

# **CITY OF BETTENDORF, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2005**

Prepared by:

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City Finance Department  
Carol A. Barnes, Finance Director



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# CITY OF BETTENDORF, IOWA

**Fiscal year 2004/2005**

Michael J. Freemire, **Mayor**

Lisa M. Brown  
**Alderman at Large**

Timothy A. Stecker  
**Alderman at Large**

Norman P. Voelliger  
**First Ward Alderman**

Joseph H. Douglas  
**Second Ward Alderman**

Debe L. LaMar  
**Third Ward Alderman**

Rosemary F. Gordy  
**Fourth Ward Alderman**

Carolyn Koos  
**Fifth Ward Alderman**

**Decker P. Ploehn, City Administrator**

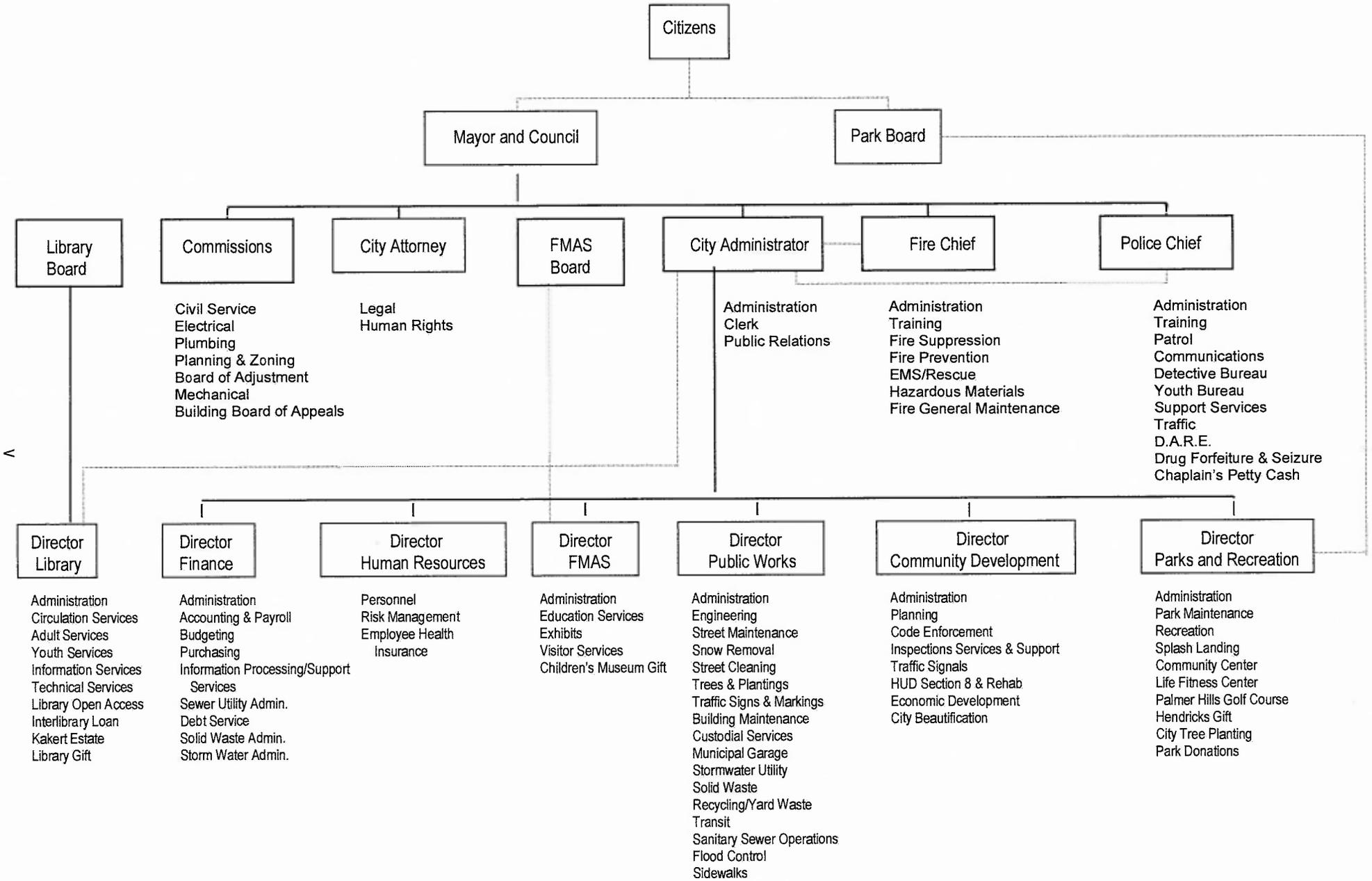
## DEPARTMENT HEADS

Carol A. Barnes ..... Finance Director  
Faye E. Clow ..... Library Director  
William M. Connors ..... Community Development Director  
Kathleen M. Eisbrener ..... Human Resources Director  
Steven M. Grimes ..... Parks & Recreation Director  
Gregory S. Jager ..... City Attorney  
Tracey K. Kuehl ..... Family Museum of Arts & Science Director  
Wallace C. Mook ..... Public Works Director  
Philip J. Redington ..... Police Chief  
Steven J. Van Dyke ..... Economic Development Director  
Gerald A. Voelliger, Jr. .... Fire Chief



Bettendorf IOWA  
*a premier city*

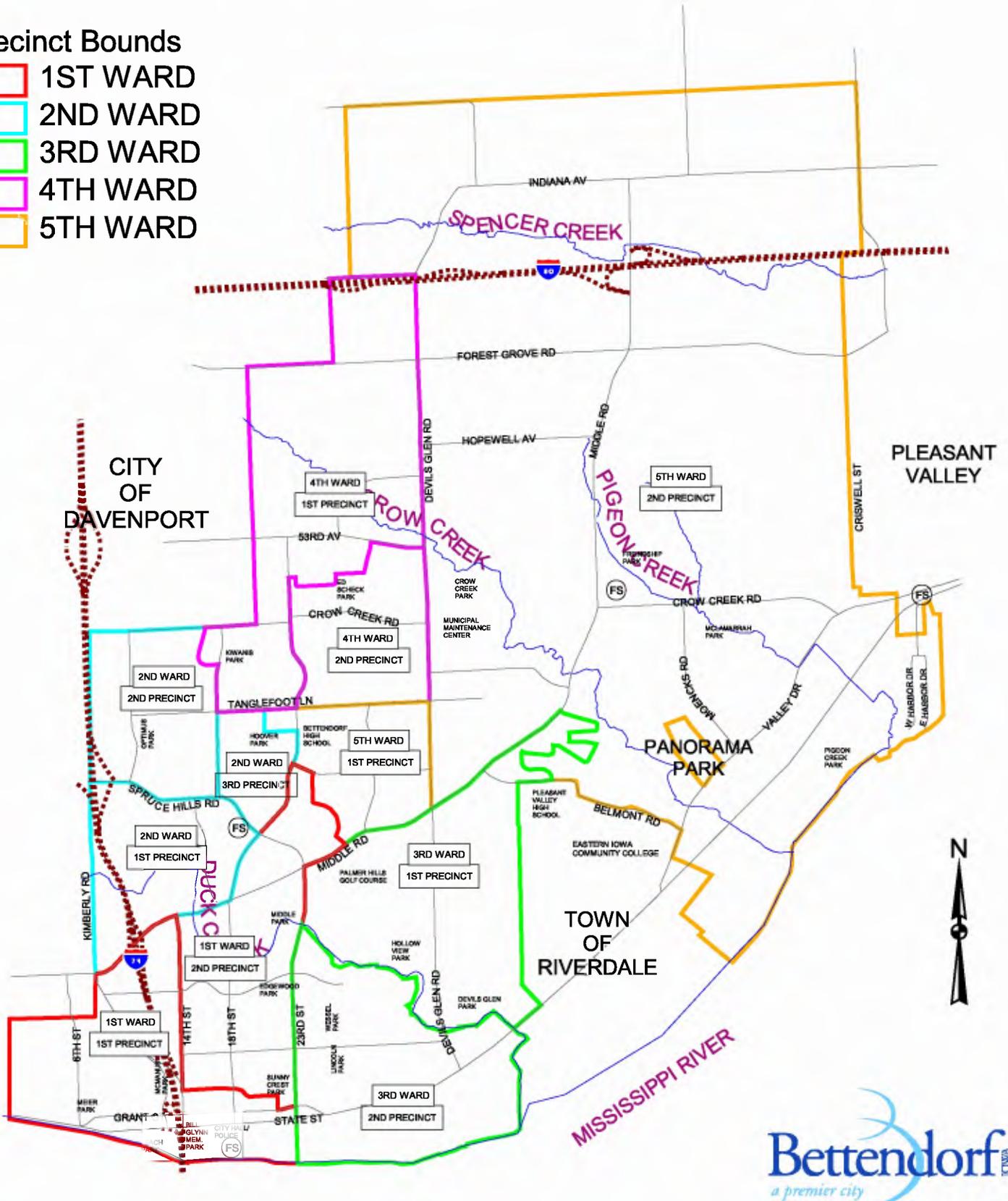
# City of Bettendorf Organizational Structure



# City of Bettendorf Ward and Precinct Map

## Precinct Bounds

- 1ST WARD
- 2ND WARD
- 3RD WARD
- 4TH WARD
- 5TH WARD





**November 4, 2005**

**To the Citizens, Honorable Mayor, and Members of the City Council of the City of Bettendorf, Iowa:**

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for fiscal year ended June 30, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, LLC, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Bettendorf’s financial statements for the year ended June 30, 2005. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD & A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD & A complement this letter of transmittal and should be read in conjunction with it.

#### **Profile of the Government**

The City of Bettendorf lies in the original Wisconsin Territory and was purchased from the Sauk and Fox Indians in the Blackhawk War of 1832. The original town name was Lillienthal and renamed Gilbert in 1858, honoring Elias Gilbert who originally plotted the town. At that time, the predominantly German residents were farmers, skilled laborers and small business operators.

At the turn of the century, William and Joseph Bettendorf moved their iron wagon business to Gilbert in exchange for the city purchasing the old Gilbert farm as a location for the Bettendorf’s factory. In a pioneering example of economic development - the land was provided, the factory was built and hundreds of jobs were created. On June 5, 1903, the town of 440 residents petitioned for incorporation, requesting the town name be changed to Bettendorf to honor the brothers whose factory was so important to the early development of the city.

Bettendorf has a Mayor and a seven-member City Council, one for each of the five wards, and two at large members are elected for four-year terms on a staggered basis. Together, they form the law-making, policy-forming body, and are responsible for selecting a City Administrator to handle the day to day operations of government. All departments and department heads report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees, and the City Attorney, who is recommended by the Mayor and approved by the Council.

The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Bettendorf provides a full range of services, including police and fire protection; the construction and maintenance of infrastructure, including streets, roads, bridges and sewer and storm water utilities; sanitation services; park and recreational programs and facilities, enforcement of building code regulations; traffic control; mass transportation; housing services; economic and community development; general administrative services; one public library; and other cultural opportunities through the Family Museum of Arts and Science.

**Component Units.** The CAFR includes all funds of the primary government, City of Bettendorf, its blended component unit, the Bettendorf Housing Authority, and its discretely presented component unit, the Learning Campus Foundation. Component units are legally separate entities for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Bettendorf Housing Authority, which oversees the Housing and Urban Development rent subsidy program, is reported as a special revenue fund of the primary government under the City's Housing and Urban Development Section 8 Fund. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Learning Campus Foundation is reported as a discretely presented component unit. The Foundation was established to organize, sponsor and maintain a program for providing independent financial support to supplement the financing of the Learning Campus of the City of Bettendorf.

**Budgeting Control:** In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The state of Iowa requires the passage of an annual budget of total City operating expenditures by major program service areas no later than March 15 each year for the fiscal year beginning July 1. Activities of the General Fund, special revenue funds, Capital Projects Fund, Debt Service Fund and business-type funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program service area level. The City also maintains administrative budgetary control beyond the state required program service area level at the major object of expenditure basis within each City department.

The Council is required to adopt a final budget by no later than March 15 each year for the fiscal year beginning July 1. This annual budget serves as the foundation for the City of Bettendorf's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit.

## **Local Economy**

**Location and Population:** Bettendorf, Iowa is one of the principal cities within the Quad Cities, a metropolitan area of nearly 360,000 located along the Mississippi River in eastern Iowa and western Illinois. Bettendorf is at the intersection of the nation's busiest interstate highway (Interstate 80) and its largest river – the majestic Mississippi. These transportation elements have helped create a broad based economy. Of the fifteen largest cities in the state of Iowa, Bettendorf was the third fastest growing city in the state with an 11.2% growth rate from 1990 to 2000. Citizenry grew by 3,143 to a total count of 31,275.

**Employment Data:** Historically, the Quad-Cities have been known as an industrial, retail/service and transportation center. In the last twenty years the economy has shifted, showing a decline in the number of manufacturing sector jobs. In 1980, 30% of the area jobs were in manufacturing and 53% in the service sector. In recent years, those employment numbers have changed to 13.5% manufacturing, 70.5% service sector and the portion of government sector jobs has remained fairly even 16%.

The annual average labor force in the Quad-Cities MSA was 188,208 in 2004, which was a 4.9% increase from the 1990 figure of 179,426. The annual average labor force for Scott County was 86,277 in 2004, which was a 9.7% increase over the 1990 annual average labor force of 78,660 for the County. In 1980, the unemployment rate for the Quad-Cities was 6.7%. During the years 1980-2000, the unemployment figures for the Quad-Cities MSA hit a high of 14.8% in 1983. Unemployment has steadily declined in Bettendorf since the mid-eighties with an unemployment rate of only 3.1% in October 2004. This is the lowest in the Quad Cities MSA which averaged 4.5% and is well below the national average of 5.4% for the same period. This reduction in unemployment is attributed, in part, from the creation of jobs in the service sectors and the manufacturing of non-durable goods. The total number of jobs in Bettendorf has been growing since the mid-eighties and of the approximate 17,300 persons in the current labor force, 16,616 were employed during fiscal year 2005. Today, Bettendorf's retail market generates more than \$260 million in annual sales.

**New Housing Starts:** Construction of new homes in Bettendorf has been very strong over the last decade, and the Quad Cities remains one of the most affordable housing markets in the country. During fiscal year 2005, 1,298 building permits were issued for investment in new construction and renovation totaling \$ 67,539,589. The average selling price for a new or existing home in Bettendorf averaged \$205,900 for the calendar 2005 year, while in Davenport it averaged \$115,900 for the same time period. Over the last decade, 1,526 dwelling units have been constructed within Bettendorf City limits.

**Education:** There are two public school systems serving the City of Bettendorf. The Bettendorf Community School District has six elementary schools, one middle school and one high school. The Pleasant Valley Community School District has four elementary schools, a junior high and one high school. There are also two private schools in Bettendorf: Lourdes Catholic elementary school serves a pre-kindergarten through grade eight enrollment and Rivermont Collegiate, an independent college preparatory day school, provides a preschool through grade 12 enrollment. The City's school districts consistently rank in the top ten school districts in the state. 92.7% of Bettendorf's population over the age of 25 have graduated from high school or have attained higher education or degrees compared to the national average of 80.3%.

The Eastern Iowa Community College District provides a comprehensive adult educational program and enrolls approximately 7,500 students each year from Clinton, Muscatine and Scott Counties. Other institutions of higher education in the immediate area include: Augustana College in Rock Island; St. Ambrose University in Davenport; Western Illinois University offers junior and senior level courses at its Quad Cities Center in Moline, Illinois; Palmer College of Chiropractic in Davenport; and the Quad Cities Graduate Studies Center located at Augustana College in Rock Island.

**Quad City Economy:** With the apparent improvement of the national economic indicators and the increase in consumer confidence, the immediate outlook for the Quad Cities is positive. There have been some layoffs and production slow downs at some of the areas largest employers, while others have seen modest increases or have been hiring to replace retiring workers. Although the recent BRAC announcement will reduce positions at the Arsenal over the next six years, current production capacity at the Rock Island Arsenal is increasing with the increasing need for vehicle armor and other munitions. The Local Arsenal Redevelopment Task Force is working to attract new private jobs to the Arsenal in the future. Also, with interest and mortgage rates remaining low, building and construction activity is expected to remain steady. Economic development efforts for the Quad Cities continue to try to diversify the economy, while taking advantage of its unique location on major transportation corridors and the tremendous asset of the Mississippi River.

**Economic Development:** In support of existing businesses, and to attract businesses from outside the region, the City's Community Development Department administers a Tax Increment Financing (TIF) program. Bettendorf's economic development programs now include a total of ten TIF districts.

With the assistance of the Mayor, City Council and the Bettendorf Development Corporation, the City is undertaking the large effort of redeveloping our riverfront-downtown corridor. Discussions have resulted in the development of a conceptual plan which is now being utilized as a marketing tool to attract the various elements of the desired plan.

The City's Community Development Department also provides coordination with other governmental and private efforts, including: Iowa Department of Economic Development, Iowa Department of Transportation, Eastern Iowa Community College District, MidAmerican Energy Company, Quad City Development Group, Bi-State Regional Commission and the Bettendorf Development Corporation. The Bettendorf Development Corporation (BDC) was established by several leading businessmen in the community and has received financing from several area businesses. The BDC is a private, non-profit organization designed to be an intermediary between the public and private sectors as necessary in order to assist in accomplishing high-quality development of industrial and commercial areas. Over the last five years, the BDC has raised and spent \$1 million in implementing projects in nine commitment areas throughout Bettendorf. In the future, they plan to go back out for a \$2 million campaign to continue the process.

### **Long-Term Financial Planning**

Unreserved, undesignated fund balance in the General Fund totals \$4.7 million and equates to 27% of total General Fund expenditures. This current percentage of fund balance exceeds the City Council's policy guidelines of a range of 20-25% for budgetary and planning purposes. During FY 05/06, the Council has budgeted to draw the fund balance down by \$400,000 to assist in constructing a new Club House for the City's Public Golf Course. The \$400,000 will be paid back to the General Fund over a 10 year period. The \$400,000 loan is projected to bring the unreserved, undesignated General Fund balance back to 24.4% of total General Fund expenditures during FY 2005/06.

As part of the City's Capital Improvement Plan for FY 2005/06, the City plans to issue \$4.5 million in general obligation bonds for various street projects, a \$700,000 capital note is planned to pay for renovations to the existing Eagles building, and \$19.86 million in TIF revenue bonds is expected for the downtown RIVERSedge project, which includes an Event Center.

### **Relevant financial policies:**

It is the City of Bettendorf's policy to limit the use of riverboat gaming proceeds used towards operating expenses and to primarily allocate gaming proceeds for one-time capital projects. During FY 2004/05, \$1,033,000 or 65% of gaming proceeds was allocated for capital projects and \$595,000 was used to subsidize operating expenses for various funds. For FY 2005/06, approximately 68% of gaming proceeds will be used for capital projects.

### **Major Initiatives**

Major initiatives for the City have concentrated on nine corridors within the City limits listed below:

- Riverfront – Downtown: By far the biggest improvement in this corridor has been the tourism related construction of the Isle of Capri Casino Hotel along with the accompanying parking ramp and overpass. Total cost \$30 million. The addition of gaming to the state of Iowa economy has resulted in what was originally hoped for, permanent structures and tourists from outside a 50 mile radius and from outside the state of Iowa. Significant steps have recently taken place to achieve the next phase of the redevelopment process entitled RiversEdge. A 40,000 square foot conference center along with a hotel expansion of 250 rooms, a 500 stall parking ramp and a skywalk to connect the proposed development to the existing facilities is closing in on the financing to make this \$70 million addition a reality. A \$4.5 million Vision Iowa Grant was received for the project and ground has broken on the new hotel and construction of the Event Center is planned to start the spring of 2006. In other efforts, two local developers have constructed three buildings totaling \$4.5 million and corporate offices to house an area wide real estate agency should be completed in the first quarter of 2006.

- I-80 & Middle Road: This area, which had been tabbed as a longer range development goal, did receive significant infrastructure improvements over the last two years which will improve its development potential. Iowa American Water Company constructed both a \$4.5 million water reservoir and a \$1.5 million water main extension that will serve the northeastern half of Bettendorf. In addition, C.S. Technologies signed a 15 year lease with the City of Bettendorf to provide a community-wide multi-redundant fiber optic network for broadband access to the Internet for businesses who need this capability. Marketing for this asset will begin shortly. The City was awarded a grant to fund the study of a proposed new interchange at the site and the City has considered acquiring land next to the interchange with anticipation of future commercial development.
- Golden Triangle: Other than the downtown and the Kimberly Road Corridor, this area continues to see more development than other areas of the community. More than \$11 million of new development has occurred over the last five years, and another \$7 million in commercial and residential developments are moving forward during FY 2005/06.
- Riverside Development Park: Industrially this area blossomed quite nicely over the last five years. Olympic Steel, Grafco and Greystone Plastics brought over 300,000 square feet of buildings to the City. In addition, expansions totaling 100,000 square feet took place between LeClaire Mfg. and John M. Frey. Lastly, the industrial park did so well the City sold the remaining undeveloped ground to the Kansas City Life Insurance Company on which a 60,000 square foot speculative building now sits. In all, almost \$16 million in development occurred.
- Kimberly Road: The \$30 million redevelopment of this area is about to reach a successful conclusion. To date, a Walgreens drug store, a McDonalds restaurant, Marshalls department store, a Home Depot hardware store and Schnucks grocery store, plus many other smaller in-line retail stores are now complete and opened. Sights are now set on performing the same type of rejuvenation across the street and just south of Duck Creek Plaza. Private sector developers are currently in the land assembly stage.
- Center Pointe: In the heart of the developed portion of Bettendorf, this area is beginning to see some expansion in the few areas that remain vacant. Currently, two new commercial buildings valued at \$4 million have been constructed and are over 75% leased. The City of Bettendorf purchased a building formerly occupied by a grocery store that had relocated to another area of the City and is now considering partnering with Scott Community Area College and Bettendorf Schools for a future use for the building. The decision will be a significant one in that it is located on the City's very successful Learning Campus.
- State Street Industrial Area: This area of the City has been selected by the Bettendorf Chamber of Commerce as one of their top priorities. Redevelopment of stormwater and transportation infrastructure improvements is their main focus. Lobbying efforts during the City's Capital Improvement Plan process are expected.
- Utica Ridge Road: Although not a taxable entity, Trinity Hospital has recently completed the construction of Bettendorf's first hospital. This \$70 million investment shows the entire Quad City Area where growth is occurring. To allow for increased traffic, significant improvements have been completed to the surrounding transportation system. Already, medical and commercial facilities are beginning to surround this natural draw.

