 431,329
Interest receivable	267
Total assets	$ 431,596
LIABILITIES	
Accounts payable	$ 10,343
Due to other governments	421,253
Total liabilities	$ 431,596

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

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

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

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 $1,374,453 in maintenance fees during the fiscal year ended June 30, 2014. 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 when levied, local option sales tax, intergovernmental revenues and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Licenses and permits, fines and forfeits, charges for services, 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, 2014 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2013.

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, 2014 was $16.78 per $1,000 of assessed valuation.

I. Loans Receivable

Loans receivable consist of $4,237,973 of financing provided to companies that are beginning operations. The remaining $13,470,027 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 $3,641,196 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, 2014: unexpended general obligation bond proceeds and other funds

restricted to capital outlay of $9,699,287, deposits and equipment replacements of $6,237,219 in the Sewer Enterprise Fund, $1,229,060 of unexpended bond proceeds in the Clean Water Enterprise Fund; $1,958,675 of unexpended bond proceeds in the Solid Waste Enterprise Fund; $250,000 of unexpended bond proceeds in the Public Housing Fund, security deposits of $34,716 in the Public Housing Fund, and loan escrow payments of $58,827 in the Community Development Act Special Revenue Fund. In governmental activities, there is also $22,708,213 of unexpended general obligation proceeds restricted to capital outlay. In addition, $11,321,223 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 $1,011,127 in the Sewer Operations Fund and $4,783 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 deferred inflows 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 remain under the modified accrual basis of accounting. The property tax revenues will become a revenue 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 $9,699,287, $1,958,675, $1,229,060 and $250,000 respectively. Unspent debt proceeds for the Capital Projects Fund were $22,708,213. 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 $2,719,630 for employee benefits; $1,433,279 for tort liability; $4,466,397 for local option sales tax; $873,040 for library; $16,614,527 for debt service; $496,696 for road use tax and $478,048 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. The prepaid items reflect the consumption method.

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 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 $63,863,005 and the bank balances were $65,047,388. As of June 30, 2014, 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. The City does not have a formal deposit policy for custodial credit risk.

At June 30, 2014, 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)	$ 128,084	November 30, 2014	AA+
State and Local Government Securities (SLGS)	$ 12,132,037	May 31, 2015	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 $414,301 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:

	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major governmental Funds	Parking Fund	RiverCenter Fund	Non-major proprietary Funds	Risk Internal Service Fund	**Total transfer**
Transfer out:									
General Fund	$ -	$ -	$ 36,627	$ 215,169	$ -	$ 607,178	$ 720,262	$ -	$ 1,579,236
Local Option Sales Tax Fund	-	9,504,449	1,607,903	46,000	500,000	-	100,000	-	11,758,352
Capital Project Fund	-	-	-	100,224	-	-	-	-	100,224
Sewer Fund	-	-	-	-	-	-	-	220,524	220,524
Risk Internal Service Fund	14,150	-	152,431	-	-	-	-	-	166,581
Other non-major governmental funds	327,500	-	22,102	-	-	-	-	-	349,602
Total Transfer	$341,650	$9,504,449	$1,819,063	$ 361,393	$500,000	$ 607,178	$ 820,262	$220,524	$14,174,519

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, 2014, interfund receivables and payables are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Non-major Governmental Funds	$ 421,902
	Sewer Fund	1,376,660
	RiverCenter Fund	166,542
	Parking Fund	347,398
	Non-major Proprietary Funds	2,573,944
General Debt Service	Local Option Sales Tax Fund	1,508,038
Capital Projects	Clean Water Fund	4,555
	Sewer Fund	823,469
	General Fund	4,969
	Local Option Sales Tax Fund	562,513
		$ 7,789,990

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 30,2014:

	BEGINNING BALANCE 06/30/13	ADDITIONS	DELETIONS	ENDING BALANCE 06/30/14
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	$ 20,002,931	$ -	$ -	$ 20,002,931
Construction in progress	15,529,290	8,048,422	(11,961,106)	11,616,606
Total capital assets, not being depreciated	35,532,221	8,048,422	(11,961,106)	31,619,537
Capital assets being depreciated				
Buildings	106,171,714	322,685	(783,589)	105,710,810
Improvements other than buildings	28,144,924	109,786	-	28,254,710
Equipment and vehicles	38,748,879	3,300,929	(646,351)	41,403,457
Bridges	9,515,356	240,520	(294,633)	9,461,243
Traffic Signals	8,502,673	-	-	8,502,673
Streets and roads	194,721,534	10,390,712	294,633	205,406,879
Seawalls	2,685,289	-	-	2,685,289
Tunnels	54,326	-	-	54,326
Total capital assets being depreciated	388,544,695	14,364,632	(1,429,940)	401,479,387
Less accumulated depreciation for:				
Buildings	32,783,291	2,707,934	(571,767)	34,919,458
Improvements other than buildings	10,508,197	1,487,825	11,351	12,007,373
Equipment and vehicles	26,546,381	2,734,360	(468,107)	28,812,634
Bridges	2,564,522	257,454	(12,432)	2,809,544
Traffic signals	5,682,214	247,755	-	5,929,969
Streets and roads	71,250,964	7,107,483	12,432	78,370,879
Seawalls	200,402	84,322	-	284,724
Tunnels	18,333	2,716	-	21,049
Total accumulated depreciation	149,554,304	14,629,849	(1,028,523)	163,155,630
Total capital assets being depreciated, net	238,990,391	(265,217)	(401,417)	238,323,757
Governmental activities capital assets, net	$ 274,522,612	$ 7,783,205	$ (12,362,523)	$ 269,943,294
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Land	$ 11,250,241	$ -	$ -	$ 11,250,241
Construction in progress	46,392,719	12,346,649	(47,226,329)	11,513,039
Total capital assets not being depreciated	57,642,960	12,346,649	(47,226,329)	22,763,280
Capital assets, being depreciated:				
Buildings	96,925,051	408,812	-	97,333,863
Improvements other than buildings	13,788,021	-	-	13,788,021
Equipment and vehicles	34,161,392	922,104	(1,053,698)	34,029,798
Sanitary sewer	69,306,285	48,236,334	-	117,542,619
Storm Sewer	22,669,823	1,096,619	-	23,766,442
Streets and roads	1,374,009	-	-	1,374,009
Total capital assets being depreciated	238,224,581	50,663,869	(1,053,698)	287,834,752
Less accumulated depreciation for:				
Buildings	48,569,870	2,784,569	-	51,354,439
Improvements other than buildings	7,753,334	526,032	-	8,279,366
Equipment and vehicles	23,884,727	2,089,275	(1,034,255)	24,939,747
Sanitary sewer	36,246,337	2,978,261	-	39,224,598
Storm sewer	9,971,645	760,277	-	10,731,922
Streets and roads	119,148	47,483	-	166,631
Total accumulated depreciation	126,545,061	9,185,897	(1,034,255)	134,696,703
Total capital assets,being depreciated, net	111,679,520	41,477,972	(19,443)	153,138,049
Business-type activities capital assets, net	$ 169,322,480	$ 53,824,621	$ (47,245,772)	$ 175,901,329

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

Governmental activities:	
General government	$ 647,989
Community & economic development	25,980
Public works	8,817,034
Public safety	1,797,232
Culture & recreation	2,890,408
Internal service assets are charged to the various functions based on their usage of the assets	451,206
Total depreciation expense-governmental activities	$14,629,849
Business-type activities:	
Parking systems	$ 753,777
Sewer operations	4,945,163
RiverCenter	548,171
Public transit	567,449
Public housing	316,697
Golf courses	194,378
Airport	359,767
Solid Waste	461,379
Clean Water Utility	931,623
Rivers Edge	107,493
Total depreciation expense-business-type activities	$ 9,185,897

The City has active construction projects as of June 30, 2014. The projects include street construction and improvements, sanitary sewer and water pollution control plant improvements, parks, city wide beautification, and public buildings. At the year end the City's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
Streets/Improvements	$ 12,608,919	$ 5,784,923
Sanitary Sewer/WPCP	12,018,416	2,986,470
Parks	596,301	265,267
Public Buildings	2,329,607	7,608,401
Total	$ 27,553,243	$ 16,645,061

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

The City had no significant encumbrances as of June 30, 2014.

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 5.95% of their annual covered salary and the City is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were $2,667,158, $2,567,903, and $2,514,056 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, 2014, 2013 and 2012 were 30.12%, 26.12%, and 24.76%. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2014, 2013 and 2012 were $6,291,856, $5,329,969, and $5,320,594, 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, 2014, 2013 and 2012 were $1,912,655, $1,901,498, and $1,811,869 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 $248,629 as of June 30, 2014.

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, 2014 was $185,522.

A summary of the latest available financial information for the QCGPG as of June 30, 2014, and for the year then ended is as follows:

Total assets	$920,273
Total liabilities	$479,142
Total equity	$441,131
Total revenue	$5,320,962
Total expenses	$5,321,112
Net change in fund equity	$(150)

The City uses the equity method of accounting for these investments. At June 30, 2014, this amounted to $434,151 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, 2014 (numbers shown in thousands):

Governmental Activities:	Balance June 30,2013	Additions	Retirements	Balance June 30,2014	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 160,261	$ 25,185	$ (34,701)	$ 150,745	$ 15,862
Special Assessment Debt	1,199	-	(59)	1,140	-
Premium on issuance	4,025	2,405	(709)	5,721	-
Total Bonds Payable	165,485	27,590	(35,469)	157,606	15,862
Other post employment benefits payable	3,564	1,065	-	4,629	-
Compensated Absences	4,894	4,831	(4,947)	4,778	4,225
Note Payable	311	-	-	311	13
	$ 174,254	$ 33,486	$ (40,416)	$ 167,324	$ 20,100
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	$ 43,605	$ 8,890	$ (4,280)	$ 48,215	$ 4,438
Premium on issuance	2,329	641	(348)	2,622	-
Total Bonds Payable	45,934	9,531	(4,628)	50,837	4,438
Compensated Absences	635	1,270	(1,225)	680	601
Other post employment benefits payable	790	233	-	1,023	-
Capital lease	-	508	(228)	280	91
Note Payable	9,798	4,625	(215)	14,208	514
	$ 57,157	$ 16,167	$ (6,296)	$ 67,028	$ 5,644

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 $133,807 of internal service funds compensated absences and $127,170 of other post-employment benefits are included in the above amounts. 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, 2014, is comprised of the following individual issues:

		Outstanding Balance June 30, 2014 (in thousands of dollars)
A.	Matured bonds not presented for payment.	$ 20
B.	$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).	425
C.	$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).	6,860
D.	$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).	660
E.	$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.	6,410
F.	$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).	2,365
G.	$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).	10,165

H.	$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).	5,730
I.	$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.	8,645
J.	$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).	12,860
K.	$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).	5,980
L.	$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).	2,660
M.	$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).	22,875
N.	$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).	3,175
O.	$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).	24,520

P.	$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).	3,820
Q.	$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).	9,535
R.	$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
S.	$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	1,605
T.	$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).	18,970
U.	$23,125,000 2014A General Obligation Streets, Sewers, Buildings, Solid Waste, Public Housing, Tax Increment Financing, Equipment and Refunding serial bonds due in annual installments of $1,030,000 to $1,825,000 through June 1, 2029; interest at 3.0 to 5.0 percent ($330,000, $6,465,000, $1,315,000 and $130,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund, Solid Waste Enterprise Fund and Public Housing Enterprise Fund, respectively).	23,125
V.	$10,950,000 Crossover Refunding of $5,990,000 of General Obligation Bonds, Series 2007A maturing June 1, 2016 through 2023, $5,795,000 of General Obligation Bonds, Series 2008C maturing June 1, 2016 through 2023 due in annual installments of $765,000 to $1,755,000 through June 1, 2023; interest at 3.0% to 5.0% ($980,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund).	10,950
	Total general obligation bonds and special assessment debt	200,100
	General obligation bonds serviced by Enterprise Funds	(48,215)
	General obligation bonds and special assessment debt reported in Governmental Activities	$ 151,885

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 $48,214,720. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of $1,258,511. The debt to be abated by municipal improvement district taxes is accounted for in the governmental activities in the amount of $456,225. 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, 2014, the statutory limit for the City was $307,269,293 providing a debt margin of $101,681,943.

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 June 30, 2014, 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
2015	222,000	281,250
2016	229,000	274,590
2017	237,000	267,720
2018	244,000	260,610
2019	252,000	253,290
2020 – 2024	1,391,000	1,147,830
2025 – 2029	1,633,000	925,170
2030 – 2034	1,916,000	663,750
2035 – 2039	2,247,000	357,150
2040 – 2041	1,004,000	45,420
	$ 9,375,000	$ 4,476,780

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 6/30/14, the City had drawn $4,832,982. 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
2015	292,000	122,686
2016	297,000	118,877
2017	303,000	113,680
2018	309,000	108,377
2019	316,000	102,970
2020-2024	1,676,000	429,730
2025-2029	1,850,000	277,095
2030-2034	2,042,000	108,658
	$ 7,085,000	$ 1,382,073

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
2015	$ 13,440	$ 4,662
2016	27,489	8,716
2017	28,320	7,885
2018	29,175	7,029
2019	30,057	6,147
2020-2023	182,310	16,815
	$ 310,791	$ 51,254

On March 5, 2014 the City issued $10,950,000 of its General Obligation Refunding Bonds with an average coupon rate of 4.54% to crossover refund $5,990,000 of its General Obligation Bonds dated 2007 with an average coupon rate of 4% and $5,795,000 of its General Obligation Bonds dated 2008 with an average coupon rate of 4.20% . These proceeds are for the future debt service payments of the 2014B Bonds until the crossover date of June 1, 2015. The transactions, balances and liabilities of the escrow account are recorded by the City since the refunded debt Series 2007A and 2008C are not considered extinguished as of June 30, 2014. The City refunded these bonds to reduce its total debt service payments through 2023 by $823,519 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of $752,378.

