

# **CITY OF BETTENDORF, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2007**

Prepared by:  
City Finance Department  
Carol A. Barnes, Finance Director



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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**

Patricia A. Malinee  
**Fourth Ward Alderman**

Carolyn R. Koos  
**Fifth Ward Alderman**

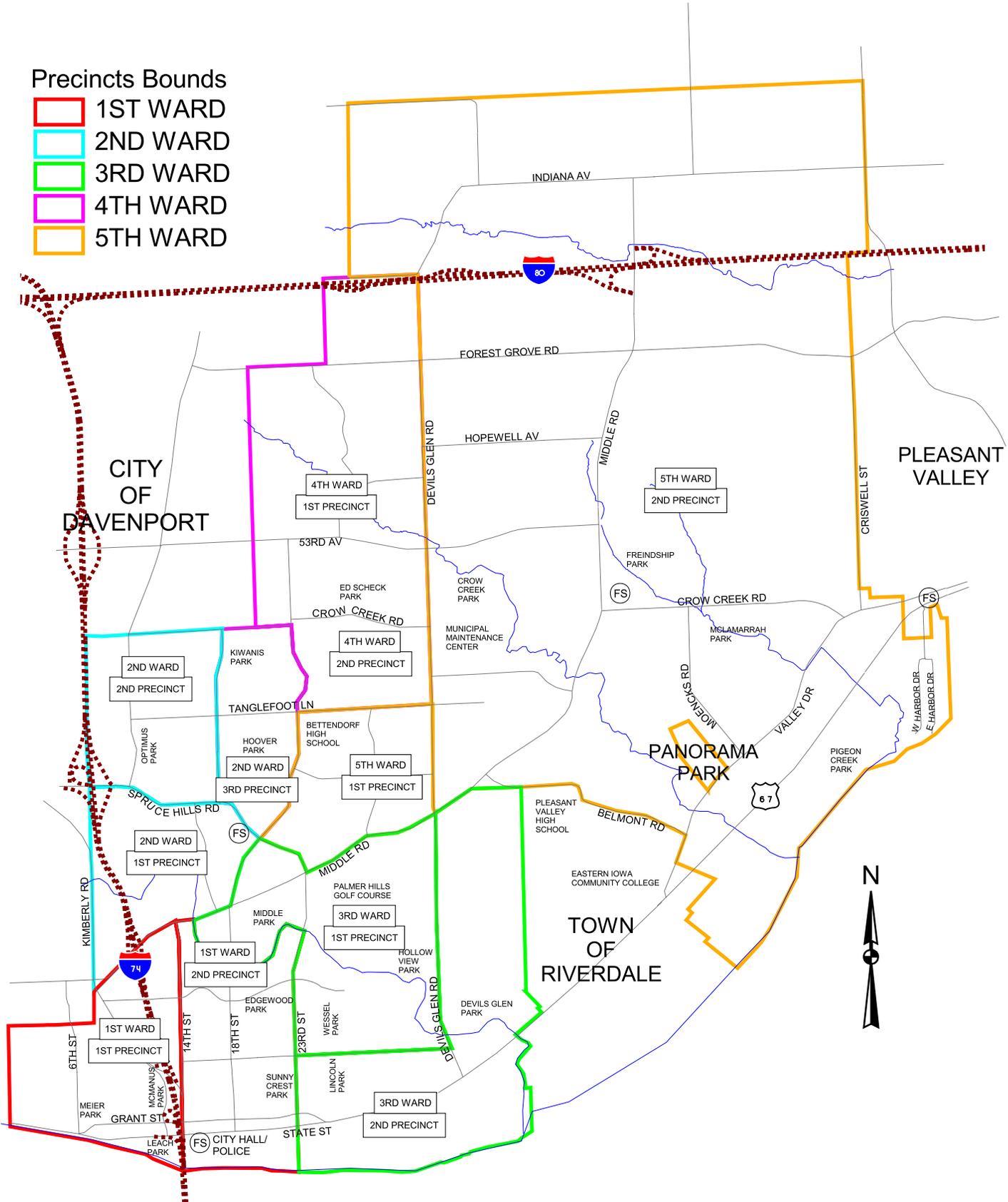
**Decker P. Ploehn, City Administrator**

**DEPARTMENT HEADS**

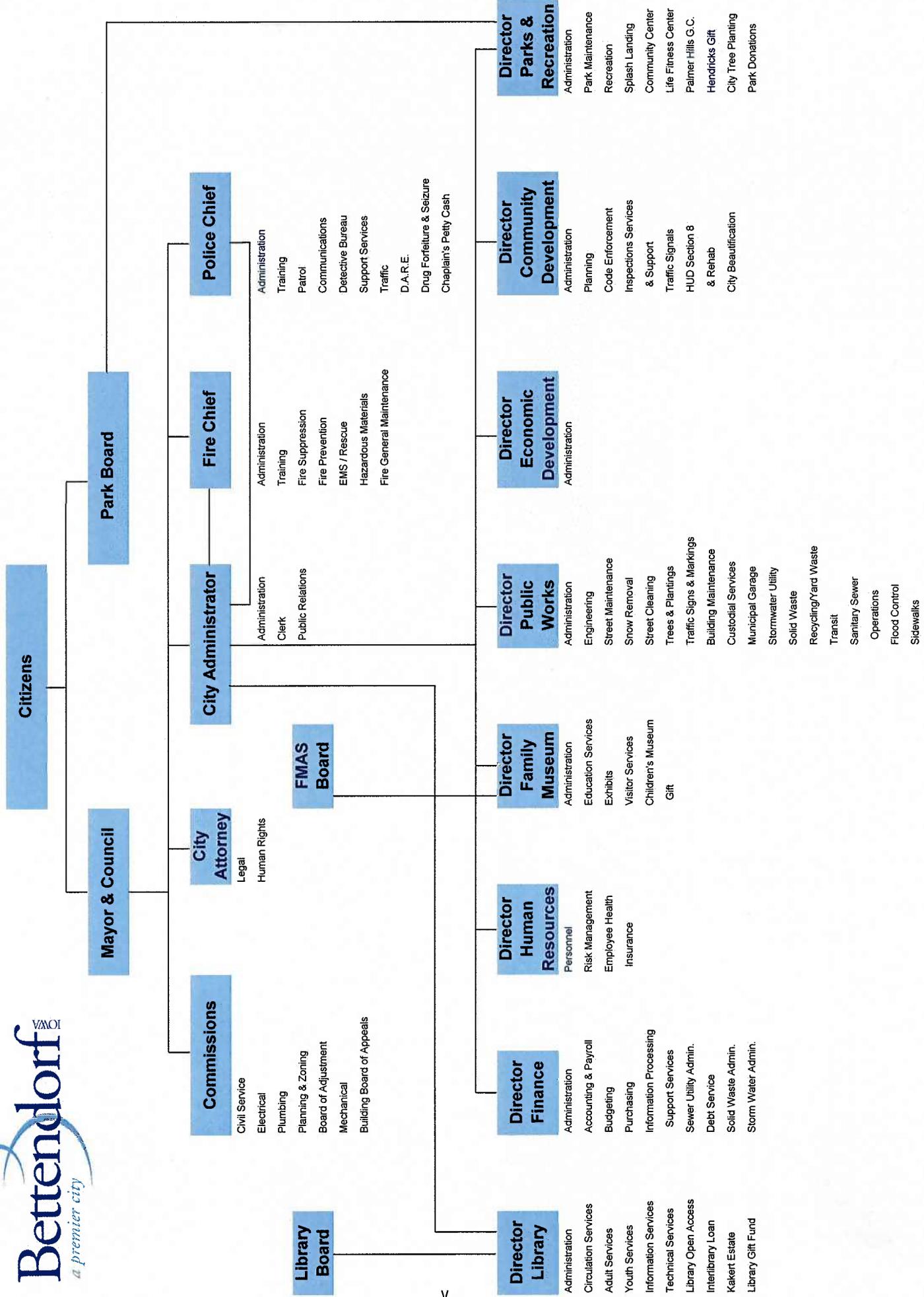
- Carol A. Barnes..... Finance Director
- Faye E. Clow ..... Library Director
- William M. Connors..... Community Development Director
- Kathleen M. Eisbrener ..... Human Resources Director
- Steven M. Grimes ..... Parks & Recreation Director
- Gregory S. Jager..... City Attorney
- Tracey K. Kuehl ..... 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

# City of Bettendorf Ward and Precinct Map

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



# City of Bettendorf Organizational Structure





**Bettendorf** IOWA  
*a premier city*



**December 10, 2007**

**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, 2007.

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, 2007. 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 dissolved on August 15, 2005 and split into two separate legal entities – the Family Museum Foundation and the Library Foundation. Only the Family Museum Foundation is considered a component unit of the City of Bettendorf based on the significance of their operational or financial relationships with the City as well as the appointment of the Board of Trustees of the Family Museum Foundation by the Mayor 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).

## **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:** The Quad-Cities has been historically known as an industrial, retail/service and transportation center. In the last twenty five 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 1990 that had changed to 18% manufacturing and 61% service sector. In 2007 the split was 13% manufacturing and 68% classified as service sector. The portion of government sector jobs has remained fairly even at 16.2% in 1980, to 16% in 1990 and 14% in 2007.

The shift in the Quad-Cities area economy towards creation of service sector jobs in the professional, non-professional, retail and wholesale sectors of the economy has been significant. From 1990 until 2007 the number of service providing jobs in the QCA increased from 130,100 to 153,600. This is an increase of 18%. The number of total manufacturing sector jobs was down from 28,900 in 1990 to 25,400 in 2007 a 12% drop. Construction and mining sector jobs have increased by 1300 jobs, a 19.4% increase from 1990 to 2007.

The labor force in the Quad Cities MSA was 211,250 in September, 2007, which was an 18% increase from the 1990 annual average figure of 179,426. The labor force for Scott County was 89,840 in September, 2007, which was a 14% increase over the 1990 annual average labor force of 78,660 for the County. 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 2.7% in September, 2007. This is the lowest in the Quad Cities MSA which averaged 4.3%, and is well below the national average of 4.7% for the same period. This reduction in unemployment is attributed, in part, to 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 18,090 in the current labor force, 17,590 were employed in September, 2007. Today, Bettendorf's retail market generates more than \$320,600,000 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 2007, 1,058 building permits were issued for investment in new construction and renovation totaling \$60,087,091. The average selling price for a new or existing home in Bettendorf averaged \$238,200 in the 2007 calendar year, while in Davenport it averaged \$126,300 for the same period. Over the last decade, 1,784 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 with a total enrollment of 4,355 in the 2007-2008 school year. The Pleasant Valley Community School District has four elementary schools, a junior high and one high school with enrollment totaling 3,414 in the 2007-2008 school year. There are also two private schools in Bettendorf. Lourdes Catholic elementary serves pre-kindergarten students and about 300 kindergarten through eighth grade students. Rivermont Collegiate, an independent college preparatory day school provides a preschool through 12<sup>th</sup> grade with enrollment of approximately 200. The City's school districts consistently rank in the top ten school districts in the state. 92.7% of Bettendorf's population over age 25 have graduated from high school or have attained higher education degrees compared to the national average of 80.3%.

The Eastern Iowa Community College District provides a comprehensive adult educational program and enrolls more than 7,000 students 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; 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. A recent economic development task force recommendation is for the Quad Cities to continue to focus its regional economic development marketing efforts through a strengthened Quad City Development Group.

**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 \$4.9 million and equates to 26% 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 07/08 the Council has budgeted to maintain that fund balance.

As part of the City's Capital Improvement plan for FY 2007/08, the City plans to issue \$7.5 million in General Obligation bonds for various street projects, \$2.5 million in Stormwater bonds, \$2.5 in Sewer Bonds, and \$21.4 million in TIF revenue bonds is expected for the downtown RIVERSedge project, which includes an Event Center.

### **Major Initiatives**

Major initiatives within the City limits over the last five years are listed below:

Riverfront-Downtown. Developments in this area include the construction of the Isle of Capri Casino Hotel and accompanying parking ramp and overpass, valued at approximately \$30 million. The next phase of redevelopment for this area is entitled RiversEdge. This development includes a 40,000-square-foot conference center with a hotel expansion of 256 rooms, a 500-stall parking ramp, and a skywalk to

connect the proposed development to the existing facilities. Other developments for this area include the construction of three buildings by two local developers totaling \$4.5 million and Quad City Area Realtors has constructed new offices for an area-wide real estate agency totaling an additional \$1,750,000.

East Tanglefoot Lane The new YMCA building was been constructed at a cost of \$4,500,000. Additions and improvements to the Genesis Medical Center at 4017 Devils Glen Road total \$2,300,000. In 2007 the outdoor R.V. Storage site at the intersection of Tanglefoot Lane and Devils Glen Road was sold and the R.V.'s were removed for future development expected to occur in 2008.

1-80 and Middle Road. 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.

18<sup>th</sup> Street and 53<sup>rd</sup> Avenue. Genesis Gastroenterology Center was constructed at a cost of \$2,000,000. Crow Ridge Plaza is now under construction with the building completed in 2006 at an estimated cost of \$3,000,000. Two more buildings are slated to be constructed in 2008. Genesis O.R.A. Medical Center opened a \$7,000,000 facility fall of 2006.

Golden Triangle. Within the last five years, over \$11 million of both commercial and residential development has occurred in this area. Another \$7 million of both commercial and residential development is being planned.

Riverside Development Park. Almost \$16 million of development occurred in this corridor. Olympic Steel, Grafc0, and Greystone Plastics developed over 300,000 square feet. 100,000 square feet of expansions took place between LeClaire Manufacturing and John M. Frey. Kansas City Life Insurance Company purchased the remaining undeveloped ground of this industrial park from the City and plans to develop a 60,000-square-foot office building. In 2007 Olympic Steel added an additional 54,281 square foot addition totaling \$2,869,000 in value to the existing structure.

Kimberly Road. The \$30 million redevelopment of this area is completed. New construction in this corridor includes a Walgreens drug store, a McDonald's restaurant, a Marshalls department store, a Home Depot hardware store, and many smaller in-line retail stores. As part of this area's final phases of development, the construction of a Schnucks grocery store is also completed. In 2007, the owner of the former JoVan site informed its tenants to vacate the remaining stores in anticipation of a major redevelopment.

Centre Pointe. Four new commercial buildings valued at \$8 million have been constructed and are over 75% leased. The renovation of the original section of Cumberland Square Shopping Center began in 2007.

State Street Industrial Area. Redevelopment of stormwater and transportation infrastructure is being focused on in this area. Six new industrial/warehouse structures have been completed along Beartooth Court.

AAA Court Area. The Glens Shopping Center completed a total site redevelopment at a cost of \$7,162,033 in 2007. Bettendorf Office Supply relocated to a new structure totaling \$1,115,142 in 2006. A new dental office building will be completed in 2008 at a cost of \$503,880.

Utica Ridge Road. Trinity Hospital was recently completed for a total of \$70 million. Significant improvements have been completed to this area's surrounding transportation system.

53rd Avenue. The approximately \$5 million extension of 53rd Avenue from Devil's Glen Road to Middle Road opened up significant areas for development. Most of the City's \$135 million housing growth over the past five years has occurred in this corridor. In addition, commercial development to serve the City's

growing senior population is expanding with a \$30 million investment by Dial Highlands, LLC that encompasses a 40-acre site that contains 43 single family villas, 20 duplexes, four 24-unit apartment buildings, and a 70,000-square-foot assisted living center with 68 units.

### **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, 2006. This was the sixteenth 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 generally accepted accounting principles 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, 2007. 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 eleventh 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, 2006

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.



President

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  
Bettendorf, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2007, 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 units, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of June 30, 2007, 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 December 10, 2007 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 statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 10, 2007

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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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, 2007. 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, 2007 and 2006 by \$91,265,867 and \$86,896,124 (net assets), respectively. Of this amount, \$10,341,996 and \$13,316,945 (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 \$4,369,743 and \$5,551,765 during the years ended June 30, 2007 and 2006, respectively.
- As of June 30, 2007, the City of Bettendorf's governmental funds reported combined ending fund balances of \$23,516,825, an increase of \$4,104,306 in comparison with 2006. Approximately 82 percent of this total amount, \$19,179,768, is available for spending at the government's discretion (unreserved undesignated fund balance). As of June 30, 2006, the City of Bettendorf's governmental funds reported combined ending fund balances of \$19,412,519, a decrease of \$1,541,235 in comparison with 2005. Approximately 70 percent of this total amount, \$13,595,691, is available for spending at the government's discretion (unreserved undesignated fund balance).
- As of June 30, 2007, unreserved undesignated fund balance for the General Fund was \$4,908,122 or 33 percent of total General Fund expenditures and \$4,780,972 or 32 percent for 2006.
- The City of Bettendorf's total long-term debt, excluding compensated absences, increased by \$2,399,999 (4.0 percent) during the fiscal year ended June 30, 2007. This increase is primarily due to the City paying down existing bonds and issuing \$10,060,000 of general obligation refunding and \$5,095,000 of general obligation debt during the current year.

#### 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, 2007

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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, Life Fitness Center, Splash Landing Aquatic Center, stormwater utility, transit system, Downtown Event Center, and the Educational Center.

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 Family Museum 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 20 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 16 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, 2007

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The City of Bettendorf maintains ten 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 seven enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. 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 fund as of June 30, 2007 were \$33,330.