- 53<sup>rd</sup> Avenue: One of the most significant City sponsored infrastructure improvements made in Bettendorf's recent history is the extension of 53<sup>rd</sup> Avenue from Devils Glen Road to Middle Road. This one mile extension built for just over \$5 million opens up significant areas for development. The extension of the street opens up 53<sup>rd</sup> Avenue at I-74, to reach east to the future of Bettendorf, the I-80 and Middle Road Corridor. Although not all residential development has occurred in this area, most of the \$135 million in housing growth over the last five years has. In addition, commercial development to serve Bettendorf's growing senior population has expanded with a \$7 million investment by Dial Highlands, LLC which encompasses a forty acre site that contains 43 single family villas, 20 duplexes, four 24 unit apartments and a 70,000 square foot assisted living center with 68 dwelling units. This area coupled with the I-80 and Middle Road area and its newly installed round-a-bout will continue to drive Bettendorf's future.

### **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 Bettendorf, Iowa for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This was the fourteenth 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 CAFR that satisfied 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 that our current CAFR continues to conform to the Certificate of Achievement Program requirements, and are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City of Bettendorf also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated March 15, 2005. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device. This was the ninth consecutive year that the City has received this award

The preparation of this report on a timely basis could not have been accomplished without our auditors from McGladrey & Pullen, LLP, Lori Ulloa, the City's Manager of Accounting and the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all those who assisted and contributed to its preparation accordingly. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bettendorf's finances.

Respectfully submitted,

Decker P. Ploehn

City Administrator

Carol A. Barnes

Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bettendorf,  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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



*Nancy L. Zjella*

President

*Jeffrey R. Emor*

Executive Director



Bettendorf IOWA  
*a premier city*

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of June 30, 2005, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 and budgetary comparison information on pages 61 through 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Bettendorf, Iowa's basic financial statements. The combining nonmajor fund financial statements and other statements listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 4, 2005

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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As management of the City of Bettendorf, we offer readers of the City of Bettendorf's financial statements this narrative overview and analysis of the financial activities of the City of Bettendorf for the fiscal year ended June 30, 2005. 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 in the introductory section of this report.

#### Financial Highlights

- The assets of the City of Bettendorf exceeded its liabilities as of June 30, 2005 and 2004 by \$81,344,359 and \$77,062,120 (net assets), respectively. Of this amount, \$20,870,360 and \$24,410,399 (*unrestricted net assets*) respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4,282,239 and \$8,971,088 during the years ended June 30, 2005 and 2004, respectively.
- As of June 30, 2005, the City of Bettendorf's governmental funds reported combined ending fund balances of \$20,953,754, a decrease of \$3,725,176 in comparison with 2004. Approximately 74% of this total amount, \$15,463,681 is available for spending at the government's discretion (unreserved undesignated fund balance). As of June 30, 2004, the City of Bettendorf's governmental funds reported combined ending fund balances of \$24,678,930, an increase of \$1,541,873 in comparison with 2003. Approximately 55% of this total amount, \$13,523,098, is available for spending at the government's discretion (unreserved undesignated fund balance).
- As of June 30, 2005, unreserved undesignated fund balance for the General Fund was \$4,749,446 or 34% of total General Fund expenditures and \$4,445,838 or 34% for 2004.
- The City of Bettendorf's total long-term debt, excluding compensated absences, decreased by \$7,985,000 (12%) during fiscal year ended June 30, 2005 and increased by \$5,430,000 (9.1%) during fiscal year ended June 30, 2004. The decrease was mainly attributable to the scheduled debt payments.

#### Overview of the Financial Statements

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

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

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

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

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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Both of the government-wide financial statements distinguish functions of the City of Bettendorf that are principally supported by taxes and intergovernmental revenues (*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 Bettendorf include public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Bettendorf include the sanitary sewer system, recycling and solid waste collection system, Family Museum of Arts & Science, Palmer Hills Golf Course, City recreation, Splash Landing Aquatic Center, stormwater utility and transit system.

The government-wide financial statements include the City of Bettendorf itself (known as the *primary government*). The financial statements also include the component units of the City of Bettendorf. These include the Bettendorf Housing Authority (blended component unit) and the Learning Campus Foundation (discretely presented component unit). These component units, although legally separate entities, are included in the City's reporting entity because of their significant operational or financial relationship with the City.

**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 Bettendorf, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bettendorf 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 fiscal 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 government'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 Bettendorf maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Fund, Debt Service Fund, and Capital Projects Reserve Fund, all of which are considered to be major funds. Data from the other seventeen 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.

**Proprietary funds.** The City of Bettendorf 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 Bettendorf's various functions. The City of Bettendorf uses internal service funds to account for risk management, employee benefits, maintenance garage and information 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.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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The City of Bettendorf maintains eight enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility Fund, Family Museum of Arts & Science Fund and Stormwater Utility Fund as these are considered to be major funds of the City of Bettendorf. Data from the other five 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. Conversely, all 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.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Bettendorf's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund: agency funds. The total assets held in the fiduciary funds as of June 30, 2005 were \$24,598.

**Notes to basic 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.

**Other information.** The City's budgetary comparison schedule is presented as required supplementary information immediately following the notes to basic financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information.

#### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's total net assets have increased from a year ago from \$77,062,120 to \$81,344,359.

By far the largest portion of the City of Bettendorf's net assets (73 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Bettendorf uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bettendorf'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.

City of Bettendorf, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005

	City of Bettendorf's Net Assets					
	Governmental Activities 2005	Governmental Activities 2004	Business-Type Activities 2005	Business-Type Activities 2004	Total 2005	Total 2004
Current and other assets	\$ 44,232,928	\$ 46,308,608	\$ 7,874,955	\$ 11,579,332	\$ 52,107,883	\$ 57,887,940
Capital assets	77,181,314	74,262,555	31,782,950	30,871,986	108,964,264	105,134,541
<b>Total assets</b>	<b>121,414,242</b>	<b>120,571,163</b>	<b>39,657,905</b>	<b>42,451,318</b>	<b>161,072,147</b>	<b>163,022,481</b>
Noncurrent liabilities	45,011,206	45,490,496	6,752,024	7,802,091	51,763,230	53,292,587
Other liabilities	25,839,850	28,364,792	2,124,708	4,302,982	27,964,558	32,667,774
<b>Total liabilities</b>	<b>70,851,056</b>	<b>73,855,288</b>	<b>8,876,732</b>	<b>12,105,073</b>	<b>79,727,788</b>	<b>85,960,361</b>
Net assets:						
Invested in capital assets, net of related debt	32,359,207	24,868,920	26,983,506	26,438,117	59,342,713	51,307,037
Restricted	955,500	955,500	175,786	389,184	1,131,286	1,344,684
Unrestricted	17,248,479	20,891,455	3,621,881	3,518,944	20,870,360	24,410,399
<b>Total net assets</b>	<b>\$ 50,563,186</b>	<b>\$ 46,715,875</b>	<b>\$ 30,781,173</b>	<b>\$ 30,346,245</b>	<b>\$ 81,344,359</b>	<b>\$ 77,062,120</b>

An additional portion of the City of Bettendorf's net assets (1.4 percent for 2005 and 1.7 percent for 2004) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$20,870,360 for 2005 and \$24,410,399 for 2004, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Bettendorf is able to report positive balances in all three categories of net assets for the government as a whole.

The changes in net assets are highlighted in the following table which shows the City's revenues and expenses for the fiscal year. These two main components are subtracted to yield the change in net assets.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions, and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

City of Bettendorf, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005

A summary of the City's changes in net assets follows:

	City of Bettendorf's Changes in Net Assets					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,025,257	\$ 1,129,275	\$ 6,192,614	\$ 5,330,272	\$ 7,217,871	\$ 6,459,547
Operating grants and contributions <sup>3</sup>	,893,944	979,697	442,522	307,875	4,336,466	1,287,572
Capital grants and contributions <sup>2</sup>	,854,604	3,154,039	938,920	2,071,145	3,793,524	5,225,184
General revenues:						
Property taxes	14,552,874	13,277,584	-	-	14,552,874	13,277,584
Tax increment financing	1,684,641	2,096,938	-	-	1,684,641	2,096,938
Other taxes	7,956,439	10,559,433	-	-	7,956,439	10,559,433
State shared revenues	41,903	40,995	-	-	41,903	40,995
Investment earnings	657,905	469,300	180,534	32,562	838,439	501,862
Miscellaneous and gain on sale of capital asset	395,137	772,707	202,873	228,469	598,010	1,001,176
<b>Total revenues</b>	<b>33,062,704</b>	<b>32,479,968</b>	<b>7,957,463</b>	<b>7,970,323</b>	<b>41,020,167</b>	<b>40,450,291</b>
<b>Expenses:</b>						
Public safety	8,034,864	7,303,476	-	-	8,034,864	7,303,476
Public works	6,146,647	5,352,120	-	-	6,146,647	5,352,120
Culture and recreation	3,557,691	3,327,610	-	-	3,557,691	3,327,610
Community and economic development	3,016,994	1,258,610	-	-	3,016,994	1,258,610
General government	3,202,786	3,220,615	-	-	3,202,786	3,220,615
Interest on long-term debt	2,565,864	2,486,758	-	-	2,565,864	2,486,758
Sewer utility	-	-	2,742,747	2,517,148	2,742,747	2,517,148
Family Museum of Arts & Science	-	-	1,958,342	1,718,447	1,958,342	1,718,447
Aquatic Center	-	-	426,330	392,699	426,330	392,699
Recycling/solid waste management	-	-	1,959,654	1,343,683	1,959,654	1,343,683
Palmer Hills Golf Course	-	-	909,314	870,098	909,314	870,098
Life Fitness Center	-	-	777,189	759,493	777,189	759,493
Stormwater utility	-	-	416,886	120,494	416,886	120,494
Transit	-	-	1,022,620	807,952	1,022,620	807,952
<b>Total expenses</b>	<b>26,524,846</b>	<b>22,949,189</b>	<b>10,213,082</b>	<b>8,530,014</b>	<b>36,737,928</b>	<b>31,479,203</b>
<b>Increase (decrease) in net assets before transfers<sup>6</sup></b>	<b>,537,858</b>	<b>9,530,779</b>	<b>(2,255,619)</b>	<b>(559,691)</b>	<b>4,282,239</b>	<b>8,971,088</b>
Transfers	(2,690,547)	(3,424,925)	2,690,547	3,424,925	-	-
<b>Increase in net assets</b>	<b>3,847,311</b>	<b>6,105,854</b>	<b>434,928</b>	<b>2,865,234</b>	<b>4,282,239</b>	<b>8,971,088</b>
Net assets, beginning	46,715,875	40,610,021	30,346,245	27,481,011	77,062,120	68,091,032
<b>Net assets, ending</b>	<b>\$ 50,563,186</b>	<b>\$ 46,715,875</b>	<b>\$ 30,781,173</b>	<b>\$ 30,346,245</b>	<b>\$ 81,344,359</b>	<b>\$ 77,062,120</b>

**City of Bettendorf, Iowa**

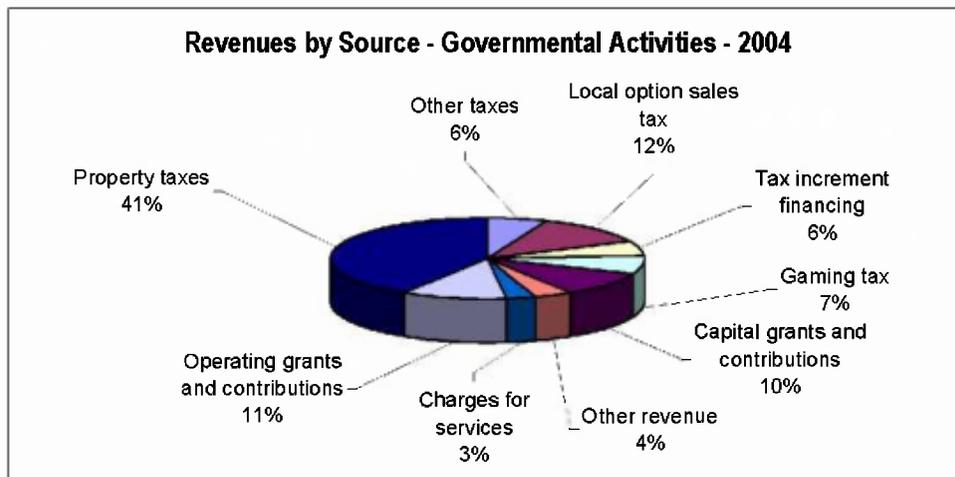
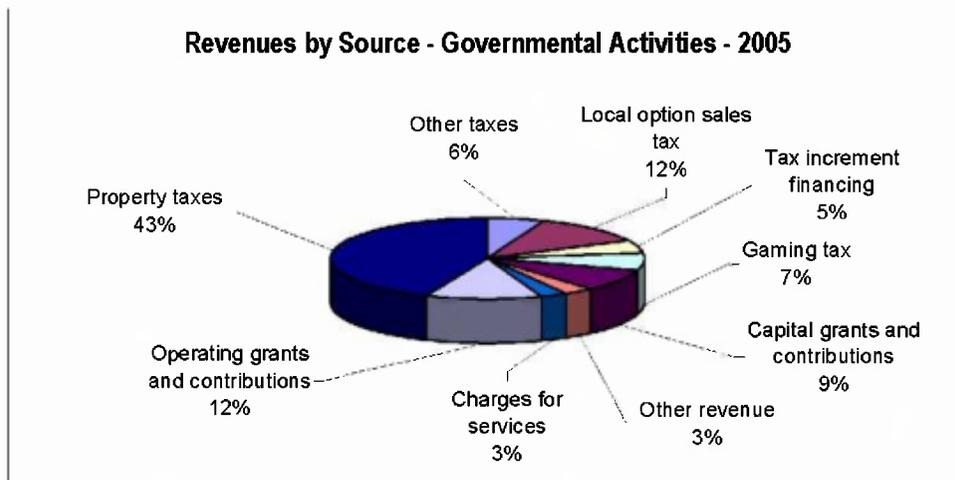
**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

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Total governmental activities' revenue for fiscal year 2005 was \$33,062,704 and for 2004 was \$32,479,968. The largest single revenue source for the City was property and TIF taxes of \$16,237,515 for 2005 and \$15,181,670 for 2004. Property and TIF taxes increased by \$1,055,845 from 2004 (7.0 percent) and \$352,842 from 2003 (2.4 percent). Most of the increase for 2005 and 2004 is a result of increased property tax values and increases in tax increment financing.

Certain revenues are generated that are specific to governmental program activities. These totaled \$7,773,805 for 2005 and \$7,882,155 for 2004.

The graphs below show the percentage of the total governmental revenues allocated by each revenue type.

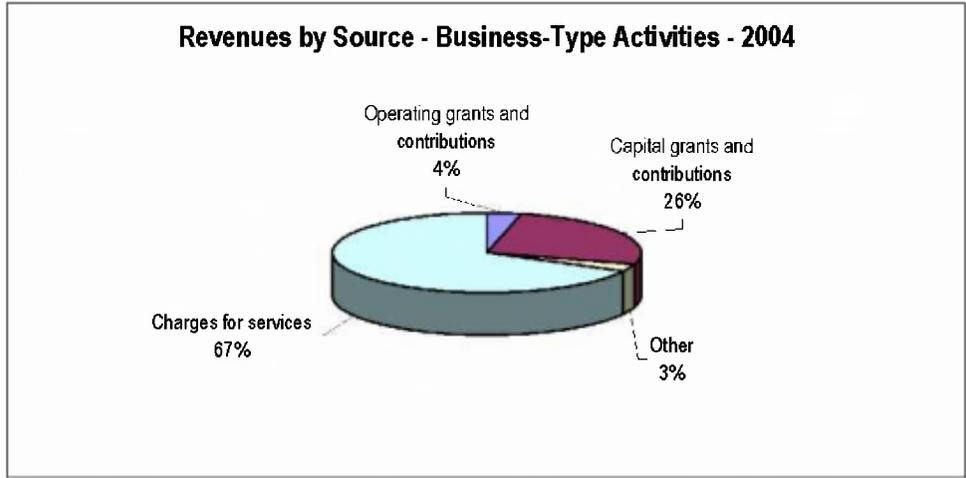
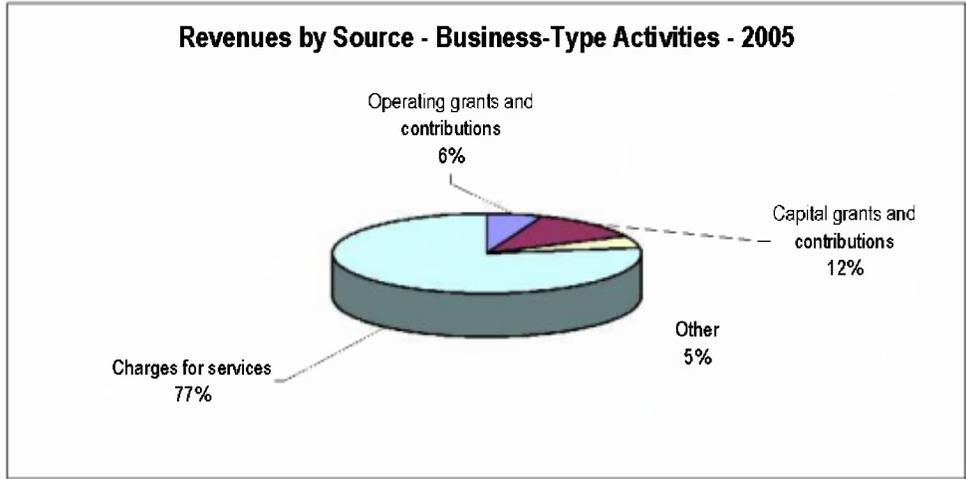


Total business-type activities' revenue for fiscal year 2005 was \$7,957,463 and for 2004 was \$7,970,323. All but \$383,407 for 2005 and \$261,031 for 2004 of this revenue was generated for specific business-type activity expenses.

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005

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The graphs below show the breakdown of revenues by source for the business-type activities:



**Business-type activities.** Business-type activities increased the City of Bettendorf's net assets by \$434,928 in 2005, accounting for 10 percent of the growth in the government's net assets. Key elements of this increase are as follows:

- The sewer utility recorded an increase of \$635,815 in net assets for the year, mostly due to an increase in contributed capital assets.
- The Palmer Hills Golf Course recorded an increase of \$290,195 due to a transfer in from the Gaming Fund to begin the replacement of the clubhouse.
- The Life Fitness Center and Aquatic Center funds both had a decrease in net assets, \$197,332 and \$235,938, respectively, both due to operating expenditures outpacing the revenues into the funds.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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For the fiscal year ended 2004, the business-type activities increased the City's net assets by \$2,865,234, accounting for 32 percent of the growth in the government's net assets. Key elements of this increase are as follows:

- The sewer utility recorded an increase of \$1,260,765 in net assets for the year. Of this amount, \$1,903,332 is the result of an increase in capital assets.
- The storm water utility recorded an increase of \$524,125 in net assets for the year. This increase was the result of the implementation of a storm water utility fee for all City property owners and the revenues associated with this fee.
- The Family Museum of Arts & Science recorded an increase of \$194,201 in net assets for the year.

### Financial Analysis of the Government's Funds

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

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

As of June 30, 2005, the City of Bettendorf's governmental funds reported combined ending fund balances of \$20,953,754, a decrease of \$3,725,176 in comparison with 2004. Approximately 74 percent of this total amount \$15,463,681, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period \$357,222, 2) to pay debt service \$955,500, and 3) for a variety of other restricted purposes \$821,098.

As of June 30, 2004, the City of Bettendorf's governmental funds reported combined ending fund balances of \$24,678,930, an increase of \$1,541,873 in comparison with 2003. Approximately 70.7 percent of this total amount \$17,448,935 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$890,253), 2) to pay debt service (\$5,441,353), and 3) for a variety of other restricted purposes (\$898,389).

The General Fund is the chief operating fund of the City of Bettendorf. The unreserved fund balance of the General Fund was \$4,749,446 for 2005 and \$4,445,838 for 2004, while total fund balance was \$4,814,328 for 2005 and \$4,527,844 for 2004. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. For 2005, unreserved fund balance represents 34 percent of total General Fund expenditures, while total fund balance represents 34.5 percent of that same amount. For 2004, unreserved fund balance represents 33.5 percent of total General Fund expenditures, while total fund balance represents 34.1 percent of that same amount.

The fund balance of the City of Bettendorf's General Fund increased by \$286,484 for 2005 and \$44,158 for 2004. The increase for 2005 is primarily the result of the City's departments not spending all of their budgeted expenditures, and the increase for 2004 is primarily the result of miscellaneous revenues.

The Tax Increment Financing Fund (TIF) has a total fund balance of \$114,940 for 2005 and \$113,476 for 2004. The net increase in fund balance during the current year in the Tax Increment Fund was \$1,464, due to the pay down of the amounts owed to the City that are being paid back each year.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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The Debt Service Fund has a total fund balance of \$1,605,452 for 2005 and \$6,391,734 for 2004. The net decrease in fund balance during the current year in the Debt Service Fund was \$4,786,282. This decrease is primarily due to the refinancing of the 1995 bond issue from 2004 and using the escrowed bond proceeds to pay off the bonds.

The Capital Projects Fund has a total fund balance of \$4,089,197 for 2005 and \$3,243,542 for 2004, all of which is unrestricted for capital projects. The Capital Projects Fund had a net increase in fund balance in the current year of \$845,655. The increase in fund balance is primarily a result of proceeds from bonds issued in June 2005.

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

Unrestricted net assets of the Sewer Utility were \$1,726,879 as of June 30, 2005 and \$1,332,204 as of June 30, 2004; those for the Family Museum of Arts & Science were (\$64,916) for 2005 and \$16,045 for 2004, and those for the Stormwater Utility were \$410,508 and \$658,031 for 2005 and 2004, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Bettendorf's business-type activities.

### Budgetary Highlights

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay, business-type and non-program. Function expenditures/expenses required to be budgeted include expenditures for the General Fund, special revenue funds, Debt Service Fund, capital projects funds and permanent funds. The legal level of control is at the aggregated function level, not at the fund or fund type level. These budget amendments are reflected in the final budgeted amounts.

Differences between the original budget and the final amended budget for the City of Bettendorf can be summarized as follows:

- The total original revenue budget of \$43,597,631 was decreased to \$43,464,392 (a decrease of \$133,239).
- The total original expenditure budget of \$65,427,851 was decreased to \$53,525,676 (a decrease of \$11,902,175).
- The total original budget for other financing sources, net of \$21,650,000 was decreased to \$4,390,000.

The above changes to budgets were related to deferring approximately \$17 million of tax increment financing projects to the next fiscal year offset by approximately a \$4 million increase from refinancing existing bonds after the original adoption to the budget.

During the year, however, revenues, excluding transfers, were less than budgetary revenues by \$1,501,439. This was primarily attributable to capital projects reimbursements from intergovernmental sources not received due to postponement of projects and an overestimation of miscellaneous revenues.

**City of Bettendorf, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

Expenditures were less than budgetary expenditures by \$2,654,227 primarily due to capital projects that were behind schedule and departments that did not spend all of their budgets.