Also on March 5, 2014, the city issued a current refunding of $365,000 with an average coupon rate of 3% to refund $385,000 of its General Obligation Bonds dated 12/28/2006 with an average coupon rate of 3.65%. The City refunded these bonds to reduce its total debt service payments over the next 3 years by $24,041 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new) of $22,743.

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 bonds payable are as follows:

Year Ending June 30	Governmental Activities General Obligation Bonds and Special Assessments		Business-type Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	15,842	6,004	4,438	1,798
2016	17,360	5,271	4,560	1,590
2017	15,497	4,693	4,608	1,449
2018	14,846	4,131	4,314	1,302
2019	13,826	3,576	4,234	1,159
2020-2024	52,399	10,316	17,746	3,445
2025-2029	19,140	2,657	8,315	638
2030-2032	2,955	187	-	-
Totals	151,865	36,835	48,215	11,381
Matured	20	2	-	-
	$ 151,885	$ 36,837	$ 48,215	$ 11,381

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 $175,000 per member, and an aggregate annual stop loss amount of approximately $10,726,262 for 2014. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims lag report provided by the third party administrator. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year. Based on experience, the claims payable balance of $1,171,766 as of June 30, 2014 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 2014. Coverage from private insurers is maintained for losses in excess of the individual stop loss amounts. All claims handling procedures are performed by the risk management division of the finance department. A private attorney specializing in workers' compensation law is retained to defend workers' compensation claims filed with the state Workers' Compensation Commissioner by claimants. Incurred but not reported claims have been accrued as a liability based upon an independent actuarial study. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year. Based on experience, $2,949,953 of the claims payable as of June 30, 2014 is considered current and due within one year.

Changes in reported liabilities for the fiscal years ended June 30, 2013 and 2014 are summarized as follows:

	Employee Insurance Fund	Risk Management Fund	Total
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
Claims and changes in estimates during fiscal year 2014	10,799,635	2,559,413	13,359,048
Claim payments	(10,435,844)	(2,705,172)	(13,141,016)
Liabilities at June 30, 2014	1,171,766	$ 6,145,736	$ 7,317,502

11. INDIVIDUAL FUND DISCLOSURES

The Risk Management internal service fund has a deficit unrestricted net position balance of $994,582 as of June 30, 2014. The Miscellaneous grant non-major governmental fund has a deficit balance of $344,161 as of June 30, 2014, 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 2014, the City contributed $118,728. Retirees receiving benefits contributed $557,557 through their required contribution of $703.09 per month for single health coverage and $1,559.49 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	$1,376,470
Interest on net OPEB obligation	195,929
Adjustment to annual required contribution	(155,452)
Annual OPEB cost (expense)	1,416,947
Contributions made	(118,728)
Increase (decrease) in net OPEB obligation	1,298,219
Net OPEB obligation - July 1, 2013	4,353,982
Net OPEB obligation - June 30, 2014	$5,652,201

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012 thru 2014 are presented in the following table:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2012	$ 1,560,259	25.30%	$ 2,999,688
06/30/2013	$ 1,626,339	16.73%	$ 4,353,982
06/30/2014	$ 1,416,948	8.38%	$ 5,652,201

Funding status and funding progress: The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	$ 14,965,645
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 14,965,645
Covered payroll (active employees)	45,742,482
UAAL as a percentage of covered payroll	32.72%

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, 2013 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 8.0 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. The Statement requires that the fund balances be classified into categories based upon the type of constraints imposed on the use of funds. The City of Davenport evaluated each of its funds at June 30, 2014 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.

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	$ 5,440	$ -	$ -	$ -	$ 5,868	$ -	$ 11,308
Restricted for:							
Tort	1,433,279	-	-	-	-	-	1,433,279
Debt Service	-	-	13,384,755	-	-	3,229,772	16,614,527
Capital Projects	-	-	-	15,164,394	-	-	15,164,394
Police Non-recurring	973,492	-	-	-	-	-	973,492
Library	873,040	-	-	-	-	-	873,040
Employee Benefits	2,719,630	-	-	-	-	-	2,719,630
Community Development Block Grant Projects	-	-	-	-	146,664	-	146,664
HUD Section 8 Rents	-	-	-	-	169,222	-	169,222
Municipal Improvement Projects	-	-	-	-	478,048	-	478,048
Home Investment Partnership Projects	-	-	-	-	5	-	5
Road Use Tax project	-	-	-	-	490,828	-	490,828
Local Option Sales Tax	-	4,466,397	-	-	-	-	4,466,397
Committed for:							
Levee Improvement Commission Projects	-	-	-	-	142,953	-	142,953
Revolving Loans	-	-	-	-	1,041,456	-	1,041,456
Assigned for:							
Library projects	176,323	-	-	-	-	-	176,323
Police projects	18,738	-	-	-	-	-	18,738
Parks projects	4,313	-	-	-	-	-	4,313
Reforestation	80,622	-	-	-	-	-	80,622
RiverCenter projects	218,104	-	-	-	-	-	218,104
Flood Project	246,660	-	-	-	-	-	246,660
Parks Special Needs Program	34,096	-	-	-	-	-	34,096
Unassigned:	8,536,778	-	-	-	(344,161)	-	8,192,617
Total Fund Balances:	$15,320,515	$ 4,466,397	$13,384,755	$15,164,394	$ 2,130,883	$ 3,229,772	$ 53,696,716

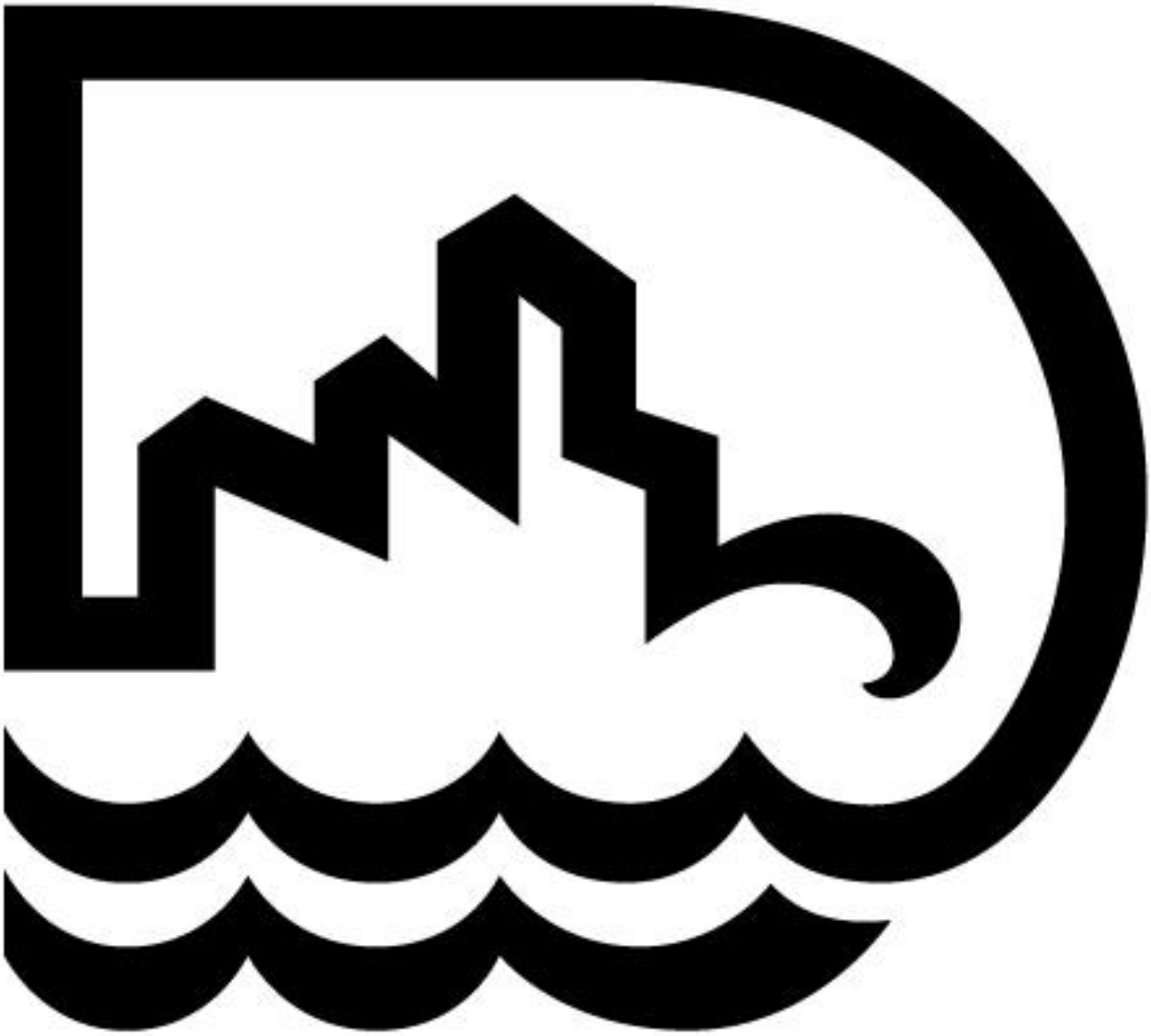
14. RECENTLY ISSUED PRONOUNCEMENTS

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

GASB Statement No. 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. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, issued November 2013, will be effective for the City beginning with its year ending June 30, 2015. This Statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.



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, 2014

	GOVERNMENTAL FUNDS ACTUAL	PROPRIETARY FUNDS ACTUAL	TOTAL ACTUAL
REVENUES:			
Taxes	$ 90,421,947	$ 3,646,576	$ 94,068,523
Special assessments	96,245	-	96,245
Licenses and permits	1,749,752	-	1,749,752
Intergovernmental	25,530,812	3,378,211	28,909,023
Charges for services	4,051,619	51,316,382	55,368,001
Use of monies and property	1,176,460	634,865	1,811,325
Fines and forfeits	1,931,967	75,650	2,007,617
Loan repayments	1,065,290	-	1,065,290
Other	4,108,428	1,950,494	6,058,922
Total Revenues	130,132,520	61,002,178	191,134,698
EXPENDITURES:			
Current:			
Public safety	41,216,850	-	41,216,850
Public works	17,557,791	-	17,557,791
Culture and recreation	11,281,713	-	11,281,713
Community and economic development	13,853,663	-	13,853,663
General government	8,820,719	-	8,820,719
Capital outlay	15,247,456	-	15,247,456
Debt service:			
Principal retirement	16,024,785	-	16,024,785
Interest	6,101,313	-	6,101,313
Bond issuance costs	249,658	-	249,658
Business type activities	-	52,591,898	52,591,898
	130,353,948	52,591,898	182,945,846
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(221,428)	8,410,280	8,188,852
OTHER FINANCING SOURCES (USES), NET	7,112,092	1,760,859	8,872,951
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	6,890,664	10,171,139	17,061,803
BALANCES BEGINNING OF YEAR,	46,806,052	19,490,592	66,296,644
BALANCES END OF YEAR	$ 53,696,716	$ 29,661,731	$ 83,358,447

See note to Required Supplementary Information

BUDGETED AMOUNTS		
ORIGINAL	FINAL	FINAL TO ACTUAL VARIANCE
$ 92,643,484	$ 92,634,580	$ 1,433,943
53,500	53,500	42,745
1,395,200	1,395,200	354,552
21,785,536	67,281,832	(38,372,809)
56,606,192	56,895,192	(1,527,191)
1,247,040	1,294,190	517,135
1,655,000	1,655,000	352,617
1,157,275	1,157,275	(91,985)
73,891,364	96,468,110	(90,409,188)
250,434,591	318,834,879	(127,700,181)
42,215,051	42,957,558	1,740,708
18,934,442	19,286,207	1,728,416
11,336,272	11,871,322	589,609
12,045,835	19,648,964	5,795,301
9,268,307	9,435,289	614,570
31,960,770	81,201,019	65,953,563
21,549,669	34,374,785	18,350,000
688,131	6,101,312	(1)
-	249,658	-
59,180,590	61,121,407	8,529,509
207,179,067	286,247,521	103,301,675
43,255,524	32,587,358	(24,398,506)
(43,038,232)	(48,710,374)	57,583,325
217,292	(16,123,016)	33,184,819
59,741,672	66,296,642	2
$ 59,958,964	$ 50,173,626	$ 33,184,821

CITY OF DAVENPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
JUNE 30, 2014

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 $79,068,454. The budget amendment is reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	$ 191,134,698	-	$ 191,134,698
Expenditures/expenses	182,945,846	9,637,103	192,582,949
Net	8,188,852	(9,637,103)	(1,448,251)
Other financing sources, net	8,872,951	3,937,398	12,810,349
Beginning fund balance/ net position	66,296,643	115,422,442	181,719,085
Ending fund balance/ net position	$ 83,358,446	$ 109,722,737	$ 193,081,183