**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 \$86,896,124 to \$91,265,867.

By far the largest portion of the City of Bettendorf's net assets (77 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, 2007

	City of Bettendorf's Net Assets					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 49,877,624	\$ 43,443,228	\$ 6,501,437	\$ 9,669,542	\$ 56,379,061	\$ 53,112,770
Capital assets	85,726,560	81,810,186	35,302,106	33,756,779	121,028,666	115,566,965
<b>Total assets</b>	<b>135,604,184</b>	<b>125,253,414</b>	<b>41,803,543</b>	<b>43,426,321</b>	<b>177,407,727</b>	<b>168,679,735</b>
Noncurrent liabilities	43,747,465	44,116,206	7,466,545	8,354,081	51,214,010	52,470,287
Other liabilities	32,402,536	26,647,764	2,525,314	2,665,560	34,927,850	29,313,324
<b>Total liabilities</b>	<b>76,150,001</b>	<b>70,763,970</b>	<b>9,991,859</b>	<b>11,019,641</b>	<b>86,141,860</b>	<b>81,783,611</b>
Net assets:						
Invested in capital assets, net of related debt	39,923,572	37,919,071	30,564,714	29,262,706	70,488,286	67,181,777
Restricted	10,260,032	6,221,183	175,553	176,219	10,435,585	6,397,402
Unrestricted	9,270,579	10,349,190	1,071,417	2,967,755	10,341,996	13,316,945
<b>Total net assets</b>	<b>\$ 59,454,183</b>	<b>\$ 54,489,444</b>	<b>\$ 31,811,684</b>	<b>\$ 32,406,680</b>	<b>\$ 91,265,867</b>	<b>\$ 86,896,124</b>

An additional portion of the City of Bettendorf's net assets (11 percent for 2007 and 7.4 percent for 2006) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$10,341,996 for 2007 and \$13,316,945 for 2006, 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, 2007

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
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 991,846	\$ 1,394,127	\$ 6,509,246	\$ 6,273,076	\$ 7,501,092	\$ 7,667,203
Operating grants and contributions	3,863,209	3,773,198	781,012	417,959	4,644,221	4,191,157
Capital grants and contributions	1,433,870	1,192,895	338,040	1,326,612	1,771,910	2,519,507
General revenues:						
Property taxes	15,619,789	15,375,604	-	-	15,619,789	15,375,604
Tax increment financing	1,962,103	1,853,383	-	-	1,962,103	1,853,383
Other taxes	7,999,189	8,015,705	-	-	7,999,189	8,015,705
State shared revenues	45,081	34,604	-	-	45,081	34,604
Investment earnings	1,398,304	826,908	423,184	216,631	1,821,488	1,043,539
Miscellaneous and gain on sale of capital asset	511,323	352,050	351,640	185,380	862,963	537,430
<b>Total revenues</b>	<b>33,824,714</b>	<b>32,818,474</b>	<b>8,403,122</b>	<b>8,419,658</b>	<b>42,227,836</b>	<b>41,238,132</b>
Expenses:						
Public safety	9,218,990	8,474,260	-	-	9,218,990	8,474,260
Public works	6,209,711	5,762,806	-	-	6,209,711	5,762,806
Culture and recreation	3,663,690	3,722,405	-	-	3,663,690	3,722,405
Community and economic development	1,529,551	1,521,206	-	-	1,529,551	1,521,206
General government	3,440,431	3,566,384	-	-	3,440,431	3,566,384
Interest on long-term debt	2,348,925	2,349,192	-	-	2,348,925	2,349,192
Sewer utility	-	-	2,906,148	2,767,540	2,906,148	2,767,540
Family Museum of Arts & Science	-	-	1,800,585	1,725,794	1,800,585	1,725,794
Aquatic Center	-	-	426,630	412,494	426,630	412,494
Recycling/solid waste management	-	-	1,633,478	1,580,939	1,633,478	1,580,939
Palmer Hills Golf Course	-	-	1,273,827	1,146,586	1,273,827	1,146,586
Life Fitness Center	-	-	788,259	782,242	788,259	782,242
Stormwater utility	-	-	672,361	783,017	672,361	783,017
Transit	-	-	1,187,029	1,091,502	1,187,029	1,091,502
Downtown Event Center	-	-	64,030	-	64,030	-
Educational Center	-	-	694,448	-	694,448	-
<b>Total expenses</b>	<b>26,411,298</b>	<b>25,396,253</b>	<b>11,446,795</b>	<b>10,290,114</b>	<b>37,858,093</b>	<b>35,686,367</b>
<b>Increase (decrease) in net assets before transfers</b>	<b>7,413,416</b>	<b>7,422,221</b>	<b>(3,043,673)</b>	<b>(1,870,456)</b>	<b>4,369,743</b>	<b>5,551,765</b>
Transfers	(2,448,677)	(3,495,963)	2,448,677	3,495,963	-	-
<b>Increase in net assets</b>	<b>4,964,739</b>	<b>3,926,258</b>	<b>(594,996)</b>	<b>1,625,507</b>	<b>4,369,743</b>	<b>5,551,765</b>
Net assets, beginning	54,489,444	50,563,186	32,406,680	30,781,173	86,896,124	81,344,359
<b>Net assets, ending</b>	<b>\$ 59,454,183</b>	<b>\$ 54,489,444</b>	<b>\$ 31,811,684</b>	<b>\$ 32,406,680</b>	<b>\$ 91,265,867</b>	<b>\$ 86,896,124</b>

## City of Bettendorf, Iowa

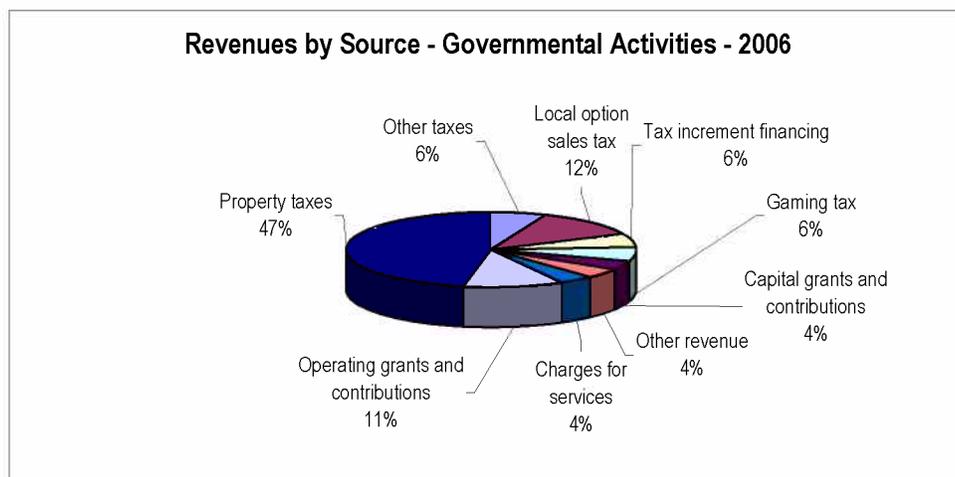
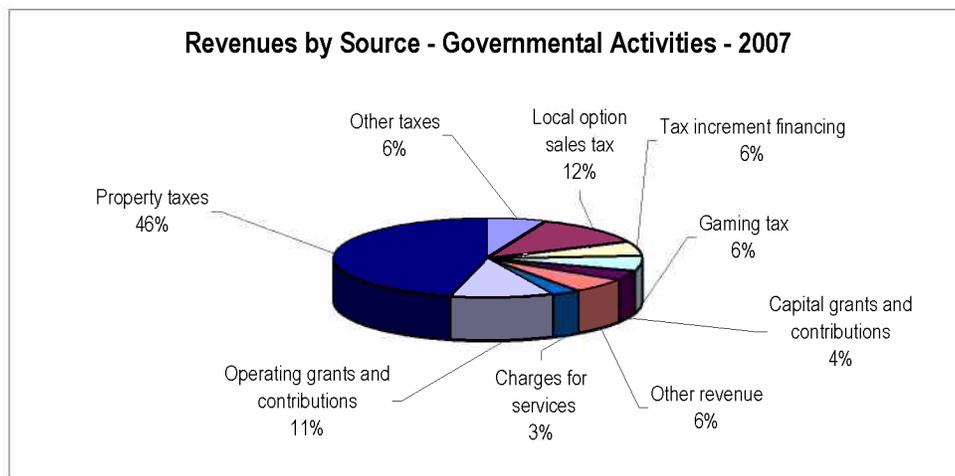
### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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Total governmental activities' revenue for fiscal year 2007 was \$33,824,714 and for 2006 was \$32,818,474. The largest single revenue source for the City was property and TIF taxes of \$17,581,892 for 2007 and \$17,228,987 for 2006. Property and TIF taxes increased by \$352,905 from 2006 (2.0 percent) and \$991,472 from 2005 (6.0 percent). Most of the increase for 2007 and 2006 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 \$6,288,925 for 2007 and \$6,360,220 for 2006.

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



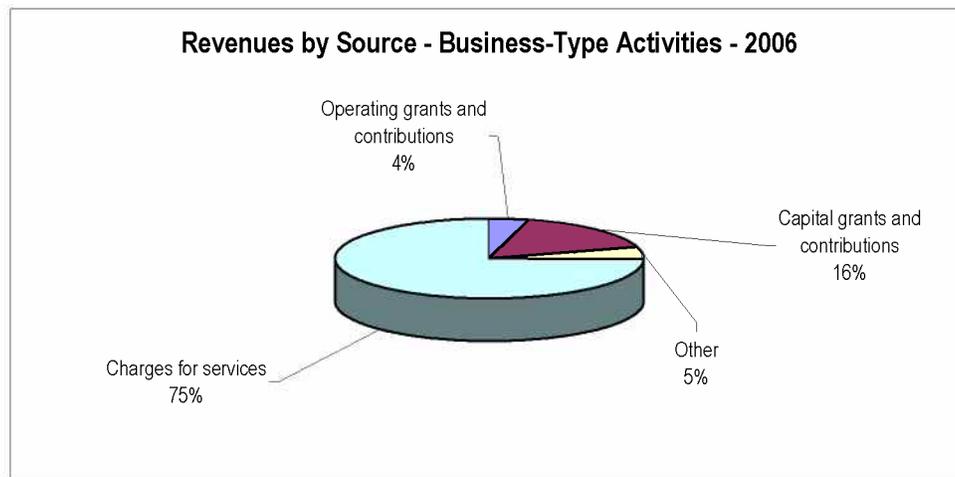
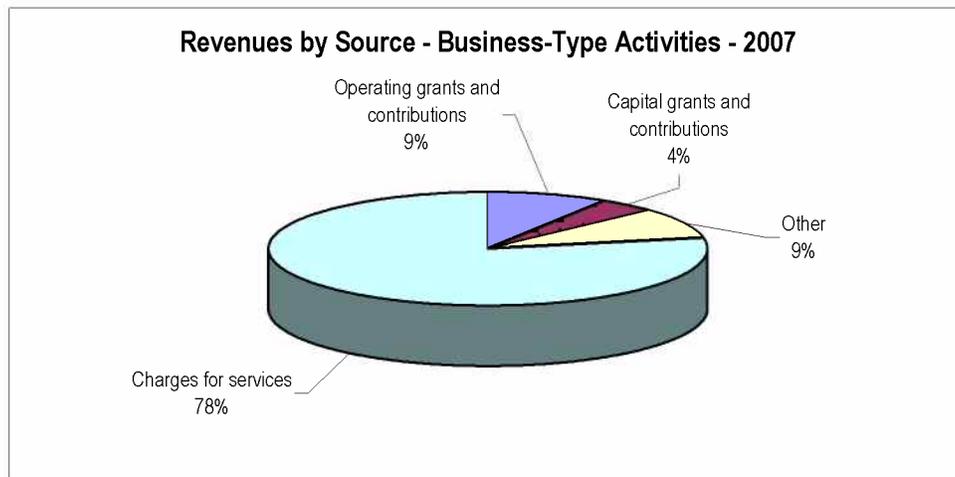
Total business-type activities' revenue for fiscal year 2007 was \$8,403,122 and for 2006 was \$8,419,658. All but \$774,824 for 2007 and \$402,011 for 2006 of this revenue was generated for specific business-type activity expenses.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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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 decreased the City of Bettendorf's net assets by \$594,996 in 2007. Key elements of this decrease are as follows:

- Educational Center decreased \$433,969 to close out the fund. The agreement to build a shared intergovernmental educational center never materialized and all funds and grants collected were returned to the grantors.
- Downtown Event Center increased \$374,885 due to the contribution from the City for the land to build the Event Center and the grant from Vision Iowa.
- Family Museum of Arts & Science increased \$307,453 due to increased charges for services, increased grant funding for special exhibits and the transfer in from the Debt Service to fund the principal and interest payments on the bonds.
- Sewer Utility decreased \$260,719 due to a 3 percent decrease in revenues and there were no contributed assets from developers that were approved by the City Council by June 30, 2007.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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- Life Fitness Center decreased \$141,750 mainly due to the transfer out to reimburse the CIP/LOT and Interest Fund for money advanced for capital equipment but unused by the Fitness Center.
- Palmer Hills Golf Course decreased \$124,239. Expenditures outpaced revenues during the first full year of operations at the Palmer Hills Grille restaurant. Staff will be reviewing the budget during the next fiscal year for cost savings and efficiencies.
- Aquatic Center decreased \$227,093 due to operating expenditures being higher than revenues. Council and Park Board will address other funding sources during the next budget year.

For the fiscal year ended 2006, business-type activities increased the City of Bettendorf's net assets by \$1,625,507 in 2006, accounting for 29 percent of the growth in the government's net assets. Key elements of this increase are as follows:

- Net assets increased \$723,653 during fiscal year 2006 due to new funds being added.
- Downtown Events Center increased \$289,684 due to transfers in from the Gaming Fund to pay for the architect fees for the new Events Center building.
- Educational Center increased \$433,969 due to grants of \$250,000 from the Scott County Regional Authority and a transfer in of \$173,883 from the Eagles Remodeling Capital Projects Fund. These monies will fund the remodel of the old Eagles building into an Educational Center next to the Library and Family Museum. The building will be leased to several local school agencies.
- The Palmer Hills Golf Course net assets increased \$483,126 mainly due to a \$400,000 transfer in from the Gaming Fund to partially fund the new clubhouse.

#### 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, 2007, the City of Bettendorf's governmental funds reported combined ending fund balances of \$23,516,825, an increase of \$4,104,306 in comparison with 2006. Approximately 82 percent of this total amount \$19,179,768, 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 \$2,728,460, 2) to pay debt service \$955,500 and 3) for a variety of other restricted purposes \$653,097.

As of June 30, 2006, the City of Bettendorf's governmental funds reported combined ending fund balances of \$19,412,519, a decrease of \$1,541,235 in comparison with 2005. Approximately 70 percent of this total amount \$13,595,691, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period \$1,287,777, 2) to pay debt service \$955,500 and 3) for a variety of other restricted purposes \$693,410.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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The General Fund is the chief operating fund of the City of Bettendorf. The unreserved fund balance of the General Fund was \$4,908,122 for 2007 and \$4,780,972 for 2006, while total fund balance was \$4,977,530 for 2007 and \$4,828,961 for 2006. 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 2007, unreserved fund balance represents 33 percent of total General Fund expenditures, while total fund balance represents 32.5 percent of that same amount. For 2006, unreserved fund balance represents 32 percent of total General Fund expenditures, while total fund balance represents 32.5 percent of that same amount.

The fund balance of the City of Bettendorf's General Fund increased by \$148,569 for 2007 and \$14,663 for 2006. The change in net assets for 2007 and 2006 was not significant.

The Tax Increment Financing Fund (TIF) has a total fund balance of \$405,703 for 2007 and \$233,552 for 2006. The net increase in fund balance during the current year in the Tax Increment Fund was \$172,151, due to the payments of amounts owed to the City that are being paid back each year.

The Debt Service Fund has a total fund balance of \$4,658,472 for 2007 and \$1,202,569 for 2006. The net increase in fund balance during the current year in the Debt Service Fund was \$3,455,903. This increase is primarily due to the \$3,760,000 general obligation refunding bonds issued in February that are in escrow until June 2008 when the bonds will be paid.

The Capital Projects Reserve Fund has a total fund balance of \$3,694,561 for 2007 and \$4,451,503 for 2006, all of which is unrestricted for capital projects. The Capital Projects Reserve Fund had a net decrease in fund balance in the current year of \$756,942. The net decrease in fund balance is primarily a result of general obligation bonds being issued in June of 2007 and the unspent bond proceeds due to capital projects timing during the year.

**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 \$1,493,057 as of June 30, 2007 and \$1,752,748 as of June 30, 2006; those for the Family Museum of Arts & Science were \$130,465 for 2007 and \$16,908 for 2006; and those for the Stormwater Utility were \$85,091 and \$269,152 for 2007 and 2006, 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 10 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.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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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 \$48,302,138 was decreased to \$47,433,974 (a decrease of \$868,164).
- The total original expenditure budget of \$57,258,041 was increased to \$62,200,354 (an increase of \$4,942,313).
- The total original budget for other financing sources, net of \$14,628,450, was increased to \$15,931,535.

Revenue amendments include increased hotel/motel tax, interest income and Palmer Hills Grille receipts offset by decreases in building permits, federal reimbursement of capital projects, reduced gaming revenue and postponed charges for services in both the Event Center and Educational Center enterprise funds. Expenditure amendments include \$6.6 million for refinancing of bonds offset by \$2.3 million of deferred capital projects.

During the year, however, revenues, excluding transfers, were less than budgetary revenues by \$1,065,010. This was primarily attributable to revenues in the capital projects funds not received due to postponement of projects.

Expenditures were less than budgetary expenditures by \$9,597,917 primarily due to debt service for the refunding bonds that should have been budgeted in other financing uses instead of debt service 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, 2007 and 2006 amounts to \$121,028,666 and \$115,566,965 (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, 2007, included the following:

- \$2,384,967 for the construction of the Middle Road Bridge over Crow Creek.
- \$1,716,760 for paving Moencks Road from Valley Drive to Crow Creek Road.
- \$1,278,924 to pave Terrace Park Drive, Fairmeadows Drive and 15<sup>th</sup> Street from Mississippi Ave. to Central Ave.
- \$959,660 to add a left turn lane to Devils Glen Road from Middle Road to Tanglefoot Road.