See the *Budgetary Comparison Schedule – All Governmental Funds and Proprietary Funds*.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Bettendorf's investment in capital assets for its governmental and business-type activities as of June 30, 2005 and 2004 amounts to \$108,964,264 and \$105,134,541 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements and equipment and vehicles.

Major capital asset events during fiscal year ended June 30, 2005, included the following:

- \$2,233,023 of street projects completed which includes 17<sup>th</sup> Street paving, 28<sup>th</sup> Street reconstruction, Bayberry Ct. paving, Oakory Lane and Estate Ct. reconstruction and paving a portion of Tanglefoot Rd.
- \$1,505,254 of disposals of land in downtown Bettendorf to promote economic development.
- Acceptance of various residential developed streets, \$2,158,183.
- \$484,639 for Bettendorf's share of improvements to the Wastewater Treatment Plant.
- \$517,746 in purchases of automated trucks to implement the new garbage program.

Major capital asset events during fiscal year ended June 30, 2004, included the following:

- Paving of 53<sup>rd</sup> Avenue, Devils Glen to Middle Road, \$1,796,238.
- Paving of Crow Creek Road and widening of Utica Ridge Road, \$1,652,468.

Acceptance of various residential developed streets, \$1,988,947.

Additional information on the City of Bettendorf's capital assets can be found in Note 3 of this report.

	<b>City of Bettendorf's Capital Assets</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Land	\$ 5,574,401	\$ 6,642,420	\$ 1,917,024	\$ 1,664,615	\$ 7,491,425	\$ 8,307,035
Construction-in-progress	1,571,553	427,127	483,733	303,920	2,055,286	731,047
Buildings	19,627,365	19,627,365	15,108,503	15,068,967	34,735,868	34,696,332
Equipment and vehicles	12,977,292	12,557,746	8,414,575	8,225,995	21,391,867	20,783,741
Improvements other than buildings	82,230,436	77,016,497	32,904,966	31,145,846	115,135,402	108,162,343
Accumulated depreciation	(44,799,733)	(42,008,600)	(27,045,851)	(25,537,357)	(71,845,584)	(67,545,957)
<b>Total</b>	<b>\$ 77,181,314</b>	<b>\$ 74,262,555</b>	<b>\$ 31,782,950</b>	<b>\$ 30,871,986</b>	<b>\$ 108,964,264</b>	<b>\$ 105,134,541</b>

**Long-term debt.** As of June 30, 2005, the City of Bettendorf had total bonded debt outstanding of \$57,285,000. Of this amount, \$50,410,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Bettendorf's debt represents bonds secured solely by specified revenue sources (ie revenue bonds).

**City of Bettendorf, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

As of June 30, 2004, the City of Bettendorf had total bonded debt outstanding of \$65,270,000. Of this amount, \$57,445,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Bettendorf's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**City of Bettendorf's Outstanding Debt  
General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 43,737,074	\$ 47,484,239	\$ 6,672,926	\$ 9,960,761	\$ 50,410,000	\$ 57,445,000
Revenue bonds	5,865,000	6,565,000	1,010,000	1,260,000	6,875,000	7,825,000

The City of Bettendorf's total debt decreased by \$7,985,000 (12.2 percent) during the current fiscal year. The key factor in this decrease was due to scheduled debt payments made during the year. The City did issue \$4,590,000 in general obligation bonds to be used for various public improvements in June 2005; however, as of June 30, 2005, no principal payments had been made on this debt.

During 2004, the City of Bettendorf's total debt increased by \$5,430,000 (9.1 percent). The key factor in this increase was a general obligation bond issuance (\$7,650,000) for various public improvements and sewer and stormwater improvements. The City also issued \$7,160,000 in general obligation refunding bonds in a crossover refunding to be used to refund in advance part of the City's general obligation bonds, Series, 1995A.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The debt limitation for the City of Bettendorf for 2005 was \$106,901,798 and for 2004 was \$106,900,224, which is significantly in excess of the City of Bettendorf's outstanding general obligation debt of \$50,410,000 and \$57,445,000 for 2005 and 2004, respectively, and other debt subject to the debt limitation of \$6,672,926 and \$6,565,000, respectively.

Additional information on the City of Bettendorf's long-term debt can be found in Note 4 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Property taxes continue to be the major revenue source for the City of Bettendorf. In fiscal year 2005/2006, property taxes will represent 34.3 percent of total City operating revenues, net of transfers and bond proceeds. This compares to 31.7 percent five years ago in fiscal year 2001/2002. This increased reliance on property tax revenue is the result of other revenue streams either decreasing or remaining flat due to the current economy, especially lower interest rates. In addition, the City incurred a permanent reduction in state funding during fiscal year 2003/2004 that equates to an annual loss of \$570,000 that is now being paid through local property taxes. The City has aggressively been establishing user fees in eight enterprise funds to help offset the cost of the City providing services to citizens when feasible.
- The City Council increased the levy rate \$.50 per \$1,000/assessed valuation to \$12.35 to balance the fiscal year 2004/2005 budget, as a direct result of the state of Iowa reducing funding to the City. The Council maintained the levy rate at \$12.35 for fiscal year 2005/2006, which will generate \$15.4 million in property taxes. The City's tax base has increased at an average rate of 3.82 percent annually over the past ten years. This moderate annual increase is due in part to the state phasing out machinery and equipment assessments. Residential taxable valuations also reflect a state imposed rollback computation, currently at 47.87 percent of fair market value. For fiscal year 2005/2006, the City's total taxable valuation base (including TIF increment values) totals \$1,298,135,775 and reflects a 6.04% increase from last year. Even with the state residential rollback, new construction and market valuation growth resulted in a 7.8 percent overall increase in total residential taxable values. The residential class of property represents 69.67 percent of the City's total tax base.

## **City of Bettendorf, Iowa**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005**

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- Relatively favorable employment opportunities throughout the bi-state Quad Cities area continue to foster moderate city population and tax base growth. Overall, the City will collect \$15,440,661 in property taxes in fiscal year 2005/2006 which is 5.9 percent more than fiscal year 2004/2005 taxes of \$14,631,169.

All of these factors were considered in preparing the City of Bettendorf's budget for fiscal year 2006.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of Bettendorf's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Carol Barnes, Finance Director, City of Bettendorf, 1609 State Street, Bettendorf, Iowa 52722.



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City of Bettendorf, Iowa

Statement of Net Assets  
June 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Learning Campus Foundation
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 18,500,702	\$ 2,932,796	\$ 21,433,498	\$ 1,252,677
Restricted cash and investments	4,557,934	2,802,371	7,360,305	-
Receivables:				
Property taxes	18,149,585	-	18,149,585	-
Accounts and unbilled usage	189,208	1,287,694	1,476,902	-
Accrued interest	59,339	12,614	71,953	-
Special assessments	70,491	132,711	203,202	-
Loans	53,794	-	53,794	-
Internal balances	229,727	(229,727)	-	-
Due from other governments	1,240,776	679,599	1,920,375	-
Inventories	3,072	-	3,072	11,285
<b>Total current assets</b>	<b>43,054,628</b>	<b>7,618,058</b>	<b>50,672,686</b>	<b>1,263,962</b>
Noncurrent assets:				
Restricted cash and investments	955,500	161,137	1,116,637	-
Bond discounts	101,141	40,722	141,863	-
Bond issuance costs	121,659	55,038	176,697	-
	<b>1,178,300</b>	<b>256,897</b>	<b>1,435,197</b>	<b>-</b>
Capital assets:				
Nondepreciable:				
Land	5,574,401	1,917,024	7,491,425	-
Construction-in-progress	1,571,553	483,733	2,055,286	-
Depreciable:				
Buildings and structures	19,627,365	15,108,503	34,735,868	-
Equipment and vehicles	12,977,292	8,414,575	21,391,867	-
Improvements other than buildings	82,230,436	32,904,966	115,135,402	-
Accumulated depreciation	(44,799,733)	(27,045,851)	(71,845,584)	-
<b>Net capital assets</b>	<b>77,181,314</b>	<b>31,782,950</b>	<b>108,964,264</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>78,359,614</b>	<b>32,039,847</b>	<b>110,399,461</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 121,414,242</b>	<b>\$ 39,657,905</b>	<b>\$ 161,072,147</b>	<b>\$ 1,263,962</b>

See Notes to Basic Financial Statements.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Learning Campus Foundation
<b>Liabilities</b>				
Current:				
Accounts payable	\$ 980,088	\$ 751,219	\$ 1,731,307	\$ 2,960
Claims payable	177,764	-	177,764	-
Compensated absences	191,951	47,810	239,761	-
Accrued liabilities	306,706	83,977	390,683	-
Due to other governments	90,354	144,996	235,350	-
Interest payable	205,700	23,672	229,372	-
Contracts payable	843,295	17,192	860,487	-
Unearned revenues	17,954,833	-	17,954,833	10,000
Current maturities, revenue bonds	745,000	270,000	1,015,000	-
Current maturities, general obligation bonds	4,344,159	785,842	5,130,001	-
<b>Total current liabilities</b>	<b>25,839,850</b>	<b>2,124,708</b>	<b>27,964,558</b>	<b>12,960</b>
Noncurrent:				
Compensated absences	497,524	124,940	622,464	-
Revenue bonds, net of current maturities	5,120,000	740,000	5,860,000	-
General obligation bonds, net of current maturities	39,392,915	5,887,084	45,279,999	-
Bond premium	767	-	767	-
<b>Total noncurrent liabilities</b>	<b>45,011,206</b>	<b>6,752,024</b>	<b>51,763,230</b>	<b>-</b>
<b>Total liabilities</b>	<b>70,851,056</b>	<b>8,876,732</b>	<b>79,727,788</b>	<b>12,960</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	32,359,207	26,983,506	59,342,713	-
Restricted for:				
Bond ordinance reserves	955,500	175,786	1,131,286	-
Restricted by grantors	-	-	-	33,832
Unrestricted	17,248,479	3,621,881	20,870,360	1,217,170
<b>Total net assets</b>	<b>50,563,186</b>	<b>30,781,173</b>	<b>81,344,359</b>	<b>1,251,002</b>
<b>Total liabilities and net assets</b>	<b>\$ 121,414,242</b>	<b>\$ 39,657,905</b>	<b>\$ 161,072,147</b>	<b>\$ 1,263,962</b>

City of Bettendorf, Iowa

Statement of Activities  
For the Year Ended June 30, 2005

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Public safety	\$ 8,034,864	\$ 17,409	\$ 324,501	\$ 41,861
Public works	6,146,647	3,536	2,647,908	2,772,743
Culture and recreation	3,557,691	211,570	195,722	40,000
Community and economic development	3,016,994	735,831	725,813	-
General government	3,202,786	56,911	-	-
Interest on long-term debt	2,565,864	-	-	-
<b>Total governmental activities</b>	<b>26,524,846</b>	<b>1,025,257</b>	<b>3,893,944</b>	<b>2,854,604</b>
<b>Business-type activities:</b>				
Sewer utility	2,742,747	2,414,522	-	888,281
Family Museum of Arts & Science	1,958,342	560,972	135,978	-
Aquatic Center	426,330	174,104	-	-
Recycling/solid waste management	1,959,654	1,151,110	-	-
Palmer Hills Golf Course	909,314	718,869	-	-
Life Fitness Center	777,189	570,620	-	-
Stormwater utility	416,886	562,248	-	-
Transit	1,022,620	40,169	306,544	50,639
<b>Total business-type activities</b>	<b>10,213,082</b>	<b>6,192,614</b>	<b>442,522</b>	<b>938,920</b>
<b>Total primary government</b>	<b>\$ 36,737,928</b>	<b>\$ 7,217,871</b>	<b>\$ 4,336,466</b>	<b>\$ 3,793,524</b>
Component unit, Learning Campus Foundation	\$ 231,543	\$ 55,709	\$ 205,107	\$ -

**General Revenues**

Taxes:

- Property taxes
- Tax increment financing taxes
- Local option sales taxes
- Other taxes
- Gaming tax
- Franchise tax
- State replacement tax credits
- State shared revenues, unrestricted
- Investment earnings
- Gain on sale of capital assets
- Miscellaneous

**Transfers**

**Total general revenues and transfers**

- Changes in net assets
- Net assets, beginning of year
- Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (7,651,093)	\$ -	\$ (7,651,093)	\$ -
(722,460)	-	(722,460)	-
(3,110,399)	-	(3,110,399)	-
(1,555,350)	-	(1,555,350)	-
(3,145,875)	-	(3,145,875)	-
(2,565,864)	-	(2,565,864)	-
(18,751,041)	-	(18,751,041)	-
-	560,056	560,056	-
-	(1,261,392)	(1,261,392)	-
-	(252,226)	(252,226)	-
-	(808,544)	(808,544)	-
-	(190,445)	(190,445)	-
-	(206,569)	(206,569)	-
-	145,362	145,362	-
-	(625,268)	(625,268)	-
-	(2,639,026)	(2,639,026)	-
(18,751,041)	(2,639,026)	(21,390,067)	-
-	-	-	29,273
14,552,874	-	14,552,874	-
1,684,641	-	1,684,641	-
3,865,352	-	3,865,352	-
1,516,246	-	1,516,246	-
2,233,864	-	2,233,864	-
321,427	-	321,427	-
19,550	-	19,550	-
41,903	-	41,903	-
657,905	180,534	838,439	51,614
-	4,000	4,000	-
395,137	198,873	594,010	-
(2,690,547)	2,690,547	-	-
22,598,352	3,073,954	25,672,306	51,614
3,847,311	434,928	4,282,239	80,887
46,715,875	30,346,245	77,062,120	1,170,115
\$ 50,563,186	\$ 30,781,173	\$ 81,344,359	\$ 1,251,002

City of Bettendorf, Iowa

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

Assets	Tax Increment		
	General	Financing	Debt Service
Cash and investments	\$ 4,644,675	\$ 18,986	\$ 1,577,200
Restricted cash and investments	-	955,500	-
Receivables:			
Property taxes	9,075,583	2,586,036	4,964,962
Accounts	119,841	-	-
Special assessments	69,041	-	-
Loans	53,794	-	-
Accrued interest	11,891	5,079	3,660
Due from other funds	101,366	-	-
Due from other governments	1,019,253	-	93
Inventories	3,072	-	-
Advances to other funds	-	-	-
<b>Total assets</b>	<b>\$ 15,098,516</b>	<b>\$ 3,565,601</b>	<b>\$ 6,545,915</b>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 337,962	\$ -	\$ -
Accrued liabilities	242,177	-	-
Due to other governments	57,072	-	-
Due to other funds	382,518	138,397	-
Contracts payable	-	-	-
Deferred revenue	9,264,459	2,548,032	4,926,804
Matured interest payable	-	-	13,659
Advances from other funds	-	764,232	-
<b>Total liabilities</b>	<b>10,284,188</b>	<b>3,450,661</b>	<b>4,940,463</b>
<b>Fund Equity:</b>			
Fund balances:			
Reserved for future debt retirement	-	955,500	-
Reserved for encumbrances	8,016	-	-
Reserved for loans	53,794	-	-
Reserved for inventories	3,072	-	-
Reserved for advances	-	-	-
Unreserved:			
Designated for debt retirement, Debt Service Fund	-	-	1,605,452
Designated for pension contributions; special revenue funds	-	-	-
Undesignated, reported in:			
General Fund	4,749,446	-	-
Special revenue funds	-	(840,560)	-
Capital projects funds	-	-	-
<b>Total fund equity</b>	<b>4,814,328</b>	<b>114,940</b>	<b>1,605,452</b>
<b>Total liabilities and fund equity</b>	<b>\$ 15,098,516</b>	<b>\$ 3,565,601</b>	<b>\$ 6,545,915</b>

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Governmental	Total
\$ 4,537,456	\$ 9,798,728	\$ 20,577,045
-	-	955,500
-	1,523,004	18,149,585
-	66,063	185,904
1,450	-	70,491
-	-	53,794
9,804	23,628	54,062
37,551	418,974	557,891
187	220,358	1,239,891
-	-	3,072
629,936	134,296	764,232
<u>\$ 5,216,384</u>	<u>\$ 12,185,051</u>	<u>\$ 42,611,467</u>

\$ 272,228	\$ 265,933	\$ 876,123
8,832	36,996	288,005
1,289	29,253	87,614
-	10,709	531,624
843,295	-	843,295
1,543	1,512,323	18,253,161
-	-	13,659
-	-	764,232
<u>1,127,187</u>	<u>1,855,214</u>	<u>21,657,713</u>

-	-	955,500
245,878	103,328	357,222
-	-	53,794
-	-	3,072
629,936	134,296	764,232
-	-	1,605,452
-	1,750,801	1,750,801
-	-	4,749,446
-	2,117,357	1,276,797
3,213,383	6,224,055	9,437,438
<u>4,089,197</u>	<u>10,329,837</u>	<u>20,953,754</u>
<u>\$ 5,216,384</u>	<u>\$ 12,185,051</u>	<u>\$ 42,611,467</u>

City of Bettendorf, Iowa

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2005

Total governmental fund balances		\$	20,953,754
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Land	\$	5,530,792	
Construction-in-progress		1,571,553	
Buildings and structures		19,203,904	
Equipment and vehicles		12,484,627	
Improvements other than buildings		82,230,436	
Accumulated depreciation		<u>(44,217,309)</u>	76,804,003
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds			
			298,328
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:			
Capital assets		959,735	
Accumulated depreciation		(582,424)	
Other current assets		2,491,057	
Internal balances		2,366	
Other current liabilities		(315,457)	
Noncurrent liabilities		<u>(32,110)</u>	2,523,167
Internal service funds allocated to business-type activities			
			201,094
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Compensated absences, current		(179,664)	
Compensated absences, noncurrent		(465,414)	
Accrued interest payable		(192,041)	
General obligation bonds payable, current		(4,344,159)	
General obligation bonds payable, noncurrent		(39,392,915)	
TIF revenue bonds, current		(745,000)	
TIF revenue bonds, noncurrent		(5,120,000)	
Bond issuance costs		121,659	
Bond discounts		101,141	
Bond premiums		<u>(767)</u>	(50,217,160)
<b>Net assets of governmental activities</b>		<u>\$</u>	<u>50,563,186</u>

See Notes to Basic Financial Statements.



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City of Bettendorf, Iowa

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2005**

	Tax Increment		
	General	Financing	Debt Service
<b>Revenues:</b>			
Property taxes	\$ 8,540,195	\$ -	\$ 4,658,000
Tax increment financing taxes	-	1,684,641	-
Other taxes	5,043,295	-	216,736
Special assessments	5,388	-	-
Licenses and permits	636,202	-	-
Intergovernmental	586,407	-	3,613
Charges for services	326,756	-	-
Use of money and property	139,804	60,961	148,732
Miscellaneous	294,669	-	-
<b>Total revenues</b>	<b>15,572,716</b>	<b>1,745,602</b>	<b>5,027,081</b>
<b>Expenditures:</b>			
<b>Current operating:</b>			
Public safety	7,464,336	-	-
Public works	43,904	-	-
Culture and recreation	3,031,339	-	-
Community and economic development	311,611	38,822	-
General government	2,797,923	-	-
<b>Debt service:</b>			
Principal	-	1,050,000	7,987,165
Interest and other charges	-	655,316	1,911,699
Bond issuance costs	33,780	-	-
Capital outlay	265,841	-	-
<b>Total expenditures</b>	<b>13,948,734</b>	<b>1,744,138</b>	<b>9,898,864</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,623,982</b>	<b>1,464</b>	<b>(4,871,783)</b>
<b>Other financing sources (uses):</b>			
Issuance of long-term capital debt	-	-	-
Discounts	-	-	-
Proceeds from the sale of capital assets	-	-	-
Transfers in	2,310,723	-	579,425
Transfers out	(3,648,221)	-	(493,924)
<b>Total other financing sources (uses)</b>	<b>(1,337,498)</b>	<b>-</b>	<b>85,501</b>
<b>Net changes in fund balance</b>	<b>286,484</b>	<b>1,464</b>	<b>(4,786,282)</b>
Fund balances, beginning of year	4,527,844	113,476	6,391,734
Fund balances, end of year	<b>\$ 4,814,328</b>	<b>\$ 114,940</b>	<b>\$ 1,605,452</b>

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Governmental	Total
\$ -	\$ 1,432,974	\$ 14,631,169
-	-	1,684,641
-	2,304,029	7,564,060
-	-	5,388
-	-	636,202
96,846	3,352,134	4,039,000
-	-	326,756
56,613	213,256	619,366
84,150	408,923	787,742
237,609	7,711,316	30,294,324
-	22,782	7,487,118
-	2,616,578	2,660,482
-	122,333	3,153,672
-	1,062,412	1,412,845
-	250	2,798,173
-	-	9,037,165
-	-	2,567,015
-	-	33,780
4,870,772	1,699,333	6,835,946
4,870,772	5,523,688	35,986,196
(4,633,163)	2,187,628	(5,691,872)
4,590,000	-	4,590,000
(32,066)	-	(32,066)
-	306,120	306,120
920,884	2,806,693	6,617,725
-	(5,372,938)	(9,515,083)
5,478,818	(2,260,125)	1,966,696
845,655	(72,497)	(3,725,176)
3,243,542	10,402,334	24,678,930
\$ 4,089,197	\$ 10,329,837	\$ 20,953,754

City of Bettendorf, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2005**

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Net change in fund balances - governmental funds \$ (3,725,176)

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

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 amount by which capital outlays exceeded depreciation in the current year:

Capital outlay	\$ 5,270,828	
Depreciation	(3,405,734)	
Capital assets contributed	<u>2,717,758</u>	4,582,852

Proceeds from the sale of capital assets		(306,120)
(Loss) on the sale of capital assets		(1,326,818)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Local option sales tax	51,402	
Grant revenues	(17,937)	
Property taxes	<u>(78,295)</u>	(44,830)

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, change in compensated absences		(31,485)
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The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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 an interest expenditure is 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:

Repayment of bond principal	9,037,165	
Interest	14,715	
Bond issuance costs	33,780	
Issuance of long term debt	(4,590,000)	
Discounts	32,066	
Amortization of bond discounts, premiums, and bond issuance costs	<u>(13,564)</u>	4,514,162

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.		146,054
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Change in internal service fund allocation to business-type activities		<u>38,672</u>
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<b>Changes in net assets of governmental activities</b>		<u><u>\$ 3,847,311</u></u>
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See Notes to Basic Financial Statements.