CITY OF DAVENPORT

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

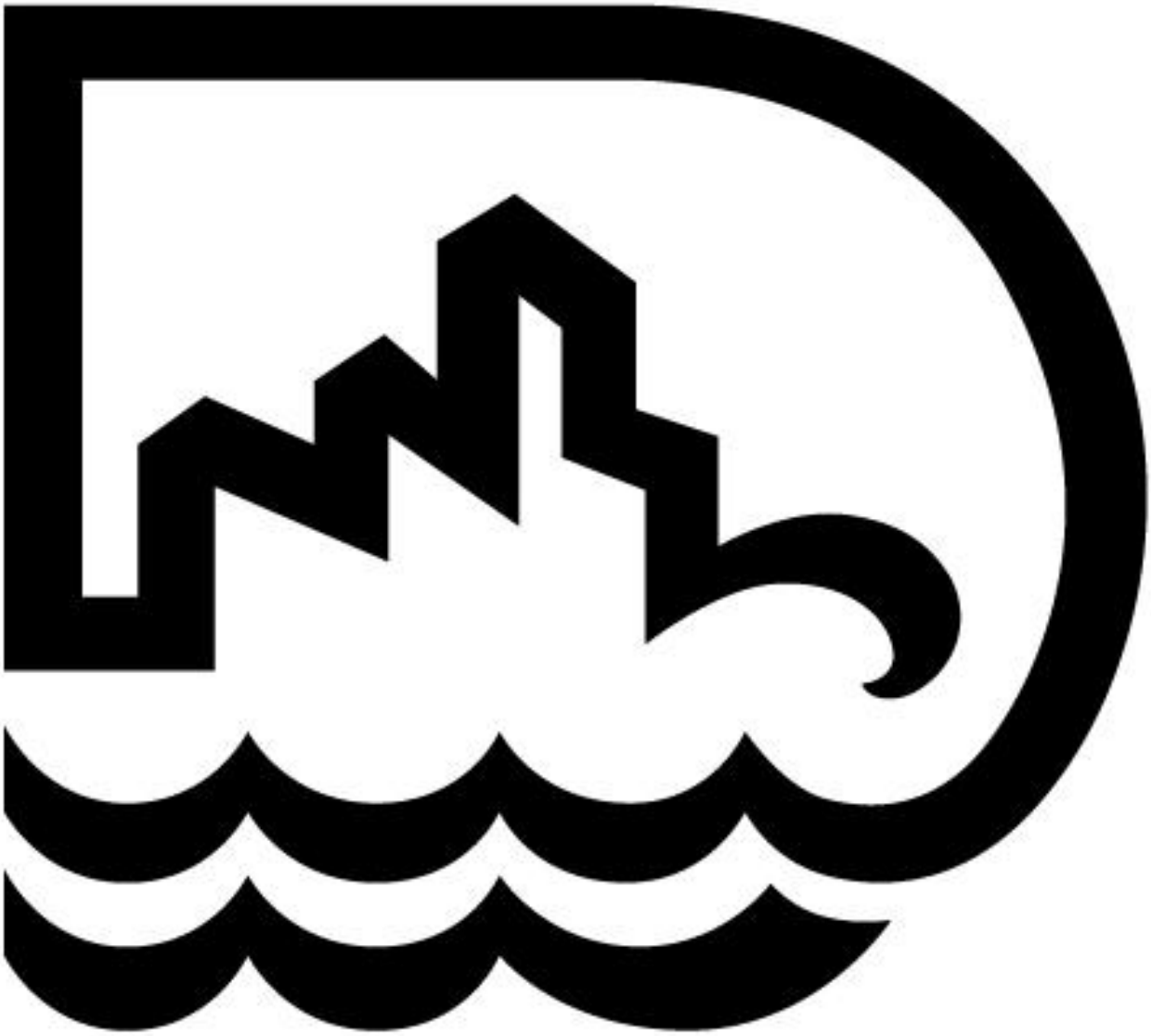
Required Supplementary Information

For the Fiscal Year Ended June 30, 2014

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%
2014	7/1/2013	-	14,965,645	14,965,645	-	45,742,482	32.72%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2013. 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 4.5-8.0 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.

Miscellaneous Grants – Accounts for the expenditures of U.S. Department of Housing and Urban Development cooperative agreement awarded for the purpose of educating and promoting fair housing practices, a Neighborhood Stabilization grant, lead based paint removal and education, a supplemental Community Development Block Grant from the Iowa Department of Economic Development and a Staffing for Adequate Fire and Emergency Response Grant.

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, 2014

ASSETS	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
Cash and investments	$ 84,866	$ 139,023	$ 192,496	$ 139,818	$ 826,521
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	7,201
Succeeding year	-	-	-	-	715,865
Accounts	3,649	-	3,857	13,056	-
Loans	-	2,882,765	-	-	-
Interest	-	162	-	78	633
Due from other governments	769,106	149,078	-	8,898	-
Prepaids	5,868	-	-	-	-
Restricted assets-cash and investments	-	58,827	-	-	-
TOTAL ASSETS	$ 863,489	$ 3,229,855	$ 196,353	$ 161,850	$ 1,550,220
LIABILITIES					
Wages payable	131,647	9,578	18,585	1,413	-
Accounts payable	235,146	131,492	8,546	12,889	355,668
Payable from restricted assets	-	58,827	-	-	-
Interfund loans payable	-	-	-	-	-
Due to other governments	-	529	-	-	-
Unearned revenue	-	-	-	4,595	-
TOTAL LIABILITIES	366,793	200,426	27,131	18,897	355,668
DEFERRED INFLOWS OF RESOURCES					
Succeeding year property tax	-	-	-	-	715,865
Unavailable revenue	-	2,882,765	-	-	639
TOTAL DEFERRED INFLOWS OF RESOURCES	-	2,882,765	-	-	716,504
FUND BALANCES (DEFICITS)					
Nonspendable fund balance	5,868	-		-	-
Restricted fund balance	$ 490,828	$ 146,664	$ 169,222	$ -	$ 478,048
Committed fund balance	-	-	-	142,953	-
Unassigned fund balance	-	-	-	-	-
TOTAL FUND BALANCES(DEFICITS)	496,696	146,664	169,222	142,953	478,048
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	$ 863,489	$ 3,229,855	$ 196,353	$ 161,850	$ 1,550,220

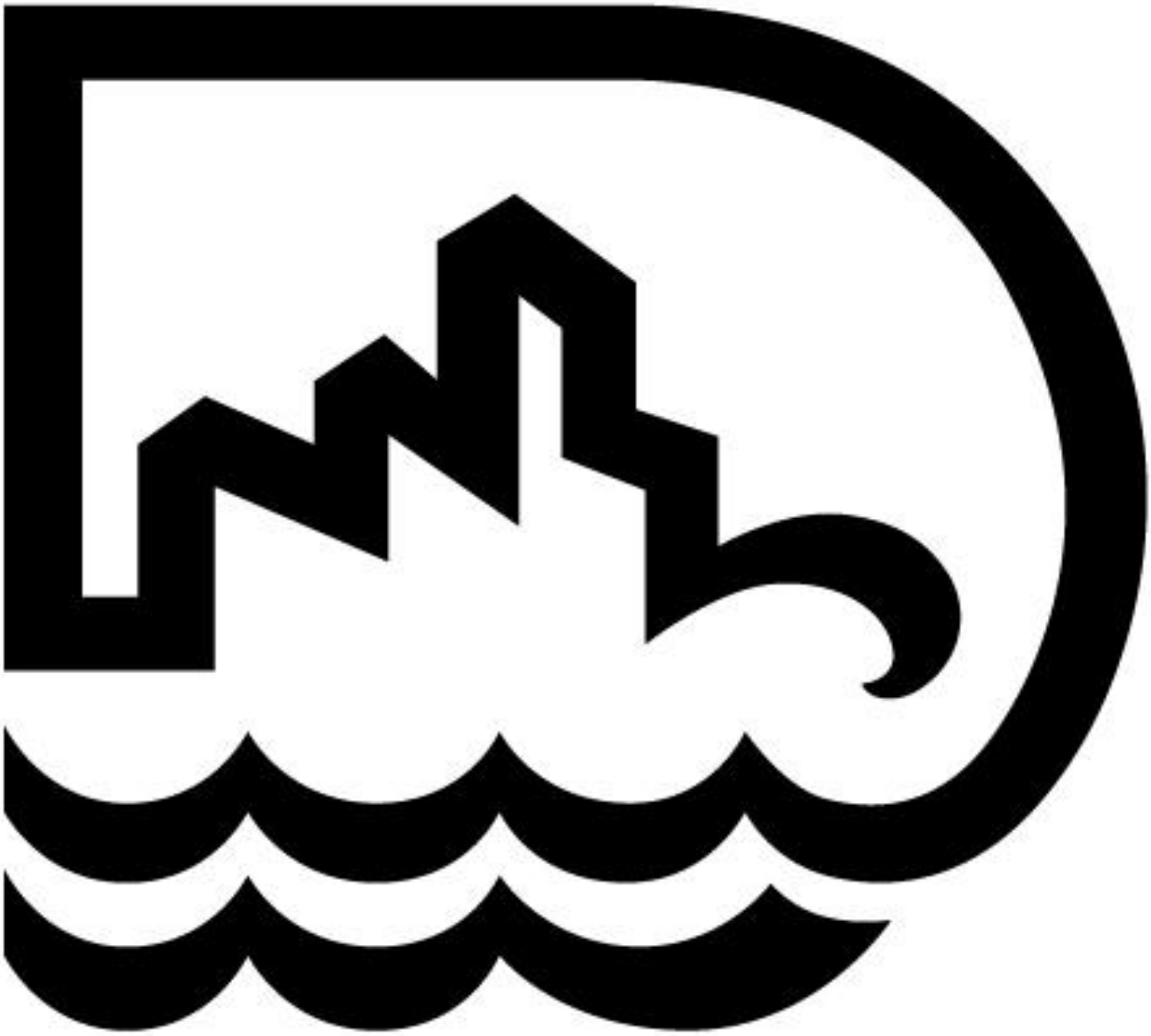
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ 1,106,274	$ -	$ 30,809	$ 1,341,713	$ 3,861,520
-	-	-	66,150	73,351
-	-	-	5,050,892	5,766,757
-	-	-	-	20,562
1,364,801	9,000,311	222,150	1,820,126	15,290,153
612	-	-	1,866	3,351
-	47,353	745,239	-	1,719,674
-	-	-		5,868
-	-	-	-	58,827
$ 2,471,687	$ 9,047,664	$ 998,198	$ 8,280,747	$ 26,800,063
-	484	9,161	-	170,868
65,430	810	289,314	-	1,099,295
-	-	-	-	58,827
-	46,055	375,847	-	421,902
-	-	-	-	529
1,364,801	9,000,310	222,150	-	10,591,856
1,430,231	9,047,659	896,472	-	12,343,277
-	-	-	5,050,892	5,766,757
-	-	445,887	83	3,329,374
-	-	445,887	5,050,975	9,096,131
-	-	-	-	5,868
$ -	$ 5	-	$ 3,229,772	$ 4,514,539
1,041,456	-	-	-	1,184,409
-	-	(344,161)	-	(344,161)
1,041,456	5	(344,161)	3,229,772	5,360,655
$ 2,471,687	$ 9,047,664	$ 998,198	$ 8,280,747	$ 26,800,063

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, 2014

	ROAD USE TAX	COMMUNITY DEVELOPMENT ACT	HUD SECTION 8	LEVEE IMPROVEMENT COMMISSION	MUNICIPAL IMPROVEMENT DISTRICTS
REVENUES:					
Taxes	$ -	$ -	$ -	$ -	$ 1,347,801
Licenses and permits	70,021	-	-	-	-
Intergovernmental	9,906,674	1,049,367	3,492,502	44,555	-
Use of monies and property	-	57,209	-	208,677	2,069
Loan repayments	-	455,239	-	-	-
Other	1,293,441	-	10,568	144,976	-
Total Revenues	11,270,136	1,561,815	3,503,070	398,208	1,349,870
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Public works	11,260,754	-	-	-	-
Community and economic development	-	1,618,389	3,583,589	353,768	1,653,010
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	54,275
Interest	-	-	-	-	14,277
Total Expenditures	11,260,754	1,618,389	3,583,589	353,768	1,721,562
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,382	(56,574)	(80,519)	44,440	(371,692)
OTHER FINANCING SOURCES (USES):					
Premium on debt issued	-	-	-	-	-
Transfers in	-	-	215,169	46,000	-
Transfers out	(22,102)	-	-	(52,500)	-
Total Other Financing Sources (Uses)	(22,102)	-	215,169	(6,500)	-
NET CHANGE IN FUND BALANCES	(12,720)	(56,574)	134,650	37,940	(371,692)
FUND BALANCES (DEFICITS) - BEGINNING	509,416	203,238	34,572	105,013	849,740
FUND BALANCES (DEFICITS) - ENDING	$ 496,696	$ 146,664	$ 169,222	$ 142,953	$ 478,048

REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	MISCELLANEOUS GRANTS	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ -	$ -	$ -	$ 4,542,950	$ 5,890,751
-	-	-	-	70,021
-	172,434	3,544,444	-	18,209,976
13,424	75,787	6,239	10,814	374,219
62,218	366,460	95,133	-	979,050
156,732	3,000	-	7,426	1,616,143
232,374	3,000	3,645,816	4,561,190	27,140,160
-	-	69,148	-	69,148
-	-	-	-	11,260,754
188,937	646,572	3,223,354	1,039,395	12,307,014
-	-	97,226	-	97,226
-	-	-	1,820,350	1,874,625
-	-	-	712,684	726,961
188,937	646,572	3,389,728	3,572,429	26,335,728
43,437	(28,891)	256,088	988,761	804,432
-	-	-	35,301	35,301
-	-	-	100,224	361,393
-	-	-	(275,000)	(349,602)
-	-	-	(139,475)	47,092
43,437	(28,891)	256,088	849,286	851,524
998,019	28,896	(600,249)	2,380,486	4,509,131
$ 1,041,456	$ 5	$ (344,161)	$ 3,229,772	$ 5,360,655



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.