Major capital asset events during fiscal year ended June 30, 2006, included the following:

- \$1,372,370 to pave Devils Glen Road from 53<sup>rd</sup> Street to Marynoel Avenue.
- \$1,290,453 for purchases of land in downtown Bettendorf for use in economic development.
- Acceptance of various residential development streets, \$1,034,670.
- \$627,195 to update and install traffic signals at various locations throughout the City.
- \$233,213 to install a recreational trail along the Mississippi River in front of Grant Street.

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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

	City of Bettendorf's Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 6,218,458	\$ 6,851,674	\$ 2,277,224	\$ 1,977,224	\$ 8,495,682	\$ 8,828,898
Construction-in-progress	2,475,436	3,166,979	3,602,365	1,275,840	6,077,801	4,442,819
Buildings	19,682,598	19,682,598	16,555,151	16,384,154	36,237,749	36,066,752
Equipment and vehicles	14,301,628	13,609,900	8,896,832	8,610,761	23,198,460	22,220,661
Improvements other than buildings	94,039,229	86,074,742	34,037,360	33,727,977	128,076,589	119,802,719
Accumulated depreciation	(50,990,789)	(47,575,707)	(30,066,826)	(28,219,177)	(81,057,615)	(75,794,884)
<b>Total</b>	<b>\$ 85,726,560</b>	<b>\$ 81,810,186</b>	<b>\$ 35,302,106</b>	<b>\$ 33,756,779</b>	<b>\$ 121,028,666</b>	<b>\$ 115,566,965</b>

**Long-term debt.** As of June 30, 2007, the City of Bettendorf had total bonded debt outstanding of \$60,665,000. Of this amount, \$55,885,000 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).

As of June 30, 2006, the City of Bettendorf had total bonded debt outstanding of \$58,265,001. Of this amount, \$52,405,001 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 48,128,700	\$ 43,972,916	\$ 7,756,300	\$ 8,432,085	\$ 55,885,000	\$ 52,405,001
Revenue bonds	4,320,000	5,120,000	460,000	740,000	4,780,000	5,860,000
<b>Total</b>	<b>\$ 52,448,700</b>	<b>\$ 49,092,916</b>	<b>\$ 8,216,300</b>	<b>\$ 9,172,085</b>	<b>\$ 60,665,000</b>	<b>\$ 58,265,001</b>

The City of Bettendorf's total debt increased by \$2,399,999 (4 percent) during the current fiscal year. The key factor in this increase was due to the City issuing \$5,095,000 in general obligation bonds to be used for various public improvements in June 2007 and \$10,060,000 of general obligation refunding bonds issued in February 2007. This increase is net of other scheduled debt payments on outstanding debt in the current year.

During 2006, the City of Bettendorf's total debt increased by \$1,180,000 (2 percent) during the current fiscal year. The key factor in this increase was due to the City issuing \$7,125,000 in general obligation bonds to be used for various public improvements and sewer improvements in June 2006; however, as of June 30, 2006, no principal payments had been made on this debt. This increase is net of other scheduled debt payments on outstanding debt in the current year.

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 2007 was \$114,837,463 and for 2006 was \$118,223,140, which is significantly in excess of the City of Bettendorf's outstanding general obligation debt of \$55,885,000 and \$52,405,000 for 2007 and 2006, respectively, and other debt subject to the debt limitation of \$4,780,000 and \$5,120,000, respectively.

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

## City of Bettendorf, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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#### 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 2007/2008, property taxes will represent 28.28 percent of total City operating revenues, net of transfers and bond proceeds. The City has seen increased reliance on property tax revenue over the last five years as a result of other revenue streams either decreasing or remaining relatively flat due to the current economy. 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 \$.35 per \$1,000/assessed valuation to \$12.95 to balance the fiscal year 2007/2008 budget, as a direct result of the state of Iowa continuing to reduce the rollback on taxable residential property values and the recommendation to hire three new full-time firefighters for a total cost of \$232,500. The increased levy rate of \$12.95 for FY 2007/08 will generate \$16.8 million in property taxes.
- The City's tax base has increased at an average rate of 3.15 percent annually over the past 10 years. This moderate annual increase is due in part to the state phasing out machinery and equipment assessments, as well as the continued reduction in residential taxable valuations as a result of the state-imposed rollback computation, currently at 45.552 percent of fair market value. For FY 2007/08, the City's total taxable valuation base (including TIF increment values) totals \$1,374,278,983. The residential class of property represents 69.17 percent of the City's total tax base. Property taxes on utilities are now paid through excise taxes and are classified under Other City Taxes.
- Relatively favorable employment opportunities throughout the Quad Cities area continue to foster moderate City population and tax base growth. Overall, the City anticipates to collect \$16,797,824 in property taxes in FY 2007/08 which is 7.2 percent more than FY 2006/07 taxes of \$15,663,030.

All of these factors were considered in preparing the City of Bettendorf's budget for fiscal year 2007/08.

#### 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, 2007

	Primary Government			Family Museum Foundation
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 16,824,371	\$ 1,974,087	\$ 18,798,458	\$ 534,311
Restricted cash and investments	6,640,194	3,446,697	10,086,891	-
Prepays	84,797	-	84,797	-
Receivables:				
Property taxes	20,862,762	-	20,862,762	-
Accounts and unbilled usage	491,202	1,280,812	1,772,014	1,800
Accrued interest	285,126	15,993	301,119	-
Special assessments	47,501	147,896	195,397	-
Loans	29,087	-	29,087	-
Internal balances	1,623,058	(1,623,058)	-	-
Due from other governments	1,506,076	984,988	2,491,064	-
Inventories	18,679	-	18,679	9,042
<b>Total current assets</b>	<b>48,412,853</b>	<b>6,227,415</b>	<b>54,640,268</b>	<b>545,153</b>
Noncurrent assets:				
Restricted cash and investments	955,500	175,553	1,131,053	-
Bond discounts	86,271	33,998	120,269	-
Bond issuance costs	423,000	64,471	487,471	-
Capital assets:				
Nondepreciable:				
Land	6,218,458	2,277,224	8,495,682	-
Construction-in-progress	2,475,436	3,602,365	6,077,801	-
Depreciable:				
Buildings and structures	19,682,598	16,555,151	36,237,749	-
Equipment and vehicles	14,301,628	8,896,832	23,198,460	-
Improvements other than buildings	94,039,229	34,037,360	128,076,589	-
Accumulated depreciation	(50,990,789)	(30,066,826)	(81,057,615)	-
<b>Net capital assets</b>	<b>85,726,560</b>	<b>35,302,106</b>	<b>121,028,666</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>87,191,331</b>	<b>35,576,128</b>	<b>122,767,459</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 135,604,184</b>	<b>\$ 41,803,543</b>	<b>\$ 177,407,727</b>	<b>\$ 545,153</b>

See Notes to Basic Financial Statements.

	Primary Government			Family Museum Foundation
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Current:				
Accounts payable	\$ 924,844	\$ 831,204	\$ 1,756,048	\$ -
Claims payable	133,104	-	133,104	-
Compensated absences	185,131	50,980	236,111	-
Accrued liabilities	349,608	98,505	448,113	-
Due to other governments	78,592	451,496	530,088	-
Interest payable	218,565	28,669	247,234	-
Contracts payable	522,415	35,387	557,802	-
Unearned revenues	20,675,277	129,073	20,804,350	1,105
Current maturities, revenue bonds	855,000	280,000	1,135,000	-
Current maturities, general obligation bonds	8,460,000	620,000	9,080,000	-
<b>Total current liabilities</b>	<b>32,402,536</b>	<b>2,525,314</b>	<b>34,927,850</b>	<b>1,105</b>
Noncurrent:				
Compensated absences	539,117	148,458	687,575	-
Bond premiums	74,648	1,787	76,435	-
Revenue bonds, net of current maturities	3,465,000	180,000	3,645,000	-
General obligation bonds, net of current maturities	39,668,700	7,136,300	46,805,000	-
<b>Total noncurrent liabilities</b>	<b>43,747,465</b>	<b>7,466,545</b>	<b>51,214,010</b>	<b>-</b>
<b>Total liabilities</b>	<b>76,150,001</b>	<b>9,991,859</b>	<b>86,141,860</b>	<b>1,105</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	39,923,572	30,564,714	70,488,286	-
Restricted for:				
Bond ordinance reserves	955,500	175,553	1,131,053	-
Debt service	4,658,472	-	4,658,472	-
Local option sales tax	2,359,455	-	2,359,455	-
Road use tax	822,693	-	822,693	-
Library	497,166	-	497,166	-
Other purposes	960,641	-	960,641	56,998
Health insurance claims	6,105	-	6,105	-
Unrestricted	9,270,579	1,071,417	10,341,996	487,050
<b>Total net assets</b>	<b>59,454,183</b>	<b>31,811,684</b>	<b>91,265,867</b>	<b>544,048</b>
<b>Total liabilities and net assets</b>	<b>\$ 135,604,184</b>	<b>\$ 41,803,543</b>	<b>\$ 177,407,727</b>	<b>\$ 545,153</b>

City of Bettendorf, Iowa

Statement of Activities  
Year Ended June 30, 2007

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Public safety	\$ 9,218,990	\$ 21,796	\$ 378,140	\$ 80,000
Public works	6,209,711	8,983	2,665,412	1,323,870
Culture and recreation	3,663,690	229,243	108,257	30,000
Community and economic development	1,529,551	616,722	711,400	-
General government	3,440,431	115,102	-	-
Interest on long-term debt	2,348,925	-	-	-
<b>Total governmental activities</b>	<b>26,411,298</b>	<b>991,846</b>	<b>3,863,209</b>	<b>1,433,870</b>
<b>Business-type activities:</b>				
Sewer utility	2,906,148	2,410,029	-	-
Family Museum of Arts & Science	1,800,585	572,603	225,500	-
Aquatic Center	426,630	187,471	-	-
Recycling/solid waste management	1,633,478	1,420,297	-	-
Palmer Hills Golf Course	1,273,827	740,103	-	-
Life Fitness Center	788,259	524,665	-	-
Stormwater utility	672,361	593,041	-	-
Transit	1,187,029	61,037	555,512	-
Downtown event center	64,030	-	-	138,040
Educational Center	694,448	-	-	200,000
<b>Total business-type activities</b>	<b>11,446,795</b>	<b>6,509,246</b>	<b>781,012</b>	<b>338,040</b>
<b>Total primary government</b>	<b>\$ 37,858,093</b>	<b>\$ 7,501,092</b>	<b>\$ 4,644,221</b>	<b>\$ 1,771,910</b>
Component unit, Family Museum Foundation	\$ 87,702	\$ 66,650	\$ 118,742	\$ -

**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
- 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	Family Museum Foundation
\$ (8,739,054)	\$ -	\$ (8,739,054)	\$ -
(2,211,446)	-	(2,211,446)	-
(3,296,190)	-	(3,296,190)	-
(201,429)	-	(201,429)	-
(3,325,329)	-	(3,325,329)	-
(2,348,925)	-	(2,348,925)	-
(20,122,373)	-	(20,122,373)	-
-	(496,119)	(496,119)	-
-	(1,002,482)	(1,002,482)	-
-	(239,159)	(239,159)	-
-	(213,181)	(213,181)	-
-	(533,724)	(533,724)	-
-	(263,594)	(263,594)	-
-	(79,320)	(79,320)	-
-	(570,480)	(570,480)	-
-	74,010	74,010	-
-	(494,448)	(494,448)	-
-	(3,818,497)	(3,818,497)	-
(20,122,373)	(3,818,497)	(23,940,870)	-
-	-	-	97,690
15,619,789	-	15,619,789	-
1,962,103	-	1,962,103	-
4,206,449	-	4,206,449	-
1,440,620	-	1,440,620	-
1,963,498	-	1,963,498	-
366,272	-	366,272	-
22,350	-	22,350	-
45,081	-	45,081	-
1,398,304	423,184	1,821,488	37,457
511,323	351,640	862,963	-
(2,448,677)	2,448,677	-	-
25,087,112	3,223,501	28,310,613	37,457
4,964,739	(594,996)	4,369,743	135,147
54,489,444	32,406,680	86,896,124	408,901
\$ 59,454,183	\$ 31,811,684	\$ 91,265,867	\$ 544,048

City of Bettendorf, Iowa

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

Assets	Tax Increment		
	General	Financing	Debt Service
Cash and investments	\$ 4,365,308	\$ 3,387	\$ 850,339
Restricted cash and investments	-	955,500	3,711,283
Receivables:			
Property taxes	9,195,967	3,869,703	6,232,720
Accounts	328,464	76,402	-
Special assessments	47,501	-	-
Loans	29,087	-	-
Accrued interest	59,263	5,080	66,952
Due from other funds	468,853	-	-
Due from other governments	1,206,161	-	40
Inventories	18,679	-	-
Advances to other funds	-	-	-
<b>Total assets</b>	<b>\$ 15,719,283</b>	<b>\$ 4,910,072</b>	<b>\$ 10,861,334</b>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 456,654	\$ -	\$ -
Accrued liabilities	280,534	-	-
Due to other governments	65,426	-	-
Due to other funds	412,585	45,820	-
Contracts payable	-	-	-
Deferred revenue	9,526,554	3,853,218	6,186,276
Matured interest payable	-	-	16,586
Advances from other funds	-	605,331	-
<b>Total liabilities</b>	<b>10,741,753</b>	<b>4,504,369</b>	<b>6,202,862</b>
<b>Fund Equity:</b>			
Fund balances:			
Reserved for future debt retirement	-	955,500	-
Reserved for encumbrances	21,642	-	-
Reserved for loans	29,087	-	-
Reserved for inventories	18,679	-	-
Reserved for advances	-	-	-
Unreserved:			
Designated for debt retirement, Debt Service Fund	-	-	4,658,472
Designated for pension contributions; special revenue funds	-	-	-
Undesignated, reported in:			
General Fund	4,908,122	-	-
Special revenue funds	-	(549,797)	-
Capital projects funds	-	-	-
<b>Total fund equity</b>	<b>4,977,530</b>	<b>405,703</b>	<b>4,658,472</b>
<b>Total liabilities and fund equity</b>	<b>\$ 15,719,283</b>	<b>\$ 4,910,072</b>	<b>\$ 10,861,334</b>

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ -	\$ 9,058,232	\$ 14,277,266
2,922,806	-	7,589,589
-	1,564,372	20,862,762
-	78,572	483,438
-	-	47,501
-	-	29,087
5,936	117,172	254,403
914,308	441,513	1,824,674
85,790	214,035	1,506,026
-	-	18,679
605,331	-	605,331
<u>\$ 4,534,171</u>	<u>\$ 11,473,896</u>	<u>\$ 47,498,756</u>

\$ 220,117	\$ 80,221	\$ 756,992
9,750	40,086	330,370
1,538	8,648	75,612
-	13,399	471,804
522,415	-	522,415
85,790	1,550,983	21,202,821
-	-	16,586
-	-	605,331
<u>839,610</u>	<u>1,693,337</u>	<u>23,981,931</u>

-	-	955,500
2,592,608	114,210	2,728,460
-	-	29,087
-	-	18,679
605,331	-	605,331
-	-	4,658,472
-	1,434,837	1,434,837
-	-	4,908,122
-	2,297,117	1,747,320
496,622	5,934,395	6,431,017
<u>3,694,561</u>	<u>9,780,559</u>	<u>23,516,825</u>
<u>\$ 4,534,171</u>	<u>\$ 11,473,896</u>	<u>\$ 47,498,756</u>

City of Bettendorf, Iowa

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2007**

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Total governmental fund balances		\$ 23,516,825
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	\$ 6,174,849	
Construction-in-progress	2,475,436	
Buildings and structures	19,259,137	
Equipment and vehicles	13,830,996	
Improvements other than buildings	94,039,229	
Accumulated depreciation	<u>(50,368,087)</u>	85,411,560
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		527,544
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	937,702	
Accumulated depreciation	(622,702)	
Other current assets	2,676,544	
Internal balances	2,960	
Other current liabilities	(334,527)	
Noncurrent liabilities	<u>(33,062)</u>	2,626,915
Internal service funds allocated to business-type activities		267,228
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences, current	(173,778)	
Compensated absences, noncurrent	(506,055)	
Accrued interest payable	(201,979)	
General obligation bonds payable, current	(8,460,000)	
General obligation bonds payable, noncurrent	(39,668,700)	
TIF revenue bonds, current	(855,000)	
TIF revenue bonds, noncurrent	(3,465,000)	
Bond issuance costs	423,000	
Bond discounts	86,271	
Bond premiums	<u>(74,648)</u>	(52,895,889)
<b>Net assets of governmental activities</b>		<u><u>\$ 59,454,183</u></u>

See Notes to Basic Financial Statements.