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City of Bettendorf, Iowa

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2005

	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 937,954	\$ 54,581	\$ 295,534
Restricted cash and investments	1,194,846	-	1,607,525
Receivables:			
Accounts and unbilled usage	717,201	16,328	147,465
Accrued interest	3,699	103	4,875
Special assessments	96,595	-	15,464
Due from other funds	-	-	-
Due from other governments	573,840	-	-
<b>Total current assets</b>	<b>3,524,135</b>	<b>71,012</b>	<b>2,070,863</b>
Noncurrent assets:			
Restricted cash	161,137	-	-
Bond discounts	16,604	7,376	16,742
Bond issuance costs	31,467	13,779	9,792
Capital assets:			
Nondepreciable:			
Land	3,575	148,070	346,009
Construction-in-progress	201,052	-	232,223
Depreciable:			
Buildings and structures	2,040,620	5,121,399	-
Equipment and vehicles	3,216,115	863,752	297,891
Improvements other than buildings	31,749,066	192,458	-
Accumulated depreciation	(20,480,457)	(1,774,477)	(24,144)
<b>Net capital assets</b>	<b>16,729,971</b>	<b>4,551,202</b>	<b>851,979</b>
<b>Total noncurrent assets</b>	<b>16,939,179</b>	<b>4,572,357</b>	<b>878,513</b>
<b>Total assets</b>	<b>\$ 20,463,314</b>	<b>\$ 4,643,369</b>	<b>\$ 2,949,376</b>

See Notes to Basic Financial Statements.

(Continued)

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 1,644,727	\$ 2,932,796	\$ 2,481,591
-	2,802,371	
406,700	1,287,694	3,304
3,937	12,614	5,277
20,652	132,711	
-	-	2,366
105,759	679,599	885
<u>2,181,775</u>	<u>7,847,785</u>	<u>2,493,423</u>
-	161,137	-
-	40,722	-
-	55,038	-
1,419,370	1,917,024	43,609
50,458	483,733	-
7,946,484	15,108,503	423,461
4,036,817	8,414,575	492,665
963,442	32,904,966	-
(4,766,773)	(27,045,851)	(582,424)
<u>9,649,798</u>	<u>31,782,950</u>	<u>377,311</u>
<u>9,649,798</u>	<u>32,039,847</u>	<u>377,311</u>
<u>\$ 11,831,573</u>	<u>\$ 39,887,632</u>	<u>\$ 2,870,734</u>

City of Bettendorf, Iowa

Statement of Net Assets (Continued)  
 Proprietary Funds  
 June 30, 2005

	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
<b>Liabilities and Net Assets</b>			
Liabilities:			
Current:			
Accounts payable	\$ 414,219	\$ 60,743	\$ 32,209
Claims payable	-	-	-
Compensated absences	7,492	11,841	2,200
Accrued liabilities	14,392	21,950	3,044
Due to other governments	120,156	3,149	2,639
Due to other funds	-	-	-
Interest payable	9,381	7,302	6,989
Contracts payable	17,192	-	-
Current maturities, revenue bonds	270,000	-	-
Current maturities, general obligation bonds	306,750	389,092	90,000
<b>Total current liabilities</b>	<b>1,159,582</b>	<b>494,077</b>	<b>137,081</b>
Noncurrent:			
Compensated absences	19,578	30,943	5,749
Revenue bonds, net of current maturities	740,000	-	-
General obligation bonds, net of current maturities	1,860,000	2,167,084	1,860,000
<b>Total noncurrent liabilities</b>	<b>2,619,578</b>	<b>2,198,027</b>	<b>1,865,749</b>
<b>Total liabilities</b>	<b>3,779,160</b>	<b>2,692,104</b>	<b>2,002,830</b>
Net assets:			
Invested in capital assets, net of related debt	14,781,489	2,016,181	536,038
Restricted for bond ordinance reserves	175,786	-	-
Unrestricted	1,726,879	(64,916)	410,508
<b>Total net assets</b>	<b>16,684,154</b>	<b>1,951,265</b>	<b>946,546</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,463,314</b>	<b>\$ 4,643,369</b>	<b>\$ 2,949,376</b>

Total enterprise funds net assets:

Amounts reported for enterprise activities in the statement of net assets are different because:

Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets

Net assets of business-type activities

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 244,048	\$ 751,219	\$ 103,965
-	-	177,764
26,277	47,810	12,287
44,591	83,977	18,701
19,052	144,996	2,740
28,633	28,633	-
-	23,672	-
-	17,192	-
-	270,000	-
-	785,842	-
<u>362,601</u>	<u>2,153,341</u>	<u>315,457</u>
68,670	124,940	32,110
-	740,000	-
-	5,887,084	-
<u>68,670</u>	<u>6,752,024</u>	<u>32,110</u>
<u>431,271</u>	<u>8,905,365</u>	<u>347,567</u>
9,649,798	26,983,506	377,311
-	175,786	-
1,750,504	3,822,975	2,145,856
<u>11,400,302</u>	<u>30,982,267</u>	<u>2,523,167</u>
<u>\$ 11,831,573</u>	<u>\$ 39,887,632</u>	<u>\$ 2,870,734</u>
	\$ 30,982,267	
	<u>(201,094)</u>	
	<u>\$ 30,781,173</u>	

City of Bettendorf, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Operating revenues:			
Charges for services	\$ 2,331,809	\$ 560,972	\$ 562,248
Licenses and permits	82,713	-	-
Intergovernmental	-	-	-
Other	6,464	138,205	-
<b>Total operating revenues</b>	<b>2,420,986</b>	<b>699,177</b>	<b>562,248</b>
Operating expenses:			
Salaries and benefits	459,153	1,032,948	135,912
Supplies and services	1,151,262	500,320	174,532
Depreciation	940,623	213,537	24,145
Amortization	13,239	33,221	1,561
<b>Total operating expenses</b>	<b>2,564,277</b>	<b>1,780,026</b>	<b>336,150</b>
<b>Operating income (loss)</b>	<b>(143,291)</b>	<b>(1,080,849)</b>	<b>226,098</b>
Nonoperating revenues (expenses):			
Investment earnings	60,275	45,662	42,261
Interest expense	(169,450)	(173,572)	(80,378)
Gain (loss) on disposal of assets	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(109,175)</b>	<b>(127,910)</b>	<b>(38,117)</b>
<b>Income (loss) before transfers</b>	<b>(252,466)</b>	<b>(1,208,759)</b>	<b>187,981</b>
Capital grants and contributions	888,281	-	-
Transfers in	-	1,281,467	-
Transfers out	-	-	(300,000)
<b>Changes in net assets</b>	<b>635,815</b>	<b>72,708</b>	<b>(112,019)</b>
Total net assets, beginning of year	16,048,339	1,878,557	1,058,565
Total net assets, end of year	\$ 16,684,154	\$ 1,951,265	\$ 946,546

See Notes to Basic Financial Statements.

		Governmental Activities	
Other	Total	Internal	
Enterprise Funds	Enterprise Funds	Service Funds	
\$ 2,654,872	\$ 6,109,901	\$ 4,607,773	
-	82,713	-	
304,744	304,744	-	
191,982	336,651	7,774	
3,151,598	6,834,009	4,615,547	
2,228,300	3,856,313	2,589,194	
2,082,163	3,908,277	2,094,494	
716,749	1,895,054	31,155	
-	48,021	-	
5,027,212	9,707,665	4,714,843	
(1,875,614)	(2,873,656)	(99,296)	
32,336	180,534	38,539	
-	(423,400)	-	
(39,345)	(39,345)	-	
(7,009)	(282,211)	38,539	
(1,882,623)	(3,155,867)	(60,757)	
50,639	938,920	-	
1,709,080	2,990,547	206,811	
-	(300,000)	-	
1,759,719	3,629,467	206,811	
(122,904)	473,600	146,054	
11,523,206	30,508,667	2,377,113	
\$ 11,400,302	\$ 30,982,267	\$ 2,523,167	

City of Bettendorf, Iowa

Reconciliation of the Changes in Net Assets of Enterprise Funds to the Statement of Activities  
For the Year Ended June 30, 2005

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Net changes in net assets in enterprise funds	\$	473,600
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. The net expense of certain activities of internal service funds is reported with business-type activities.		<u>(38,672)</u>
Changes in net assets of business-type activities	\$	<u>434,928</u>

See Notes to Basic Financial Statements.



Bettendorf IOWA  
*a premier city*

City of Bettendorf, Iowa

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers and users	\$ 2,232,467	\$ 545,556	\$ 601,264
Receipts from other operating revenue	6,464	138,205	-
Payments to suppliers	(781,466)	(479,150)	(149,794)
Payments to claimants	-	-	-
Payments to employees	(454,930)	(1,030,574)	(130,926)
<b>Net cash provided by (used in) operating activities</b>	<b>1,002,535</b>	<b>(825,963)</b>	<b>320,544</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Payments of interfund accounts	(24,593)	-	(26,290)
Transfers in	-	1,281,467	-
Transfers out	-	-	(300,000)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(24,593)</b>	<b>1,281,467</b>	<b>(326,290)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds from capital grants	-	-	-
Purchase of capital assets	(844,661)	(51,499)	(485,958)
Cash paid for prior year contracts payable	(181,500)	-	-
Proceeds from sale of capital assets	-	-	-
Payment on debt	(715,000)	(2,732,835)	(90,000)
Interest paid on debt	(182,791)	(184,472)	(85,837)
<b>Net cash (used in) capital and related financing activities</b>	<b>(1,923,952)</b>	<b>(2,968,806)</b>	<b>(661,795)</b>
Cash Flows From Investing Activities, interest received	56,576	45,559	37,693
<b>Increase in cash and cash equivalents</b>	<b>(889,434)</b>	<b>(2,467,743)</b>	<b>(629,848)</b>
Cash and cash equivalents, beginning of year	3,183,371	2,522,324	2,532,907
Cash and cash equivalents, end of year	\$ 2,293,937	\$ 54,581	\$ 1,903,059

(Continued)

		Governmental Activities	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 2,548,274	\$ 5,927,561	\$ 4,607,017	
1,029,654	1,174,323	7,774	
(2,015,550)	(3,425,960)	(2,087,728)	
-	-	(1,843,879)	
(2,239,350)	(3,855,780)	(744,461)	
(676,972)	(179,856)	(61,277)	
(535,158)	(586,041)	(1,168)	
1,709,080	2,990,547	206,811	
-	(300,000)	-	
1,173,922	2,104,506	205,643	
50,639	50,639	-	
(561,772)	(1,943,890)	-	
-	(181,500)	-	
4,000	4,000	-	
-	(3,537,835)	-	
-	(453,100)	-	
(507,133)	(6,061,686)	-	
29,382	169,210	34,714	
19,199	(3,967,826)	179,080	
1,625,528	9,864,130	2,302,511	
\$ 1,644,727	\$ 5,896,304	\$ 2,481,591	

City of Bettendorf, Iowa

Statement of Cash Flows (Continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (143,291)	\$ (1,080,849)	\$ 226,098
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	940,623	213,537	24,145
Amortization	13,239	33,221	1,561
Change in assets and liabilities:			
Receivables	(182,055)	(15,416)	39,016
Prepaid items	-	-	-
Accounts payable and due to other governments	369,796	21,170	24,738
Claims payable	-	-	-
Compensated absences and accrued liabilities	4,223	2,374	4,986
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,002,535</b>	<b>\$ (825,963)</b>	<b>\$ 320,544</b>
Schedule of noncash items:			
Capital and related financing activities:			
Acquisition of capital assets through contracts payable	\$ 17,192	\$ -	\$ -
Capital assets contributed	888,281	-	-

See Notes to Basic Financial Statements.

		Governmental Activities	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ (1,875,614)	\$ (2,873,656)	\$ (99,296)	
716,749	1,895,054	31,155	
-	48,021	-	
405,678	247,223	(756)	
-	-	6,489	
87,265	502,969	6,766	
-	-	(10,800)	
(11,050)	533	5,165	
<u>\$ (676,972)</u>	<u>\$ (179,856)</u>	<u>\$ (61,277)</u>	

\$ -	\$ 17,192	\$ -
-	888,281	-

City of Bettendorf, Iowa

Statement of Assets and Liabilities  
Agency Funds  
June 30, 2005

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Assets, cash and investments \$ 24,598

Liabilities, accounts payable \$ 24,598

See Notes to Basic Financial Statements.

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

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#### **Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies**

##### **Nature of operations:**

The City of Bettendorf, Iowa (City) was incorporated in 1903. The form of City government is Mayor-Council, utilizing a professional City Administrator. The City of Bettendorf provides a wide variety of public services through ten professionally staffed departments and the office of the City Administrator, including police, fire, public works, parks, museum, library, community development, finance, legal and personnel.

##### **Reporting entity:**

The City is a municipal corporation governed by an elected mayor and a seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations and so data from this unit is combined with data of the City. The discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the City. Both the blended component unit and the discretely presented component unit have a June 30 year-end.

Blended component unit: Bettendorf Housing Authority - The governing body of the Bettendorf Housing Authority consists of the same members as that of the City Council. The City approves the Authority's annual budgets and approves rentals. The Authority oversees a Housing and Urban Development rent subsidy program which is accounted for in the Housing and Urban Development Section 8 Fund, a special revenue fund of the City. Complete financial statements of the component unit can be obtained from Bettendorf City Hall at 1609 State Street, Bettendorf, Iowa.

Discretely presented component unit: The Learning Campus Foundation (The Foundation) - The Learning Campus Foundation was established to organize, sponsor and maintain a program for providing independent financial support for the Learning Campus of the City of Bettendorf. The Foundation raises funds to supplement the financing received from the City of Bettendorf. Complete financial statements of the component unit can be obtained from The Learning Campus Foundation at 2900 Learning Campus Drive, Bettendorf, Iowa.

##### **Basis of presentation:**

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. There are no indirect expenses. 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 included among program revenues are reported as general revenues.

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following funds:

**Governmental Fund Types**: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's major governmental funds:

**General Fund**: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Tax Increment Financing Fund**: To account for the accumulation of resources for the repayment of City funds or bonds issued to cash flow various capital projects. Property tax revenue generated on increased assessed valuations within TIF districts are the resources accounted for in this fund.

**Debt Service Fund**: To account for the servicing of the general long-term debt not financed by a specific source.

**Capital Projects Reserve Fund**: To account for the acquisition and construction of major capital facilities.

The other governmental funds of the City are considered nonmajor and are as follows:

**Special Revenue Funds**: are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

Road Use Tax Fund: To account for the proceeds from road use tax monies.

Housing and Urban Development Section 8 Fund: To account for the U.S. Department of Housing and Urban Development Block Grant programs.

Economic Development Fund: To account for the proceeds to be used for general economic development and redevelopment purposes of the City including low interest loans the City makes to private companies for economic development purposes, as well as the acquisition and sale of land.

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Police Fund: To account for the Police Local Law Enforcement Block Grant by the U.S. Department of Justice, to financially assist the public who request it from the police department, to equip elementary students with the skills for recognizing and resisting social pressures to experiment with alcohol, tobacco and drugs and to account for revenue received from the sale or auction of items seized in law enforcement activities.

Library Fund: To account for reimbursements from the state of Iowa for library materials lent to noncity residents and other libraries in Iowa, and used for improvements to the Library. This fund also accounts for money received through donations and fund raising activities for the Library.

Park Fund: To account for the donations identified to specifically assist the park programs, annual tree planting and to account for the City's owner occupied residential painting program funded by the River Bend Regional Authority. This fund accounts for miscellaneous City beautification projects funded by gaming revenues.

Police Pension and Retirement Excess Fund: To account for the remaining balances of the self-administered pension plans after a transfer to a state administered plan which may be used by the City to meet future pension funding requirements as prescribed by law.

Old Fashioned Fourth of July Fund: To account for all of the revenues and expenditures for the annual Independence Day celebration in the City of Bettendorf.

Employee Benefits Fund: To account for the property tax revenues collected to be used for the City's employees' health insurance and pension costs.

Subdivision Deposits Fund: To account for the deposits made by developers for incomplete subdivision improvements such as sidewalks and street paving required when temporary occupancy permits are requested. Refunds are made when specific improvements are constructed.

**Capital Projects Funds**: are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

Vehicle Replacement Fund: To account for the replacement of vehicles currently owned by the City.

Riverboat Gaming Fund: To account for the revenue generated from admission and gaming taxes imposed on riverboat gaming operations and the corresponding expenditure of funds authorized by the City Council.

Electronic Equipment Replacement Fund: To account for the replacement of electronic equipment, such as copiers, computers and telephone systems currently owned by the City.

Performing Arts Center Fund: To account for the purchase of the site and the accumulation of funds for the future construction of a performing arts center in Bettendorf.

CIP/LOT & Interest Fund: To account for the 40% of local option tax revenues and interest earnings allocated to the capital projects fund and transfers these funds to specific projects, as needed.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

GEO Thuenen Overpass Fund: To account for money received from the Isle of Capri for the repair and maintenance of the George Thuenen Overpass.

Subdivision Deposits Fund: To account for the deposits made by developers for incomplete subdivision improvements such as sidewalks and street paving required when temporary occupancy permits are requested. Refunds are made when specific improvements are constructed.

Future Projects Fund: To account for deposits received when a developer has an existing unpaved border road and the City requires the developer to pay the estimated cost of paving that road. Funds are used by the City when the border street is paved as part of a larger project to offset special assessments to property owners.

**Proprietary Fund Types:** Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector (business-type activities). The measurement focus is upon income determination, financial position and cash flows.

**Enterprise Funds:** are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements. The following are the City's major enterprise funds:

Sewer Utility Fund: To account for the operations of the City's sewer utility including the revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

Family Museum of Arts & Science Fund: To account for the operations of the new museum at the Learning Center Campus, including fees and operational costs generated from classes, memberships and exhibits.

Stormwater Utility Fund: To account for the operations of the City's Stormwater Utility including the revenue from fees and the operating costs associated with it.

The other enterprise funds of the City as considered nonmajor and are as follows:

Recycling/Solid Waste Management Fund: To account for the operations of the City's curbside recycling program, the drop-off recycling center and the yard waste/chipper service and the revenue generated from trash sticker and yard waste fees.

Palmer Hills Golf Course Fund: To account for the operations of the Palmer Hills Golf Course including all fees generated, all operational costs and any improvements made to the course.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Life Fitness Center Fund: To account for the operations of the Life Fitness Center including all fees generated, all operational costs and any capital purchases or improvements.

Aquatic Center Fund: To account for the operations of Splash Landing including all fees generated, all operational costs and any capital purchases or improvements.

Transit Fund: To account for the mass transit program in the City, including grants received from the U.S. Department of Transportation and the Iowa Department of Transportation.

**Internal Service Funds**: are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City. The following are the City's internal service funds:

Employee Health Insurance Fund: To account for the health insurance premiums and claims for all City employees.

Risk Management Fund: To account for the general liability and property insurance for the City.

Municipal Garage Fund: To account for the maintenance cost related to the vehicles and equipment of the City.

Information Services Fund: To account for the operating costs to provide information and technology services to City-wide users. Services include maintenance of computer hardware and software, user training and support, disaster planning and recovery, telecommunications and GIS (Geographic Information System) development.

**Fiduciary Fund Types**: Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City has the following fiduciary fund type:

**Agency Funds**: are used to account for assets that the City holds for others in an agency capacity. The City has the following agency funds:

Explorers Fund: To account for money received through donations for the Boy Scouts Explorers program.

Section 125 Fund: To account for current payroll deductions of City employees for future use as group insurance premiums.

Police Property Account Fund: To account for money in inmates' possession at time of arrest and money held as evidence for investigations.

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified in March 2005 based on the 2004 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 2% per month penalty for delinquent payment. Since the 2005 tax levy is budgeted and levied for the fiscal year 2006, the revenue from this tax levy has been deferred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds 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 nonoperating revenues and expenses.

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Summary of significant accounting policies:**

The significant accounting policies followed by the City include the following:

**Cash and investments:** the City maintains a cash and investment pool 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. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

The City invests in the Iowa Public Agency Investment Trust which is a 2a7-like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

**Statement of cash flows:** for purposes of the statement of cash flows for proprietary fund type funds, the City considers the pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits. Cash equivalents also include restricted and escrowed cash and investments.

**Accounts receivable:** results primarily from services provided to citizens and are accounted for in the governmental funds. Sewer services are accounted for in the Sewer Utility Fund, admission to the museum is accounted for in the Family Museum of Arts and Sciences Fund, and admission to Splash Landing pool is accounted for in the Aquatic Center Fund. All are net of an allowance for uncollectibles.

**Inventory:** consists of consumable supplies and are valued at cost using the first-in first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

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

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

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Capital assets:** including land, buildings and structures, improvements, equipment and vehicles and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial 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 at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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. No interest was capitalized in the current fiscal year.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

	Years
Infrastructure	20 - 40
Buildings and structures	10 - 40
Improvements other than buildings	10 - 40
Vehicles and equipment	2 - 25
Computer equipment	5

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 City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

**Deferred and unearned revenues:** in the governmental funds, deferred revenues represent amounts due, which are measurable, but not available, or grants and similar items received, but for which the City has not met all eligibility requirements imposed by the provider. In the statement of net assets, unearned revenues represent the deferral of property tax receivables which are levied for a future period and unearned grants.

**Interfund transactions:** transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

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

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**Compensated absences:** City employees accumulate vacation and sick leave hours for subsequent use or payment upon termination, death or retirement. All earned vacation hours vest and 20% of the sick leave hours accumulated over a 12-month period vest and are paid annually. An employee who either quits, resigns or is discharged from their service with the City is not compensated for the nonvested portion of sick leave. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

**Fund equity:** reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represents tentative management plans that are subject to change.

**Net assets:** represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds (which includes proceeds reserved for debt retirement) for the Sewer Utility, and Stormwater Utility enterprise funds were \$1,180,197, and \$1,607,525, respectively. Unspent proceeds for the Capital Projects Reserve Fund was \$4,557,934. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets include unspent bond proceeds, net of related debt.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Joint venture:** The City is a participant in a joint venture to construct, acquire, maintain and use a sewage treatment facility. The Scott Area Solid Waste Management Commission (Commission) was created in 1975 for that purpose. The Commission is governed by a five-member board of which the City is one member. The City is billed monthly for its share of the operating costs and is billed annually for capital additions. If at any time the City chooses to withdraw membership, the City shall be responsible for its share of any debt attributed to its membership in the Commission. The original cost of the City's share of the facility, along with their share of any subsequent facility capital additions, has been included in property and equipment and is being depreciated accordingly.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Complete financial statements for the Commission can be obtained from the Commission's administrative office at 226 West 4<sup>th</sup> Street, Davenport, Iowa 52801.

**Use of estimates:** the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budgetary and appropriation data:** As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

**Note 2. Cash and Investments**

**Interest Rate Risk:** In accordance with the City's investment policy, portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity. Risks of market price volatility shall be controlled through maturity diversification so that aggregate price losses on instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio. Operating funds may only be invested in instruments that mature within three hundred ninety-seven days. Operating funds for the City are defined as those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.