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2014

	BUSINESS-TYPE ACTIVITIES -		
ASSETS	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	$ -	$ -	$ 20,433
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	18,302	12,926	-
Inventory	-	-	-
Interest	-	-	26
Due from other governments	11,341	-	-
Total current assets	29,643	12,926	20,459
Noncurrent assets:			
Investment in joint venture	-	-	-
Restricted cash and cash equivalents	284,716	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	8,340,628	413,246	2,591,697
Improvements other than buildings	183,111	2,983,341	8,886,462
Paving	131,163	10,952	-
Equipment and vehicles	267,284	1,507,752	200,226
Less accumulated depreciation	(6,041,878)	(3,484,258)	(6,993,205)
Construction in progress	-	-	2,325,808
Total noncurrent assets	3,691,095	2,703,155	7,760,344
Total assets	3,720,738	2,716,081	7,780,803
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	4,110	25,230	1,974
Accounts payable	25,118	40,493	22,593
Accrued interest payable	716	-	1,430
Compensated absences	3,562	22,344	5,542
Interfund loans payable	46,038	707,599	-
Unearned revenue	2,385	-	-
General obligation bonds - current	35,000	-	45,440
Total current liabilities	116,929	795,666	76,979
Current liabilities payable from restricted assets:			
Deposits payable	34,716	-	-
Noncurrent liabilities:			
Compensated absences	467	2,926	726
Other postemployment benefits	10,093	67,417	5,042
General obligation bonds - long term	163,128	-	412,205
Total noncurrent liabilities	173,688	70,343	417,973
Total liabilities	325,333	866,009	494,952
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	-	-	-
Deferred charge on refunding	-	-	2,592
Total deferred inflows of resources	-	-	2,592
NET POSITION			
Net investment in capital assets	3,458,251	2,703,155	7,300,107
Unrestricted	(62,846)	(853,083)	(16,848)
Total net position	$ 3,395,405	$ 1,850,072	$ 7,283,259

ENTERPRISE FUNDS			
PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ -	$ 699,496	$ 2,625	$ 722,554
63,204	-	-	63,204
3,605,618	-	-	3,605,618
20,505	2,322,966	-	2,374,699
97,003	-	-	97,003
-	317	-	343
841,506	-	-	852,847
4,627,836	3,022,779	2,625	7,716,268
434,151	-	-	434,151
-	1,958,675	-	2,243,391
1,599,288	-	-	4,146,837
4,120,577	24,888	1,253,133	16,744,169
179,929	-	848,853	13,081,696
6,888	-	-	149,003
5,853,717	3,979,307	335,505	12,143,791
(6,559,965)	(2,991,539)	(439,487)	(26,510,332)
960,337	-	-	3,286,145
6,594,922	2,971,331	1,998,004	25,718,851
11,222,758	5,994,110	2,000,629	33,435,119
63,626	48,191	6,377	149,508
223,990	74,610	16,197	403,001
-	6,365	-	8,511
62,545	114,524	7,388	215,905
1,820,307	-	-	2,573,944
13,386	-	-	15,771
-	390,000	-	470,440
2,183,854	633,690	29,962	3,837,080
-	-	-	34,716
8,191	14,999	968	28,277
192,297	179,332	26,694	480,875
-	1,486,783	-	2,062,116
200,488	1,681,114	27,662	2,571,268
2,384,342	2,314,804	57,624	6,443,064
3,605,618	-	-	3,605,618
-	-	-	2,592
3,605,618	-	-	3,608,210
6,160,771	1,094,548	1,998,004	22,714,836
(927,973)	2,584,758	(54,999)	669,009
$5,232,798	$ 3,679,306	$ 1,943,005	$ 23,383,845

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
OPERATING REVENUES:			
Charges for services	$ 424,386	$ 1,517,159	$ 187,444
Other	51,303	12,920	39,862
Total Operating Revenues	475,689	1,530,079	227,306
OPERATING EXPENSES:			
Employee expenses	178,447	830,275	58,762
Supplies and services	832,106	793,105	186,620
Depreciation	316,697	194,378	359,767
Total Operating Expenses	1,327,250	1,817,758	605,149
OPERATING (LOSS)	(851,561)	(287,679)	(377,843)
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	620,196	-	-
Use of monies and property	-	-	76,051
Interest expense	(3,946)	-	(12,982)
Gain (loss) on disposition of capital assets	-	-	-
Joint venture adjustment	-	-	-
Total Non-operating Revenues	616,250	-	63,069
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(235,311)	(287,679)	(314,774)
Capital contributions	-	-	1,895,900
Transfers in	-	260,000	-
Change in net position	(235,311)	(27,679)	1,581,126
Total net position - beginning	3,630,716	1,877,751	5,702,133
Total net position - ending	$ 3,395,405	$ 1,850,072	$ 7,283,259

ENTERPRISE FUNDS

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ 533,804	$ 5,349,669	$ 237,388	$ 8,249,850
61	183	1,292	105,621
533,865	5,349,852	238,680	8,355,471
2,752,309	2,566,751	337,997	6,724,541
3,277,876	2,429,988	371,966	7,891,661
567,449	461,379	107,493	2,007,163
6,597,634	5,458,118	817,456	16,623,365
(6,063,769)	(108,266)	(578,776)	(8,267,894)
3,646,576	-	-	3,646,576
2,758,015	-	-	3,378,211
14,400	42,440	383,492	516,383
-	(24,030)	-	(40,958)
1,675	-	-	1,675
(9,050)	-	-	(9,050)
6,411,616	18,410	383,492	7,492,837
347,847	(89,856)	(195,284)	(775,057)
859,106	-	-	2,755,006
-	-	560,262	820,262
1,206,953	(89,856)	364,978	2,800,211
4,025,845	3,769,162	1,578,027	20,583,634
$ 5,232,798	$ 3,679,306	$ 1,943,005	$ 23,383,845

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	$ 439,131	$ 1,517,067	$ 189,780
Cash paid to suppliers for goods and services	(826,593)	(799,125)	(166,338)
Cash paid to employees for services	(177,118)	(819,459)	(57,705)
Other operating revenue	51,303	12,920	39,862
Net Cash Provided by (Used for) Operating Activities	(513,277)	(88,597)	5,599
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Repayments to other funds	(35,155)	(820,906)	-
Advances from other funds	46,038	707,598	-
Grants	620,196	-	-
Property tax	-	-	-
Transfers in	-	260,000	-
Net Cash Provided by Non-Capital Financing Activities	631,079	146,692	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from general obligation bonds	130,000	-	-
Refunding discount/issue costs	5,367	-	(5,464)
Proceeds from the sale of capital assets	-	-	-
Acquisition and construction of capital assets	-	(58,095)	(16,759)
Principal paid on long-term debt	(123,000)	-	(46,825)
Interest paid on long-term debt	(3,653)	-	(13,099)
Net Cash Provided by (Used for) Capital and Related Financing Activities	8,714	(58,095)	(82,147)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and other investment income	-	-	76,025
Net Cash provided by (used for) Investing Activities	-	-	76,025
Net increase (decrease) in Cash and Cash Equivalents	126,516	-	(523)
CASH AND CASH EQUIVALENTS-BEGINNING	158,200	-	20,956
CASH AND CASH EQUIVALENTS-ENDING	$ 284,716	$ -	$ 20,433

ENTERPRISE FUNDS

PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ (142,864)	$ 5,216,465	$ 238,388	$ 7,457,967
(3,269,177)	(2,440,277)	(371,694)	(7,873,204)
(2,687,385)	(2,507,594)	(327,127)	(6,576,388)
61	183	1,292	105,621
(6,099,365)	268,777	(459,141)	(6,886,004)
(2,132,608)	-	(452,521)	(3,441,190)
1,820,307	-	-	2,573,943
2,758,015	-	-	3,378,211
3,646,576	-	-	3,646,576
-	-	560,262	820,262
6,092,290	-	107,741	6,977,802
-	1,315,000	-	1,445,000
-	103,155	-	103,058
1,675	-	-	1,675
(9,000)	(86,325)	(29,467)	(199,646)
-	(145,000)	-	(314,825)
-	(19,084)	-	(35,836)
(7,325)	1,167,746	(29,467)	999,426
14,400	42,123	383,492	516,040
14,400	42,123	383,492	516,040
-	1,478,646	2,625	1,607,264
-	1,179,525	-	1,358,681
$ -	$ 2,658,171	$ 2,625	$ 2,965,945

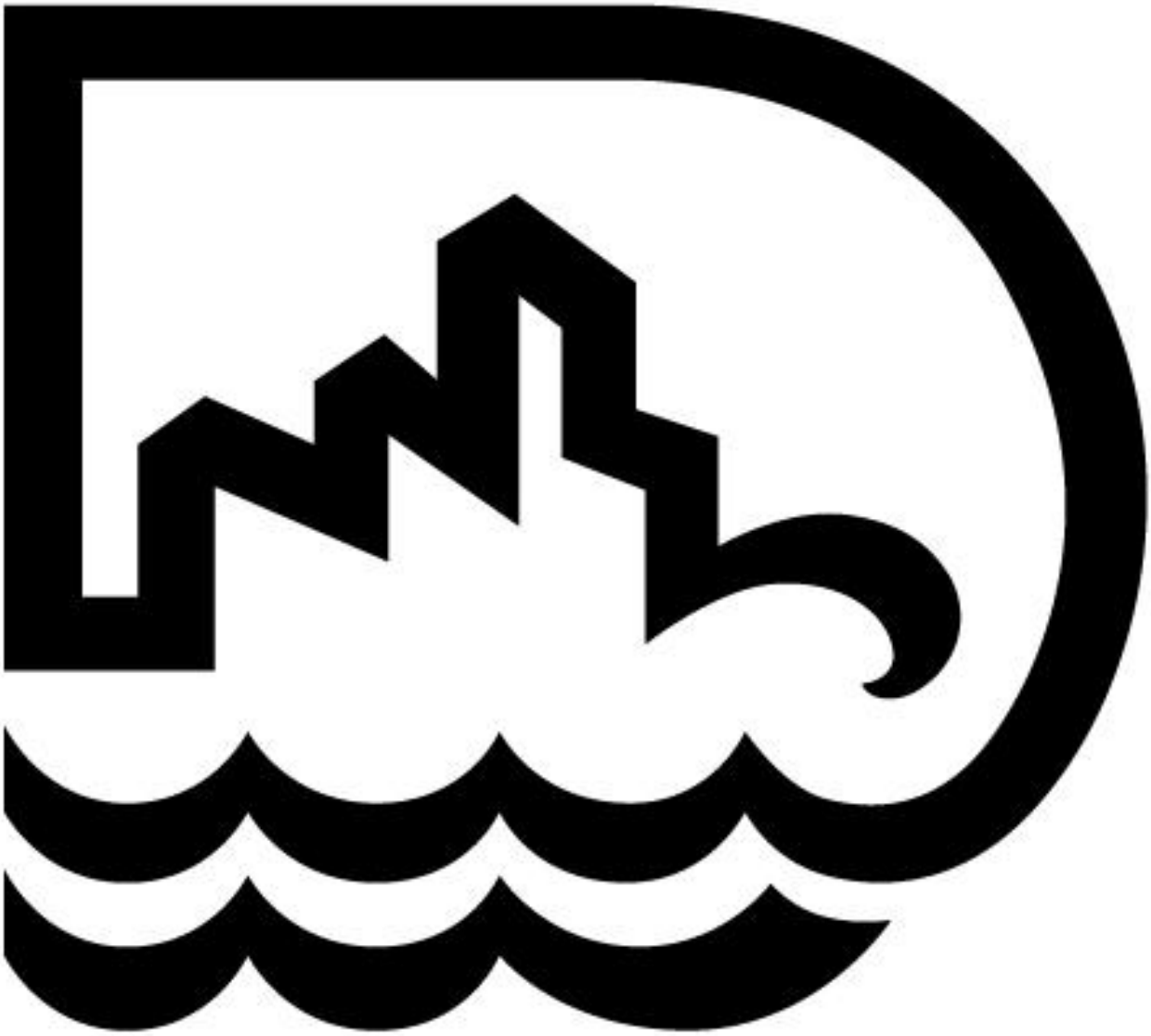
(continued)