**Bettendorf** IOWA  
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City of Bettendorf, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2007

	Tax Increment		
	General	Financing	Debt Service
<b>Revenues:</b>			
Property taxes	\$ 8,932,339	\$ -	\$ 5,217,138
Tax increment financing taxes	-	1,962,103	-
Other taxes	5,739,002	-	224,542
Special assessments	6,761	-	-
Licenses and permits	542,182	-	-
Intergovernmental	260,142	-	3,691
Charges for services	327,801	-	-
Use of money and property	293,041	60,960	281,362
Miscellaneous	269,451	79,799	-
<b>Total revenues</b>	<b>16,370,719</b>	<b>2,102,862</b>	<b>5,726,733</b>
<b>Expenditures:</b>			
Current operating:			
Public safety	8,187,887	-	-
Public works	41,574	-	-
Culture and recreation	3,103,213	-	-
Community and economic development	328,959	336,636	-
General government	3,104,357	-	-
Debt service:			
Principal	-	1,180,000	4,344,216
Interest and other charges	-	522,135	1,793,235
Bond issuance costs	65,381	-	109,874
Capital outlay	212,814	-	-
<b>Total expenditures</b>	<b>15,044,185</b>	<b>2,038,771</b>	<b>6,247,325</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,326,534</b>	<b>64,091</b>	<b>(520,592)</b>
<b>Other financing sources (uses):</b>			
Issuance of long-term capital debt	-	-	10,060,000
Payment to bond escrow agent	-	-	(6,275,000)
Premiums on long-term capital debt	-	-	61,148
Proceeds from the sale of capital assets	3,884	-	-
Transfers in	2,705,144	110,711	573,875
Transfers out	(3,886,993)	(2,651)	(443,528)
<b>Total other financing sources (uses)</b>	<b>(1,177,965)</b>	<b>108,060</b>	<b>3,976,495</b>
<b>Net changes in fund balance</b>	<b>148,569</b>	<b>172,151</b>	<b>3,455,903</b>
Fund balances, beginning of year	4,828,961	233,552	1,202,569
Fund balances, end of year	<b>\$ 4,977,530</b>	<b>\$ 405,703</b>	<b>\$ 4,658,472</b>

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ -	\$ 1,498,887	\$ 15,648,364
-	-	1,962,103
-	2,031,702	7,995,246
-	-	6,761
-	-	542,182
1,403,870	3,352,242	5,019,945
-	-	327,801
62,061	577,281	1,274,705
152,191	202,255	703,696
1,618,122	7,662,367	33,480,803
-	7,017	8,194,904
-	2,585,761	2,627,335
-	84,245	3,187,458
-	777,970	1,443,565
-	511	3,104,868
-	-	5,524,216
-	-	2,315,370
76,091	-	251,346
8,783,663	671,128	9,667,605
8,859,754	4,126,632	36,316,667
(7,241,632)	3,535,735	(2,835,864)
5,095,000	-	15,155,000
-	-	(6,275,000)
15,519	-	76,667
-	220,226	224,110
1,439,552	2,852,694	7,681,976
(65,381)	(5,524,030)	(9,922,583)
6,484,690	(2,451,110)	6,940,170
(756,942)	1,084,625	4,104,306
4,451,503	8,695,934	19,412,519
\$ 3,694,561	\$ 9,780,559	\$ 23,516,825

City of Bettendorf, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2007**

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Net change in fund balances - governmental funds	\$	4,104,306
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 outlay exceeded depreciation in the current year:		
Capital outlay	\$ 8,368,929	
Depreciation	<u>(3,625,050)</u>	4,743,879
Proceeds from the sale of capital assets		(224,110)
Loss on the sale of capital assets		(284,797)
Transfer of capital assets to Enterprise Fund		(300,000)
Transfer of capital assets from Enterprise Fund		17,385
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	(18,409)	
Grant revenues	139,964	
Property taxes	<u>(28,575)</u>	92,980
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		
		(28,893)
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	5,524,216	
Payment to bond escrow agent	6,275,000	
Interest	(9,902)	
Bond issuance costs	251,346	
Issuance of long-term debt	(15,155,000)	
Premiums	(76,667)	
Amortization of bond discounts, premiums and bond issuance costs	<u>(23,653)</u>	(3,214,660)
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.		
		(27,363)
Change in internal service fund allocation to business-type activities		<u>86,012</u>
<b>Changes in net assets of governmental activities</b>	<b>\$</b>	<b><u>4,964,739</u></b>

See Notes to Basic Financial Statements.



**Bettendorf** IOWA  
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City of Bettendorf, Iowa

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2007

	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 483,244	\$ 211,437	\$ 40,723
Restricted cash and investments	2,000,967	-	1,445,730
Prepaid items	-	-	-
Receivables:			
Accounts and unbilled usage	658,632	39,920	144,405
Accrued interest	2,462	-	537
Special assessments	89,525	-	13,249
Due from other funds	-	-	-
Due from other governments	722,043	-	-
<b>Total current assets</b>	<b>3,956,873</b>	<b>251,357</b>	<b>1,644,644</b>
Noncurrent assets:			
Restricted cash	175,553	-	-
Bond discounts	14,772	4,454	14,772
Bond issuance costs	45,989	9,842	8,640
Capital assets:			
Nondepreciable:			
Land	3,575	148,070	406,209
Construction-in-progress	2,022,248	37,287	71,101
Depreciable:			
Buildings and structures	2,164,896	5,277,314	-
Equipment and vehicles	3,515,881	872,908	320,258
Improvements other than buildings	32,403,492	192,458	671,537
Accumulated depreciation	(22,409,730)	(2,200,292)	(123,536)
<b>Net capital assets</b>	<b>17,700,362</b>	<b>4,327,745</b>	<b>1,345,569</b>
<b>Total noncurrent assets</b>	<b>17,936,676</b>	<b>4,342,041</b>	<b>1,368,981</b>
<b>Total assets</b>	<b>\$ 21,893,549</b>	<b>\$ 4,593,398</b>	<b>\$ 3,013,625</b>

(Continued)

Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 1,238,683	\$ 1,974,087	\$ 2,547,105
-	3,446,697	6,105
-	-	84,797
437,855	1,280,812	7,764
12,994	15,993	30,723
45,122	147,896	-
-	-	2,960
262,945	984,988	50
<u>1,997,599</u>	<u>7,850,473</u>	<u>2,679,504</u>
-	175,553	-
-	33,998	-
-	64,471	-
1,719,370	2,277,224	43,609
1,471,729	3,602,365	-
9,112,941	16,555,151	423,461
4,187,785	8,896,832	470,632
769,873	34,037,360	-
(5,333,268)	(30,066,826)	(622,702)
<u>11,928,430</u>	<u>35,302,106</u>	<u>315,000</u>
11,928,430	35,576,128	315,000
<u>\$ 13,926,029</u>	<u>\$ 43,426,601</u>	<u>\$ 2,994,504</u>

City of Bettendorf, Iowa

Statement of Net Assets (Continued)  
 Proprietary Funds  
 June 30, 2007

	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
<b>Liabilities and Net Assets</b>			
Liabilities:			
Current:			
Accounts payable	\$ 23,967	\$ 41,477	\$ 84,388
Claims payable	-	-	-
Compensated absences	7,151	13,590	3,708
Accrued liabilities	14,472	26,040	8,405
Due to other governments	422,301	3,960	3,574
Due to other funds	-	-	-
Interest payable	16,042	6,092	6,535
Contracts payable	4,083	-	5,054
Unearned revenue	-	-	-
Current maturities, revenue bonds	280,000	-	-
Current maturities, general obligation bonds	200,000	325,000	95,000
<b>Total current liabilities</b>	<b>968,016</b>	<b>416,159</b>	<b>206,664</b>
Noncurrent:			
Compensated absences	20,822	39,575	10,799
Bond premiums	1,787	-	-
Revenue bonds, net of current maturities	180,000	-	-
General obligation bonds, net of current maturities	4,010,000	1,451,300	1,675,000
<b>Total noncurrent liabilities</b>	<b>4,212,609</b>	<b>1,490,875</b>	<b>1,685,799</b>
<b>Total liabilities</b>	<b>5,180,625</b>	<b>1,907,034</b>	<b>1,892,463</b>
Net assets:			
Invested in capital assets, net of related debt	15,044,314	2,555,899	1,036,071
Restricted for:			
Bond ordinance reserves	175,553	-	-
Health insurance claims	-	-	-
Unrestricted	1,493,057	130,465	85,091
<b>Total net assets</b>	<b>16,712,924</b>	<b>2,686,364</b>	<b>1,121,162</b>
<b>Total liabilities and net assets</b>	<b>\$ 21,893,549</b>	<b>\$ 4,593,398</b>	<b>\$ 3,013,625</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

See Notes to Basic Financial Statements.

Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 681,372	\$ 831,204	\$ 167,852
-	-	133,104
26,531	50,980	11,353
49,588	98,505	19,238
21,661	451,496	2,980
1,355,830	1,355,830	-
-	28,669	-
26,250	35,387	-
129,073	129,073	-
-	280,000	-
-	620,000	-
<u>2,290,305</u>	<u>3,881,144</u>	<u>334,527</u>
77,262	148,458	33,062
-	1,787	-
-	180,000	-
-	7,136,300	-
<u>77,262</u>	<u>7,466,545</u>	<u>33,062</u>
<u>2,367,567</u>	<u>11,347,689</u>	<u>367,589</u>
11,928,430	30,564,714	315,000
-	175,553	-
-	-	6,105
(369,968)	1,338,645	2,305,810
<u>11,558,462</u>	<u>32,078,912</u>	<u>2,626,915</u>
<u>\$ 13,926,029</u>	<u>\$ 43,426,601</u>	<u>\$ 2,994,504</u>
	\$ 32,078,912	

(267,228)

\$ 31,811,684

City of Bettendorf, Iowa

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
Year Ended June 30, 2007**

	Business-Type Activities - Enterprise Funds		
	Family Museum of		
	Sewer Utility	Arts & Science	Stormwater Utility
Operating revenues:			
Charges for services	\$ 2,335,584	\$ 572,603	\$ 587,241
Licenses and permits	74,445	-	5,800
Intergovernmental	-	-	-
Other	364	225,733	553
<b>Total operating revenues</b>	<b>2,410,393</b>	<b>798,336</b>	<b>593,594</b>
Operating expenses:			
Salaries and benefits	440,223	908,447	235,078
Supplies and services	1,274,107	595,384	288,180
Depreciation	972,512	223,031	63,738
Amortization	8,404	3,428	1,561
<b>Total operating expenses</b>	<b>2,695,246</b>	<b>1,730,290</b>	<b>588,557</b>
<b>Operating income (loss)</b>	<b>(284,853)</b>	<b>(931,954)</b>	<b>5,037</b>
Nonoperating revenues (expenses):			
Investment earnings	224,508	12,153	85,074
Interest expense	(200,374)	(54,440)	(80,938)
Loss on disposal of capital assets	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>24,134</b>	<b>(42,287)</b>	<b>4,136</b>
<b>Income (loss) before capital grants and contributions and transfers</b>	<b>(260,719)</b>	<b>(974,241)</b>	<b>9,173</b>
Capital grants and contributions	-	-	-
Transfers in	-	1,281,694	17,385
Transfers out	-	-	(17,385)
<b>Changes in net assets</b>	<b>(260,719)</b>	<b>307,453</b>	<b>9,173</b>
Net assets, beginning of year	16,973,643	2,378,911	1,111,989
Net assets, end of year	\$ 16,712,924	\$ 2,686,364	\$ 1,121,162

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 2,933,573	\$ 6,429,001	\$ 4,626,264
-	80,245	-
553,712	553,712	-
352,290	578,940	60,985
<u>3,839,575</u>	<u>7,641,898</u>	<u>4,687,249</u>
2,435,141	4,018,889	2,573,917
2,743,082	4,900,753	2,315,087
738,447	1,997,728	35,983
-	13,393	-
<u>5,916,670</u>	<u>10,930,763</u>	<u>4,924,987</u>
<u>(2,077,095)</u>	<u>(3,288,865)</u>	<u>(237,738)</u>
101,449	423,184	135,830
-	(335,752)	-
(94,268)	(94,268)	-
<u>7,181</u>	<u>(6,836)</u>	<u>135,830</u>
<u>(2,069,914)</u>	<u>(3,295,701)</u>	<u>(101,908)</u>
638,040	638,040	-
1,013,348	2,312,427	74,545
(146,365)	(163,750)	-
<u>1,505,023</u>	<u>2,786,717</u>	<u>74,545</u>
(564,891)	(508,984)	(27,363)
12,123,353	32,587,896	2,654,278
<u>\$ 11,558,462</u>	<u>\$ 32,078,912</u>	<u>\$ 2,626,915</u>

City of Bettendorf, Iowa

Reconciliation of the Changes in Net Assets of Enterprise Funds to the Statement of Activities  
Year Ended June 30, 2007

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Net changes in net assets in enterprise funds	\$ (508,984)
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>(86,012)</u>
Changes in net assets of business-type activities	<u>\$ (594,996)</u>

See Notes to Basic Financial Statements.



**Bettendorf** IOWA  
*a premier city*

City of Bettendorf, Iowa

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,303,546	\$ 562,416	\$ 591,782
Receipts from other operating revenue	364	225,733	553
Payments to suppliers	(1,072,933)	(627,916)	(252,509)
Payments to claimants	-	-	-
Payments to employees	(440,699)	(895,217)	(236,701)
<b>Net cash provided by (used in) operating activities</b>	<b>790,278</b>	<b>(734,984)</b>	<b>103,125</b>
Cash flows from noncapital financing activities:			
Proceeds from (payments of) interfund accounts	-	-	-
Transfers in	-	1,281,694	17,385
Transfers (out)	-	-	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>1,281,694</b>	<b>17,385</b>
Cash flows from capital and related financing activities:			
Proceeds from capital grants	-	-	-
Purchase of capital assets	(2,109,823)	(39,412)	(193,841)
Payment for bond issue costs	(3,336)	-	-
Payment on debt	(475,000)	(390,785)	(90,000)
Interest paid on debt	(201,731)	(52,743)	(81,167)
<b>Net cash (used in) capital and related financing activities</b>	<b>(2,789,890)</b>	<b>(482,940)</b>	<b>(365,008)</b>
Cash flows from investing activities, interest received	230,577	12,153	86,618
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,769,035)</b>	<b>75,923</b>	<b>(157,880)</b>
Cash and cash equivalents, beginning of year	4,428,799	135,514	1,644,333
Cash and cash equivalents, end of year	<b>\$ 2,659,764</b>	<b>\$ 211,437</b>	<b>\$ 1,486,453</b>

(Continued)

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 2,900,631	\$ 6,358,375	\$ 4,641,578
795,904	1,022,554	60,985
(2,736,917)	(4,690,275)	(2,345,243)
-	-	(1,856,439)
(2,421,892)	(3,994,509)	(745,525)
(1,462,274)	(1,303,855)	(244,644)
961,792	961,792	327
1,013,348	2,312,427	74,545
(146,365)	(146,365)	-
1,828,775	3,127,854	74,872
200,000	200,000	-
(1,179,887)	(3,522,963)	-
-	(3,336)	-
-	(955,785)	-
-	(335,641)	-
(979,887)	(4,617,725)	-
103,652	433,000	129,183
(509,734)	(2,360,726)	(40,589)
1,748,417	7,957,063	2,593,799
\$ 1,238,683	\$ 5,596,337	\$ 2,553,210

City of Bettendorf, Iowa

Statement of Cash Flows (Continued)  
 Proprietary Funds  
 Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (284,853)	\$ (931,954)	\$ 5,037
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	972,512	223,031	63,738
Amortization	8,404	3,428	1,561
Change in assets and liabilities:			
Receivables and due from other governments	(106,483)	(10,187)	(1,259)
Prepaid items	-	-	-
Accounts payable and due to other governments	201,174	(32,532)	35,671
Claims payable	-	-	-
Compensated absences and accrued liabilities	(476)	13,230	(1,623)
Unearned revenue	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 790,278</b>	<b>\$ (734,984)</b>	<b>\$ 103,125</b>
Schedule of noncash items:			
Capital and related financing activities:			
Acquisition of capital assets through contracts or accounts payable	\$ (441,377)	\$ -	\$ 5,054
Transfer of capital assets from Stormwater Utility to governmental activities	-	-	(17,385)
Transfer of capital assets from governmental activities	-	-	-
Capital contributions included in accounts receivable	-	-	-

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (2,077,095)	\$ (3,288,865)	\$ (237,738)
738,447	1,997,728	35,983
-	13,393	-
(4,464)	(122,393)	15,314
-	-	(72,097)
4,771	209,084	-
-	-	48,291
13,249	24,380	(29,999)
(137,182)	(137,182)	(4,398)
<u>\$ (1,462,274)</u>	<u>\$ (1,303,855)</u>	<u>\$ (244,644)</u>

\$ 268,068	\$ (168,255)	\$ -
-	(17,385)	-
300,000	300,000	-
138,040	138,040	-

City of Bettendorf, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2007

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**Assets:**

Cash and investments

\$ 33,302

Accounts receivable

28

\$ 33,330

**Liabilities**, accounts payable

\$ 33,330

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 units, on the other hand, are reported in a separate column in the basic financial statements to emphasize they are legally separate from the City. Both the blended component unit and the discretely presented component units 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 Family Museum Foundation (the Foundation) was established to organize, sponsor and maintain a program for providing independent financial support for the Family Museum. The Foundation raises funds to supplement the financing received from the City of Bettendorf. Funds are used to help maintain exhibits, conduct educational programs and carry out special projects that arise. Complete financial statements of the component unit can be obtained from The Family Museum 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.

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

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.

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.

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

---

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

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

**Special Revenue Funds:** 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.

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 fundraising 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.

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 Projects Funds:** 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.

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

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

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:** 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.

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)**

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 are 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.

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.

Downtown Event Center Fund: To account for the construction of the Downtown Event Center.

Educational Center: To account for the remodeling of the Eagles Building and operations of the Educational Center.

**Internal Service Funds**: 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.

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)**

***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:*** 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.

**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. Agency funds follow accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

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)**

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 2007 based on the 2006 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 2 percent per month penalty for delinquent payment. Since the 2007 tax levy is budgeted and levied for the fiscal year 2008, 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.

**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.

**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 & 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.

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)**

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.

**Capital assets:** Including land, construction-in-progress, 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:

	<u>Years</u>
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.

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)**

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.

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 percent 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 \$2,000,967 and \$1,445,730, respectively. Unspent proceeds for the Capital Projects Reserve Fund and Debt Service Fund was \$2,922,806 and \$3,711,283, respectively. 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.