As of June 30, 2005, the City had the following investments:

Investment name	Maturity	Fair value
Iowa Public Agency Investment Trust	Current	\$ 17,901,944
Iowa Public Agency Investment Trust	Current	4,557,934
Repurchase agreement	Current	198,000
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	06/01/2011	538,500
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	06/01/2009	417,000
FHLB	09/14/2006	1,497,915
FHLB	11/10/2006	1,999,540
FHLMC	12/01/2009	396,124
FNMA	01/01/2011	105,120
FNMA	03/01/2013	586,454
FNMA REMIC	09/25/2017	418,585
FHLMC	01/01/2023	9,439
<b>Total</b>		<u><u>\$ 28,626,555</u></u>

**City of Bettendorf, Iowa**

**Notes to Basic Financial Statements**

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**Note 2. Cash and Investments (Continued)**

*Credit Risk:* The City is authorized by statute to invest in U.S. government, its agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances and repurchase agreements. The City's investment policy does limit them from investing in reverse repurchase agreements, futures and options contracts, and zero-coupon bonds.

As of June 30, 2005, the City's investments were rated as follows:

Investment	Rating	Company	Rating	Company
Iowa Public Agency Investment Trust	NR	Standard & Poor's	NR	Moody's
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	AA	Standard & Poor's	Aa3	Moody's
FHLB	AAA	Standard & Poor's	Aaa	Moody's
FHLB	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FNMA REMIC	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
Repurchase agreement	NR	Standard & Poor's	NR	Moody's

*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 or commercial paper of more than 10% of the investment portfolio and more than 5% of the investment portfolio with a single issuer. In addition, no more than 5% 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% of the City's investments are in FHLB. This investment is 12.22% of the City's total investments.

*Custodial credit risk:* Custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. It is the City's policy that all purchased investments shall be held pursuant to a written third party custodial agreement. As of June 30, 2005, the City's deposits were not exposed to custodial credit risk. As of June 30, 2005, \$5,211,178 of the City's investments were exposed to custodial credit risk as follows:

Uninsured and unregistered with the securities held by the counterparty – \$5,013,178

Uninsured and unregistered with the securities held by its agent but not in the governments name – \$198,000

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

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#### Note 2. Cash and Investments (Continued)

*Component unit:* The Learning Campus Foundation (Foundation) has two separate formal written investment policies in place, one of which relates to the Museum Endowment Fund account and the other for the Library Fund account.

As of June 30, 2005, the Foundation had the following investments (duration in years):

Investment Type	Fair Value	Duration
Mutual Funds	\$ 712,660	N/A
Equity Investments	48,143	N/A
Fixed Income Securities:		
Federated US 2-5 Instl	7,062	3.30
Vanguard GNMA Adm	7,056	3.30
Vanguard IntTm US TrsAdm	7,146	5.00
Vanguard Sht-Tm InvGr Adm	7,787	2.00
Northern High Yield F/I	3,831	5.00
Commercial Bank Detroit	27,084	2.64
Federal Home Loan Mortgage Corp Deb	25,906	1.02
Federal Home Loan Mortgage Corp	27,523	3.36
Federal National Mortgage Association	25,610	1.36
Merrill Lynch & Co	25,014	0.11
Target Corp Notes	27,493	4.31
	<u>\$ 952,315</u>	

Also included in the investment line on the Learning Campus' separate financial report is \$91,384 of certificates of deposits.

For reporting purposes, the Learning Campus Foundation selects duration to disclose the portfolio's exposure to changes in interest rates.

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

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#### Note 2. Cash and Investments (Continued)

As of June 30, 2005, the Foundation's investments were rated as follows:

Investment Type	Moody's Investors Service	Standard & Poor's
Mutual Funds	NR	NR
Equities	NR	NR
Fixed Income Securities:		
Federated US Government SEC Fund 2-5 Instl	Guaranteed by US Government	Guaranteed by US Government
Vanguard GNMA Admiral Shares	AAA	AAA
Vanguard Fixed Income SECS Int-Trm Treas Adm	AAA	AAA
Vanguard Sht-trm	AAA	AAA
Vanguard Sht-trm	AA	AA
Vanguard Sht-trm	A	A
Vanguard Sht-trm	BBB	BBB
Vanguard Sht-trm	NR to BB	NR to BB
Northern High Yield F/I	BBB	BBB
Northern High Yield F/I	BB	BB
Northern High Yield F/I	B	B
Northern High Yield F/I	Below B	Below B
Commercial Bank Detroit	A2	A-
Federal Home Loan Mortgage Corp Deb	Aaa	AAA
Federal Home Loan Mortgage Corp	Aaa	AAA
Federal National Mortgage Association	Aaa	AAA
Merrill Lynch & Co	AA3	A+
Target Corp Notes	A2	A+

The Foundation had \$188,264 of uninsured and unregistered securities, which are held by the counterparty's trust department or agent in the Foundation's name.

The full disclosure regarding the investment policies of the Learning Campus Foundation can be obtained from the Learning Campus' separate financial statements.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

**Note 3. Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2005:

	Ending Balance June 30, 2004	Additions	Deletions	Ending Balance June 30, 2005
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 6,642,420	\$ 437,235	\$ 1,505,254	\$ 5,574,401
Construction-in-progress	427,127	3,898,247	2,753,821	1,571,553
<b>Total capital assets, not being depreciated</b>	<b>7,069,547</b>	<b>4,335,482</b>	<b>4,259,075</b>	<b>7,145,954</b>
Capital assets, being depreciated:				
Buildings and structures	19,627,365	-	-	19,627,365
Equipment and vehicles	12,557,746	1,072,634	653,088	12,977,292
Improvements other than buildings	77,016,497	5,334,291	120,352	82,230,436
<b>Total capital assets, being depreciated</b>	<b>109,201,608</b>	<b>6,406,925</b>	<b>773,440</b>	<b>114,835,093</b>
Less accumulated depreciation for:				
Buildings and structures	5,078,143	491,985	-	5,570,128
Equipment and vehicles	7,771,548	1,110,996	645,756	8,236,788
Improvements other than buildings	29,158,909	1,833,908	-	30,992,817
<b>Total accumulated depreciation</b>	<b>42,008,600</b>	<b>3,436,889</b>	<b>645,756</b>	<b>44,799,733</b>
<b>Total capital assets, being depreciated, net</b>	<b>67,193,008</b>	<b>2,970,036</b>	<b>127,684</b>	<b>70,035,360</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 74,262,555</b>	<b>\$ 7,305,518</b>	<b>\$ 4,386,759</b>	<b>\$ 77,181,314</b>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Ending Balance June 30, 2004	Additions	Deletions	Ending Balance June 30, 2005
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,664,615	\$ 252,409	\$ -	\$ 1,917,024
Construction-in-progress	303,920	1,372,029	1,192,216	483,733
<b>Total capital assets, not being depreciated</b>	<b>1,968,535</b>	<b>1,624,438</b>	<b>1,192,216</b>	<b>2,400,757</b>
Capital assets, being depreciated:				
Buildings and structures	15,068,967	39,536	-	15,108,503
Equipment and vehicles	8,225,995	618,485	429,905	8,414,575
Improvements other than buildings	31,145,846	1,759,120	-	32,904,966
<b>Total capital assets, being depreciated</b>	<b>54,440,808</b>	<b>2,417,141</b>	<b>429,905</b>	<b>56,428,044</b>
Less accumulated depreciation for:				
Buildings and structures	3,142,564	450,314	-	3,592,878
Equipment and vehicles	4,802,196	644,738	386,560	5,060,374
Improvements other than buildings	17,592,597	800,002	-	18,392,599
<b>Total accumulated depreciation</b>	<b>25,537,357</b>	<b>1,895,054</b>	<b>386,560</b>	<b>27,045,851</b>
<b>Total capital assets, being depreciated, net</b>	<b>28,903,451</b>	<b>522,087</b>	<b>43,345</b>	<b>29,382,193</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 30,871,986</b>	<b>\$ 2,146,525</b>	<b>\$ 1,235,561</b>	<b>\$ 31,782,950</b>

**City of Bettendorf, Iowa**

**Notes to Basic Financial Statements**

**Note 3. Capital Assets (Continued)**

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

**Governmental Activities**

Public safety	\$ 589,077
Public works	2,155,085
Culture and recreation	421,224
Community and economic development	59,969
General government	211,534
	<u>\$ 3,436,889</u>

**Business-Type Activities**

Sewer utility	\$ 940,623
Family Museum of Arts & Science	213,537
Aquatic Center	164,488
Recycling/solid waste management	215,600
Palmer Hills Golf Course	103,878
City recreation	117,632
Stormwater	24,145
Transit	115,151
	<u>\$ 1,895,054</u>

**Note 4. Bonded and Other Debt**

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2005:

	June 30, 2004	Increases and Issues	Decreases and Retirements	June 30, 2005	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 47,484,239	\$ 4,590,000	\$ 8,337,165	\$ 43,737,074	\$ 4,344,159
Revenue bonds	6,565,000	-	700,000	5,865,000	745,000
Compensated absences	656,174	224,115	190,814	689,475	191,951
	<u>54,705,413</u>	<u>4,814,115</u>	<u>9,227,979</u>	<u>50,291,549</u>	<u>5,281,110</u>
<b>Business-Type activities:</b>					
Revenue bonds	1,260,000	-	250,000	1,010,000	270,000
General obligation bonds	9,960,761	-	3,287,835	6,672,926	785,842
Compensated absences	163,835	56,724	47,809	172,750	47,810
	<u>11,384,596</u>	<u>56,724</u>	<u>3,585,644</u>	<u>7,855,676</u>	<u>1,103,652</u>
<b>Total long-term debt</b>	<u>\$ 66,090,009</u>	<u>\$ 4,870,839</u>	<u>\$ 12,813,623</u>	<u>\$ 58,147,225</u>	<u>\$ 6,384,762</u>

Compensated absences attributable to governmental activities are generally liquidated by the General Fund.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

**Note 4. Bonded and Other Debt (Continued)**

**Summary of bond issues:**

General obligation and revenue bonds outstanding as of June 30, 2005, consist of the following individual issues:

	Date of Issue	Amount Issued	Interest Rates	Outstanding June 30, 2005
General obligation bonds:				
Various public improvements	May 1996	\$ 3,060,000	4.20 - 4.80	\$ 985,000
Downtown public improvements	May 1996	1,535,000	4.125 - 4.70	360,000
Library expansion and various public improvements	January 1997	1,310,000	4.05 - 4.70	320,000
Refunding	January 1997	1,640,000	3.90 - 4.80	515,000
Olympic Steel TIF	November 1997	1,030,000	4.25 - 4.70	470,000
Various public improvements	April 1998	9,700,000	4.50 - 4.60	6,825,000
Various public improvements	April 2000	6,560,000	4.30 - 5.25	4,900,000
Various public improvements	June 2001	6,635,000	4.00 - 5.00	5,705,000
Various public improvements	June 2002	4,620,000	2.00 - 5.00	4,140,000
Trinity TIF	June 2002	1,360,000	3.00 - 4.90	1,285,000
Various public improvements	June 2003	4,080,000	1.25 - 3.85	3,725,000
Refunding	June 2003	2,840,000	1.05 - 2.00	1,750,000
Various public improvements and sewer and stormwater improvements	June 2004	7,650,000	2.25-5.00	7,320,000
Refunding (3)	June 2004	7,160,000	3.00-4.00	7,160,000
Various public improvements	June 2005	4,590,000	3.00-4.50	4,590,000
Fire truck note	December 2001	600,000	4.16	360,000
<b>Total general obligation bonds</b>				<u>50,410,000</u>
Revenue bonds:				
Lady Luck Overpass TIF (2)	July 1997	4,170,000	4.90 - 5.90	2,080,000
Lady Luck Ramp & Marina TIF (2)	July 1997	5,385,000	8.25 - 9.00	3,785,000
Sewer refunding (1)	June 2003	1,515,000	1.50 - 2.45	1,010,000
<b>Total revenue bond</b>				<u>6,875,000</u>
<b>Total bonds</b>				<u>\$ 57,285,000</u>

(1) The revenue bond ordinances require that monies be deposited into various restricted reserve accounts and that these deposits be used only for the payment of principal and interest on the related bonds when due or for other purposes as set forth in the bond ordinances. These deposits may be invested in interest bearing securities. As of June 30, 2005, the deposits in these restricted reserve accounts total \$175,786.

(2) In July 1997, the City issued \$4,170,000 Urban Renewal Tax Increment Revenue Bonds and \$5,385,000 Taxable Urban Renewal Tax Increment Revenue Bonds. The revenue bond ordinances require that monies be deposited into project funds, interest funds and reserve funds. These deposits may be invested in interest-bearing securities. As of June 30, 2005, the deposits in the interest and reserve fund were \$955,500.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

**Note 4. Bonded and Other Debt (Continued)**

(3) On June 29, 2004, the City issued \$7,160,000 in General Obligation Refunding Bonds, Series 2004B, in a crossover refunding to be used to refund in advance \$6,975,000 of the 2006 through 2012 maturities of the City's General Obligation Bonds, Series 1995A, dated July 1, 1995 and to cover the December 1, 2004 through June 1, 2005 interest payments on the Series 2004B Bonds. The crossover refunding occurred on June 1, 2005. As of the crossover date, the 1995A general obligation bonds were called and paid in full with the monies held in escrow.

**Summary of principal and interest maturities:**

Annual debt service requirements to service all outstanding indebtedness as of June 30, 2005, are as follows:

	Debt Service		Debt Service	
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2006	\$ 4,344,159	\$ 1,843,640	\$ 745,000	\$ 460,855
2007	4,509,216	1,710,700	800,000	407,575
2008	4,395,000	1,511,810	855,000	349,600
2009	2,795,400	1,355,860	1,325,000	287,050
2010	2,793,100	1,241,075	960,000	192,600
2011 - 2015	14,065,200	4,364,889	1,180,000	106,200
2016 - 2020	7,825,000	1,787,150	-	-
2021 - 2025	3,009,999	218,548	-	-
	<u>\$ 43,737,074</u>	<u>\$ 14,033,672</u>	<u>\$ 5,865,000</u>	<u>\$ 1,803,880</u>

	Enterprise		Enterprise	
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2006	\$ 785,842	\$ 262,635	\$ 270,000	\$ 21,430
2007	570,785	215,076	280,000	16,030
2008	515,000	229,952	280,000	10,430
2009	539,600	204,873	180,000	4,410
2010	551,900	187,310	-	-
2011 - 2015	1,819,800	647,171	-	-
2016 - 2020	1,300,000	343,440	-	-
2021 - 2025	589,999	44,388	-	-
	<u>\$ 6,672,926</u>	<u>\$ 2,134,845</u>	<u>\$ 1,010,000</u>	<u>\$ 52,300</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

**Note 4. Bonded and Other Debt (Continued)**

**Legal debt margin:**

As of June 30, 2005, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2003 100% assessed valuation			\$ 2,024,482,166
Plus: Public gas and electric utilities			57,805,090
Plus: Captured tax increment value			60,265,733
Less: Military exemption			<u>(4,517,028)</u>
Total assessed valuation of the property of the City of Bettendorf			<u>\$ 2,138,035,961</u>
Debt limit, 5% of total actual valuation		\$	106,901,798
Debt applicable to debt limit:			
Debt service general obligation bonds	\$	43,737,074	
Debt service TIF revenue bonds		5,865,000	
Enterprise general obligation bonds		<u>6,672,926</u>	56,275,000
<b>Legal debt margin</b>			<u>\$ 50,626,798</u>

**Note 5. Interfund Receivables and Payables**

Individual interfund receivables and payables balances as of June 30, 2005, were:

	Total	
	Interfund Receivables	Interfund Payables
Governmental Activities:		
Major governmental funds:		
General	\$ 101,366	\$ 382,518
Special revenue fund, tax increment financing	-	138,397
Capital projects fund, capital projects reserve	37,551	-
Nonmajor governmental funds:		
Special revenue funds:		
Economic development	38,822	-
Employee benefits	-	10,709
Capital projects funds:		
CIP/LOT & interest	380,152	-
Vehicle replacement		
Internal service funds, risk management	2,366	-
<b>Total governmental activities</b>	<u>560,257</u>	<u>531,624</u>
Business-type activities,		
nonmajor enterprise funds, transit	-	28,633
<b>Total</b>	<u>\$ 560,257</u>	<u>\$ 560,257</u>

**City of Bettendorf, Iowa**

**Notes to Basic Financial Statements**

**Note 5. Interfund Receivables and Payables (Continued)**

Advances to and from other funds as of June 30, 2005, were as follows:

	Advances to Other Funds	Advances From Other Funds
Governmental Activities:		
Major governmental funds:		
Special revenue funds, tax increment financing	\$ -	\$ 764,232
Capital projects funds, capital projects reserve	629,936	-
Nonmajor governmental funds,		
special revenue funds, economic development	134,296	-
<b>Total</b>	<u>\$ 764,232</u>	<u>\$ 764,232</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

**Note 6. Interfund Transfers**

The following is a schedule of transfers as included in the basic financial statements of the City:

	Transfers In	Transfers Out
Governmental activities:		
Major governmental funds:		
General	\$ 2,310,723	\$ 3,648,221
Debt service	579,425	493,924
Capital projects reserve	920,884	-
Nonmajor governmental funds	2,806,693	5,372,938
Internal service funds	206,811	-
<b>Total governmental activities</b>	<u>6,824,536</u>	<u>9,515,083</u>
Business-type activities:		
Major enterprise funds:		
Family Museum of Arts & Science	1,281,467	-
Stormwater utility	-	300,000
Other nonmajor enterprise funds	1,709,080	-
<b>Total business-type activities</b>	<u>2,990,547</u>	<u>300,000</u>
<b>Total</b>	<u>\$ 9,815,083</u>	<u>\$ 9,815,083</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect 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 funds in accordance with budgetary authorizations.

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

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#### **Note 7. Loans Receivable**

As of June 30, 2005, the City has the following outstanding loans receivable:

##### Employee Computer Equipment Loans

- Loan receivables with employees for purchases of computer equipment, with payments made through payroll deductions, including interest at 0%, 3%, and 5% for one year, two year, and three year loans, respectively, up to a maximum of \$2,500. As of June 30, 2005, the outstanding balance of these loans is \$53,794 and an allowance for uncollectibles of none.

#### **Note 8. Pension and Retirement Systems**

##### **Iowa Public Retirement System:**

The City contributes to the Iowa Public Employees Retirement System (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 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$466,096, \$445,136 and \$428,702, respectively, equal to the required contributions for each year.

##### **Municipal Fire and Police Retirement System of Iowa:**

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 20.48% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2005, 2004 and 2003 were \$817,787, \$629,171 and \$517,461, respectively, which met the required minimum contribution for each year.

#### **Note 9. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these new requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

Notes to Basic Financial Statements

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**Note 10. Risk Management and Insurance**

The City has established two internal service funds for its risk management program. The Employee Health Insurance Fund is to meet potential losses from medical and dental claims. The Risk Management Fund is to report premiums and deductibles for general liability and property claims.

The City purchases commercial insurance for general liability and property claims. Law enforcement liability and public official liability include a deductible up to \$10,000. The primary limits for each line of coverage are protected by an excess liability policy. Claims for these lines of coverage are adjusted by the carrier's representative.

For medical and dental claims, self insurance is in effect up to an aggregate stop loss of approximately \$2,137,783 with a \$50,000 per claim stop loss amount. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claim handling procedures are performed by an independent claims administrator.

There has been no significant reduction in insurance coverage from coverage in the prior year. Settled claims have not exceeded the insurance coverage purchased for each of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The changes in the aggregate liabilities for claims for the years ended June 30, 2005 and 2004 are as follows:

	Employee Health Insurance	
	2005	2004
Claims payable, beginning of year	\$ 188,564	\$ 154,758
Claims recognized	1,833,079	1,503,754
Claim payments	(1,843,879)	(1,469,948)
Claims payable, end of year	<u>\$ 177,764</u>	<u>\$ 188,564</u>

**Note 11. Commitments and Contingencies**

Regular City employees accumulate sick leave hours for subsequent use. The City's approximate maximum contingent liability for nonvested sick leave benefits as of June 30, 2005, is \$2,785,663.

The City has financial commitments relating to various construction projects that are estimated to be approximately \$417,567.

The City is a member of the Scott Area Solid Waste Management Commission ("the Commission") for the acquisition, construction and equipping of a material recovery system, recovery facility and a new landfill. The Commission is obligated to establish rates, charges and fees sufficient to pay the cost of operations and maintenance of the Project and to leave net revenues sufficient to pay the semiannual debt service requirements.

In the event future net revenues or other Commission funds are insufficient to pay debt service requirements, each of the Members of the Commission have obligated itself to repay the County of Scott, Iowa, its pro rata share of the deficiency from rates imposed on each property within its jurisdiction.

**Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements**

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, during the year ended June 30, 2005. This Statement established and modified disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement required certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also established and modified disclosure requirements for deposit risks.

The Governmental Accounting Standards Board (GASB) has also issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

GASB Statement No. 43, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34, will be effective for the City beginning with its year ending June 30, 2006. The purpose of Statement No. 46 is to help governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation.

**Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)**

GASB Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, will be effective for the City beginning with its year ended June 30, 2006. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.

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

**Note 13. Pass-Through Loans**

During fiscal year 2005, the City passed through \$140,000 of proceeds received from the state to a business under a Community Economic Betterment Account (CEBA) Agreement. \$70,000 of the award is set up as a forgivable loan and the other \$70,000 is to be paid back to the state directly from the business at 0% interest and 60 monthly payments of \$1,167 until October 2011. As of June 30, 2005, \$64,167 of the loan remained outstanding.



Bettendorf IOWA  
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City of Bettendorf, Iowa

**Budgetary Comparison Schedule  
Budget and Actual - All Governmental Funds and Proprietary Funds  
Required Supplementary Information  
For the Year Ended June 30, 2005**

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
<b>Revenues:</b>			
Property tax	\$ 14,631,169	\$ -	\$ 14,631,169
Tax increment financing	1,684,641	-	1,684,641
Other City taxes	7,564,060	-	7,564,060
Special assessments	5,388	-	5,388
Licenses and permits	636,202	82,713	718,915
Intergovernmental	4,039,000	304,744	4,343,744
Charges for services	326,756	10,717,674	11,044,430
Use of money and property	619,366	219,073	838,439
Miscellaneous	787,742	344,425	1,132,167
<b>Total revenues</b>	<b>30,294,324</b>	<b>11,668,629</b>	<b>41,962,953</b>
<b>Expenditures/Expenses:</b>			
Public safety	7,487,118	-	7,487,118
Public works	2,660,482	-	2,660,482
Culture and recreation	3,153,672	-	3,153,672
Community and economic development	1,412,845	-	1,412,845
General government	2,798,173	-	2,798,173
Debt service	11,637,960	-	11,637,960
Capital outlay	6,835,946	-	6,835,946
Business-type	-	14,885,253	14,885,253
<b>Total expenditures/expenses</b>	<b>35,986,196</b>	<b>14,885,253</b>	<b>50,871,449</b>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	<b>(5,691,872)</b>	<b>(3,216,624)</b>	<b>(8,908,496)</b>
Other financing sources, net	1,966,696	3,836,278	5,802,974
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses</b>	<b>(3,725,176)</b>	<b>619,654</b>	<b>(3,105,522)</b>
Balances, beginning of year	24,678,930	32,885,780	57,564,710
Balances, end of year	<b>\$ 20,953,754</b>	<b>\$ 33,505,434</b>	<b>\$ 54,459,188</b>

See Note to Required Supplementary Information.