CITY OF DAVENPORT

NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2014

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating loss	$ (851,561)	$ (287,679)	$ (377,843)
Adjustments to Reconcile Operating loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	316,697	194,378	359,767
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(6,170)	(92)	2,336
Decrease (increase) in due from other governments	20,915	-	-
Decrease (increase) in prepaids	-	-	-
Increase (decrease) in accounts payable	5,513	(6,020)	20,282
Increase (decrease) in other accrued liabilities	1,329	10,816	1,057
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	338,284	199,082	383,442
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (513,277)	$ (88,597)	$ 5,599
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Acquisition of capital assets through capital contributions	$ -	$ -	$ 1,895,900
Contribution of capital assets by municipality	-	-	(249,831)
Contribution of capital assets by state and federal governments	-	-	(1,646,069)

ENTERPRISE FUNDS			
PUBLIC TRANSIT	SOLID WASTE	RIVER'S EDGE	TOTAL NON-MAJOR ENTERPRISE FUNDS
$ (6,063,769)	$ (108,266)	$ (578,776)	$ (8,267,894)
567,449	461,379	107,493	2,007,163
6,034	(133,204)	1,000	(130,096)
(684,716)	-	-	(663,801)
(97,003)	-	-	(97,003)
105,702	(10,289)	272	115,460
64,924	59,157	10,870	148,153
2,014	-	-	2,014
(35,596)	377,043	119,635	1,381,890
$ (6,099,365)	$ 268,777	$ (459,141)	$ (6,886,004)
$ 859,106	$ -	$ -	$ 2,755,006
(384,002)	-	-	(633,833)
(475,104)	-	-	(2,121,173)



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, 2014

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	$ 3,152,973	$ 5,307,537	$ 33,488	$ 8,493,998
Accounts receivable	18,651	-	184	18,835
Interest receivable	1,313	3,770	-	5,083
Prepaids	-	47,269	272,983	320,252
Total current assets	3,172,937	5,358,576	306,655	8,838,168
Noncurrent assets:				
Capital assets:				
Improvements other than buildings	-	-	2,601,753	2,601,753
Equipment and vehicles	-	-	4,586,317	4,586,317
Less accumulated depreciation	-	-	(3,299,760)	(3,299,760)
Construction in progress	-	-	49,490	49,490
Total noncurrent assets	-	-	3,937,800	3,937,800
Total assets	3,172,937	5,358,576	4,244,455	12,775,968
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	1,767	17,454	18,107	37,328
Accounts payable	9,450	67,263	44,442	121,155
Compensated absences	843	55,385	62,084	118,312
Claims and judgments	1,171,766	2,949,953	-	4,121,719
Total current liabilities	1,183,826	3,090,055	124,633	4,398,514
Noncurrent liabilities:				
Compensated absences	110	7,254	8,131	15,495
Claims and judgments	-	3,195,783	-	3,195,783
Other postemployment benefits	4,652	60,066	62,452	127,170
Total noncurrent liabilities	4,762	3,263,103	70,583	3,338,448
Total liabilities	1,188,588	6,353,158	195,216	7,736,962
NET POSITION				
Investment in capital assets	-	-	3,937,800	3,937,800
Unrestricted	1,984,349	(994,582)	111,439	1,101,206
Total net position	$ 1,984,349	$ (994,582)	$ 4,049,239	$ 5,039,006

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2014

	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services	$ 13,801,820	$ 4,200,820	$ 1,914,598	$ 19,917,238
Other	172,946	1,229,461	2,800	1,405,207
Total Operating Revenues	13,974,766	5,430,281	1,917,398	21,322,445
OPERATING EXPENSES:				
Employee expenses	94,078	896,533	902,218	1,892,829
Supplies and services	12,407,667	4,057,436	985,939	17,451,042
Depreciation	-	-	451,206	451,206
Total Operating Expenses	12,501,745	4,953,969	2,339,363	19,795,077
OPERATING INCOME (LOSS)	1,473,021	476,312	(421,965)	1,527,368
NON-OPERATING REVENUES (EXPENSES):				
Use of monies and property	4,301	12,344	-	16,645
Total Non-operating Revenues (Expenses)	4,301	12,344	-	16,645
INCOME (LOSS) BEFORE CONTRIBUTIONS	1,477,322	488,656	(421,965)	1,544,013
Capital contributions	-	-	846,784	846,784
Transfers in	-	220,524	-	220,524
Transfers out	-	(166,581)	-	(166,581)
Change in net position	1,477,322	542,599	424,819	2,444,740
Total net position - beginning	507,027	(1,537,181)	3,624,420	2,594,266
Total net position - ending	$ 1,984,349	$ (994,582)	$ 4,049,239	$ 5,039,006

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2014

	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	$ 13,793,726	$ 4,806,924	$ 1,914,598	$ 20,515,248
Cash paid to suppliers for goods and services	(12,364,410)	(4,226,507)	(991,119)	(17,582,036)
Cash paid to employees for services	(90,952)	(889,166)	(877,460)	(1,857,578)
Other operating revenue	172,946	1,229,461	2,800	1,405,207
Net Cash provided by (used for) Operating Activities	1,511,310	920,712	48,819	2,480,841
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Repayments to other funds	-	(6,536)	-	(6,536)
Transfers in	-	220,524	-	220,524
Transfers out	-	(166,581)	-	(166,581)
Net Cash used for Non-Capital Financing Activities	-	47,407	-	47,407
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(51,638)	(51,638)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	(51,638)	(51,638)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	2,988	8,574	-	11,562
Net increase (decrease) in Cash and Cash Equivalents	1,514,298	976,693	(2,819)	2,488,172
CASH AND CASH EQUIVALENTS-BEGINNING	1,638,675	4,330,844	36,307	6,005,826
CASH AND CASH EQUIVALENTS-ENDING	$ 3,152,973	$ 5,307,537	$ 33,488	$ 8,493,998

CITY OF DAVENPORT

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2014

	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	$ 1,473,021	$ 476,312	$ (421,965)	$ 1,527,368
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	451,206	451,206
Change in assets and liabilities:				
Decrease in accounts receivable	(8,094)	606,104	-	598,010
Decrease (increase) in prepaids	-	(6,070)	(17,114)	(23,184)
Increase in accounts payable	43,257	(163,001)	11,934	(107,810)
Increase (decrease) in other accrued liabilities	3,126	7,367	24,758	35,251
Total Adjustments	38,289	444,400	470,784	953,473
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 1,511,310	$ 920,712	$ 48,819	$ 2,480,841
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Acquisition of capital assets through capital contributions	$ -	$ -	$ 846,784	$ 846,784
Contribution of capital assets by municipality	-	-	(846,784)	(846,784)

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, 2014

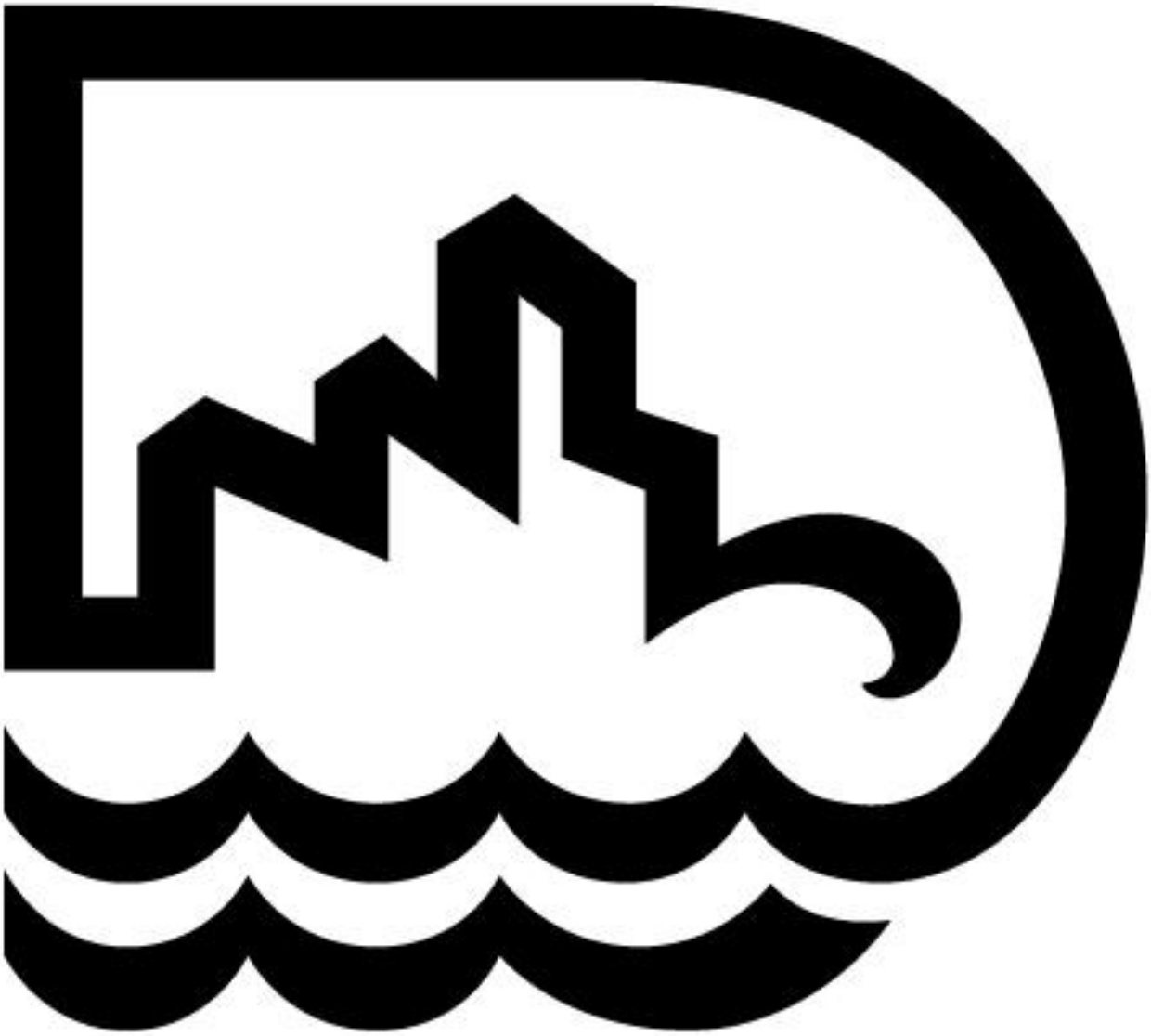
RIVERFRONT TASK FORCE	BALANCE JUNE 30, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30,2014
ASSETS:				
Cash and investments	$ 3,645	$ 5	$ -	$ 3,650
TOTAL ASSETS	$ 3,645	$ 5	$ -	$ 3,650
LIABILITIES:				
Due to other governments	$ 3,645	$ 5	$ -	$ 3,650
LIBRARY GIFT				
ASSETS:				
Cash and investments	$ 386,700	$ 171,543	$ 132,734	$ 425,509
Interest receivable	-	267	-	267
TOTAL ASSETS	$ 386,700	$ 171,810	$ 132,734	$ 425,776
LIABILITIES:				
Accounts payable	$ 11,164	$ 95,108	$ 95,929	$ 10,343
Due to other governments	375,536	39,897	-	415,433
TOTAL LIABILITIES	$ 386,700	$ 135,005	$ 95,929	$ 425,776
M.D. PETERSEN MEMORIAL				
ASSETS:				
Cash and investments	$ 2,167	$ 3	$ -	$ 2,170
TOTAL ASSETS	$ 2,167	$ 3	$ -	$ 2,170
LIABILITIES:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other governments	2,167	3	-	2,170
TOTAL LIABILITIES	$ 2,167	$ 3	$ -	$ 2,170
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	$ 392,512	$ 171,551	$ 132,734	$ 431,329
Interest receivable	-	267	-	267
TOTAL ASSETS	$ 392,512	$ 171,818	$ 132,734	$ 431,596
LIABILITIES:				
Accounts payable	$ 11,164	$ 95,108	$ 95,929	$ 10,343
Due to other governments	381,348	39,905	-	421,253
TOTAL LIABILITIES	$ 392,512	$ 135,013	$ 95,929	$ 431,596

CITY OF DAVENPORT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
Direct:			
Department of Housing and Urban Development (HUD)			
N/C S/R Section 8 Programs	14.182	IA05 0002 0001	378,066
Community Development Block Grants/Entitlement Grants	14.218	B 12 MC 19 0002	1,594,386
HOME Investment Partnerships Program	14.239	M 12 MC 190200	646,572
Fair Housing Assistance Program	14.401	FF 207 K0 77015	66,446
Public and Indian Housing	14.850	IA 05 S04 5501	120,290
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	3,349,712
Public Housing - Capital Fund Program	14.872	KC 914 8	121,839
Lead Based Paint Grant	14.900	IA LHB 0349 07	357,007
			6,634,318
Equal Employment Opportunity Commission			
Equal Employment Opportunity Commission	30.001	EE CCN 1001 14	27,000
Department of Transportation			
Airport Rehabilitate Taxiway (T-Hanger Access)	20.205	319 00 24 15	105,207
Runway 3/21 Reconstruction	20.205	319 00 24 18	1,525,219
Recreational Trails	20.205	STPE 1827 (666) 8V 82	32,295
Credit Island Bridge	20.205	EDP 1827(002) 7Y 82	103,297
Jackson School Signal	20.205	SRTS 1827 (647) 8U 82	4,586
Division Street	20.205	STPU 1827 (648) 70 82	90,337
Forest Grove Avenue	20.205	STPU 1827 (665) 70 82	312,575
Kimberly and Forest Street	20.205	STPU 1827 9(79) 70 82	699,045
Pine Street Reconstruction	20.205	STPU 1827 (662) 70 82	340,600
Veteran's Memorial Parkway	20.205	STPU 1827 (633) 70 82	1,407,199
Kimberly and Division	20.205	STPU 1827 (667) 70 82	102,317
49th Street Paving	20.205	STPU 1827 (632) 70 83	4,000
Rail For Eastern Iowa	20.205	FE 06 (01) 49 82	131,404
Federal Transit - Formula Grants	20.507	IA 90 X 362 00	89,298
Federal Transit - Formula Grants	20.507	IA 90 X 399 00	1,292,167
Federal Transit - Formula Grants	20.507	IA 90 X 411 00	760,572
Federal Transit - Formula Grants	20.507	IA 90 X 372 00	236,437
			7,236,555
Environmental Protection Agency			
Clean Water State Revolving Funds	66.458		1,125,936
Economic Development Administration			
Transload Facility	11.307	0679 5588	1,635,116