Net assets restricted through enabling legislation consists of \$2,359,455 for local option sales tax; \$822,693 for road use tax; and \$4,658,472 for debt service.

Net assets restricted for Library consists of \$134,593 for Kakert; \$293,330 for Open Access; \$47,933 for Enrich Iowa; and \$21,310 for Interlibrary Loan.

## 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)**

Net assets restricted for other purposes consists of Housing and Urban Development Section 8 of \$280,413; federal drug seizure of \$82,951; Hendricks Gift of \$81,087; George Thuenen Overpass of \$363,036; and future projects of \$153,154.

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 capital assets and is being depreciated accordingly.

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 397 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 15 months of receipt.

**City of Bettendorf, Iowa**

**Notes to Basic Financial Statements**

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

As of June 30, 2007, the City had the following investments:

Investment name	Maturity	Fair value
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	06/01/2009	\$ 417,000
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	06/01/2011	538,500
US Treasury Note State and Local Government Series	12/01/2007	10,175
US Treasury Note State and Local Government Series	06/01/2008	3,701,107
FNMA	01/01/2011	50,284
FNMA	12/20/2013	990,940
FHLB	02/22/2013	1,976,260
FNMA	03/01/2013	332,284
FHLMC	01/15/2014	543,758
FHLB	08/25/2015	993,750
FNMA	04/04/2016	2,482,825
FNMA	10/11/2016	990,940
FFCB	11/09/2016	982,800
FNMA	03/15/2017	2,967,150
FHLMC	06/15/2017	248,150
FHLMC	06/15/2017	992,600
FHLMC	07/29/2019	589,824
FHLMC	12/20/2021	487,940
FHLMC	01/24/2022	1,365,560
FHLMC	01/01/2023	8,414
<b>Total</b>		<u>\$ 20,670,261</u>

*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.

**City of Bettendorf, Iowa**

**Notes to Basic Financial Statements**

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

As of June 30, 2007, the City's investments were rated as follows:

Investment	Rating	Company	Rating	Company
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	AA	Standard & Poor's	Aa3	Moody's
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	AA	Standard & Poor's	Aa3	Moody's
US Treasury Note State and Local Government Series	AAA	Standard & Poor's	Aaa	Moody's
US Treasury Note State and Local Government Series	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FHLB	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FHLB	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FFCB	AAA	Standard & Poor's	Aaa	Moody's
FNMA	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	Moody's
FHLMC	AAA	Standard & Poor's	Aaa	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 percent of the investment portfolio and more than 5 percent of the investment portfolio with a single issuer. In addition, no more than 5 percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. More than 5 percent of the City's investments are in FHLB, FHLMC, FNMA and U.S. Treasury Notes. These investments are 14, 20, 38 and 18 percent of the City's total investments, respectively.

*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, 2007, the City's deposits were not exposed to custodial credit risk. As of June 30, 2007, \$16,003,479 of the City's investments were exposed to custodial credit risk as the investments were uninsured and unregistered with the securities held by the counterparty.

**City of Bettendorf, Iowa**

**Notes to Basic Financial Statements**

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

*Component unit:* The Family Museum Foundation (Foundation) has a separate formal written investment policy.

As of June 30, 2007, the Foundation had the following investments (duration in years):

Investment Type	Fair Value	Duration
Equity mutual funds	\$ 143,260	NA
Money market	3,161	NA
Fixed income mutual funds:		
Short Duration Government Bond Fund	1,529	1.7
Intermediate Government Income Fund	6,350	3.3
Total Return Bond Fund	10,106	4.7
PIMCO Total Return Fund Instl	12,269	6.2
Vanguard FGNMA Adm	10,202	3.6
Vanguard IntTm US TrsAdm	10,247	5.2
Vanguard Sht-Tm InvGr Adm	10,192	2.1
	\$ 207,316	

Also included in the investment line on the Foundation's separate financial report is \$131,383 of certificates of deposits.

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

As of June 30, 2007, the Foundation's investments were rated as follows:

Investment Type	Moody's Investors Service	Standard & Poor's
Equity mutual funds	NR	NR
Money market	NR	NR
Fixed Income Securities:		
Short Duration Government Bond Fund	Aaa	AAA
Intermediate Government Income Fund	Aaa	AAA
Total Return Bond Fund	Aa1	Aa1
PIMCO Total Return Fund Instl	Aaa	AAA
Vanguard FGNMA Adm	Aaa	AAA
Vanguard IntTm US TrsAdm	Aaa	AAA
Vanguard Sht-Tm InvGr Adm	Aaa	AAA

The full disclosure regarding the investment policies of the Family Museum Foundation can be obtained from the Museum Foundation's 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, 2007:

	Ending Balance June 30, 2006	Additions	Deletions	Ending Balance June 30, 2007
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 6,851,674	\$ 159,663	\$ 792,879	\$ 6,218,458
Construction-in-progress	3,166,979	7,847,314	8,538,857	2,475,436
<b>Total capital assets, not being depreciated</b>	<b>10,018,653</b>	<b>8,006,977</b>	<b>9,331,736</b>	<b>8,693,894</b>
Capital assets, being depreciated:				
Buildings and structures	19,682,598	-	-	19,682,598
Equipment and vehicles	13,609,900	953,707	261,979	14,301,628
Improvements other than buildings	86,074,742	7,964,487	-	94,039,229
<b>Total capital assets, being depreciated</b>	<b>119,367,240</b>	<b>8,918,194</b>	<b>261,979</b>	<b>128,023,455</b>
Less accumulated depreciation for:				
Buildings and structures	6,062,087	491,666	-	6,553,753
Equipment and vehicles	8,667,423	1,207,043	245,951	9,628,515
Improvements other than buildings	32,846,197	1,962,324	-	34,808,521
<b>Total accumulated depreciation</b>	<b>47,575,707</b>	<b>3,661,033</b>	<b>245,951</b>	<b>50,990,789</b>
<b>Total capital assets, being depreciated, net</b>	<b>71,791,533</b>	<b>5,257,161</b>	<b>16,028</b>	<b>77,032,666</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 81,810,186</b>	<b>\$ 13,264,138</b>	<b>\$ 9,347,764</b>	<b>\$ 85,726,560</b>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Ending Balance June 30, 2006	Additions	Deletions	Ending Balance June 30, 2007
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,977,224	\$ 300,000	\$ -	\$ 2,277,224
Construction-in-progress	1,275,840	3,190,468	863,943	3,602,365
<b>Total capital assets, not being depreciated</b>	<b>3,253,064</b>	<b>3,490,468</b>	<b>863,943</b>	<b>5,879,589</b>
Capital assets, being depreciated:				
Buildings and structures	16,384,154	170,997	-	16,555,151
Equipment and vehicles	8,610,761	453,535	167,464	8,896,832
Improvements other than buildings	33,727,977	309,383	-	34,037,360
<b>Total capital assets, being depreciated</b>	<b>58,722,892</b>	<b>933,915</b>	<b>167,464</b>	<b>59,489,343</b>
Less accumulated depreciation for:				
Buildings and structures	3,986,855	481,732	-	4,468,587
Equipment and vehicles	5,506,061	642,111	150,079	5,998,093
Improvements other than buildings	18,726,261	873,885	-	19,600,146
<b>Total accumulated depreciation</b>	<b>28,219,177</b>	<b>1,997,728</b>	<b>150,079</b>	<b>30,066,826</b>
<b>Total capital assets, being depreciated, net</b>	<b>30,503,715</b>	<b>(1,063,813)</b>	<b>17,385</b>	<b>29,422,517</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 33,756,779</b>	<b>\$ 2,426,655</b>	<b>\$ 881,328</b>	<b>\$ 35,302,106</b>

There is \$94,268 of loss recorded in construction-in-progress deletions related to the Educational Center fund due to the project of building a shared intergovernmental educational center not materializing.

**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	\$ 685,825
Public works	2,255,352
Culture and recreation	452,383
Community and economic development	80,114
General government	151,376
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	35,983
	<u>\$ 3,661,033</u>

**Business-Type Activities**

Sewer utility	\$ 972,512
Family Museum of Arts & Science	223,031
Stormwater utility	63,738
Aquatic Center	159,419
Recycling/solid waste management	215,000
Palmer Hills Golf Course	142,808
Life Fitness Center	119,998
Transit	101,222
	<u>\$ 1,997,728</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, 2007:

	June 30, 2006	Increases and Issues	Decreases and Retirements	June 30, 2007	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 43,972,916	\$ 15,155,000	\$ 10,999,216	\$ 48,128,700	\$ 8,460,000
Revenue bonds	5,120,000	-	800,000	4,320,000	855,000
Compensated absences	697,109	882,901	855,762	724,248	185,131
	<u>49,790,025</u>	<u>16,037,901</u>	<u>12,654,978</u>	<u>53,172,948</u>	<u>9,500,131</u>
<b>Business-type activities:</b>					
Revenue bonds	740,000	-	280,000	460,000	280,000
General obligation bonds	8,432,085	-	675,785	7,756,300	620,000
Compensated absences	184,279	277,018	261,859	199,438	50,980
	<u>9,356,364</u>	<u>277,018</u>	<u>1,217,644</u>	<u>8,415,738</u>	<u>950,980</u>
<b>Total long-term debt</b>	<u>\$ 59,146,389</u>	<u>\$ 16,314,919</u>	<u>\$ 13,872,622</u>	<u>\$ 61,588,686</u>	<u>\$ 10,451,111</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, 2007, consist of the following individual issues:

	Date of Issue	Amount Issued	Interest Rates	Outstanding June 30, 2007
General obligation bonds:				
Various public improvements	May 1996	\$ 3,060,000	4.20 - 4.80	\$ 345,000
Refunding	January 1997	1,640,000	3.90 - 4.80	180,000
Olympic Steel TIF	November 1997	1,030,000	4.25 - 4.70	245,000
Various public improvements	April 2000	6,560,000	4.30 - 5.25	4,125,000
Various public improvements	June 2001	6,635,000	4.00 - 5.00	5,185,000
Various public improvements	June 2002	4,620,000	2.00 - 5.00	3,795,000
Trinity TIF	June 2002	1,360,000	3.00 - 4.90	1,130,000
Various public improvements	June 2003	4,080,000	1.25 - 3.85	3,360,000
Refunding	June 2003	2,840,000	1.05 - 2.00	600,000
Various public improvements and sewer and stormwater improvements	June 2004	7,650,000	2.25-5.00	6,635,000
Refunding	June 2004	6,943,250	3.00-4.00	4,455,000
Various public improvements	June 2005	4,590,000	3.00-4.50	4,205,000
Fire truck note	December 2001	600,000	4.16	240,000
Various public improvements and sewer improvements	June 2006	7,125,000	4.13-4.50	6,835,000
Various public improvements (3)	July 2006	6,300,000	4.00-4.05	5,695,000
Refunding (4)	February 2007	3,760,000	3.80-3.90	3,760,000
Various public improvements	June 2007	5,095,000	3.50-4.38	5,095,000
<b>Total general obligation bonds</b>				<u>55,885,000</u>
Revenue bonds:				
Lady Luck Overpass TIF (2)	July 1997	4,170,000	4.90 - 5.90	1,250,000
Lady Luck Ramp & Marina TIF (2)	July 1997	5,385,000	8.25 - 9.00	3,070,000
Sewer refunding (1)	June 2003	1,515,000	1.50 - 2.45	460,000
<b>Total revenue bond</b>				<u>4,780,000</u>
<b>Total bonds</b>				<u>\$ 60,665,000</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, 2007, the deposits in these restricted reserve accounts total \$175,553.
- (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, 2007, 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 July 1, 2006 the City issued \$6,300,000 in General Obligation Refunding Bonds Series 2006B with an average interest rate of 4 percent to refund in advance of maturity \$6,275,000 of outstanding 1998A Series bonds maturing June 1, 2007 through June 1, 2015 and with an average interest rate of 4.6 percent. The net proceeds of \$6,319,644 (after payment of \$36,855 in underwriting fees, insurance and other issuance costs, and factoring in a premium of \$45,281 and accrued interest of \$11,218) were used to call and prepay the future debt service requirements of the 1998A Series bonds on August 1, 2006. The advance refunding did not result in a difference between the reacquisition price and the net carrying amount of the old debt. The City completed the advance refunding to reduce its total debt service payments over the next eight years by \$101,151 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$138,220.
- (4) On February 1, 2007, the City issued \$3,760,000 in General Obligation Refunding Bonds, Series 2007A, in a crossover refunding to be used to refund in advance \$3,700,000 of the 2009 through 2015 maturities of the City's General Obligation Bonds, Series 2000, dated May 1, 2000 and to cover the December 1, 2008 through June 1, 2015 interest payments on the Series 2000 Bonds. The crossover refunding date is June 1, 2008. The net proceeds were placed in escrow and are reported as restricted assets, investments and are reserved for debt service. As of June 30, 2007, the escrow investment was \$3,711,283. The City completed the refunding to reduce its total debt service payments by \$120,774 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$145,205.

**Summary of principal and interest maturities:**

Annual debt service requirements to service all outstanding indebtedness as of June 30, 2007, are as follows:

Year ending June 30:	Debt Service General Obligation Bonds		Debt Service Revenue Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 8,460,000	\$ 2,074,145	\$ 855,000	\$ 349,600
2009	3,195,400	1,659,354	1,325,000	287,050
2010	3,228,100	1,538,180	960,000	192,600
2011	3,344,300	1,412,817	1,180,000	106,200
2012	3,405,900	1,280,115	-	-
2013 - 2017	13,625,000	4,470,103	-	-
2018 - 2022	10,415,000	1,911,533	-	-
2023 - 2026	2,455,000	219,199	-	-
	<u>\$ 48,128,700</u>	<u>\$ 14,565,446</u>	<u>\$ 4,320,000</u>	<u>\$ 935,450</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

Year ending June 30:	Enterprise General Obligation Bonds		Enterprise Revenue Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 620,000	\$ 333,598	\$ 280,000	\$ 10,430
2009	644,600	304,246	180,000	4,410
2010	661,900	282,263	-	-
2011	680,700	257,428	-	-
2012	714,100	230,062	-	-
2013 - 2017	1,825,000	859,862	-	-
2018 - 2022	2,225,000	411,193	-	-
2023 - 2026	385,000	26,201	-	-
	<u>\$ 7,756,300</u>	<u>\$ 2,704,853</u>	<u>\$ 460,000</u>	<u>\$ 14,840</u>

Legal debt margin:

As of June 30, 2007, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2005 100% assessed valuation		\$ 2,228,991,261
Plus: Public gas and electric utilities		65,453,665
Plus: Captured tax increment value		69,956,005
Less: Military exemption		(4,397,572)
Total assessed valuation of the property of the City of Bettendorf		<u>\$ 2,360,003,359</u>
Debt limit, 5% of total actual valuation		\$ 118,000,168
Debt applicable to debt limit:		
Debt service general obligation bonds	\$ 48,128,700	
Debt service TIF revenue bonds	4,320,000	
Enterprise general obligation bonds	7,756,300	60,205,000
<b>Legal debt margin</b>		<u>\$ 57,795,168</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

**Note 5. Interfund Receivables and Payables**

Individual interfund receivables and payables balances as of June 30, 2007, were:

	Total	
	Interfund Receivables	Interfund Payables
Major governmental funds:		
General	\$ 468,853	\$ 412,585
Special revenue fund, tax increment financing	-	45,820
Capital projects fund, capital projects reserve	914,308	-
Nonmajor governmental funds	441,513	13,399
Internal service funds	2,960	-
Nonmajor enterprise funds	-	1,355,830
<b>Total</b>	<b>\$ 1,827,634</b>	<b>\$ 1,827,634</b>

Advances to and from other funds as of June 30, 2007, were as follows:

	Advances to Other Funds	Advances from Other Funds
Major governmental funds:		
Special revenue funds, tax increment financing	\$ -	\$ 605,331
Capital projects funds, capital projects reserve	605,331	-
<b>Total</b>	<b>\$ 605,331</b>	<b>\$ 605,331</b>

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. The interfund receivable and payables are scheduled to be collected in the subsequent year whereas the interfund advances are not.

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

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#### 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
Major governmental funds:		
General	\$ 2,705,144	\$ 3,886,993
Tax increment financing	110,711	2,651
Debt service	573,875	443,528
Capital projects reserve	1,439,552	65,381
Nonmajor governmental funds	2,852,694	5,524,030
Internal service funds	74,545	-
Major enterprise fund,		
Family Museum of Arts & Science	1,281,694	-
Stormwater Utility	17,385	17,385
Other nonmajor enterprise funds	1,013,348	146,365
Governmental activities reconciling item, transfer of capital assets from enterprise fund, stormwater utility	17,385	-
<b>Total</b>	<b>\$ 10,086,333</b>	<b>\$ 10,086,333</b>

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.

#### Note 7. 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 percent of their annual covered salary and the City is required to contribute 5.75 percent of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$490,508, \$474,555 and \$466,096, respectively, equal to the required contributions for each year.

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

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#### **Note 7. Pension and Retirement Systems (Continued)**

##### **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., Des Moines, Iowa 50322.

Plan members are required to contribute 9.35 percent of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, cannot be less than 17 percent of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2007, 2006 and 2005 were \$953,203, \$949,162 and \$817,787, respectively, which met the required minimum contribution for each year.

#### **Note 8. 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.

#### **Note 9. 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 \$1,862,253 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.

## City of Bettendorf, Iowa

### Notes to Basic Financial Statements

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#### Note 9. Risk Management and Insurance (Continued)

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, 2007 and 2006 are as follows:

	Employee Health Insurance	
	2007	2006
Claims payable, beginning of year	\$ 163,103	\$ 177,764
Claims recognized	1,826,440	1,783,146
Claim payments	(1,856,439)	(1,797,807)
Claims payable, end of year	<u>\$ 133,104</u>	<u>\$ 163,103</u>

#### Note 10. 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, 2007, is \$2,902,385.

The City has financial commitments relating to various construction projects that are estimated to be approximately \$4,187,431.