Budgeted Amounts			Final to Actual Variance - Positive (Negative)
Original	Final		
\$ 14,560,266	\$ 14,583,016	\$	48,153
1,694,879	1,694,524		(9,883)
5,311,405	7,652,074		(88,014)
24,550	29,229		(23,841)
574,000	717,810		1,105
8,218,424	5,394,477		(1,050,733)
11,457,890	11,221,600		(177,170)
741,300	569,542		268,897
1,014,917	1,602,120		(469,953)
43,597,631	43,464,392		(1,501,439)
7,489,899	7,695,868		208,750
2,638,263	2,767,111		106,629
3,313,894	3,273,368		119,696
1,203,480	1,513,249		100,404
2,673,517	2,875,494		77,321
7,080,392	11,651,771		13,811
26,275,194	8,578,586		1,742,640
14,753,212	15,170,229		284,976
65,427,851	53,525,676		2,654,227
(21,830,220)	(10,061,284)		1,152,788
21,650,000	4,390,000		1,412,974
\$ (180,220)	\$ (5,671,284)	\$	2,565,762

## City of Bettendorf, Iowa

### **Note to Required Supplementary Information – Budgetary Reporting For the Year Ended June 30, 2005**

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In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing which includes all funds, except agency funds. The budget basis of accounting is in accordance with accounting principles generally accepted in the United States of America. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, a budget amendment decreased budgeted expenditures by \$11,902,175. The budget amendment was primarily due to deferring approximately \$17 million of tax increment financing projects to the next fiscal year which is offset by approximately a \$4 million increase due to refinancing of existing bonds after the original adoption to the budget.



Bettendorf IOWA  
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City of Bettendorf, Iowa

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2005

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
<b>Assets</b>				
Cash and investments	\$ 567,940	\$ 119,845	\$ 457,132	\$ 40,059
Receivables:				
Property taxes	-	-	-	-
Accounts	436	-	-	-
Accrued interest	1,407	-	987	42
Due from other funds	-	-	38,822	-
Due from other governments	220,330	-	-	-
Advance to other funds	-	-	134,296	-
<b>Total assets</b>	<b>\$ 790,113</b>	<b>\$ 119,845</b>	<b>\$ 631,237</b>	<b>\$ 40,101</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 70,838	\$ 10	\$ 12,431	\$ 145
Accrued liabilities	32,425	1,307	3,264	-
Due to other governments	5,051	23,694	494	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>108,314</b>	<b>25,011</b>	<b>16,189</b>	<b>145</b>
Fund Balances:				
Reserved for encumbrances	-	-	-	-
Reserved for advances	-	-	134,296	-
Unreserved:				
Designated for pension contributions	-	-	-	-
Undesignated reported in:				
Special revenue funds	681,799	94,834	480,752	39,956
Capital projects funds	-	-	-	-
<b>Total fund balances</b>	<b>681,799</b>	<b>94,834</b>	<b>615,048</b>	<b>39,956</b>
<b>Total liabilities and fund balances</b>	<b>\$ 790,113</b>	<b>\$ 119,845</b>	<b>\$ 631,237</b>	<b>\$ 40,101</b>

(Continued)

Special Revenue						
Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits	
\$ 616,690	\$ 176,594	\$ 1,744,638	\$ 32,498	\$ -	\$ 50,623	
-	-	-	-	1,523,004	-	
-	-	-	-	-	-	
1,458	416	6,222	77	-	-	
-	-	-	-	-	-	
-	-	-	-	28	-	
-	-	-	-	-	-	
<u>\$ 618,148</u>	<u>\$ 177,010</u>	<u>\$ 1,750,860</u>	<u>\$ 32,575</u>	<u>\$ 1,523,032</u>	<u>\$ 50,623</u>	
\$ 40,374	\$ 3,402	\$ 59	\$ 1,236	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	14	
-	-	-	-	10,709	-	
-	-	-	-	1,512,323	-	
<u>40,374</u>	<u>3,402</u>	<u>59</u>	<u>1,236</u>	<u>1,523,032</u>	<u>14</u>	
13,314	-	-	-	-	-	
-	-	-	-	-	-	
-	-	1,750,801	-	-	-	
564,460	173,608	-	31,339	-	50,609	
-	-	-	-	-	-	
<u>577,774</u>	<u>173,608</u>	<u>1,750,801</u>	<u>31,339</u>	<u>-</u>	<u>50,609</u>	
\$ 618,148	\$ 177,010	\$ 1,750,860	\$ 32,575	\$ 1,523,032	\$ 50,623	

City of Bettendorf, Iowa

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 June 30, 2005

	Capital Projects			
	Vehicle Replacement	Riverboat Gaming	Electronic Equipment Replacement	Performing Arts Center
<b>Assets</b>				
Cash and investments	\$ 1,583,405	\$ 1,380,129	\$ 973,100	\$ 173,883
Receivables:				
Property taxes	-	-	-	-
Accounts	-	65,627	-	-
Accrued interest	3,744	3,264	2,276	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Advance to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 1,587,149</b>	<b>\$ 1,449,020</b>	<b>\$ 975,376</b>	<b>\$ 173,883</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 118,194	\$ -	\$ 19,244	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>118,194</b>	<b>-</b>	<b>19,244</b>	<b>-</b>
Fund Balances:				
Reserved for encumbrances	55,191	-	34,823	-
Reserved for advances	-	-	-	-
Unreserved:				
Designated for pension contributions	-	-	-	-
Undesignated reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	1,413,764	1,449,020	921,309	173,883
<b>Total fund balances</b>	<b>1,468,955</b>	<b>1,449,020</b>	<b>956,132</b>	<b>173,883</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,587,149</b>	<b>\$ 1,449,020</b>	<b>\$ 975,376</b>	<b>\$ 173,883</b>

Capital Projects				
CIP/LOT and Interest	GEO Thuenen Overpass	Future Projects	Total	
\$ 1,554,380	\$ 238,826	\$ 88,986	\$	9,798,728
-	-	-		1,523,004
-	-	-		66,063
2,960	565	210		23,628
380,152	-	-		418,974
-	-	-		220,358
-	-	-		134,296
<u>\$ 1,937,492</u>	<u>\$ 239,391</u>	<u>\$ 89,196</u>	<u>\$</u>	<u>12,185,051</u>
\$ -	\$ -	\$ -	\$	265,933
-	-	-		36,996
-	-	-		29,253
-	-	-		10,709
-	-	-		1,512,323
<u>-</u>	<u>-</u>	<u>-</u>		<u>1,855,214</u>
-	-	-		103,328
-	-	-		134,296
-	-	-		1,750,801
-	-	-		2,117,357
1,937,492	239,391	89,196		6,224,055
<u>1,937,492</u>	<u>239,391</u>	<u>89,196</u>		<u>10,329,837</u>
<u>\$ 1,937,492</u>	<u>\$ 239,391</u>	<u>\$ 89,196</u>	<u>\$</u>	<u>12,185,051</u>

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2005

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,612,171	545,051	140,000	-
Use of money and property	11,177	415	32,077	430
Miscellaneous	13,504	9,927	160,190	31,303
<b>Total revenues</b>	<b>2,636,852</b>	<b>555,393</b>	<b>332,267</b>	<b>31,733</b>
Expenditures:				
Current operating:				
Public safety	-	-	-	22,782
Public works	2,616,578	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	562,921	424,082	-
General government	-	-	-	-
Capital outlay	213,714	-	280,633	-
<b>Total expenditures</b>	<b>2,830,292</b>	<b>562,921</b>	<b>704,715</b>	<b>22,782</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(193,440)</b>	<b>(7,528)</b>	<b>(372,448)</b>	<b>8,951</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	300,000	-
Transfers in	7,784	-	-	-
Transfers out	-	-	-	(5,000)
<b>Total other financing sources (uses)</b>	<b>7,784</b>	<b>-</b>	<b>300,000</b>	<b>(5,000)</b>
<b>Net changes in fund balance</b>	<b>(185,656)</b>	<b>(7,528)</b>	<b>(72,448)</b>	<b>3,951</b>
Fund balances, beginning of year	867,455	102,362	687,496	36,005
Fund balances, end of year	\$ 681,799	\$ 94,834	\$ 615,048	\$ 39,956

(Continued)

Special Revenue						
Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits	
\$ -	\$ -	\$ -	\$ -	\$ 1,432,974	\$ -	
-	-	-	-	70,165	-	
52,745	1,000	-	-	1,167	-	
10,918	3,187	62,171	401	-	-	
98,827	14,079	-	17,356	-	8,073	
162,490	18,266	62,171	17,757	1,504,306	8,073	
-	-	-	-	-	-	
-	-	-	-	-	-	
73,908	-	-	48,425	-	-	
-	69,366	-	-	-	6,043	
-	-	250	-	-	-	
48,119	-	-	-	-	-	
122,027	69,366	250	48,425	-	6,043	
40,463	(51,100)	61,921	(30,668)	1,504,306	2,030	
-	-	-	-	-	-	
-	85,000	-	35,000	-	48,579	
-	(2,180)	(331,076)	-	(1,504,306)	-	
-	82,820	(331,076)	35,000	(1,504,306)	48,579	
40,463	31,720	(269,155)	4,332	-	50,609	
537,311	141,888	2,019,956	27,007	-	-	
\$ 577,774	\$ 173,608	\$ 1,750,801	\$ 31,339	\$ -	\$ 50,609	

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2005

	Capital Projects			
	Vehicle Replacement	Riverboat Gaming	Electronic Equipment Replacement	Performing Arts Center
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	2,233,864	-	-
Intergovernmental	-	-	-	-
Use of money and property	27,242	20,392	17,875	-
Miscellaneous	-	-	5,664	-
<b>Total revenues</b>	<b>27,242</b>	<b>2,254,256</b>	<b>23,539</b>	<b>-</b>
Expenditures:				
Current operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Capital outlay	590,009	-	136,858	430,000
<b>Total expenditures</b>	<b>590,009</b>	<b>-</b>	<b>136,858</b>	<b>430,000</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(562,767)</b>	<b>2,254,256</b>	<b>(113,319)</b>	<b>(430,000)</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	6,120	-	-	-
Transfers in	334,750	-	220,000	250,000
Transfers out	(540,696)	(1,628,000)	(87,756)	-
<b>Total other financing sources (uses)</b>	<b>(199,826)</b>	<b>(1,628,000)</b>	<b>132,244</b>	<b>250,000</b>
<b>Net changes in fund balance</b>	<b>(762,593)</b>	<b>626,256</b>	<b>18,925</b>	<b>(180,000)</b>
Fund balances, beginning of year	2,231,548	822,764	937,207	353,883
Fund balances, end of year	\$ 1,468,955	\$ 1,449,020	\$ 956,132	\$ 173,883

Capital Projects					
CIP/LOT and Interest	GEO Thuenen Overpass	Subdivision Deposits	Future Projects	Total	
\$ -	\$ -	\$ -	\$ -	\$ 1,432,974	
-	-	-	-	2,304,029	
-	-	-	-	3,352,134	
21,090	4,051	-	1,830	213,256	
-	50,000	-	-	408,923	
21,090	54,051	-	1,830	7,711,316	
-	-	-	-	22,782	
-	-	-	-	2,616,578	
-	-	-	-	122,333	
-	-	-	-	1,062,412	
-	-	-	-	250	
-	-	-	-	1,699,333	
-	-	-	-	5,523,688	
21,090	54,051	-	1,830	2,187,628	
-	-	-	-	306,120	
1,825,580	-	-	-	2,806,693	
(1,198,445)	-	(48,579)	(26,900)	(5,372,938)	
627,135	-	(48,579)	(26,900)	(2,260,125)	
648,225	54,051	(48,579)	(25,070)	(72,497)	
1,289,267	185,340	48,579	114,266	10,402,334	
\$ 1,937,492	\$ 239,391	\$ -	\$ 89,196	\$ 10,329,837	

City of Bettendorf, Iowa

Combining Statement of Net Assets  
 Nonmajor Enterprise Funds  
 June 30, 2005

	Recycling/Solid Waste Management	Palmer Hills Golf Course	Life Fitness Center
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 511,426	\$ 796,798	\$ 142,198
Receivables:			
Accounts and unbilled usage	387,083	8,745	4,515
Accrued interest	1,238	1,889	344
Special assessments	20,652	-	-
Due from other governments	-	-	-
<b>Total current assets</b>	<b>920,399</b>	<b>807,432</b>	<b>147,057</b>
Capital assets:			
Nondepreciable:			
Land	-	579,370	840,000
Construction-in-progress	-	50,458	-
Depreciable:			
Buildings and structures	-	324,180	3,441,871
Equipment and vehicles	2,076,166	636,543	200,158
Improvements other than buildings	-	869,437	85,885
Accumulated depreciation	(1,090,767)	(1,170,939)	(1,402,238)
<b>Net capital assets</b>	<b>985,399</b>	<b>1,289,049</b>	<b>3,165,676</b>
<b>Total assets</b>	<b>\$ 1,905,798</b>	<b>\$ 2,096,481</b>	<b>\$ 3,312,733</b>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Current:			
Accounts payable	\$ 40,407	\$ 112,128	\$ 24,855
Compensated absences	9,883	4,689	3,876
Accrued liabilities	15,594	7,492	6,713
Due to other governments	2,455	7,013	2,132
Due to other funds	-	-	-
<b>Total current liabilities</b>	<b>68,339</b>	<b>131,322</b>	<b>37,576</b>
Noncurrent, compensated absences	25,826	12,255	10,128
<b>Total liabilities</b>	<b>94,165</b>	<b>143,577</b>	<b>47,704</b>
Net assets:			
Invested in capital assets, net of related debt	985,399	1,289,049	3,165,676
Unrestricted	826,234	663,855	99,353
<b>Total net assets</b>	<b>1,811,633</b>	<b>1,952,904</b>	<b>3,265,029</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,905,798</b>	<b>\$ 2,096,481</b>	<b>\$ 3,312,733</b>

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Aquatic Center	Transit	Total
\$ 194,305	\$ -	\$ 1,644,727
5,785	572	406,700
466	-	3,937
-	-	20,652
-	105,759	105,759
<u>200,556</u>	<u>106,331</u>	<u>2,181,775</u>

-	-	1,419,370
-	-	50,458
4,180,433	-	7,946,484
59,406	1,064,544	4,036,817
8,120	-	963,442
<u>(645,616)</u>	<u>(457,213)</u>	<u>(4,766,773)</u>
<u>3,602,343</u>	<u>607,331</u>	<u>9,649,798</u>
<u>\$ 3,802,899</u>	<u>\$ 713,662</u>	<u>\$ 11,831,573</u>

\$ 46,646	\$ 20,012	\$ 244,048
672	7,157	26,277
1,064	13,728	44,591
5,593	1,859	19,052
-	28,633	28,633
<u>53,975</u>	<u>71,389</u>	<u>362,601</u>
<u>1,757</u>	<u>18,704</u>	<u>68,670</u>
<u>55,732</u>	<u>90,093</u>	<u>431,271</u>

3,602,343	607,331	9,649,798
<u>144,824</u>	<u>16,238</u>	<u>1,750,504</u>
<u>3,747,167</u>	<u>623,569</u>	<u>11,400,302</u>
<u>\$ 3,802,899</u>	<u>\$ 713,662</u>	<u>\$ 11,831,573</u>

City of Bettendorf, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Assets  
Nonmajor Enterprise Funds  
Year Ended June 30, 2005**

	Recycling/Solid Waste Management	Palmer Hills Golf Course	Life Fitness Center
Operating revenues:			
Charges for services	\$ 1,151,110	\$ 718,869	\$ 570,620
Intergovernmental	-	-	-
Other, primarily concessions	11,960	169,560	-
<b>Total operating revenue</b>	<b>1,163,070</b>	<b>888,429</b>	<b>570,620</b>
Operating expenses:			
Salaries and benefits	668,232	489,740	394,252
Supplies and services	1,029,346	310,928	259,370
Depreciation	215,600	103,878	117,632
<b>Total operating expenses</b>	<b>1,913,178</b>	<b>904,546</b>	<b>771,254</b>
<b>Operating (loss)</b>	<b>(750,108)</b>	<b>(16,117)</b>	<b>(200,634)</b>
Nonoperating revenues (expenses):			
Investment earnings	9,789	13,167	3,302
Gain (loss) on disposal of assets	(42,490)	(855)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(32,701)</b>	<b>12,312</b>	<b>3,302</b>
<b>(Loss) before capital grants and contributions and transfers</b>	<b>(782,809)</b>	<b>(3,805)</b>	<b>(197,332)</b>
Capital grants and contributions	-	-	-
Transfers in	917,746	294,000	-
<b>Changes in net assets</b>	<b>134,937</b>	<b>290,195</b>	<b>(197,332)</b>
Net assets, beginning	1,676,696	1,662,709	3,462,361
Net assets, ending	<b>\$ 1,811,633</b>	<b>\$ 1,952,904</b>	<b>\$ 3,265,029</b>

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Aquatic Center	Transit	Total
\$ 174,104	\$ 40,169	\$ 2,654,872
-	304,744	304,744
5,707	4,755	191,982
<u>179,811</u>	<u>349,668</u>	<u>3,151,598</u>
135,901	540,175	2,228,300
118,573	363,946	2,082,163
164,488	115,151	716,749
<u>418,962</u>	<u>1,019,272</u>	<u>5,027,212</u>
(239,151)	(669,604)	(1,875,614)
3,213	2,865	32,336
-	4,000	(39,345)
<u>3,213</u>	<u>6,865</u>	<u>(7,009)</u>
(235,938)	(662,739)	(1,882,623)
-	50,639	50,639
-	497,334	1,709,080
<u>(235,938)</u>	<u>(114,766)</u>	<u>(122,904)</u>
3,983,105	738,335	11,523,206
<u>\$ 3,747,167</u>	<u>\$ 623,569</u>	<u>\$ 11,400,302</u>

City of Bettendorf, Iowa

Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 Year Ended June 30, 2005

	Recycling/Solid Waste Management	Palmer Hills Golf Course	Life Fitness Center
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 1,034,168	\$ 729,158	\$ 571,273
Receipts from other operating revenue	11,960	169,560	-
Payments to suppliers	(1,039,923)	(262,554)	(253,296)
Payments to employees	(661,516)	(500,067)	(395,578)
<b>Net cash provided by (used in) operating activities</b>	<b>(655,311)</b>	<b>136,097</b>	<b>(77,601)</b>
Cash Flows From Noncapital Financing Activities:			
Payments of interfund accounts	-	-	-
Transfers in	917,746	294,000	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>917,746</b>	<b>294,000</b>	<b>-</b>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from capital grants	-	-	-
Purchase of capital assets	(517,748)	(44,024)	-
Proceeds from sale of capital assets	-	-	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(517,748)</b>	<b>(44,024)</b>	<b>-</b>
Cash Flows From Investing Activities, interest received	9,013	11,517	3,088
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(246,300)</b>	<b>397,590</b>	<b>(74,513)</b>
Cash and cash equivalents:			
Beginning	757,726	399,208	216,711
Ending	<u>\$ 511,426</u>	<u>\$ 796,798</u>	<u>\$ 142,198</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating (loss)	\$ (750,108)	\$ (16,117)	\$ (200,634)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	215,600	103,878	117,632
Change in assets and liabilities:			
Receivables	(137,594)	10,289	653
Accounts payable and due to other governments	10,075	48,374	6,074
Compensated absences and accrued liabilities	6,716	(10,327)	(1,326)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (655,311)</b>	<b>\$ 136,097</b>	<b>\$ (77,601)</b>

<hr/>		
Aquatic Center	Transit	Total
\$ 172,204	\$ 41,471	\$ 2,548,274
5,707	842,427	1,029,654
(90,613)	(369,164)	(2,015,550)
(147,775)	(534,414)	(2,239,350)
(60,477)	(19,680)	(676,972)
-	(535,158)	(535,158)
-	497,334	1,709,080
-	(37,824)	1,173,922
-	50,639	50,639
-	-	(561,772)
-	4,000	4,000
-	54,639	(507,133)
2,899	2,865	29,382
(57,578)	-	19,199
251,883	-	1,625,528
<u>\$ 194,305</u>	<u>\$ -</u>	<u>\$ 1,644,727</u>
\$ (239,151)	\$ (669,604)	\$ (1,875,614)
164,488	115,151	716,749
(1,900)	534,230	405,678
27,960	(5,218)	87,265
(11,874)	5,761	(11,050)
<u>\$ (60,477)</u>	<u>\$ (19,680)</u>	<u>\$ (676,972)</u>

City of Bettendorf, Iowa

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2005

Assets	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
<b>Current assets:</b>					
Cash and investments	\$ 1,119,176	\$ 597,363	\$ 404,970	\$ 360,082	\$ 2,481,591
Receivables:					
Accounts	3,304	-	-	-	3,304
Accrued interest	2,676	986	780	835	5,277
Due from other funds	-	2,366	-	-	2,366
Due from other governments	-	885	-	-	885
<b>Total current assets</b>	<b>1,125,156</b>	<b>601,600</b>	<b>405,750</b>	<b>360,917</b>	<b>2,493,423</b>
<b>Noncurrent assets:</b>					
Capital assets:					
Nondepreciable, land	-	-	43,609	-	43,609
Depreciable:					
Buildings and structures	-	-	423,461	-	423,461
Equipment and vehicles	-	-	492,665	-	492,665
Accumulated depreciation	-	-	(582,424)	-	(582,424)
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>377,311</b>	<b>-</b>	<b>377,311</b>
<b>Total assets</b>	<b>\$ 1,125,156</b>	<b>\$ 601,600</b>	<b>\$ 783,061</b>	<b>\$ 360,917</b>	<b>\$ 2,870,734</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Current:					
Accounts payable	\$ -	\$ 40,923	\$ 51,064	\$ 11,978	\$ 103,965
Claims payable	177,764	-	-	-	177,764
Compensated absences	-	-	5,867	6,420	12,287
Accrued liabilities	-	-	9,225	9,476	18,701
Due to other governments	-	-	1,353	1,387	2,740
<b>Total current liabilities</b>	<b>177,764</b>	<b>40,923</b>	<b>67,509</b>	<b>29,261</b>	<b>315,457</b>
Noncurrent, compensated absences	-	-	15,331	16,779	32,110
<b>Total liabilities</b>	<b>177,764</b>	<b>40,923</b>	<b>82,840</b>	<b>46,040</b>	<b>347,567</b>
Net assets:					
Invested in capital assets, net of related debt	-	-	377,311	-	377,311
Unrestricted	947,392	560,677	322,910	314,877	2,145,856
<b>Total net assets</b>	<b>947,392</b>	<b>560,677</b>	<b>700,221</b>	<b>314,877</b>	<b>2,523,167</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,125,156</b>	<b>\$ 601,600</b>	<b>\$ 783,061</b>	<b>\$ 360,917</b>	<b>\$ 2,870,734</b>