Department of Agriculture			
Farmers Market Promotion Program	10.168	12-25-G-1559	44,555
Department of the Interior			
American Battlefield Protection Program	15.928	GA-2255-12-005	11,406
Department of Homeland Security			
Fire Safe House	97.044	EMW 2012 FP 00287	68,000
Staffing For Adequate Fire and Emergency Response	97.083	EMW 2013 FH 00603	69,148
			137,148
Department of Justice			
Bulletproof Vest Partnership Program	16.607	UG 06 2XG	12,604
National Recreation and Park Association			
Parks Take Me Fishing	15.653	F 125 E 20	6,088
Arthritis	15.653	N/A	4,000
			10,088
Total Direct			**16,874,726**
Indirect:			
Department of Justice			
ARRA Governor's Office of Drug Control Policy	16.730	10 JAG 43056	1,659
Iowa Department of Economic Development			
HERA - Neighborhood Stabilization Program	14.228		276,911
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	2,653,361
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	24,000
			2,954,272
Iowa Department of Natural Resources			
Aquatic Education	15.605	N/A	1,640
National Highway Traffic Safety Administration			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 11-04 Task 10	22,118
Corporation For National And Community Service			
Iowa Commission on Volunteer Service:			
AmeriCorps	94.006	12 AF 02	82,151
AmeriCorps	94.006	13 AF 02	35,146
Interpreter	94.006	10 CDH IA 001	428
Volunteer Generation Fund Grant	94.021	11 VGF N4	14,114
			131,839
Total Indirect			**3,111,528**
Total All Federal and Indirect			**19,986,254**



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			
	2014	2013	2012	2011
Governmental activities				
Net investment in capital assets	$ 145,746,153	$ 140,160,840	$ 107,161,965	$ 126,691,668
Restricted	29,555,409	32,606,806	44,110,046	12,739,452
Unrestricted	(8,126,653)	(18,726,532)	(12,343,725)	(3,483,506)
Total governmental activities net position	$ 167,174,909	$ 154,041,114	$ 138,928,286	$ 135,947,614
Business-type activities				
Net investment in capital assets	$ 124,953,410	$ 124,901,380	$ 136,518,021	$ 123,757,219
Restricted	4,610,003	4,904,259	4,049,687	3,849,157
Unrestricted	5,295,999	2,491,018	(5,484,405)	(1,280,067)
Total business-type activities net position	$ 134,859,412	$ 132,296,657	$ 135,083,303	$ 126,326,309
Primary government				
Net investment in capital assets	$ 270,699,563	$ 265,062,220	$ 243,679,986	$ 250,448,887
Restricted	34,165,412	37,511,065	48,159,733	16,588,609
Unrestricted	(2,830,654)	(16,235,514)	(17,828,130)	(4,763,573)
Total primary government net position	$ 302,034,321	$ 286,337,771	$ 274,011,589	$ 262,273,923

Fiscal Year					
2010	2009	2008	2007	2006	2005
$ 125,751,423	$ 105,380,683	$ 107,377,588	$ 89,441,418	$ 68,823,065	$ 88,164,547
26,268,566	37,923,794	34,634,008	43,140,165	52,997,137	35,494,223
(22,165,731)	2,694,253	3,975,550	5,039,462	6,977,388	5,903,723
$ 129,854,258	$ 145,998,730	$ 145,987,146	$ 137,621,045	$ 128,797,590	$ 129,562,493
$ 113,558,845	$ 106,460,687	$ 109,164,803	$ 109,968,802	$ 114,960,736	$ 100,497,072
4,414,849	-	-	-	-	-
4,336,900	13,226,200	12,464,481	12,747,591	14,110,629	13,644,118
$ 122,310,594	$ 119,686,887	$ 121,629,284	$ 122,716,393	$ 129,071,365	$ 114,141,190
$ 239,310,268	$ 211,841,370	$ 216,542,391	$ 199,410,220	$ 183,783,801	$ 188,661,619
30,683,415	37,923,794	34,634,008	43,140,165	52,997,137	35,494,223
(17,828,831)	15,920,453	16,440,031	17,787,053	21,088,017	19,547,841
$ 252,164,852	$ 265,685,617	$ 267,616,430	$ 260,337,438	$ 257,868,955	$ 243,703,683

CITY OF DAVENPORT

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	$ 10,261,218	$ 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
Public safety	42,649,971	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
Public works	26,439,948	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
Culture and recreation	13,285,572	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
Community and economic development	18,877,119	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
Interest on long-term debt	6,101,313	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
Total governmental activities expenses	117,615,141	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
Business-type activities:										
Sewer operations	17,700,417	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
Parking system	1,935,914	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
Rivercenter	3,031,575	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
Public transit	6,508,558	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
Public housing	1,314,883	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
Golf courses	1,791,523	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
Airport	611,884	784,792	606,160	578,765	555,304	536,281	564,139	533,995	492,146	446,777
Solid waste	5,388,789	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
Clean water (1)	2,817,230	2,806,621	2,537,290	2,185,141	2,231,978	1,803,626	1,747,692	1,684,045	1,608,951	-
Riversedge	806,140	746,906	960,907	1,087,614	166,168					
Total business-type activities expenses	41,906,913	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
Total primary government expenses	$ 159,522,054	$ 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
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 4,546,069	$ 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
Public safety	2,780,989	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
Public works	4,089,579	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
Culture and recreation	593,369	850,025	772,321	1,698,503	1,420,156	1,255,539	1,110,907	1,774,460	3,820,105	499,872
Community and economic development	457,258	1,467,138	749,931	630,293	2,134,740	762,264	842,579	872,306	955,624	1,066,391
Operating grants and contributions	19,666,398	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
Capital grant and contributions	8,409,960	5,828,458	16,534,680	20,033,057	27,041,539	5,315,374	3,851,299	4,409,902	6,043,958	8,099,263
Total governmental activities program revenue	40,543,622	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
Business-type activities:										
Charges for services:										
Sewer operations	17,485,142	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
Parking system	1,418,539	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
Rivercenter	1,823,924	1,485,292	1,725,151	1,327,314	863,707	1,151,073	988,216	918,739	1,153,477	2,693,539
Public transit	533,804	515,210	516,315	506,706	479,090	479,056	451,139	455,216	453,792	593,905
Public housing	424,386	431,545	421,850	415,874	369,711	388,302	388,640	344,286	334,919	327,173
Golf courses	1,517,159	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
Airport	187,444	206,821	209,121	179,002	188,984	181,104	185,644	175,622	173,624	154,581
Solid waste (1)	5,349,669	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
Clean water (2)	2,497,339	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)	237,388	184,325	247,685	255,061	36,618					
Operating grants and contributions	3,378,211	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
Capital grant and contributions	3,037,933	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
Total business-type activities program revenues	37,890,938	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
Total primary government program revenues	$ 78,434,560	$ 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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue										
Governmental activities	$ (77,071,519)	$ (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)
Business-type activities	(4,015,975)	(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)
Total primary government net expense	$ (81,087,494)	$ (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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 69,609,085	$ 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
Local option sales tax	15,840,749	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
Hotel/motel tax	2,277,031	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
Franchise tax	2,938,969	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
Investment earnings	1,176,460	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
Gain on sale of capital assets	17,355	1,634,804	108,867	728,558	65,547	4,905	51,385	78,176	367,546	-
Miscellaneous	52,581	34,114	72,124	58,419	53,761	96,087	62,432	41,118	362,904	295,533
Transfers	(1,706,916)	(502,762)	(911,944)	1,128,264	(448,666)	(346,707)	(501,515)	(784,469)	(11,349,849)	(970,101)
Total governmental activities	90,205,314	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
Business-type activities:										
Property taxes (public transit)	3,646,576	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
Investment earnings	618,220	660,890	700,403	658,157	259,257	400,305	649,905	790,290	698,124	462,890
Gain on sale of capital assets	61,731	25,446	-	-	-	-	-	-	-	-
Loss on donation of capital assets	-	-	-	-	-	-	-	(5,894,826)	-	-
Miscellaneous	545,287	2,048,686	309,788	362,652	140,098	109,302	65,564	66,151	65,586	56,464
Transfers	1,706,916	502,762	911,944	(1,128,264)	448,666	346,707	501,515	784,469	11,349,849	970,101
Total business-type activities	6,578,730	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
Total primary government	$ 96,784,044	$ 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
Change in Net Position										
Governmental activities	$ 13,133,795	$ 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
Business-type activities	2,562,755	(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
Total primary government	$ 15,696,550	$ 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

(1) In fiscal year 2005, the city moved the solid waste division from governmental activities, public works to join the exisiting 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 activi

(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				
	2014	2013	2012	2011	2010
General Fund					
Nonspendable	$ 5,440	$ 2,949	$ 23,179	$ 17,069	$ -
Restricted	5,999,441	5,476,184	3,717,150	3,883,934	-
Committed	-	-	-	-	-
Assigned	778,856	555,034	545,488	551,836	-
Unassigned	8,536,778	7,582,938	5,606,312	5,392,141	-
Reserved	-	-	-	-	4,781,365
Unreserved	-	-	-	-	5,640,835
Total General Fund	15,320,515	13,617,105	9,892,129	9,844,980	10,422,200
All Other Governmental funds					
Nonspendable	5,868	-	-	-	-
Restricted	37,530,085	32,686,164	40,119,368	14,266,498	-
Committed	1,184,409	1,103,032	844,461	1,058,755	-
Assigned	-	-	-	-	-
Unassigned	(344,161)	(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	$ 38,376,201	$ 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
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,837,263	5,468,328	5,897,658	6,466,266	5,932,616
4,961,376	5,057,016	6,658,196	7,561,989	7,173,392
10,798,639	10,525,344	12,555,854	14,028,255	13,106,008
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
32,666,636	27,199,618	32,790,103	41,987,883	33,277,257
980,072	3,754,094	6,527,897	6,116,563	5,554,019
-	-	-	(710,670)	(7,430,722)
$ 33,646,708	$ 30,953,712	$ 39,318,000	$ 47,393,776	$ 31,400,554

CITY OF DAVENPORT

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

	Fiscal Year				
	2014	2013	2012	2011	2010
Revenues					
Taxes	$ 90,421,947	$ 88,262,578	$ 80,884,683	$ 78,730,720	$ 77,168,031
Special assessments	96,245	93,757	58,964	157,683	37,717
Licenses and permits	1,749,752	1,619,350	1,317,804	1,238,659	1,275,935
Intergovernmental	25,530,812	22,837,172	35,240,010	31,332,008	29,024,273
Charges for services	4,051,619	4,210,684	4,479,467	4,146,542	3,926,869
Use of monies and property	1,176,460	1,036,972	1,218,685	1,014,156	1,035,244
Fines and forfeits	1,931,967	1,740,494	1,936,641	1,967,004	1,314,564
Loan repayments	1,065,290	860,284	723,850	839,699	648,896
Other	4,108,428	3,659,461	4,598,710	4,519,410	4,362,836
Total revenues	130,132,520	124,320,752	130,458,814	123,945,881	118,794,365
Expenditures					
General government	8,820,719	8,601,095	8,992,941	8,178,030	8,370,902
Public safety	41,216,850	40,160,927	39,554,541	39,137,701	38,211,590
Public works	17,557,791	15,288,713	15,505,355	17,073,051	17,169,622
Culture and recreation	11,281,713	10,975,613	11,305,093	11,485,665	12,738,612
Community and economic development	13,853,663	10,629,873	15,234,614	13,823,997	20,305,456
Capital outlay	15,247,456	17,188,086	38,425,489	35,710,271	56,227,626
Debt service					
Principal	16,024,785	16,241,175	17,234,350	17,071,575	14,912,225
Interest	6,101,313	6,987,409	6,200,955	6,233,849	6,078,034
Bond issuance expense	249,658	216,403	125,781	150,055	153,704
Total expenditures	130,353,948	126,289,294	152,579,119	148,864,194	174,167,771
Excess of revenues over (under) expenditures	(221,428)	(1,968,542)	(22,120,305)	(24,918,313)	(55,373,406)
Other Financing Sources (Uses)					
Bond issuance	14,850,000	12,382,000	11,790,000	25,299,250	28,676,000
Discount on debt issued	-	-	-	-	(66,902)
Premium on debt issued	2,405,596	482,773	3,321,543	1,377,130	30,668
Refunding bonds issued	10,335,000	2,310,000	33,637,890	3,687,250	6,546,400
Payment to refunded bond escrow agent	(18,735,000)	(17,900,000)	-	(3,880,000)	(6,555,500)
Sale of capital assets	17,355	2,016,593	108,867	728,558	66,608
Transfers in	12,026,555	14,170,133	20,129,136	17,023,775	16,951,068
Transfers out	(13,787,414)	(14,636,170)	(21,052,585)	(15,224,330)	(17,399,734)
Total other financing sources (uses)	7,112,092	(1,174,671)	47,934,851	29,011,633	28,248,608
Net change in fund balances	$ 6,890,664	$ (3,143,213)	$ 25,814,546	$ 4,093,320	$ (27,124,798)
Debt service as a percentage of noncapital expenditures	18.32%	20.55%	18.24%	17.28%	12.92%