The City is involved in a lawsuit as to whether the collection of certain franchise fees in excess of regulatory costs by the City in conjunction with its cable franchise constitutes an illegal tax under Iowa law. The probability of outcome of this case is not determinable at this time; therefore, no accrual has been made to the financial statements.

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 has 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 11. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

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

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.

**Note 11. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)**

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. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the City beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statements No. 25 and No. 27, issued May 2007, will be effective for the City beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the City beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

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

**Note 12. Subsequent Event**

On November 6, 2007, the City of Bettendorf, Iowa passed a resolution authorizing the issuance of not to exceed \$21,950,000 Urban Renewal Tax Increment Revenue Bonds. It is anticipated the issuance of these bonds will take place prior to December 31, 2007.



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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, 2007**

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
<b>Revenues:</b>			
Property tax	\$ 15,648,364	\$ -	\$ 15,648,364
Tax increment financing	1,962,103	-	1,962,103
Other City taxes	7,995,246	-	7,995,246
Special assessments	6,761	-	6,761
Licenses and permits	542,182	80,245	622,427
Intergovernmental	5,019,945	553,712	5,573,657
Charges for services	327,801	11,055,265	11,383,066
Use of money and property	1,274,705	559,014	1,833,719
Miscellaneous	703,696	639,925	1,343,621
<b>Total revenues</b>	<b>33,480,803</b>	<b>12,888,161</b>	<b>46,368,964</b>
<b>Expenditures/Expenses:</b>			
Public safety	8,194,904	-	8,194,904
Public works	2,627,335	-	2,627,335
Culture and recreation	3,187,458	-	3,187,458
Community and economic development	1,443,565	-	1,443,565
General government	3,104,868	-	3,104,868
Debt service	8,090,932	-	8,090,932
Capital outlay	9,667,605	-	9,667,605
Business-type	-	16,285,770	16,285,770
<b>Total expenditures/expenses</b>	<b>36,316,667</b>	<b>16,285,770</b>	<b>52,602,437</b>
<b>(Deficiency) of revenues over (under) expenditures/expenses</b>	<b>(2,835,864)</b>	<b>(3,397,609)</b>	<b>(6,233,473)</b>
Other financing sources, net	6,940,170	2,861,262	9,801,432
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses</b>	<b>4,104,306</b>	<b>(536,347)</b>	<b>3,567,959</b>
Balances, beginning of year	19,412,519	35,242,174	54,654,693
Balances, end of year	<b>\$ 23,516,825</b>	<b>\$ 34,705,827</b>	<b>\$ 58,222,652</b>

See Note to Required Supplementary Information.

Budgeted Amounts			Final to Actual Variance - Positive (Negative)
Original	Final		
\$ 15,689,630	\$ 15,679,611	\$	(31,247)
1,948,194	1,950,597		11,506
7,645,989	7,730,294		264,952
7,800	8,960		(2,199)
743,560	687,465		(65,038)
8,061,614	6,458,560		(884,903)
12,195,541	11,671,060		(287,994)
811,960	1,791,742		41,977
1,197,850	1,455,685		(112,064)
48,302,138	47,433,974		(1,065,010)
8,255,759	8,411,364		216,460
2,691,368	2,735,016		107,681
3,446,407	3,308,772		121,314
1,657,836	1,539,621		96,056
3,225,858	3,311,553		206,685
7,885,230	14,400,319		6,309,387
14,074,986	11,742,731		2,075,126
16,020,597	16,750,978		465,208
57,258,041	62,200,354		9,597,917
(8,955,903)	(14,766,380)		8,532,907
14,628,450	15,931,535		(6,130,103)
\$ 5,672,547	\$ 1,165,155	\$	2,402,804

## City of Bettendorf, Iowa

### **Note to Required Supplementary Information – Budgetary Reporting Year Ended June 30, 2007**

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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 increased budgeted expenditures by \$4,942,313. The budget amendment was primarily due to including \$6.6 million for refinancing bonds offset by \$2.3 million of deferred capital projects.



**Bettendorf** IOWA  
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City of Bettendorf, Iowa

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2007

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
<b>Assets</b>				
Cash and investments	\$ 703,307	\$ 279,971	\$ 122,303	\$ 101,751
Receivables:				
Property taxes	-	-	-	-
Accounts	223	2,555	-	-
Accrued interest	9,272	-	744	1,339
Due from other funds	-	-	31,888	-
Due from other governments	214,025	-	-	-
<b>Total assets</b>	<b>\$ 926,827</b>	<b>\$ 282,526</b>	<b>\$ 154,935</b>	<b>\$ 103,090</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 62,119	\$ 86	\$ 8,557	\$ 748
Accrued liabilities	34,285	1,752	4,049	-
Due to other governments	7,730	275	643	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>104,134</b>	<b>2,113</b>	<b>13,249</b>	<b>748</b>
Fund Balances:				
Reserved for encumbrances	18	-	-	-
Unreserved:				
Designated for pension contributions	-	-	-	-
Undesignated reported in:				
Special revenue funds	822,675	280,413	141,686	102,342
Capital projects funds	-	-	-	-
<b>Total fund balances</b>	<b>822,693</b>	<b>280,413</b>	<b>141,686</b>	<b>102,342</b>
<b>Total liabilities and fund balances</b>	<b>\$ 926,827</b>	<b>\$ 282,526</b>	<b>\$ 154,935</b>	<b>\$ 103,090</b>

(Continued)

Special Revenue							
Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits		
\$ 654,585	\$ 195,006	\$ 1,418,957	\$ 32,232	\$ -	\$ 65,271		
-	-	-	-	1,564,372	-		
-	-	-	-	-	-		
8,588	2,555	15,931	424	-	-		
-	-	-	-	-	-		
-	-	-	-	10	-		
<u>\$ 663,173</u>	<u>\$ 197,561</u>	<u>\$ 1,434,888</u>	<u>\$ 32,656</u>	<u>\$ 1,564,382</u>	<u>\$ 65,271</u>		
\$ 5,692	\$ 1,772	\$ 51	\$ 1,196	\$ -	\$ -		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	13,399	-		
-	-	-	-	1,550,983	-		
<u>5,692</u>	<u>1,772</u>	<u>51</u>	<u>1,196</u>	<u>1,564,382</u>	<u>-</u>		
-	-	-	-	-	-		
-	-	1,434,837	-	-	-		
657,481	195,789	-	31,460	-	65,271		
-	-	-	-	-	-		
<u>657,481</u>	<u>195,789</u>	<u>1,434,837</u>	<u>31,460</u>	<u>-</u>	<u>65,271</u>		
\$ 663,173	\$ 197,561	\$ 1,434,888	\$ 32,656	\$ 1,564,382	\$ 65,271		

City of Bettendorf, Iowa

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 June 30, 2007

	Capital Projects			
	Vehicle Replacement	Riverboat Gaming	Electronic Equipment Replacement	CIP/LOT and Interest
<b>Assets</b>				
Cash and investments	\$ 1,022,826	\$ 1,013,155	\$ 1,021,431	\$ 1,917,951
Receivables:				
Property taxes	-	-	-	-
Accounts	-	75,794	-	-
Accrued interest	11,984	14,089	13,662	31,879
Due from other funds	-	-	-	409,625
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 1,034,810</b>	<b>\$ 1,103,038</b>	<b>\$ 1,035,093</b>	<b>\$ 2,359,455</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:				
Reserved for encumbrances	-	-	114,192	-
Unreserved:				
Designated for pension contributions	-	-	-	-
Undesignated reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	1,034,810	1,103,038	920,901	2,359,455
<b>Total fund balances</b>	<b>1,034,810</b>	<b>1,103,038</b>	<b>1,035,093</b>	<b>2,359,455</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,034,810</b>	<b>\$ 1,103,038</b>	<b>\$ 1,035,093</b>	<b>\$ 2,359,455</b>

Capital Projects			
GEO Thuenen			
Overpass	Future Projects		Total
\$ 358,321	\$ 151,165	\$	9,058,232
-	-		1,564,372
-	-		78,572
4,716	1,989		117,172
-	-		441,513
-	-		214,035
<u>\$ 363,037</u>	<u>\$ 153,154</u>	<u>\$</u>	<u>11,473,896</u>
\$ -	\$ -	\$	80,221
-	-		40,086
-	-		8,648
-	-		13,399
-	-		1,550,983
<u>-</u>	<u>-</u>		<u>1,693,337</u>
-	-		114,210
-	-		1,434,837
-	-		2,297,117
363,037	153,154		5,934,395
<u>363,037</u>	<u>153,154</u>		<u>9,780,559</u>
<u>\$ 363,037</u>	<u>\$ 153,154</u>	<u>\$</u>	<u>11,473,896</u>

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2007

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,629,675	643,680	-	-
Use of money and property	40,192	15,718	26,216	6,974
Miscellaneous	7,226	3,996	47,496	10,693
<b>Total revenues</b>	<b>2,677,093</b>	<b>663,394</b>	<b>73,712</b>	<b>17,667</b>
Expenditures:				
Current operating:				
Public safety	-	-	-	7,017
Public works	2,585,761	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	456,598	225,114	-
General government	-	-	-	-
Capital outlay	-	-	-	29,626
<b>Total expenditures</b>	<b>2,585,761</b>	<b>456,598</b>	<b>225,114</b>	<b>36,643</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>91,332</b>	<b>206,796</b>	<b>(151,402)</b>	<b>(18,976)</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	88	-	196,016	-
Transfers in	3,386	-	-	-
Transfers out	(8,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,526)</b>	<b>-</b>	<b>196,016</b>	<b>-</b>
<b>Net changes in fund balance</b>	<b>86,806</b>	<b>206,796</b>	<b>44,614</b>	<b>(18,976)</b>
Fund balances, beginning of year	735,887	73,617	97,072	121,318
Fund balances, end of year	\$ 822,693	\$ 280,413	\$ 141,686	\$ 102,342

(Continued)

Special Revenue						
Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits	
\$ -	\$ -	\$ -	\$ -	\$ 1,498,887	\$ -	
-	-	-	-	68,204	-	
77,770	-	-	-	1,117	-	
40,186	14,285	79,381	1,609	-	-	
46,070	4,845	-	21,400	-	10,529	
164,026	19,130	79,381	23,009	1,568,208	10,529	
-	-	-	-	-	-	
-	-	-	-	-	-	
25,415	-	-	58,830	-	-	
-	90,263	-	-	-	5,995	
-	-	511	-	-	-	
55,858	-	-	-	-	-	
81,273	90,263	511	58,830	-	5,995	
82,753	(71,133)	78,870	(35,821)	1,568,208	4,534	
-	-	-	-	-	-	
-	93,000	-	40,000	-	-	
-	(22,180)	(321,605)	-	(1,568,208)	-	
-	70,820	(321,605)	40,000	(1,568,208)	-	
82,753	(313)	(242,735)	4,179	-	4,534	
574,728	196,102	1,677,572	27,281	-	60,737	
\$ 657,481	\$ 195,789	\$ 1,434,837	\$ 31,460	\$ -	\$ 65,271	

City of Bettendorf, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2007**

	Capital Projects			
	Vehicle Replacement	Riverboat Gaming	Electronic Equipment Replacement	CIP/LOT and Interest
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	1,963,498	-	-
Intergovernmental	-	-	-	-
Use of money and property	62,546	56,018	70,020	135,524
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>62,546</b>	<b>2,019,516</b>	<b>70,020</b>	<b>135,524</b>
Expenditures:				
Current operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Capital outlay	402,490	-	183,119	-
<b>Total expenditures</b>	<b>402,490</b>	<b>-</b>	<b>183,119</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(339,944)</b>	<b>2,019,516</b>	<b>(113,099)</b>	<b>135,524</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	24,122	-	-	-
Transfers in	520,000	-	360,000	1,836,308
Transfers out	(40,335)	(1,645,012)	(103,089)	(1,815,601)
<b>Total other financing sources (uses)</b>	<b>503,787</b>	<b>(1,645,012)</b>	<b>256,911</b>	<b>20,707</b>
<b>Net changes in fund balance</b>	<b>163,843</b>	<b>374,504</b>	<b>143,812</b>	<b>156,231</b>
Fund balances, beginning of year	870,967	728,534	891,281	2,203,224
Fund balances, end of year	\$ 1,034,810	\$ 1,103,038	\$ 1,035,093	\$ 2,359,455

Capital Projects			
GEO Thuenen			
Overpass	Future Projects		Total
\$ -	\$ -	\$	1,498,887
-	-		2,031,702
-	-		3,352,242
19,691	8,921		577,281
50,000	-		202,255
69,691	8,921		7,662,367
-	-		7,017
-	-		2,585,761
-	-		84,245
-	-		777,970
-	-		511
35	-		671,128
35	-		4,126,632
69,656	8,921		3,535,735
-	-		220,226
-	-		2,852,694
-	-		(5,524,030)
-	-		(2,451,110)
69,656	8,921		1,084,625
293,381	144,233		8,695,934
\$ 363,037	\$ 153,154	\$	9,780,559

City of Bettendorf, Iowa

Combining Statement of Net Assets  
 Nonmajor Enterprise Funds  
 June 30, 2007

	Recycling/Solid Waste Management	Palmer Hills Golf Course
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 706,931	\$ 216,335
Receivables:		
Accounts and unbilled usage	399,329	17,412
Accrued interest	9,187	2,824
Special assessments	45,122	-
Due from other governments	-	-
<b>Total current assets</b>	<u>1,160,569</u>	<u>236,571</u>
Capital assets:		
Nondepreciable:		
Land	-	579,370
Construction-in-progress	-	-
Depreciable:		
Buildings and structures	-	1,490,637
Equipment and vehicles	2,216,369	623,672
Improvements other than buildings	-	675,868
Accumulated depreciation	(1,269,785)	(798,029)
<b>Net capital assets</b>	<u>946,584</u>	<u>2,571,518</u>
<b>Total assets</b>	<u>\$ 2,107,153</u>	<u>\$ 2,808,089</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Current:		
Accounts payable	\$ 76,890	\$ 159,553
Contracts payable	-	-
Compensated absences	8,758	4,860
Accrued liabilities	16,747	9,560
Due to other governments	2,643	8,175
Due to other funds	-	300,000
Unearned revenue	-	-
<b>Total current liabilities</b>	<u>105,038</u>	<u>482,148</u>
Noncurrent, compensated absences	25,505	14,150
<b>Total liabilities</b>	<u>130,543</u>	<u>496,298</u>
Net assets:		
Invested in capital assets, net of related debt	946,584	2,571,518
Unrestricted	1,030,026	(259,727)
<b>Total net assets</b>	<u>1,976,610</u>	<u>2,311,791</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,107,153</u>	<u>\$ 2,808,089</u>

Life Fitness Center	Aquatic Center	Transit	Downtown Event Center	Educational Center	Total
\$ 239,688	\$ 75,242	\$ 487	\$ -	\$ -	\$ 1,238,683
4,527	1,469	15,118	-	-	437,855
-	983	-	-	-	12,994
-	-	-	-	-	45,122
-	-	124,905	138,040	-	262,945
244,215	77,694	140,510	138,040	-	1,997,599
840,000	-	-	300,000	-	1,719,370
1,251	-	-	1,470,478	-	1,471,729
3,441,871	4,180,433	-	-	-	9,112,941
223,794	59,406	1,064,544	-	-	4,187,785
85,885	8,120	-	-	-	769,873
(1,640,943)	(964,854)	(659,657)	-	-	(5,333,268)
2,951,858	3,283,105	404,887	1,770,478	-	11,928,430
\$ 3,196,073	\$ 3,360,799	\$ 545,397	\$ 1,908,518	\$ -	\$ 13,926,029
\$ 27,744	\$ 65,173	\$ 36,605	\$ 315,407	\$ -	\$ 681,372
-	-	-	26,250	-	26,250
4,396	546	7,971	-	-	26,531
7,013	1,167	15,101	-	-	49,588
3,236	5,348	2,259	-	-	21,661
-	-	153,538	902,292	-	1,355,830
129,073	-	-	-	-	129,073
171,462	72,234	215,474	1,243,949	-	2,290,305
12,802	1,592	23,213	-	-	77,262
184,264	73,826	238,687	1,243,949	-	2,367,567
2,951,858	3,283,105	404,887	1,770,478	-	11,928,430
59,951	3,868	(98,177)	(1,105,909)	-	(369,968)
3,011,809	3,286,973	306,710	664,569	-	11,558,462
\$ 3,196,073	\$ 3,360,799	\$ 545,397	\$ 1,908,518	\$ -	\$ 13,926,029

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets  
 Nonmajor Enterprise Funds  
 Year Ended June 30, 2007

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Operating revenues:		
Charges for services	\$ 1,420,297	\$ 740,103
Intergovernmental	-	-
Other, primarily concessions	175	343,057
<b>Total operating revenue</b>	<b>1,420,472</b>	<b>1,083,160</b>
Operating expenses:		
Salaries and benefits	683,149	669,975
Supplies and services	713,237	454,416
Depreciation	215,000	142,808
<b>Total operating expenses</b>	<b>1,611,386</b>	<b>1,267,199</b>
<b>Operating (loss)</b>	<b>(190,914)</b>	<b>(184,039)</b>
Nonoperating revenues (expenses):		
Investment earnings	52,238	9,800
(Loss) on disposal of assets	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>52,238</b>	<b>9,800</b>
<b>(Loss) before capital grants and contributions and transfers</b>	<b>(138,676)</b>	<b>(174,239)</b>
Capital grants and contributions	-	-
Transfers in	220,000	50,000
Transfers out	-	-
<b>Changes in net assets</b>	<b>81,324</b>	<b>(124,239)</b>
Net assets, beginning	1,895,286	2,436,030
Net assets, ending	<b>\$ 1,976,610</b>	<b>\$ 2,311,791</b>