City of Bettendorf, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2005**

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Operating revenues:					
Charges for services	\$ 2,414,630	\$ 721,005	\$ 920,055	\$ 552,083	\$ 4,607,773
Other	-	7,724	-	50	7,774
<b>Total operating revenues</b>	<b>2,414,630</b>	<b>728,729</b>	<b>920,055</b>	<b>552,133</b>	<b>4,615,547</b>
Operating expenses:					
Salaries and benefits	1,833,079	-	383,114	373,001	2,589,194
Supplies and services	419,841	905,392	541,862	227,399	2,094,494
Depreciation	-	-	31,155	-	31,155
<b>Total operating expenses</b>	<b>2,252,920</b>	<b>905,392</b>	<b>956,131</b>	<b>600,400</b>	<b>4,714,843</b>
<b>Operating income (loss)</b>	<b>161,710</b>	<b>(176,663)</b>	<b>(36,076)</b>	<b>(48,267)</b>	<b>(99,296)</b>
Nonoperating revenues, investment earnings	19,615	5,762	6,815	6,347	38,539
<b>Income (loss) before transfers</b>	<b>181,325</b>	<b>(170,901)</b>	<b>(29,261)</b>	<b>(41,920)</b>	<b>(60,757)</b>
Transfers in	-	170,000	-	36,811	206,811
<b>Changes in net assets</b>	<b>181,325</b>	<b>(901)</b>	<b>(29,261)</b>	<b>(5,109)</b>	<b>146,054</b>
Total net assets, beginning	766,067	561,578	729,482	319,986	2,377,113
Total net assets, ending	\$ 947,392	\$ 560,677	\$ 700,221	\$ 314,877	\$ 2,523,167

City of Bettendorf, Iowa

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2005**

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers and users	\$ 2,414,509	\$ 720,370	\$ 920,055	\$ 552,083	\$ 4,607,017
Receipts from other operating revenue	-	7,724	-	50	7,774
Payments to suppliers	(428,528)	(896,973)	(535,619)	(226,608)	(2,087,728)
Payments to claimants	(1,843,879)	-	-	-	(1,843,879)
Payments to employees	-	-	(381,242)	(363,219)	(744,461)
<b>Net cash provided by (used in) operating activities</b>	<b>142,102</b>	<b>(168,879)</b>	<b>3,194</b>	<b>(37,694)</b>	<b>(61,277)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Payment of interfund accounts	-	(1,168)	-	-	(1,168)
Transfers in	-	170,000	-	36,811	206,811
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>168,832</b>	<b>-</b>	<b>36,811</b>	<b>205,643</b>
<b>Cash Flows From Investing Activities,</b>					
interest received	17,636	5,119	6,240	5,719	34,714
<b>Net increase in cash and cash equivalents</b>	<b>159,738</b>	<b>5,072</b>	<b>9,434</b>	<b>4,836</b>	<b>179,080</b>
<b>Cash and cash equivalents:</b>					
Beginning	959,438	592,291	395,536	355,246	2,302,511
Ending	<u>\$ 1,119,176</u>	<u>\$ 597,363</u>	<u>\$ 404,970</u>	<u>\$ 360,082</u>	<u>\$ 2,481,591</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Operating income (loss)	\$ 161,710	\$ (176,663)	\$ (36,076)	\$ (48,267)	\$ (99,296)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>					
Depreciation	-	-	31,155	-	31,155
<b>Change in assets and liabilities:</b>					
Receivables	(121)	(635)	-	-	(756)
Prepaid items	-	-	-	6,489	6,489
Accounts payable and due to other governments	(8,687)	8,419	6,243	791	6,766
Claims payable	(10,800)	-	-	-	(10,800)
Compensated absences and accrued liabilities	-	-	1,872	3,293	5,165
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 142,102</b>	<b>\$ (168,879)</b>	<b>\$ 3,194</b>	<b>\$ (37,694)</b>	<b>\$ (61,277)</b>

City of Bettendorf, Iowa

Combining Statement of Assets and Liabilities  
Agency Funds  
June 30, 2005

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	Explorers	Section 125 Plan	Police Property Account	Total
<b>Assets</b> , cash and investments	\$ 879	\$ 13,612	\$ 10,107	\$ 24,598
<b>Liabilities</b> , accounts payable	\$ 879	\$ 13,612	\$ 10,107	\$ 24,598

City of Bettendorf, Iowa

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2005**

Explorers	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
<b>Assets, cash and investments</b>	\$ 10	\$ 5,156	\$ 4,287	\$ 879
<b>Liabilities, accounts payable</b>	\$ 10	\$ 5,156	\$ 4,287	\$ 879
<b>Section 125 Plan</b>				
<b>Assets, cash and investments</b>	\$ 9,339	\$ 190,799	\$ 186,526	\$ 13,612
<b>Liabilities, accounts payable</b>	\$ 9,339	\$ 188,636	\$ 184,363	\$ 13,612
<b>Police Property Account</b>				
<b>Assets, cash and investments</b>	\$ 6,721	\$ 18,009	\$ 14,623	\$ 10,107
<b>Liabilities, accounts payable</b>	\$ 6,721	\$ 18,009	\$ 14,623	\$ 10,107
<b>Combined Funds</b>				
<b>Assets, cash and investments</b>	\$ 16,070	\$ 213,964	\$ 205,436	\$ 24,598
<b>Liabilities, accounts payable</b>	\$ 16,070	\$ 211,801	\$ 203,273	\$ 24,598



Bettendorf IOWA  
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City of Bettendorf, Iowa

**Government-Wide Expenses By Function  
Last Ten Fiscal Years (1)  
(Unaudited)**

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Fiscal Year	Public Safety	Public Works	Culture and Recreation	Community and Economic Development	General Government	Debt Service	Sewer Utility
2002-03	\$ 7,128,273	\$ 4,929,302	\$ 3,471,635	\$ 1,121,332	\$ 3,393,296	\$ 2,584,034	\$ 2,773,237
2003-04	7,303,476	5,352,120	3,327,610	1,258,610	3,220,615	2,486,758	2,517,148
2004-05	8,034,864	6,146,647	3,557,691	3,016,994	3,202,786	2,565,864	2,742,747

(1) Fiscal year 2003 was the first year of government-wide statements.

Source: City records.

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Family Museum of Arts & Science	Aquatic Center	Recycling/Solid Waste Management	Palmer Hills Golf Course	Life Fitness Center	Stormwater Utility	Transit	Total
\$ 1,811,973	\$ 213,572	\$ 1,383,575	\$ 950,886	\$ 804,775	\$ 26,743	\$ 744,344	\$ 31,336,977
1,718,447	392,699	1,343,683	870,098	759,493	120,494	807,952	31,479,203
1,958,342	426,330	1,959,654	909,314	777,189	416,886	1,022,620	36,737,928

City of Bettendorf, Iowa

Government-Wide Revenues  
Last Ten Fiscal Years (1)  
(Unaudited)

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Fiscal Year	Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes
2002-03	\$ 5,908,179	\$ 1,516,475	\$ 133,328	\$ 25,069,931
2003-04	6,459,547	1,287,572	5,225,184	25,933,955
2004-05	7,217,871	4,336,466	3,793,524	24,193,954

(1) Fiscal year 2003 was the first year of government-wide statements.

Source: City records

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	State Shared Revenues	Investment Earnings	Miscellaneous	Gain on Sale of Capital Assets	Total
\$	428,560	\$ 770,772	\$ 1,797,518	\$ 229,877	\$ 35,854,640
	40,995	501,862	1,001,176	-	40,450,291
	41,903	838,439	594,010	4,000	41,020,167

City of Bettendorf, Iowa

**General Governmental Expenditures by Program  
Last Ten Fiscal Years**

	2005	2004	2003	2002
Community protection	*	*	*	\$ 6,823,164
Human development	*	*	*	3,152,880
Home and community environment	*	*	*	4,021,299
Policy and administration	*	*	*	3,237,325
Public safety	\$ 7,487,118	\$ 6,914,003	\$ 6,617,387	*
Public works	2,660,482	2,557,007	2,309,379	*
Culture and recreation	3,153,672	2,965,014	2,826,226	*
Community and economic development	1,412,845	1,218,663	1,048,976	*
General government	2,798,173	2,790,248	2,860,894	*
Capital outlay	6,835,946	6,199,642	7,490,960	10,781,112
Debt service	11,637,960	9,540,758	6,456,316	5,963,952
	<b>\$ 35,986,196</b>	<b>\$ 32,185,335</b>	<b>\$ 29,610,138</b>	<b>\$ 33,979,732</b>

Note: Includes the General, special revenue, Debt Service and capital projects funds.

\* Beginning in fiscal year 2003, the City converted to the state of Iowa's new budget format of program expenditures.

Fiscal Year									
2001	2000	1999	1998	1997	1996				
\$ 7,101,978	\$ 5,993,527	\$ 5,500,328	\$ 5,104,642	\$ 4,897,082	\$ 4,549,458				
2,857,429	2,522,003	2,508,515	2,291,769	2,492,497	2,851,171				
4,120,753	3,477,567	5,889,610	3,479,159	2,909,710	3,017,703				
2,974,569	3,188,137	2,705,217	2,644,767	2,655,045	2,603,581				
*	*	*	*	*	*				
*	*	*	*	*	*				
*	*	*	*	*	*				
*	*	*	*	*	*				
*	*	*	*	*	*				
9,226,513	13,886,745	11,492,709	16,338,303	12,013,092	7,544,589				
6,093,307	5,441,013	4,559,997	3,843,012	4,354,282	4,141,096				
\$ 32,374,549	\$ 34,508,992	\$ 32,656,376	\$ 33,701,652	\$ 29,321,708	\$ 24,707,598				

City of Bettendorf, Iowa

General Governmental Revenue By Source  
Last Ten Fiscal Years

	2005	2004	2003	2002
Total taxes	\$ 23,879,870	\$ 22,750,315	\$ 19,890,483	\$ 19,244,778
Special assessments	5,388	25,975	35,185	8,459
License and permits	636,202	621,466	598,484	411,922
Intergovernmental	4,039,000	3,973,556	6,362,813	6,703,471
Charges for services	326,756	401,753	240,675	340,170
Investment earnings	*	*	*	1,027,639
Use of money and property	619,366	444,476	675,735	*
Miscellaneous	787,742	976,223	1,797,479	1,488,367
	<b>\$ 30,294,324</b>	<b>\$ 29,193,764</b>	<b>\$ 29,600,854</b>	<b>\$ 29,224,806</b>

Note: Includes the General, special revenue, Debt Service and capital projects funds.

\* Beginning in fiscal year 2003, investment earnings is now included in the revenue category "Use of Money and Property", which also includes monies from rents, leases and penalties. The income from rents, leases and penalties was included in Miscellaneous Revenue prior to fiscal year 2003.

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Fiscal Year									
2001	2000	1999	1998	1997	1996				
\$ 18,827,936	\$ 17,811,262	\$ 15,603,381	\$ 16,504,454	\$ 15,793,180	\$ 14,536,495				
23,125	116,123	11,202	10,030	21,591	91,365				
437,141	464,415	476,363	500,875	361,664	344,976				
6,764,956	7,357,588	8,382,630	6,422,226	5,651,727	4,367,142				
266,062	303,585	313,494	404,290	238,911	783,281				
1,571,966	771,187	897,903	1,476,530	1,298,385	1,296,547				
*	*	*	*	*	*				
713,700	1,098,725	1,266,176	1,538,943	1,883,022	781,650				
<u>\$ 28,604,886</u>	<u>\$ 27,922,885</u>	<u>\$ 26,951,149</u>	<u>\$ 26,857,348</u>	<u>\$ 25,248,480</u>	<u>\$ 22,201,456</u>				

City of Bettendorf, Iowa

Property Tax Rates\*, Direct and Overlapping Governments  
Last Ten Fiscal Years

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Assessment January 1,	Collection Year	Bettendorf School District	City of Bettendorf	Scott County
<b>2003</b>	<b>2004/05</b>	<b>\$ 15.46630</b>	<b>\$ 12.34932</b>	<b>\$ 4.75497</b>
2002	2003/04	15.77779	11.85000	4.80887
2001	2002/03	15.78768	11.85000	4.48067
2000	2001/02	14.56220	11.45555	4.17307
1999	2000/01	14.57951	11.46317	4.16147
1998	1999/00	14.81448	11.49320	4.06203
1997	1998/99	15.57107	11.45555	3.91472
1996	1997/98	15.46181	11.45587	4.19239
1995	1996/97	15.58368	11.45613	4.32681
1994	1995/96	16.72025	11.45562	4.42243

\* Property tax rates are per \$1,000 of assessed valuation.

Data Source: "Tax Levies for Scott County, Iowa" compiled by Scott County Auditor.

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County Assessor	Area IX	Other	Total Levy	Ratio of Bettendorf To Total
\$ 0.27124	\$ 0.59216	\$ 0.06939	\$ 33.50338	36.9%
0.33119	0.61738	0.06721	33.45244	35.4
0.33124	0.62633	0.06248	33.13840	35.8
0.31830	0.60382	0.06790	31.18084	36.7
0.31843	0.60302	0.06700	31.19260	36.7
0.22997	0.54709	0.06732	31.21409	36.8
0.25072	0.57182	0.03868	31.80256	36.0
0.23867	0.58671	0.04077	31.97622	35.8
0.23869	0.51543	0.04144	32.16218	35.6
0.22992	0.51856	0.04246	33.38924	34.3

City of Bettendorf, Iowa

**Assessed and Taxable Values of Taxable Property  
Last Ten Fiscal Years**

Assessment January 1,	Collection Year Ended June 30,	Taxable Property Value	Assessed Property Value *	Ratio of Taxable to Assessed Value
<b>2003</b>	<b>2005</b>	<b>\$ 1,223,283,980</b>	<b>\$ 2,077,738,744</b>	<b>58.9%</b>
2002	2004	1,148,695,103	2,069,245,898	55.5
2001	2003	1,127,591,660	1,849,964,291	61.0
2000	2002	1,108,612,002	1,683,281,288	65.9
1999	2001	1,052,427,470	1,630,622,555	64.5
1998	2000	985,933,829	1,484,727,879	66.4
1997	1999	961,234,946	1,470,609,979	65.4
1996	1998	952,226,941	1,375,015,683	69.3
1995	1997	937,238,483	1,352,915,612	69.3
1994	1996	921,982,864	1,216,082,621	75.8

\* Excludes TIF increment and includes agricultural land and buildings and gas and electric utilities and military exemptions

Data Source: Scott County

City of Bettendorf, Iowa

Computation of Direct and Overlapping Debt  
June 30, 2005

Name of Governmental Unit	Total General Long-Term Bonded Debt Outstanding	Percent Applicable To the City of Bettendorf	Amount Applicable To the City of Bettendorf
School District, Bettendorf	\$ 5,585,000	77.78%	\$ 4,344,062
School District, North Scott	8,110,000	0.30	24,563
Scott County	8,635,000	22.48	1,940,867
Eastern Iowa Community College	40,980,000	13.36	5,476,602
	<u>63,310,000</u>		<u>11,786,094</u>
City of Bettendorf	50,410,000	100.00	50,410,000
	<u>\$ 113,720,000</u>		<u>\$ 62,196,094</u>

Data Source: Scott County

City of Bettendorf, Iowa

**Ratio of Annual Debt Service Expenditures for General Bonded Debt and Capital Leases to the Total of General, Special Revenue, Debt Service and Capital Projects Funds Expenditures Last Ten Fiscal Years**

Year Ended June 30,	Principal	Interest and Bond Issuance Costs	Total Debt Service	Total General, Special Revenue, Debt Service and Capital Projects Expenditures	Ratio of Debt Service To General, Special Revenue, Debt Service and Capital Projects Expenditures
<b>2005</b>	<b>\$ 9,037,165</b>	<b>\$ 2,600,795</b>	<b>\$ 11,637,960</b>	<b>\$ 35,986,196</b>	<b>32.34%</b>
2004	7,006,601	2,534,157	9,540,758	32,185,335	29.64
2003	3,816,862	2,639,454	6,456,316	29,610,138	21.80
2002	3,500,641	2,463,311	5,963,952	33,979,732	17.55
2001	3,719,420	2,373,887	6,093,307	32,374,549	18.82
2000	3,250,496	2,190,517	5,441,013	34,508,992	15.77
1999	2,210,495	2,349,502	4,559,997	32,656,376	13.96
1998	2,017,646	1,825,366	3,843,012	33,701,652	11.40
1997	2,940,000	1,414,282	4,354,282	29,321,708	14.85
1996	2,775,000	1,366,096	4,141,096	24,707,598	16.76

City of Bettendorf, Iowa

**Special Assessment Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Special Assessments Billed	Special Assessments Collected (1)	Ratio of Collection To Amount Billed	Total Outstanding Assessments
<b>2005</b>	<b>\$ 154,942</b>	<b>\$ 129,664</b>	<b>83.7%</b>	<b>\$ 203,202</b>
2004	50,594	89,852	17.8	177,924
2003	49,599	141,401	285.1	217,182
2002	109,175	70,160	64.3	308,984
2001	274,614	78,871	28.7	269,969
2000	23,324	115,117	493.6	74,226
1999	4,522	8,882	196.4	166,019
1998	2,955	10,027	339.3	170,433
1997	9,532	21,591	226.5	177,505
1996	127,710	91,365	71.5	189,564

(1) Includes current and delinquent assessments collected.

City of Bettendorf, Iowa

Demographic Statistics  
Last Ten Years

Year	Population	Per Capita Income	Median Age	Median Family Income	Education Level (1)
1950	5,132	\$ 932	29.8	\$ 3,667	38.9%
1960	11,534	1,634	26.9	6,459	62.3
1970	22,126	3,879	24.9	12,534	74.4
1980	27,381	9,939	29.4	26,501	84.7
1990	28,132	17,747	34.8	46,770	90.1
1996 (2)	30,976	17,747	34.8	46,770	90.1
<b>2000</b>	<b>31,275</b>	<b>28,053</b>	<b>38.7</b>	<b>66,620</b>	<b>92.6</b>

Source: U.S. Department of Commerce, Bureau of Census.

- (1) Percent of audit population 25 years old and over completing 12 years of formal schooling or more.  
 (2) Special census.

Year	School Enrollment			Unemploy- ment Rate (6)	Taxable Retail Sales Approximate (7)
	Public (3)	Private (4)	Parochial (5)		
1996	4,585	310	415	2.3%	\$ 256,297,830
1997	4,561	279	425	3.1	244,166,921
1998	4,650	210	442	1.8	249,691,945
1999	4,508	202	551	2.3	253,789,572
2000	4,434	205	425	1.7	277,092,031
2001	4,436	203	419	2.2	265,749,843
2002	4,446	235	428	2.8	249,715,871
2003	4,089	240	403	4.1	259,609,311
2004	4,358	255	387	3.3	293,892,085
<b>2005</b>	<b>4,303</b>	<b>211</b>	<b>382</b>	<b>3.4</b>	<b>286,515,750</b>

Sources:

- (3) Bettendorf Community School District Office  
 (4) Local Private School Office  
 (5) Local Parochial School Office  
 (6) Job Service of Iowa  
 (7) Iowa Department of Revenue

## City of Bettendorf, Iowa

### Miscellaneous Statistical Data Year Ended June 30, 2005

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Date of incorporation	January 1903
Form of government	Mayor/Council
Area	21.4 square miles
Population	31,275
Miles of streets:	
Paved, approximate	154.5
Unpaved, approximate	23.5
Number of street lights	1,737
Number of traffic signals	40
Police protection:	
Number of stations	1
Number of sworn peace officers	43
Fire protection:	
Number of stations	4
Number of sworn paid firefighters	20
Number of sworn volunteer firefighters	30
Number of fire hydrants	1,305
Sewers:	
Sanitary sewer lift stations	3
Active stormwater pumping stations	2
Miles of sanitary sewers, approximate	171
Recreation:	
Municipal parks:	
Number of parks	21
Number of acres	523
Municipal swimming pools	1
Golf courses, municipal	1
Golf courses, nonmunicipal	2
Community Center	1
Life Fitness Center	1
Ball diamonds	21
Tennis courts	28
Boat launches	2
Museums, Family Museum of Arts & Science	1

(Continued)

## City of Bettendorf, Iowa

### Miscellaneous Statistical Data (Continued) Year Ended June 30, 2005

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Sanitation:

Number of customers, approximate	11,250
Household waste, approximate tons per day	32.75
Yard waste, approximate tons per day	23.33

Recyclables, approximate tons per day 10.65

Library:

Number of items, approximate	131,298
Registered cardholders	22,063

Educational institutions (1):

Elementary schools	6
Middle schools	1
High schools	1
Private schools, preschool - 12	1
Parochial schools, preschool - 8	1
Alternative learning centers	1
Community college	1

City employees in full-time equivalents 291.23

Elections (2):

Last general election, 2002:	
Registered voters	24,530
Number of votes cast	13,729
Percentage voting	56%

Last municipal election, 2005:	
Registered voters	24,415
Number of votes cast	723
Percentage voting	3%

Data Source:

- (1) Bettendorf Community School District Office
- (2) Scott County Auditor's Office

City of Bettendorf, Iowa

Principal Taxpayers and Employers  
Fiscal Year Ended June 30, 2005

	Type of Business	Assessed Valuation	% of Total Assessed Valuation
Ten largest taxpayers (1):			
Isle of Capri Bettendorf LC	Casino/Hotel	\$ 45,002,320	2.16%
CMS/Chateau Knoll	Apartments	15,027,300	0.72
GenVentures, Inc.	Healthcare facilities	9,294,230	0.45
Bettendorf Regency Apartments LC	Apartments	8,368,880	0.40
Duck Creek LLC	Retail mall	8,141,820	0.39
Americold Real Estate LP	Cold Storage	6,905,370	0.33
Green Bridge Co	Riverboat properties	6,429,170	0.31
MS Realty Company	Developer	6,349,630	0.31
Iter-Care	Healthcare facilities	6,200,000	0.30
Olympic Steel Iowa, Inc	Manufacturing	5,856,590	0.28
<b>Total</b>		<b>\$ 117,575,310</b>	<b>5.65%</b>
Total assessed value (100%)		<b>\$ 2,080,199,387</b>	<b>*</b>

		Number of Employees (Including Full and Part-Time)
Ten major employers (2):		
Aluminum Company of America (3)	Aluminum manufacturing	2,200
Isle of Capri	Riverboat casino & hotel	837
Mississippi Bend Area Education Agency	Education agency	375
HyVee Food Stores	Retail food store	400
Eastern Iowa Community College District	School	461
Bettendorf Community School District	School	593
City of Bettendorf	Government	308
Sivyer Steel	Foundry	283
The Lodge (formerly Jumer's Castle Lodge)	Hotel	136
The Schebler Company	Metal fabrication	154

Data Source:

- (1) Scott County Auditor
- (2) Quad City Development Group and the respective employers
- (3) Total employees in Bettendorf and Riverdale

\* Excludes TIF increment and includes agricultural land and buildings and gas and electric utilities.