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

CITY OF DAVENPORT

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

		ACTUAL VALUE					
Levy Year	Fiscal Year	Residential	Commercial	Industrial	Agricultural	Utilities	Other
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
2012	2014	4,060,982	1,517,909	137,393	24,607	302,338	3,120

		TAXABLE VALUE					
Levy Year	Fiscal Year	Residential	Commercial	Industrial	Agricultural	Utilities	Other
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
2012	2014	2,141,742	1,517,909	137,393	14,747	222,312	3,120

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
4,612,536	(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%
6,046,349	(9,483)	6,036,866	16.78%

Gross valuation	Less Military exemption	Net valuation
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
4,037,223	(9,483)	4,027,740

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
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
2014	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
4.76	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
6.24	16.66	0.92	0.44	41.04

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%
2014	73,158,580	73,149,684	99.99%

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

		2014			2005		
Name of Property	Property type	Taxable Valuation	Rank	% of taxable value	Taxable Valuation	Rank	% of taxable value
Mid American Energy	Utility	$ 300,763,815	1	7.25%	$ 156,830,731	1	5.07%
Macerich North Park Mall LLC/SDG Macerich Properties	Shopping Center	55,488,075	2	1.34%	72,986,200	2	2.36%
Iowa-American Water Co.	Utility	47,533,563	3	1.15%	46,683,123	3	1.51%
Deere & Company	Manufacturing	26,300,475	4	0.63%	22,036,631	4	0.71%
QC Freight Service & John Deere Distribution Center	Commercial	18,874,885	5	0.46%			
Hotel Blackhawk LLC	Commercial	17,073,210	6	0.41%	-		
THF Davenport North Development	Realty	16,881,188	7	0.41%	18,277,607	7	0.59%
Qwest	Utility	13,881,476	8	0.33%			
Wal-Mart	Commercial	13,581,485	9	0.33%			
Telecommunications 1031 Ventur	Utility	13,358,900	10	0.32%			
Quanex	Manufacturing	-			20,862,200	5	0.67%
Ryan Companies US Inc	Logistics	-			18,517,300	6	0.60%
National Amusement Inc.	Theatre Complexes	-			18,254,200	8	0.59%
US West Communications	Utility	-			15,451,415	9	0.50%
Peterson Properties LC	Industrial Center	-			15,026,600	10	0.49%
Total		$ 523,737,072		12.63%	$ 404,926,007		13.09%

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)
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
2014	157,606	-	311	50,837	14,208	222,962	unavailable	2,237

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
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
2014	222,962	5.54%	2,237

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.

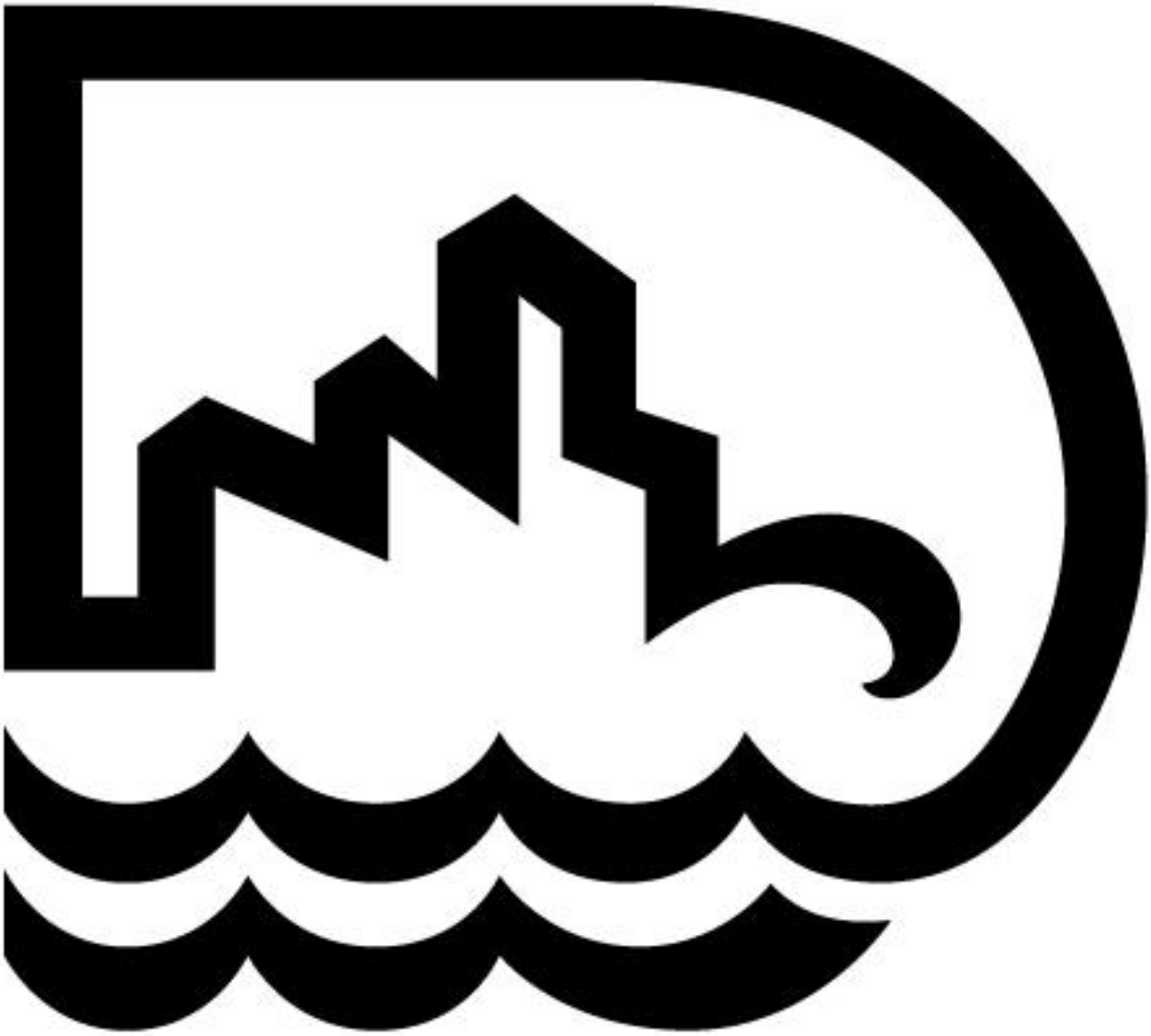
Source: City of Davenport Finance Department and Scott County Auditor's Office.

CITY OF DAVENPORT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014
(dollars in thousands)

Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
Davenport Community School District	$ 9,535,000	88.04%	$ 8,394,614
Scott County	30,015,000	52.39%	15,724,859
Eastern Iowa Community College	58,615,000	31.00%	18,170,650
Subtotal, overlapping debt			42,290,123
City direct debt			155,877,270
Total direct and overlapping debt			$ 198,167,393

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	2005	2006	2007	2008
Debt limit	$ 232,991,693	$ 246,426,202	$ 263,977,950	$ 274,332,381
Total net debt applicable to limit	128,381,797	148,929,153	148,364,852	148,501,164
Legal debt margin	$ 104,609,896	$ 97,497,049	$ 115,613,098	$ 125,831,217
Total net debt applicable to the limit as a percentage of debt limit	55.10%	60.44%	56.20%	54.13%

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 2014		
Assessed valuation	$ 6,145,385,857	
Debt limit (5% of assessed value)		$ 307,269,293
Debt applicable to limit:		
General Obligation Bonds	200,100,000	
Tax Increment Financing Rebate Agreements subject to limit	5,487,350	
Total G.O. Indebtedness		205,587,350
Legal debt margin		$ 101,681,943

2009	2010	2011	2012	2013	2014
$ 290,703,247	$ 295,219,101	297,663,843	303,752,150	306,921,649	$ 307,269,293
159,957,382	176,092,605	$ 189,966,525	235,046,500	221,979,300	205,587,350
$ 130,745,865	$ 119,126,496	$ 107,697,318	$ 68,705,650	$ 84,942,349	$ 101,681,943
55.02%	59.65%	63.82%	77.38%	72.32%	66.91%

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)
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	4.3%
2010	99,685	4,041,341,135	39,881	15,407	7.2%
2011	99,685	4,270,106,660	42,836	16,131	7.5%
2012	99,685	4,370,888,195	43,847	15,940	6.8%
2013	99,685	N/A (1)	N/A (1)	15,990	6.5%

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	10/01/2004			12/01/2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	3,811	1	7.37%	4,900	1	7.84%
Northpark Mall	3,000	2	5.80%	-		
Davenport Community Schools	2,402	4	4.65%	2,500	2	4.00%
ALCOA	2,513	3	4.86%	2,250	3	3.60%
Kraft Foods/Oscar Mayer	1,629	5	3.15%	1,500	4	2.40%
City of Davenport	963	7	1.86%	1,149	5	1.84%
Rhythm City Casino/Isle Capri	554	13	1.07%	1,050	6	1.68%
MidAmerican Energy Company	-		0.00%	1,025	7	1.64%
Eastern Iowa Community College	1,034	6	2.00%	1,016	8	1.63%
John Deere Davenport Works	875	9	1.69%	-		
APAC Teleservices	950	8	1.84%	900	9	1.44%
Wells Fargo-Davenport Region	-		0.00%	716	10	1.15%
AT&T	-		0.00%	610	11	0.98%
Sears Manufacturing	600	10	1.16%	600	12	0.96%
United Parcel Service	600	11	1.16%	590	13	0.94%
Von Maur	569	12	1.10%	560	14	0.90%
Scott County	425	15	0.82%	500	15	0.80%
St. Ambrose University	550	14	1.06%	467	16	0.75%
Nestle Purina	359	16	0.69%	-		
Quad City Times/Lee Enterprises	350	17	0.68%	-		
	21,184		40.97%	20,333		32.52%

Source: Quad City Development Group, Direct staff contact with Company (October 2004)
Source: Iowa Quad Cities Chamber of Commerce (December 2013)

CITY OF DAVENPORT

FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS
June 30, 2014

	2013		2012		2011		2010	
FUNCTION/PROGRAM	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
PUBLIC SAFETY								
Police	189	26	189	24	195	34	194	35
Fire	138	1	138	-	140	-	149	-
PUBLIC WORKS	290	45	296	56	289	46	281	31
CULTURE & RECREATION								
Leisure Facilities and Services	18	257	21	231 (1)	34	170	34	131
Library	39	39	40	42	41	40	43	44
COMMUNITY & ECONOMIC DEVELOPMENT	24	2	23	2	27	-	32	12
GENERAL GOVERNMENT								
Mayor	2	-	1	1	2	-	2	-
Council	-	10	-	10	1	10	1	10
Finance	25	2	25	1	26	2	26	2
Information Technology	8	2	7	2	7	2	8	2
Administration	5	8	6	7	6	1	6	-
Legal	4	-	4	-	4	-	4	-
Human Resources	6	2	5	2	5	2	5	2
Civil Rights	4	1	4	1	4	1	4	1
Total	752	395	759	379	781	308	789	270

(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.

Source: City of Davenport Department of Human Resources.