Life Fitness Center	Aquatic Center	Transit	Downtown Event Center	Educational Center	Total
\$ 524,665	\$ 187,471	\$ 61,037	\$ -	\$ -	\$ 2,933,573
-	-	553,712	-	-	553,712
1,250	6,008	1,800	-	-	352,290
525,915	193,479	616,549	-	-	3,839,575
399,556	144,644	537,817	-	-	2,435,141
261,458	118,780	530,981	64,030	600,180	2,743,082
119,998	159,419	101,222	-	-	738,447
781,012	422,843	1,170,020	64,030	600,180	5,916,670
(255,097)	(229,364)	(553,471)	(64,030)	(600,180)	(2,077,095)
-	2,271	133	875	36,132	101,449
-	-	-	-	(94,268)	(94,268)
-	2,271	133	875	(58,136)	7,181
(255,097)	(227,093)	(553,338)	(63,155)	(658,316)	(2,069,914)
-	-	-	438,040	200,000	638,040
259,712	-	459,289	-	24,347	1,013,348
(146,365)	-	-	-	-	(146,365)
(141,750)	(227,093)	(94,049)	374,885	(433,969)	(564,891)
3,153,559	3,514,066	400,759	289,684	433,969	12,123,353
\$ 3,011,809	\$ 3,286,973	\$ 306,710	\$ 664,569	\$ -	\$ 11,558,462

City of Bettendorf, Iowa

Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 Year Ended June 30, 2007

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,413,747	\$ 738,702
Receipts from other operating revenue	-	343,057
Payments to suppliers	(683,507)	(462,142)
Payments to employees	(680,282)	(660,126)
<b>Net cash provided by (used in) operating activities</b>	<b>49,958</b>	<b>(40,509)</b>
Cash flows from noncapital financing activities:		
Proceeds from (payments of) interfund accounts	-	(50,000)
Transfers in	220,000	50,000
Transfers (out)	-	-
<b>Net cash provided by noncapital financing activities</b>	<b>220,000</b>	<b>-</b>
Cash flows from capital and related financing activities:		
Proceeds from capital grants	-	-
Purchase of capital assets	(250,216)	(90,534)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(250,216)</b>	<b>(90,534)</b>
Cash flows from investing activities, interest received		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>47,547</b>	<b>10,322</b>
	<b>67,289</b>	<b>(120,721)</b>
Cash and cash equivalents:		
Beginning	639,642	337,056
Ending	<b>\$ 706,931</b>	<b>\$ 216,335</b>
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (190,914)	\$ (184,039)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation	215,000	142,808
Change in assets and liabilities:		
Receivables and due from other governments	(5,331)	(1,401)
Accounts payable and due to other governments	28,336	(7,726)
Compensated absences and accrued liabilities	2,867	9,849
Unearned revenue	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 49,958</b>	<b>\$ (40,509)</b>
Schedule of noncash items:		
Acquisition of capital assets through contracts or accounts payable.	\$ -	\$ (73,589)
Transfer of capital assets from governmental activities	-	-
Capital contributions included in accounts receivable	-	-

Life Fitness Center	Aquatic Center	Transit	Downtown Event Center	Educational Center	Total
\$ 512,697	\$ 189,162	\$ 46,323	\$ -	\$ -	\$ 2,900,631
1,250	6,008	445,589	-	-	795,904
(273,682)	(110,219)	(520,501)	(64,030)	(622,836)	(2,736,917)
(396,961)	(144,677)	(539,846)	-	-	(2,421,892)
(156,696)	(59,726)	(568,435)	(64,030)	(622,836)	(1,462,274)
-	-	109,500	902,292	-	961,792
259,712	-	459,289	-	24,347	1,013,348
(146,365)	-	-	-	-	(146,365)
113,347	-	568,789	902,292	24,347	1,828,775
-	-	-	-	200,000	200,000
-	-	-	(839,137)	-	(1,179,887)
-	-	-	(839,137)	200,000	(979,887)
2,677	2,543	133	875	39,555	103,652
(40,672)	(57,183)	487	-	(358,934)	(509,734)
280,360	132,425	-	-	358,934	1,748,417
\$ 239,688	\$ 75,242	\$ 487	\$ -	\$ -	\$ 1,238,683
\$ (255,097)	\$ (229,364)	\$ (553,471)	\$ (64,030)	\$ (600,180)	\$ (2,077,095)
119,998	159,419	101,222	-	-	738,447
1,477	1,691	(900)	-	-	(4,464)
(12,224)	8,561	10,480	-	(22,656)	4,771
2,595	(33)	(2,029)	-	-	13,249
(13,445)	-	(123,737)	-	-	(137,182)
\$ (156,696)	\$ (59,726)	\$ (568,435)	\$ (64,030)	\$ (622,836)	\$ (1,462,274)
\$ -	\$ -	\$ -	\$ 341,657	\$ -	\$ 268,068
-	-	-	300,000	-	300,000
-	-	-	138,040	-	138,040

City of Bettendorf, Iowa

Combining Statement of Net Assets

Internal Service Funds

June 30, 2007

Assets	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Current assets:					
Cash and investments	\$ 1,110,451	\$ 553,578	\$ 541,868	\$ 341,208	\$ 2,547,105
Restricted cash	6,105	-	-	-	6,105
Prepaid items	-	78,447	-	6,350	84,797
Receivables:					
Accounts	3,574	4,088	102	-	7,764
Accrued interest	14,570	4,924	7,133	4,096	30,723
Due from other funds	-	2,960	-	-	2,960
Due from other governments	-	50	-	-	50
<b>Total current assets</b>	<b>1,134,700</b>	<b>644,047</b>	<b>549,103</b>	<b>351,654</b>	<b>2,679,504</b>
Noncurrent assets:					
Capital assets:					
Nondepreciable, land	-	-	43,609	-	43,609
Depreciable:					
Buildings and structures	-	-	423,461	-	423,461
Equipment and vehicles	-	-	470,632	-	470,632
Accumulated depreciation	-	-	(622,702)	-	(622,702)
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>315,000</b>	<b>-</b>	<b>315,000</b>
<b>Total assets</b>	<b>\$ 1,134,700</b>	<b>\$ 644,047</b>	<b>\$ 864,103</b>	<b>\$ 351,654</b>	<b>\$ 2,994,504</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Current:					
Accounts payable	\$ -	\$ 32,316	\$ 124,811	\$ 10,725	\$ 167,852
Claims payable	133,104	-	-	-	133,104
Compensated absences	-	-	5,788	5,565	11,353
Accrued liabilities	-	-	9,379	9,859	19,238
Due to other governments	-	-	1,446	1,534	2,980
<b>Total current liabilities</b>	<b>133,104</b>	<b>32,316</b>	<b>141,424</b>	<b>27,683</b>	<b>334,527</b>
Noncurrent, compensated absences	-	-	16,855	16,207	33,062
<b>Total liabilities</b>	<b>133,104</b>	<b>32,316</b>	<b>158,279</b>	<b>43,890</b>	<b>367,589</b>
Net assets:					
Invested in capital assets, net of related debt	-	-	315,000	-	315,000
Restricted for health insurance claims	6,105	-	-	-	6,105
Unrestricted	995,491	611,731	390,824	307,764	2,305,810
<b>Total net assets</b>	<b>1,001,596</b>	<b>611,731</b>	<b>705,824</b>	<b>307,764</b>	<b>2,626,915</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,134,700</b>	<b>\$ 644,047</b>	<b>\$ 864,103</b>	<b>\$ 351,654</b>	<b>\$ 2,994,504</b>

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets  
 Internal Service Funds  
 Year Ended June 30, 2007

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Operating revenues:					
Charges for services	\$ 2,175,619	\$ 819,568	\$ 1,106,107	\$ 524,970	\$ 4,626,264
Other	-	60,112	873	-	60,985
<b>Total operating revenues</b>	<b>2,175,619</b>	<b>879,680</b>	<b>1,106,980</b>	<b>524,970</b>	<b>4,687,249</b>
Operating expenses:					
Salaries and benefits	1,826,440	-	378,723	368,754	2,573,917
Supplies and services	430,554	915,806	746,644	222,083	2,315,087
Depreciation	-	-	35,983	-	35,983
<b>Total operating expenses</b>	<b>2,256,994</b>	<b>915,806</b>	<b>1,161,350</b>	<b>590,837</b>	<b>4,924,987</b>
<b>Operating (loss)</b>	<b>(81,375)</b>	<b>(36,126)</b>	<b>(54,370)</b>	<b>(65,867)</b>	<b>(237,738)</b>
Nonoperating revenues, investment earnings	71,010	14,985	30,852	18,983	135,830
<b>(Loss) before transfers</b>	<b>(10,365)</b>	<b>(21,141)</b>	<b>(23,518)</b>	<b>(46,884)</b>	<b>(101,908)</b>
Transfers in	-	25,000	-	49,545	74,545
<b>Changes in net assets</b>	<b>(10,365)</b>	<b>3,859</b>	<b>(23,518)</b>	<b>2,661</b>	<b>(27,363)</b>
Total net assets, beginning	1,011,961	607,872	729,342	305,103	2,654,278
Total net assets, ending	\$ 1,001,596	\$ 611,731	\$ 705,824	\$ 307,764	\$ 2,626,915

City of Bettendorf, Iowa

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2007

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,174,873	\$ 835,730	\$ 1,106,005	\$ 524,970	\$ 4,641,578
Receipts from other operating revenue	-	60,112	873	-	60,985
Payments to suppliers	(430,554)	(979,168)	(718,278)	(217,243)	(2,345,243)
Payments to claimants	(1,856,439)	-	-	-	(1,856,439)
Payments to employees	-	-	(380,072)	(365,453)	(745,525)
<b>Net cash provided by (used in) operating activities</b>	<b>(112,120)</b>	<b>(83,326)</b>	<b>8,528</b>	<b>(57,726)</b>	<b>(244,644)</b>
Cash flows from noncapital financing activities:					
Payment of interfund accounts	-	327	-	-	327
Transfers in	-	25,000	-	49,545	74,545
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>25,327</b>	<b>-</b>	<b>49,545</b>	<b>74,872</b>
Cash flows from investing activities,					
interest received	68,436	14,096	28,556	18,095	129,183
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(43,684)</b>	<b>(43,903)</b>	<b>37,084</b>	<b>9,914</b>	<b>(40,589)</b>
Cash and cash equivalents:					
Beginning	1,160,240	597,481	504,784	331,294	2,593,799
Ending	<u>\$ 1,116,556</u>	<u>\$ 553,578</u>	<u>\$ 541,868</u>	<u>\$ 341,208</u>	<u>\$ 2,553,210</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating (loss)	\$ (81,375)	\$ (36,126)	\$ (54,370)	\$ (65,867)	\$ (237,738)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	35,983	-	35,983
Change in assets and liabilities:					
Receivables	(746)	16,162	(102)	-	15,314
Prepaid items	-	(78,447)	-	6,350	(72,097)
Accounts payable and due to other governments	-	15,085	28,366	4,840	48,291
Claims payable	(29,999)	-	-	-	(29,999)
Compensated absences and accrued liabilities	-	-	(1,349)	(3,049)	(4,398)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (112,120)</b>	<b>\$ (83,326)</b>	<b>\$ 8,528</b>	<b>\$ (57,726)</b>	<b>\$ (244,644)</b>

City of Bettendorf, Iowa

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2007

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	Explorers	Section 125 Plan	Police Property Account	Total
<b>Assets:</b>				
Cash and investments	\$ 2,145	\$ 23,739	\$ 7,418	\$ 33,302
Accounts receivable	28	-	-	28
	<u>\$ 2,173</u>	<u>\$ 23,739</u>	<u>\$ 7,418</u>	<u>\$ 33,330</u>
<b>Liabilities, accounts payable</b>	<u>\$ 2,173</u>	<u>\$ 23,739</u>	<u>\$ 7,418</u>	<u>\$ 33,330</u>

City of Bettendorf, Iowa

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2007

Explorers	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
<b>Assets:</b>				
Cash and investments	\$ 1,781	\$ 7,147	\$ 6,783	\$ 2,145
Accounts receivable	17	289	278	28
	\$ 1,798	\$ 7,436	\$ 7,061	\$ 2,173
Liabilities, accounts payable	\$ 1,798	\$ 10,725	\$ 10,350	\$ 2,173
<b>Section 125 Plan</b>				
Assets, cash and investments	\$ 18,787	\$ 80,097	\$ 75,145	\$ 23,739
Liabilities, accounts payable	\$ 18,787	\$ 80,097	\$ 75,145	\$ 23,739
<b>Police Property Account</b>				
Assets, cash and investments	\$ 8,577	\$ 5,747	\$ 6,906	\$ 7,418
Liabilities, accounts payable	\$ 8,577	\$ 39,219	\$ 40,378	\$ 7,418
<b>Combined Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 29,145	\$ 92,991	\$ 88,834	\$ 33,302
Accounts receivable	17	289	278	28
	\$ 29,162	\$ 93,280	\$ 89,112	\$ 33,330
Liabilities, accounts payable	\$ 29,162	\$ 130,041	\$ 125,873	\$ 33,330

City of Bettendorf, Iowa

Statistical Section

Contents

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The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

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Contents	Page
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	84 - 101
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	102 - 108
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	109 - 115
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	116 - 117
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	118 - 123

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

City of Bettendorf, Iowa

**Net Assets By Component**  
**Last Four Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	Fiscal Year		
	2003	2004	2005
Governmental activities:			
Invested in capital assets, net of related debt	\$ 19,103,899	\$ 24,868,920	\$ 32,359,207
Restricted	3,800,866	10,406,431	6,124,873
Unrestricted	17,705,256	11,440,524	12,079,106
<b>Total governmental activities</b>			
<b>net assets</b>	<b>\$ 40,610,021</b>	<b>\$ 46,715,875</b>	<b>\$ 50,563,186</b>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 24,148,187	\$ 26,438,117	\$ 26,983,506
Restricted	2,221,099	389,184	175,786
Unrestricted	1,111,725	3,518,944	3,621,881
<b>Total business-type activities</b>			
<b>net assets</b>	<b>\$ 27,481,011</b>	<b>\$ 30,346,245</b>	<b>\$ 30,781,173</b>
Primary government:			
Invested in capital assets, net of related debt	\$ 43,252,086	\$ 51,307,037	\$ 59,342,713
Restricted	6,021,965	10,795,615	6,300,659
Unrestricted	18,816,981	14,959,468	15,700,987
<b>Total primary government</b>			
<b>net assets</b>	<b>\$ 68,091,032</b>	<b>\$ 77,062,120</b>	<b>\$ 81,344,359</b>

GASB Statement No. 34 Implemented in Fiscal Year 2003

		Fiscal Year	
		2006	2007
\$	37,919,071	\$	39,923,572
	6,221,183		10,260,032
	10,349,190		9,270,579
<b>\$</b>	<b>54,489,444</b>	<b>\$</b>	<b>59,454,183</b>
\$	29,262,706	\$	30,564,714
	176,219		175,553
	2,967,755		1,071,417
<b>\$</b>	<b>32,406,680</b>	<b>\$</b>	<b>31,811,684</b>
\$	67,181,777	\$	70,488,286
	6,397,402		10,435,585
	13,316,945		10,341,996
<b>\$</b>	<b>86,896,124</b>	<b>\$</b>	<b>91,265,867</b>

City of Bettendorf, Iowa

**Changes In Net Assets**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental activities:			
Public safety	\$ 7,134,235	\$ 7,303,476	\$ 8,034,864
Public works	5,004,419	5,352,120	6,146,647
Culture and recreation	3,505,020	3,327,610	3,557,691
Community and economic development	1,126,101	1,258,610	3,016,994
General government	3,393,296	3,220,615	3,202,786
Interest on long-term debt	2,584,034	2,486,758	2,565,864
<b>Total governmental activities expenses</b>	<b>22,747,105</b>	<b>22,949,189</b>	<b>26,524,846</b>
Business-type activities:			
Sewer utility	2,773,237	2,517,148	2,742,747
Family Museum of Arts & Science	1,811,973	1,718,447	1,958,342
Aquatic Center	213,572	392,699	426,330
Recycling/solid waste management	1,383,575	1,343,683	1,959,654
Palmer Hills Golf Course	950,886	870,098	909,314
Life Fitness Center	804,775	759,493	777,189
Stormwater utility	26,743	120,494	416,886
Transit	744,344	807,952	1,022,620
Downtown event center	-	-	-
Transit	-	-	-
<b>Total business-type activities expenses</b>	<b>8,709,105</b>	<b>8,530,014</b>	<b>10,213,082</b>
<b>Total primary government expenses</b>	<b>31,456,210</b>	<b>31,479,203</b>	<b>36,737,928</b>
Program revenue:			
Governmental activities:			
Charges for services:			
Public safety	12,436	11,092	17,409
Public works	41,041	36,529	3,536
Culture and recreation	170,008	200,574	211,570
Community and economic development	650,859	800,999	735,831
General government	82,166	80,081	56,911
Operating grants and contributions:			
Public safety	237,796	247,255	324,501
Public works	50,000	64,488	2,647,908
Culture and recreation	367,950	126,257	195,722
Community and economic development	491,405	541,697	725,813
Capital grants and contributions:			
Public safety	44,410	178,858	41,861
Public works	4,800	2,975,181	2,772,743
Culture and recreation	24,868	-	40,000
<b>Total governmental activities program revenue</b>	<b>2,177,739</b>	<b>5,263,011</b>	<b>7,773,805</b>

(Continued)