City of Bettendorf, Iowa

Income Distribution

Fiscal Year Ended June 30, 2005

	City of Bettendorf		Scott County		State of Iowa	
	Families	%	Families	%	Families	%
Less than \$10,000	174	2.0%	2,005	4.8%	29,696	3.8%
\$10,000 to \$14,999	158	1.8	1,569	3.7	27,647	3.6
\$15,000 to \$24,999	511	5.8	4,022	9.5	82,185	10.6
\$25,000 to \$34,999	684	7.8	4,960	11.8	105,089	13.6
\$35,000 to \$49,999	1,290	14.8	7,212	17.1	161,399	20.8
\$50,000 to \$74,999	2,285	26.1	10,985	26.1	203,738	26.3
\$75,000 to \$99,999	1,613	18.5	5,981	14.2	89,699	11.6
\$100,000 to \$149,999	1,317	15.1	3,725	8.8	50,322	6.5
\$150,000 to \$199,000	372	4.3	835	2.0	11,511	1.5
\$200,000 or more	333	3.8	823	2.0	12,960	1.7
<b>Totals</b>	<b>8,737</b>	<b>100.0%</b>	<b>42,117</b>	<b>100.0%</b>	<b>774,246</b>	<b>100.0%</b>

	City of Bettendorf		Scott County		State of Iowa	
	Persons	%	Persons	%	Persons	%
Educational attainment:						
Elementary:						
0-8 years	446	2.1%	4,440	4.3%	105,424	5.6%
High School:						
1-3 years	1,105	5.3	9,539	9.3	158,012	8.3
High school graduate	4,804	22.9	31,372	30.8	683,942	36.1
College:						
1-3 years	6,470	30.8	31,390	30.7	546,388	28.8
College graduate	5,378	25.7	17,069	16.7	278,350	14.7
Graduate degree	2,760	13.2	8,339	8.2	123,740	6.5
<b>Totals</b>	<b>20,963</b>	<b>100.0%</b>	<b>102,149</b>	<b>100.0%</b>	<b>1,895,856</b>	<b>100.0%</b>

Sources:

U.S. Census Bureau, Census 2000



Bettendorf IOWA  
*a premier city*

City of Bettendorf, Iowa

Comparison of Taxes and Intergovernmental Revenue  
Last Ten Fiscal Years

	2005	2004	2003	2002
Property taxes:				
Property taxes	\$ 14,631,169	\$ 13,084,732	\$ 12,868,877	\$ 12,152,537
TIF	1,684,641	2,096,938	1,959,951	1,813,741
<b>Total property taxes</b>	<b>16,315,810</b>	<b>15,181,670</b>	<b>14,828,828</b>	<b>13,966,278</b>
Other City taxes:				
Hotel/motel taxes	811,857	814,230	752,456	751,467
Local option sales tax	3,813,950	3,781,620	3,651,869	3,553,136
Utility franchise tax	695,153	690,668	648,397	629,454
Mobile home tax	9,236	8,969	8,933	8,939
Gaming tax	2,233,864	2,273,158	-	-
Cable franchise tax	-	-	-	335,504
Miscellaneous	-	-	-	-
<b>Total other City taxes</b>	<b>7,564,060</b>	<b>7,568,645</b>	<b>5,061,655</b>	<b>5,278,500</b>
<b>Total taxes</b>	<b>23,879,870</b>	<b>22,750,315</b>	<b>19,890,483</b>	<b>19,244,778</b>
Intergovernmental revenue:				
Bank franchise tax	-	33,200	41,362	14,233
Cable franchise tax	321,427	319,234	321,090	-
State population allocation	-	-	-	-
State tax replacement credits	19,550	20,627	408,356	631,407
Road use tax	2,597,908	2,619,144	2,524,432	2,531,225
Primary road maintenance	14,263	14,263	14,263	14,263
Liquor profit	27,640	26,732	30,502	-
Iowa state transit assistance	145,544	117,084	130,308	133,793
Iowa open access	22,557	19,072	39,676	38,633
Riverboat gaming	-	-	2,134,506	2,099,845
Revitalizing Iowa's Sound Economy (RISE)	-	-	-	-
Iowa economic development loans	140,000	-	-	-
Federal grants	917,975	1,308,866	802,062	999,599
Other	187,519	330,458	176,477	234,135
<b>Total intergovernmental revenue</b>	<b>4,394,383</b>	<b>4,808,680</b>	<b>6,623,034</b>	<b>6,697,133</b>
<b>Total</b>	<b>\$ 28,274,253</b>	<b>\$ 27,558,995</b>	<b>\$ 26,513,517</b>	<b>\$ 25,941,911</b>

Note: Includes all governmental and proprietary funds.

	2001	2000	1999	1998	1997	1996
\$	11,608,682	\$ 11,481,279	\$ 11,015,193	\$ 10,865,971	\$ 10,601,680	\$ 10,445,241
	1,897,563	1,602,647	337,935	253,620	53,163	103,509
	13,506,245	13,083,926	11,353,128	11,119,591	10,654,843	10,548,750
	798,468	838,909	875,658	805,327	741,511	734,696
	3,570,729	3,732,436	3,139,128	3,722,925	3,520,086	2,632,075
	631,436	-	-	-	-	-
	9,632	9,614	9,339	10,436	10,914	6,787
	-	-	-	856,205	887,417	705,552
	311,426	262,500	237,330	-	-	-
	-	-	-	-	-	-
	5,321,691	4,843,459	4,261,455	5,394,893	5,159,928	4,079,110
	18,827,936	17,927,385	15,614,583	16,514,484	15,814,771	14,627,860
	34,707	23,273	60,892	43,840	34,445	2,572
	-	-	-	207,793	190,708	178,324
	-	-	-	324,760	530,120	477,135
	632,819	587,661	568,465	212,609	-	-
	2,480,237	2,537,823	2,355,960	2,112,810	2,116,249	1,933,136
	14,263	14,263	14,263	13,424	13,424	13,424
	27,333	23,933	30,185	-	-	-
	188,688	146,768	140,591	140,519	138,342	113,994
	66,454	72,126	70,738	58,080	72,756	57,508
	2,017,007	1,916,182	1,772,530	547,778	514,308	-
	-	-	100,000	-	-	-
	-	-	2,000,000	-	-	-
	954,093	1,865,900	1,080,068	2,619,467	2,004,816	918,720
	349,355	169,659	269,327	141,146	36,559	672,329
	6,764,956	7,357,588	8,463,019	6,422,226	5,651,727	4,367,142
\$	25,592,892	\$ 25,284,973	\$ 24,077,602	\$ 22,936,710	\$ 21,466,498	\$ 18,995,002

City of Bettendorf, Iowa

Property Value, Building Permits and Bank Deposits  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxable Property Value (1)	New Construction	
		Number of Permits	Assessed Value of Permits
2005	\$ 1,223,283,980	163	\$ 54,134,995
2004	1,148,695,103	166	45,449,388
2003	1,127,591,660	107	63,609,365
2002	1,108,612,002	134	30,712,421
2001	1,052,427,470	151	35,213,060
2000	985,933,829	183	33,018,396
1999	961,234,946	160	35,245,616
1998	952,226,941	166	33,524,769
1997	937,238,483	136	21,807,404
1996	921,982,864	160	23,686,749

Data Source: Annual report, planning department, City of Bettendorf

(1) Scott County auditor valuation report.

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Remodeling Repair and Additions		Total Building Permits		
Number of Permits	Assessed Value of Permits	Number of Permits	Assessed Value of Permits	Bank Deposits
<b>1,135</b>	<b>\$ 13,404,594</b>	<b>1,298</b>	<b>\$ 67,539,589</b>	<b>\$ 756,183,000</b>
1,176	15,506,962	1,342	60,956,350	706,817,000
1,101	12,512,221	1,208	76,121,586	635,532,000
1,332	9,776,902	1,466	40,489,323	526,744,000
1,089	10,796,642	1,240	46,009,702	455,365,000
1,075	11,533,139	1,258	44,551,535	288,067,000
1,081	7,957,933	1,241	43,203,549	247,966,000
1,052	14,605,237	1,218	48,130,006	197,384,000
523	2,998,859	659	24,806,263	135,900,000
909	6,747,154	1,069	30,433,903	92,918,000

City of Bettendorf, Iowa

Property Tax Rates and Tax Dollars Budgeted  
Last Ten Fiscal Years

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	Fiscal Year			
	2005	2004	2003	2002
General	\$ 7.04761	\$ 6.54800	\$ 6.54800	\$ 6.39072
Employee benefits	1.23016	1.23023	1.23023	1.14629
Insurance	0.27175	0.27177	0.27177	0.11854
Debt service	3.79980	3.80000	3.80000	3.80000
<b>Total</b>	<b>\$ 12.34932</b>	<b>\$ 11.85000</b>	<b>\$ 11.85000</b>	<b>\$ 11.45555</b>
Agricultural land	\$ 3.00375	\$ 3.00375	\$ 3.00362	\$ 3.00375

(1) Tax rate per \$1,000 of taxable valuation

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Fiscal Year											
2001		2000		1999		1998		1997		1996	
\$	6.40498	\$	6.54431	\$	6.64027	\$	6.51518	\$	6.05685	\$	6.38389
	1.13715		1.02077		0.85866		0.81382		1.06248		0.93333
	0.11862		0.11616		0.15662		0.32662		0.53661		0.41583
	3.80242		3.81196		3.80000		3.80025		3.80019		3.72257
\$	11.46317	\$	11.49320	\$	11.45555	\$	11.45587	\$	11.45613	\$	11.45562
\$	3.00375	\$	3.00375	\$	3.00375	\$	2.96915	\$	3.00375	\$	3.00375

City of Bettendorf, Iowa

Property Tax Dollars Certified  
Last Ten Fiscal Years

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	Fiscal Year			
	2005	2004	2003	2002
General	\$ 8,170,154	\$ 7,096,449	\$ 6,959,989	\$ 6,668,393
Employee benefits	1,426,100	1,333,272	1,307,634	1,196,095
Insurance	315,034	294,533	288,869	123,690
Debt service	4,634,030	4,396,728	4,317,988	4,223,368
Agricultural land	14,121	17,656	17,884	18,238
<b>Total</b>	<b>\$ 14,559,439</b>	<b>\$ 13,138,638</b>	<b>\$ 12,892,364</b>	<b>\$ 12,229,784</b>

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		Fiscal Year									
		2001	2000	1999	1998	1997	1996				
\$	6,318,727	\$	6,393,758	\$	6,345,781	\$	6,169,057	\$	5,643,664	\$	5,853,188
	1,121,837		997,306		820,581		770,538		990,004		855,738
	117,023		113,486		149,670		309,249		500,000		381,264
	4,026,620		3,955,879		3,680,464		3,637,234		3,549,374		3,426,223
	17,739		16,997		16,773		16,078		16,246		15,345
\$	11,601,946	\$	11,477,426	\$	11,013,269	\$	10,902,156	\$	10,699,288	\$	10,531,758

City of Bettendorf, Iowa

**Ratio of Net General Obligation Bonded Debt to Taxable  
Property Value and Net General Obligation Bonded Debt Per Capita  
Last Ten Fiscal Years**

	Fiscal Year			
	2005	2004	2003	2002
Population (1)	31,275	31,275	31,275	31,275
Taxable property value (2)	\$ 1,223,283,980	\$ 1,148,695,103	\$ 1,127,591,660	\$ 1,108,612,002
Gross general obligation bonded debt (3)	50,410,000	57,445,000	49,485,000	46,245,000
Less debt service fund balance	1,605,452	6,391,734	4,986,529	2,247,776
Net general obligation bonded debt	48,804,548	51,053,266	44,498,471	43,997,224
Net general obligation bonded debt to taxable value	0.0399	0.0444	0.0395	0.0397
Net general obligation bonded debt per capita	1,560	1,632	1,423	1,407

Data Source:

(1) Bi-State Regional Commission, Bureau of Census

(2) Scott County Auditor Valuation Report

(3) Auditor City Financial Reports

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Fiscal Year					
2001	2000	1999	1998	1997	1996
31,275	30,976	30,976	30,976	30,976	28,132
\$ 1,052,427,470	\$ 985,933,829	\$ 961,234,946	\$ 952,226,941	\$ 937,238,483	\$ 921,982,864
42,971,519	39,930,361	36,509,203	39,023,045	30,657,060	32,219,548
2,052,121	3,127,867	3,147,394	3,299,181	411,740	529,091
40,919,398	36,802,494	33,361,809	35,723,864	30,245,320	31,690,457
0.0389	0.0373	0.0347	0.0375	0.0323	0.0344
1,308	1,188	1,077	1,153	976	1,126

City of Bettendorf, Iowa

Property Tax Levies and Collections  
Last Ten Fiscal Years

	Collection Year			
	2004/05	2003/04	2002/03	2001/02
Total tax levy (1)	\$ 14,559,439	\$ 13,138,638	\$ 12,892,364	\$ 12,229,784
Unfunded state replacement credits and abated taxes (2)	-	-	-	-
<b>Net tax collectible on levy</b>	<b>\$ 14,559,439</b>	<b>\$ 13,138,638</b>	<b>\$ 12,892,364</b>	<b>\$ 12,229,784</b>
Current tax collections (3)	\$ 14,536,037	\$ 13,045,163	\$ 12,809,584	\$ 12,151,763
% of current collections to net levy	99.84%	99.29%	99.36%	99.36%
Delinquent tax collections (refund) (4)	\$ 95,132	\$ 39,568	\$ 59,294	\$ 774
Total tax collections	14,631,169	13,084,731	12,868,878	12,152,537
% of total collections to net levy	100.49%	99.59%	99.82%	99.37%

Data Source:

- (1) Levy rate sheet from Scott County Auditor's Office as certified to the state of Iowa.
- (2) State of Iowa.
- (3) Monthly tax allocation reports from Scott County Treasurer.
- (4) Effective fiscal year 1992, the interest rate on delinquent taxes was set at 24% by the state of Iowa. Increased collections on the current levy reflect the impact of the higher interest rate.
- (5) Due to a refund on a court ordered assessment reduction.

		Collection Year									
		2000/01	1999/00	1998/99	1997/98	1996/97	1995/96				
\$	11,601,946	\$	11,477,426	\$	11,013,269	\$	10,902,156	\$	10,699,289	\$	10,531,758
	-		-		367		(14,098)		(89,001)		(89,689)
\$	11,601,946	\$	11,477,426	\$	11,013,636	\$	10,888,058	\$	10,610,288	\$	10,442,069
\$	11,608,083	\$	11,477,426	\$	11,009,025	\$	10,887,633	\$	10,601,001	\$	10,440,659
	100.05%		100.00%		99.96%		100.00%		99.91%		99.99%
\$	600	\$	3,853	\$	6,168	\$	(21,662) (5)	\$	678	\$	4,534
	11,608,683		11,481,279		11,015,193		10,865,971		10,601,679		10,445,193
	100.06%		100.03%		100.01%		99.80%		99.92%		100.03%

City of Bettendorf, Iowa

Schedule of Insurance in Force  
June 30, 2005

Carrier/Agency	Type of Coverage	Description
ICAP Trissel/Graham & Toole	General Liability	Premises and Operations
ICAP Trissel/Graham & Toole	Law Enforcement Liability	Police Department
ICAP Trissel/Graham & Toole	Auto Liability	Auto Liability and Physical Damage
	Auto/Phys. Damage	
ICAP Trissel/Graham & Toole	Public Entity Mgt. Liab.	Public Official Liability
ICAP Trissel/Graham & Toole	Excess Liability	Excess over GL, Fleet, Law
Transcontinental Ins. Trissel/Graham & Toole	Dram Liability	Golf Course
IMWCA	Workers' Compensation/Employer's liability	Workers' Compensation/Employer's liability
ICAP Trissel Graham & Toole	Employee Benefit Plan Administration Liability	

(Continued)

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Amount Of Coverage	Coinsurance Required Deductible	Policy Number	Expiration Date	Premium
\$2,000,000/OCC. \$5,000 Med Pay \$250,000 Sewer Backup/Occ. \$250,000 Sewer Backup/Agg.	\$5,000	520	07/01/2005	\$ 67,436
\$2,000,000/Occ.	\$10,000	520	07/01/2005	15,221
\$2,000,000/Acc. UM/UIM-H/NO (Auto), \$1,000,000 \$5,000 Med. (PPTs)	\$5,000	520	07/01/2005	53,714
Scheduled Phys. Damage	\$500/\$1,000	520	07/01/2005	43,212
\$2,000,000/Occ.	\$10,000	520	07/01/2005	13,888
\$10,000,000/Occ. \$10,000,000/Agg.	Underlying	520	07/01/2005	32,805
\$1,000,000/CSL	N/A	LLP223621257	04/18/2006	3,254
Statutory/\$1,000,000	N/A	324	07/01/2005	438,572
\$2,000,000/Occ.	\$1,000	520	07/01/2005	Included

City of Bettendorf, Iowa

Schedule of Insurance in Force (Continued)

June 30, 2005

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Carrier/Agency	Type of Coverage	Description
ICAP Ruhl and Ruhl	Commercial Property	Building & Contents Bus. Income/Ex. Expense Personal Property - In Transit Pers. Property Any Other Location EDP 1609 State St. Contractors Equip Fine Arts - 1602 State St. Coinsurance Flood Earthquake
ICAP Ruhl & Ruhl	Machinery Breakdown	Property Damage
Employers Mutual Company Ruhl & Ruhl	Crime	Blanket Employee Dishonesty Forgery or Alteration
IA Underground Storage Tank	UST Liability	State UST Program

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Amount Of Coverage	Coinsurance Required Deductible	Policy Number	Expiration Date	Premium
Per Schedule	Per Schedule	520	07/01/2005	\$ 115,571
\$ 51,782,797	\$ 10,000	520	07/01/2005	4,238
1,000,000	5,000	T22422504	07/01/2005	1,299
250,000	5,000			
\$500,000 Occ./\$1 Mil Agg	5,000			



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City of Bettendorf, Iowa

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2005**

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
Direct Program, Lower Income Housing Assistance Program, Section 8	N/A	14.871	\$ 545,051
<b>U.S. Department of Transportation:</b>			
Direct Program, Federal Transit Capital and Operating Assistance			
Formula Grants:			
Planning	IA-90-2286	20.507	16,000
ADA	IA-90-0286	20.507	51,261
Planning	IA-90-2269	20.507	2,357
ADA	IA-90-8286	20.507	15,344
Operating	IA-90-3286	20.507	74,238
Capital	IA-90-0286	20.507	50,639
			<u>209,839</u>
Passed through Iowa Department of Public Safety:			
State and Community Highway Safety Police Traffic Services	PAP 04-04, Task 01	20.600	12,501
State and Community Highway Safety Police Traffic Services	PAP 05-04, Task 01	20.600	5,546
State and Community Highway Safety Police Traffic Services	PAP 04-163, Task 04	20.600	16,100
State and Community Highway Safety Police Traffic Services	PAP 05-163, Task 04	20.600	14,095
			<u>48,242</u>
Passed through Iowa Department of Transportation,			
Innovative Bridge Research and Construction	IBRC-0587(20)--8E-82	20.205	37,048
<b>Total U.S. Department of Transportation</b>			<u>295,129</u>
<b>U.S. Department of Justice:</b>			
Passed through the Scott County Attorney's office,			
Drug Control and System Improvement Grant	2005-F4273-IA-DJ	16.579	59,478
Direct Programs, Bulletproof Vest Program			
	N/A	16.607	380
<b>Total U.S. Department of Justice</b>			<u>59,858</u>
<b>Total federal expenditures</b>			<u>\$ 900,038</u>

See Notes to Schedule of Expenditures of Federal Awards.

**City of Bettendorf, Iowa**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2005**

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**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bettendorf, Iowa and discretely presented component unit for the year ended June 30, 2005. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, 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. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

City of Bettendorf, Iowa

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2005

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Finding	Status	Corrective Action Plan or Other Explanation
<b>Other Findings Related to Required Statutory Reporting</b>		
04-IV-B	The expenditures/expenses exceeded the amounts budgeted.	Corrective action taken.
04-IV-G	The City did not publish a summary of all receipts received monthly.	See corrective action plan at 05-IV-G



Bettendorf IOWA  
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# McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bettendorf, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and responses as item 05-II-A.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable conditions described above is not a material weakness. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter dated November 4, 2005.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005, 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 interpretation of those statutes.

This report is intended for the information of the City Council, management and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 4, 2005

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

### **Compliance**

We have audited the compliance of the City of Bettendorf, Iowa with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. The City's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2005.

## Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the City Council, management and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 4, 2005

City of Bettendorf, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

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I. Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.871	Direct Program - Lower Income Housing Assistance Program - Section 8

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2005

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

A. Reportable conditions in internal control.

Finding: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. The Fitness Center has improper segregations over the membership process.

Condition: One employee has the ability to issue membership agreements, which the member is asked to sign, prepare membership cards with bar codes on the back, enter the information attached to the specific member's bar code into the system and collect monies. In addition, there is not a sequence attached to the membership cards given out.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend that someone independent of the membership process reconcile the member cards handed out to the signed membership agreements and cash collected for the day. Further, this person should maintain an inventory listing of all membership cards.

Response: Effective December 1, 2005, the City has established procedures to segregate duties over the membership process.

B. Compliance findings.

None.

**III. Findings and Questioned Costs for Federal Awards.**

A. Reportable Conditions in Administering Federal Awards

None

B. Instances of Noncompliance

None

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

**05-IV-A Official Depositories**

A resolution naming official depositories has been adopted by City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

**05-IV-B Certified Budget**

Expenditures/expenses during the year ended June 30, 2005, did not exceed the budgeted amounts.

**05-IV-C Questionable Disbursements**

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.

(Continued)

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2005**

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**05-IV-D Travel Expense**

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

**05-IV-E Business Transactions**

No business transactions between the City and City officials or employees were noted.

**05-IV-F Bond Coverage**

Surety bond coverage of City officials and employees is in accordance with statutory provisions.

**05-IV-G Board Minutes**

We noted no transactions where the required Council approval was not obtained. However, the City does not publish a summary of all receipts received monthly.

Recommendation: The City is required to publish a summary of all receipts received monthly.

Response: The City is working on a system to publish a summary of all receipts received monthly.

Conclusion: Response accepted.

**05-IV-H Deposits and Investments**

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

**05-IV-I Revenue Notes**

The City has established the sinking and reserve accounts required by the sewer revenue note resolution.

**City of Bettendorf, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2005**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Reportable Conditions in Internal Control</b>				
05-II-A	The City has an improper segregation of duties over the membership process.	See corrective action plan at 05-II-A	June 2006	Carol Barnes
<b>Other Findings Related to Required Statutory Reporting</b>				
05-IV-G	The City did not publish a summary of all receipts received monthly.	See corrective action plan at 05-IV-G	June 2006	Carol Barnes