2009		2008		2007		2006		2005		2004	
FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME	FULL TIME	PART TIME
217	29	209	27	212	23	209	24	203	24	198	24
153	2	155	-	153	1	149	2	143	-	140	-
284	34	278	30	278	29	280	26	295	18	293	18
34	129	32	76	35	23	38	32	33	45	36	45
41	37	39	35	38	34	43	32	42	22	35	22
39	13	37	12	37	11	33	11	46	6	46	6
2	-	2	-	2	-	2	-	2	-	2	-
-	11	1	11	1	10	1	10	1	10	1	10
22	5	23	2	23	-	22	2	23	-	28	-
10	-	10	-	11	-	9	1	7	1 (2)		
7	-	7	-	7	-	7	-	5	-	5	-
4	-	4	-	4	-	5	-	5	-	5	-
5	2	5	3	6	4	6	6	6	1	7	1
4	2	4	1	4	2	4	3	4	4	4	4
822	264	806	197	811	137	808	149	815	131	800	130

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

CITY OF DAVENPORT

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2014

		FISCAL YEAR				
FUNCTION/PROGRAM		2014	2013	2012	2011	2010
PUBLIC SAFETY						
Fire calls answered		16,373	16,467	15,523	14,965	14,399
Police-arrests	(1)	7,632	5,072	6,907	7,151	7,529
Construction permits issued		2,602	2,483	2,402	2,510	2,426
PUBLIC WORKS						
Refuse collected (tons)	(2)	26,920	26,759	24,949	25,604	25,737
Gallons of wastewater processed (in millions)	(1)	8,541	9,855	8,015	10,877	11,607
Yard waste composted (cu yds)		101,373	109,972	152,564	103,379	102,176
Citibus ridership		1,362,174	1,407,131	1,414,496	1,202,929	1,180,383
Utility service customers		39,500	39,000	38,000	40,000	40,000
CULTURE & RECREATION						
Rounds of golf played		64,063	64,029	77,519	71,243	80,113
Swimming pools attendance		28,191	28,170	32,590	40,874	30,830
Recreation programs available		984	845	1,272	910	549
Recreation program enrollment		5,733	6,342	6,235	57,600	42,500
Library - walk-in patrons served		481,592	463,971	503,778	578,957	511,259
COMMUNITY & ECONOMIC DEVELOPMENT						
Planning & zoning-final development review		9	13	13	5	2
Households assisted with rental assistance		842	825	783	768	750

(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				
2009	2008	2007	2006	2005
13,842	13,188	13,257	12,294	11,729
8,526	8,960	9,813	8,919	7,740
2,196	2135	2,051	2,328	2,659
26,789	71,000	74,185	71,627	71,324
10,038	10,731	7,884	6,424	6,972
109,800	98,030	107,361	68,739	90,226
1,125,000	1,088,000	1,045,550	982,663	940,046
40,000	40,000	40,000	40,000	38,340
101,813	136,386	113,128	111,329	109,499
27,708	28,000	31,000	27,373	33,064
636	1,061	554	410	305
38,844	30,396	48,301	53,517	37,097
449,218	395,498	390,394	307,330	279,751
5	8	15	15	23
716	701	680	672	711

CITY OF DAVENPORT

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2014

	FISCAL YEAR				
FUNCTION/PROGRAM	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Police cars	105	104	82	83	74
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	166	161	156	153
Street lights	9708	9,703	9,691	9,691	9,680
Refuse collection trucks	32	32	29	31	31
Buses	22	21	23	21	21
CULTURE & RECREATION					
Golf courses	3	3	3	3	3
Acres of parks	1,981	1,913	1,913	1,700	1,700
Swimming pools	3	3	3	3	3
Libraries	3	3	3	3	3

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

Source: City of Davenport Summary of Fixed Assets Report.

FISCAL YEAR				
2009	2008	2007	2006	2005
64	67	94	77	68
7	7	7	7	7
16	16	14	13	13
695	692	692	690	684
153	152	151	150	146
9,632	9,558	9,456	9,237	9,263
34	30	36	48	40
21	20	20	20	20
3	4	4	4	4
1,700	1,700	1,700	1,700	1,700
3	4	4	4	4
2	2	2	2	1

City of Davenport, Iowa

Compliance Report
June 30, 2014

McGladrey

Assurance ▪ Tax ▪ Consulting

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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, 2014, 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 11, 2014.

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 and therefore, material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 that we consider to be a significant deficiency.

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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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's Response to the Finding

The City's response to the finding identified in our audit is 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 the financial statements and, accordingly, we express no opinion on it

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 11, 2014

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, 2014. 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, 2014.

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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 as items 2014-002 and 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

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

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2014, which contained unmodified opinions on those financial statements. 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 11, 2014

City of Davenport, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

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	IA05 0002 0001	$ 378,066
Community Development Block Grants/Entitlement Grants	14.218	B 12 MC 19 0002	1,594,386
HOME Investment Partnerships Program	14.239	M 12 MC 190200	646,572
Fair Housing Assistance Program	14.401	FF 207 K0 77015	66,446
Public and Indian Housing	14.850	IA 05 S04 5501	120,290
Section 8 Housing Choice Vouchers	14.871	KC 902 7V	3,349,712
Public Housing - Capital Fund Program	14.872	KC 914 8	121,839
Lead Based Paint Grant	14.900	IA LHB 0349 07	357,007
Total U.S. Department of Housing and Urban Development			6,634,318
Equal Employment Opportunity Commission			
Employment Discrimination Title VII of the City Rights Act of 1964	30.001	EE CCN 1001 14	27,000
U.S. Department of Transportation			
Airport Rehabilitate Taxiway (T-Hanger Access)	20.205	319 00 24 15	105,207
Runway 3/21 Reconstruction	20.205	319 00 24 18	1,525,219
Recreational Trails	20.205	STPE 1827 (666) 8V 82	32,295
Credit Island Bridge	20.205	EDP 1827(002) 7Y 82	103,297
Jackson School Signal	20.205	SRTS U 1827(647) 8U 82	4,586
Division Street	20.205	STPU 1827 (648) 70 82	90,337
Forest Grove Avenue	20.205	STPU 1827 (665) 70 82	312,575
Kimberly and Forest Street	20.205	STPU 006 9(79) 70 82	699,045
Pine Street Reconstruction	20.205	STPU 1827 (662) 70 82	340,600
Veteran's Memorial Parkway	20.205	STPU 1827 (633) 70-82	1,407,199
Kimberly and Division	20.205	STPU 1827 (667) 70 82	102,317
49th Street Paving	20.205	STPU 1827 (632) 70 83	4,000
Rail For Eastern Iowa	20.205	FE 06 (01) 49 82	131,404
Subtotal			4,858,081
Federal Transit - Formula Grants	20.507	IA 90 X 362 00	89,298
Federal Transit - Formula Grants	20.507	IA 90 X 399 00	1,292,167
Federal Transit - Formula Grants	20.507	IA 90 X 411 00	760,572
Federal Transit - Formula Grants	20.507	IA 90 X 372 00	236,437
Subtotal			2,378,474
Total U.S. Department of Transportation			7,236,555
U.S. Environmental Protection Agency			
Clean Water State Revolving Funds	66.458		1,125,936
U.S. Economic Development Administration			
Transload Facility	11.307	0679 5588	1,635,116
U.S. Department of Agriculture			
Farmers Market Promotion Program	10.168	12-25-G-1559	44,555
U.S. Department of the Interior			
American Battlefield Protection Program	15.928	GA-2255-12-005	11,406

(Continued)

City of Davenport, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Fire Safe House	97.044	EMW 2012 FP 00287	68,000
Staffing for Adequate Fire and Emergency Response	97.083	EMW 2013 FH 00603	69,148
Total U.S. Department of Homeland Security			137,148
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	UG 06 2XG	12,604
National Recreational and Park Association			
Parks Take Me Fishing	15.653	F 125 E 20	6,088
Arthritis	15.653	N/A	4,000
Total National Recreational and Park Association			10,088
Total Direct			16,874,726
Indirect:			
U.S. Department of Justice			
ARRA Governor's Office of Drug Control Policy	16.730	10 JAG 43056	1,659
U.S. Department of Economic Development			
Passed through Iowa Department of Economic Development:			
HERA - Neighborhood Stabilization Program	14.228	08-NSP-017 & 11-NSP-017	276,911
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	2,653,361
Community Development Block Grant Housing Disaster Recovery	14.228	BGDRF 08-DRH-213	24,000
Subtotal			2,954,272
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	22,118
U.S. Department of Natural Resources			
Passed through Iowa Department of Natural Resources,			
Aquatic Education	15.605	N/A	1,640
Corporation For National and Community Service			
Passed Through Iowa Commission on Volunteer Service:			
AmeriCorps	94.006	12 AF 02	82,151
AmeriCorps	94.006	13 AF 02	35,146
Interpreter Grant	94.006	10 CDH IA 001	428
Subtotal			117,725
Volunteer Generation Fund Grant	94.021	11 VGF N 4	14,114
			131,839
Total Indirect			3,111,528
Total expenditures of federal awards			$ 19,986,254

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, 2014

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, 2014. 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. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to 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	$ 453,098

City of Davenport, Iowa

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

Comment Number	Comment	Status	Corrective Action or Other Explanation
Significant Deficiency Over Compliance:			
IV 2013-A	The city did not submit quarterly and annual financial reports and specific reporting required by the OMB A-133.	Corrected	
IV 2013-B	The City did not perform the proper Housing Quality Standards (HQS) inspections.	Corrected	

City of Davenport, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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
14.239	HOME Investment Partnerships Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
11.307	Economic Adjustment Assistance
20.205	Highway Planning and Construction (Federal-Aid Highway Program)

Dollar threshold used to distinguish between type A and type B programs: $599,587

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

2014-001

Finding: The City's schedule of expenditures of federal awards for the fiscal year ended June 30, 2014 was adjusted by $764,106 as the schedule was originally understated by that amount.

Criteria: OMB Circular A-133 requires grant recipients to report all federal expenditures on the schedule of expenditures of federal awards.

Condition and Context: The City did not properly cut-off federal expenditures incurred during the fiscal year. Fiscal year expenditures incurred before year-end but reimbursed subsequent to year-end were improperly excluded as federal expenditures leaving receivables and deferred inflow of resources understated as of June 30, 2014.

Effect: Improper reporting of federal expenditures can result in the suspension of funding.

Cause: The City did not properly record expenditures that were incurred before fiscal year-end but reimbursed subsequently to year-end.

Recommendation: We recommend that the City establish a process to review grant awards to properly determine if expenditures are allowable and will be reimbursed under the grant.

Response and Corrective Action Plan: The City will expand the fiscal year-end review of expenditures to ensure the federal expenditures are properly recorded on the schedule of federal awards.

B. Compliance

None reported.

(Continued)

III. Findings and Questioned Costs for Federal Awards

A. Internal Control for Federal Awards

None reported

B. Compliance

2014-002

U.S. Department of Commerce
Economic Adjustment Assistance
(CFDA: 11.307)
Federal Award Year 2013 – 2014

Finding: The City did not accurately report the federal share and recipient share of expenditures related to the Economic Adjustment Assistance program to the U.S. Department of Commerce.

Criteria: Per the OMB circular A-133 compliance supplement, recipients are to use the Federal Financial Report (SF-425 (OMB No. 038-0061) as a standardized format to report expenditures under Federal awards.

Condition and Context: SF-425 reports (Federal Financial Report) filed for the City reported no federal expenditures during the fiscal year although $1,635,116 federal expenditures had been incurred. In addition, the City reported that the total amount of recipient share of expenditures had been met even though this amount included the federal expenditures to be reimbursed. The amount of recipient share reported was $1,694,859 versus the actual amount of $1,254,433.

Questioned Costs: None

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

Cause: The City elected to report all expenditures as recipient share until grant discussions with the agency were complete. The City did not amend the prior period reports to update the actual expenditures as reporting deadlines had passed.

Recommendation: We recommend that the City implement a review process to determine all expenditures reported on the SF-425 reports are properly reported.

Response and Corrective Action: The City will expand the SF-425 review process to ensure the correct federal/recipient share is being reported.

(Continued)

2014-003

U.S. Department of Housing and Urban Development
HOME Investment Partnership Program
(CFDA: 14.239)
Direct Award
Program Year 2014

Finding: The City did not accurately report program income related to the HOME program.

Criteria: Program income is gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal awarding agency regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them. (2 CFR 215.2)

Condition and Context: The City recorded $4,878 of program income in the HOME program that was not attributable to the program. The error was recorded in December, discovered in June but was not corrected at the time of the audit subsequent to fiscal year-end. The City reported the income in the IDIS PR-27 report which incorrectly reduced federal draws in 2014.

Questioned Costs: None

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

Cause: The City recorded the error in program income by recording program income of another program as HOME income in December, identified the error in June and did not correct the error.

Recommendation: We recommend that program income is reviewed by the grant director and the General ledger is reconciled to the IDIS timely.

Response and Corrective Action: The City will review and reconcile the general ledger to IDIS timely.

(Continued)

IV. Other Findings Related to Required Statutory Reporting

14-IV-A

Certified budget: Disbursements during the year ended June 30, 2014 did not exceed the amount budgeted prior to budget being amended or at year-end.

14-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.

14-IV-C

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

14-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
1.	Matthew Flynn, Community Planning and Economic Development Employee, Brother and Sister-in-law own, Advantage Advertising	Services	$ 10,716
2.	Karl Leslein, Fire Employee, Independent Contractor for Alex Air Apparatus	Services	2,856
3.	Tory Brecht, Community Planning and Economic Development Employee, Owner with Spouse, SJ Smith Co	Services	10,800
4.	Richard Davidson, Board Member, Owner of Lane & Waterman	Services	80,116
5.	Ian Frink, Park Board Member, Minority Owner of Crawford Company	Services	192,091
6.	Thomas D Gabrilson, Mech Code Bd, Part Owner, Gabrilson Heating & AC	Services	3,031
7.	Willie Henderson, Affrm Act, Son has ownership, Little Construction	Services	13,895

14-IV-E

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

(Continued)

14-IV-F

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

14-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.

14-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, 2014

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
Finding Related to the Financial Statement Audit				
2014-001	The City's schedule of expendiutres of federal awards for the fiscal year ended June 30, 2014 was understated by $764,106.	See corrective action plan at 2014-001.	Linda Folland Assistant Finance Director	June 30, 2015
Compliance for Federal Awards				
2014-002	The City did not accurately report the federal share or recipient share of expenditures.	See corrective action plan at 2014-002.	Linda Folland Assistant Finance Director	June 30, 2015
2014-003	The City did not have a system in place to ensure accurate reporting of program income related to the HOME program.	See corrective action plan at 2014-003.	Linda Folland Assistant Finance Director	June 30, 2015