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Fiscal Year	
2006	2007

\$	8,474,260	\$	9,218,990
	5,762,806		6,209,711
	3,722,405		3,663,690
	1,521,206		1,529,551
	3,566,384		3,440,431
	2,349,192		2,348,925
	<u>25,396,253</u>		<u>26,411,298</u>

	2,767,540		2,906,148
	1,725,794		1,800,585
	412,494		426,630
	1,580,939		1,633,478
	1,146,586		1,273,827
	782,242		788,259
	783,017		672,361
	1,091,502		1,187,029
	-		64,030
	-		694,448
	<u>10,290,114</u>		<u>11,446,795</u>
	<u>35,686,367</u>		<u>37,858,093</u>

	18,546		21,796
	23,382		8,983
	209,673		229,243
	1,037,467		616,722
	105,059		115,102
	436,083		378,140
	2,664,831		2,665,412
	159,889		108,257
	512,395		711,400
	-		80,000
	1,165,844		1,323,870
	27,051		30,000
	<u>6,360,220</u>		<u>6,288,925</u>

City of Bettendorf, Iowa

**Changes In Net Assets (Continued)**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

	Fiscal Year		
	2003	2004	2005
Business-type activities:			
Charges for services:			
Sewer utility	\$ 2,387,481	\$ 2,274,583	\$ 2,414,522
Family Museum of Arts & Science	579,407	583,961	560,972
Aquatic Center	84,765	193,670	174,104
Recycling/solid waste management	540,119	412,341	1,151,110
Palmer Hills Golf Course	636,080	678,770	718,869
Life Fitness Center	682,852	711,827	570,620
Stormwater utility	5,000	440,008	562,248
Transit	35,965	35,112	40,169
Operating grants and contributions:			
Family Museum of Arts & Science	128,380	58,244	135,978
Transit	240,944	249,631	306,544
Capital grants and contributions:			
Sewer utility	-	1,479,351	888,281
Aquatic Center	47,513	-	-
Palmer Hills Golf Course	-	-	-
Stormwater utility	-	-	-
Transit	11,737	591,794	50,639
Downtown event center	-	-	-
Educational Center	-	-	-
<b>Total business-type activities program revenues</b>	<b>5,380,243</b>	<b>7,709,292</b>	<b>7,574,056</b>
<b>Total primary government program revenues</b>	<b>7,557,982</b>	<b>12,972,303</b>	<b>15,347,861</b>
Net (expense) revenue:			
Governmental activities	(20,569,366)	(176,861,787)	(18,751,041)
Business-type activities	(3,328,862)	(820,722)	(2,639,026)
<b>Total primary government net expense</b>	<b>(23,898,228)</b>	<b>(177,682,509)</b>	<b>(21,390,067)</b>
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes	12,868,877	13,277,584	14,552,874
Tax increment financing taxes	1,959,951	2,096,938	1,684,641
Local option sales taxes	3,785,366	3,780,399	3,865,352
Other taxes	1,409,786	1,513,867	1,516,246
Gaming tax	2,134,506	2,619,144	2,233,864
Road use tax	2,524,432	2,273,158	-
Franchise tax	362,452	352,434	321,427
State replacement tax credits	24,561	20,431	19,550
State shared revenues, unrestricted	428,560	40,995	41,903
Investment earnings	684,132	469,300	657,905
Gain (loss) on sale of capital assets	313,878	-	-
Miscellaneous	1,458,697	772,707	395,137
Transfers	(3,889,163)	(3,424,925)	(2,690,547)
<b>Total governmental activities</b>	<b>24,066,035</b>	<b>23,792,032</b>	<b>22,598,352</b>

(Continued)

		Fiscal Year	
		2006	2007
\$	2,491,731	\$	2,410,029
	516,211		572,603
	167,157		187,471
	1,355,684		1,420,297
	738,340		740,103
	368,153		524,665
	579,144		593,041
	56,656		61,037
	149,273		225,500
	268,686		555,512
	465,967		-
	-		-
	300,000		-
	310,645		-
	-		-
	-		138,040
	250,000		200,000
	<u>8,017,647</u>		<u>7,628,298</u>
	<u>14,377,867</u>		<u>13,917,223</u>
	(19,036,033)		(20,122,373)
	(2,272,467)		(3,818,497)
	<u>(21,308,500)</u>		<u>(23,940,870)</u>
	15,375,604		15,619,789
	1,853,383		1,962,103
	3,968,600		4,206,449
	1,557,262		1,440,620
	2,121,774		1,963,498
	-		-
	345,734		366,272
	22,335		22,350
	34,604		45,081
	826,908		1,398,304
	-		-
	352,050		511,323
	<u>(3,495,963)</u>		<u>(2,448,677)</u>
	<u>22,962,291</u>		<u>25,087,112</u>

City of Bettendorf, Iowa

Changes In Net Assets (Continued)  
 Last Five Fiscal Years  
*(accrual basis of accounting)*  
 (Unaudited)

	Fiscal Year		
	2003	2004	2005
Business-type activities:			
Investment earnings	86,640	32,562	180,534
Gain (loss) on sale of capital assets	(84,001)	-	4,000
Miscellaneous	338,821	228,469	198,873
Transfers	3,889,163	3,424,925	2,690,547
<b>Total business-type activities</b>	<b>4,230,623</b>	<b>3,685,956</b>	<b>3,073,954</b>
<b>Total primary government</b>	<b>\$ 28,296,658</b>	<b>\$ 27,477,988</b>	<b>\$ 25,672,306</b>
Changes in net assets:			
Governmental activities	3,496,669	6,105,854	3,847,311
Business-type activities	901,761	2,865,234	434,928
<b>Total primary government</b>	<b>\$ 4,398,430</b>	<b>\$ 8,971,088</b>	<b>\$ 4,282,239</b>

Fiscal Year	
2006	2007
216,631	423,184
-	-
185,380	351,640
3,495,963	2,448,677
3,897,974	3,223,501
<b>\$ 26,860,265</b>	<b>\$ 28,310,613</b>
3,926,258	4,964,739
1,625,507	(594,996)
<b>\$ 5,551,765</b>	<b>\$ 4,369,743</b>

City of Bettendorf, Iowa

Program Revenues By Function/Program

Last Five Fiscal Years

(accrual basis of accounting)

(Unaudited)

Program/Functions	Program Revenues		
	Fiscal Year		
	2003		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 12,436	\$ 237,796	\$ 44,410
Public works	41,041	50,000	4,800
Culture and recreation	170,008	367,950	24,868
Community and economic development	650,859	491,405	-
General government	82,166	-	-
Interest on long-term debt	-	-	-
<b>Total governmental activities</b>	<b>956,510</b>	<b>1,147,151</b>	<b>74,078</b>
Business-type activities:			
Sewer utility	2,387,481	-	-
Family Museum of Arts & Science	579,407	128,380	-
Aquatic Center	84,765	-	47,513
Recycling/solid waste management	540,119	-	-
Palmer Hills Golf Course	636,080	-	-
City recreation	682,852	-	-
Stormwater utility	5,000	-	-
Transit	35,965	240,944	11,737
Educational Center	-	-	-
Downtown Event Center	-	-	-
<b>Total business-type activities</b>	<b>4,951,669</b>	<b>369,324</b>	<b>59,250</b>
<b>Total primary government</b>	<b>\$ 5,908,179</b>	<b>\$ 1,516,475</b>	<b>\$ 133,328</b>

(Continued)

Program Revenues					
Fiscal Year					
2004			2005		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
\$ 11,092	\$ 247,255	\$ 178,858	\$ 17,409	\$ 324,501	\$ 41,861
36,529	64,488	2,975,181	3,536	2,647,908	2,772,743
200,574	126,257	-	211,570	195,722	40,000
800,999	541,697	-	735,831	725,813	-
80,081	-	-	56,911	-	-
-	-	-	-	-	-
1,129,275	979,697	3,154,039	1,025,257	3,893,944	2,854,604
2,274,583	-	1,479,351	2,414,522	-	888,281
583,961	58,244	-	560,972	135,978	-
193,670	-	-	174,104	-	-
412,341	-	-	1,151,110	-	-
678,770	-	-	718,869	-	-
711,827	-	-	570,620	-	-
440,008	-	-	562,248	-	-
35,112	249,631	591,794	40,169	306,544	50,639
-	-	-	-	-	-
-	-	-	-	-	-
5,330,272	307,875	2,071,145	6,192,614	442,522	938,920
\$ 6,459,547	\$ 1,287,572	\$ 5,225,184	\$ 7,217,871	\$ 4,336,466	\$ 3,793,524

City of Bettendorf, Iowa

**Program Revenues by Function/Program (Continued)**  
**Last Four Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

Program/Functions	Program Revenues		
	Fiscal Year		
	2006		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>			
Public safety	\$ 18,546	\$ 436,083	\$ -
Public works	23,382	2,664,831	1,165,844
Culture and recreation	209,673	159,889	27,051
Community and economic development	1,037,467	512,395	-
General government	105,059	-	-
Interest on long-term debt	-	-	-
<b>Total governmental activities</b>	<b>1,394,127</b>	<b>3,773,198</b>	<b>1,192,895</b>
<b>Business-type activities:</b>			
Sewer utility	2,491,731	-	465,967
Family Museum of Arts & Science	516,211	149,273	-
Aquatic Center	167,157	-	-
Recycling/solid waste management	1,355,684	-	-
Palmer Hills Golf Course	738,340	-	300,000
Life Fitness Center	368,153	-	310,645
Stormwater utility	579,144	-	-
Transit	56,656	268,686	-
Educational Center	-	-	250,000
Downtown Event Center	-	-	-
<b>Total business-type activities</b>	<b>6,273,076</b>	<b>417,959</b>	<b>1,326,612</b>
<b>Total primary government</b>	<b>\$ 7,667,203</b>	<b>\$ 4,191,157</b>	<b>\$ 2,519,507</b>

Program Revenues		
Fiscal Year		
2007		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
\$ 21,796	\$ 378,140	\$ 80,000
8,983	2,665,412	1,323,870
229,243	108,257	30,000
616,722	711,400	-
115,102	-	-
-	-	-
991,846	3,863,209	1,433,870
2,410,029	-	-
572,603	225,500	-
187,471	-	-
1,420,297	-	-
740,103	-	-
524,665	-	-
593,041	-	-
61,037	555,512	-
-	-	138,040
-	-	200,000
6,509,246	781,012	338,040
\$ 7,501,092	\$ 4,644,221	\$ 1,771,910

City of Bettendorf, Iowa

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)**

	Fiscal Year			
	1998	1999	2000	2001
General Fund:				
Reserved	\$ 93,435	\$ 104,592	\$ 183,545	\$ 110,770
Unreserved	4,602,931	4,736,546	4,252,697	4,071,653
<b>Total General Fund</b>	<b>\$ 4,696,366</b>	<b>\$ 4,841,138</b>	<b>\$ 4,436,242</b>	<b>\$ 4,182,423</b>
All other governmental funds:				
Reserved	\$ 3,719,645	\$ 2,387,545	\$ 1,145,825	\$ 5,527,603
Unreserved, reported in:				
Special revenue funds	4,081,672	4,594,150	4,477,047	2,128,788
Debt service funds	1,937,693	2,191,894	2,172,367	2,052,121
Capital projects funds	15,794,360	8,941,283	7,800,144	6,686,159
<b>Total all other government funds</b>	<b>\$ 25,533,370</b>	<b>\$ 18,114,872</b>	<b>\$ 15,595,383</b>	<b>\$ 16,394,671</b>

		Fiscal Year									
		2002	2003	2004	2005	2006	2007				
\$	81,652	\$	95,135	\$	82,006	\$	64,882	\$	47,989	\$	69,408
	4,230,012		4,388,551		4,445,838		4,749,446		4,780,972		4,908,122
\$	4,311,664	\$	4,483,686	\$	4,527,844	\$	4,814,328	\$	4,828,961	\$	4,977,530
\$	4,050,715	\$	6,394,631	\$	7,147,989	\$	2,068,938	\$	2,888,698	\$	4,267,649
	3,468,598		3,082,497		3,379,138		3,027,598		2,780,057		3,182,157
	2,247,776		2,141,163		1,905,881		1,605,452		1,202,569		4,658,472
	5,542,810		7,035,080		7,718,078		9,437,438		7,712,234		6,431,017
\$	15,309,899	\$	18,653,371	\$	20,151,086	\$	16,139,426	\$	14,583,558	\$	18,539,295

City of Bettendorf, Iowa

Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1998	1999	2000	2001
<b>Revenues:</b>				
Property taxes	\$ 11,119,591	\$ 11,353,128	\$ 13,083,926	\$ 13,506,245
Tax increment financing taxes	-	-	-	-
Other taxes	5,394,893	4,261,455	4,843,459	5,321,691
Special assessments	10,030	11,202	116,123	23,125
Licenses and permits	500,875	476,363	464,415	437,141
Intergovernmental	6,422,226	8,382,630	7,357,588	6,764,956
Charges for services	404,290	313,494	303,585	266,062
Use of money and property	1,476,530	897,903	771,187	1,571,966
Fines and forfeitures	130,124	147,228	164,308	133,630
Miscellaneous	1,398,789	1,107,746	818,294	580,070
<b>Total revenues</b>	<b>26,857,348</b>	<b>26,951,149</b>	<b>27,922,885</b>	<b>28,604,886</b>
<b>Expenditures:</b>				
<b>Current operating:</b>				
Community protection	5,104,642	5,500,328	5,993,527	7,101,978
Human development	2,301,662	2,508,515	2,522,003	2,857,429
Home and community development	3,469,266	5,889,610	3,477,567	4,120,753
Policy and administration	2,644,767	2,705,217	3,188,137	2,974,569
Public safety	*	*	*	*
Public works	*	*	*	*
Culture and recreation	*	*	*	*
Community and economic development	*	*	*	*
General government	*	*	*	*
<b>Debt service:</b>				
Principal	2,017,646	2,210,495	3,250,496	3,719,420
Interest	1,825,366	2,349,502	2,190,517	2,373,887
Bond issuance costs	-	-	-	-
Expenditures in capital outlay not capitalized	-	-	-	-
Capitalized capital outlay	16,338,303	11,492,709	13,886,745	9,226,513
<b>Total expenditures</b>	<b>33,701,652</b>	<b>32,656,376</b>	<b>34,508,992</b>	<b>32,374,549</b>
<b>Excess of revenues (under) expenditures</b>	<b>(6,844,304)</b>	<b>(5,705,227)</b>	<b>(6,586,107)</b>	<b>(3,769,663)</b>
<b>Other financing sources (uses):</b>				
Issuance of long-term debt	19,967,496	-	6,560,000	6,635,000
Payment to bond escrow agent	-	-	-	-
Premiums	-	-	-	-
Discounts	-	-	(69,872)	(45,965)
Proceeds from sale of capital assets	-	-	-	-
Transfers in	5,147,144	4,461,689	7,581,196	5,118,577
Transfers out	(6,252,701)	(5,894,421)	(8,735,369)	(7,392,480)
<b>Total other financing sources (uses)</b>	<b>18,861,939</b>	<b>(1,432,732)</b>	<b>5,335,955</b>	<b>4,315,132</b>
<b>Net changes in fund balance</b>	<b>\$ 12,017,635</b>	<b>\$ (7,137,959)</b>	<b>\$ (1,250,152)</b>	<b>\$ 545,469</b>
Debt service as a percentage of noncapital expenditures	28.4%	27.5%	35.8%	35.7%

							Fiscal Year					
2002		2003		2004		2005		2006		2007		
\$	13,966,278	\$	12,868,877	\$	13,084,732	\$	14,631,169	\$	15,383,115	\$	15,648,364	
	-		-		-		1,684,641		1,853,383		1,962,103	
	5,278,500		7,021,606		9,665,583		7,564,060		7,511,852		7,995,246	
	8,459		35,185		25,975		5,388		19,947		6,761	
	411,922		598,484		621,466		636,202		865,209		542,182	
	6,703,471		6,362,813		3,973,556		4,039,000		3,952,501		5,019,945	
	340,170		240,675		401,753		326,756		394,575		327,801	
	1,027,639		675,735		444,476		619,366		761,546		1,274,705	
	149,923		-		-		-		-		-	
	1,338,444		1,797,479		976,223		787,742		729,844		703,696	
	29,224,806		29,600,854		29,193,764		30,294,324		31,471,972		33,480,803	
	6,823,164		*		*		*		*		*	
	3,152,880		*		*		*		*		*	
	4,021,299		*		*		*		*		*	
	3,237,325		*		*		*		*		*	
	*		6,617,387		6,914,003		7,487,118		7,895,689		8,194,904	
	*		2,309,379		2,557,007		2,660,482		2,727,337		2,627,335	
	*		2,826,226		2,965,014		3,153,672		3,300,346		3,187,458	
	*		1,048,976		1,218,663		1,412,845		1,258,141		1,443,565	
	*		2,860,894		2,790,248		2,798,173		3,106,289		3,104,868	
	3,500,641		3,816,862		7,006,601		9,037,165		5,089,158		5,524,216	
	2,463,311		2,639,454		2,486,386		2,567,015		2,331,935		2,315,370	
	-		-		47,771		33,780		37,456		251,346	
	-		-		-		-		1,093,385		1,298,676	
	10,781,112		7,490,960		6,199,642		6,835,946		7,253,947		8,368,929	
	33,979,732		29,610,138		32,185,335		35,986,196		34,093,683		36,316,667	
	(4,754,926)		(9,284)		(2,991,571)		(5,691,872)		(2,621,711)		(2,835,864)	
	6,580,000		6,920,000		8,104,050		4,590,000		4,580,000		15,155,000	
	-		-		-		-		-		(6,275,000)	
	-		1,535		-		-		3,190		76,667	
	(64,867)		(31,203)		(45,681)		(32,066)		(44,519)		-	
	-		348,000		-		306,120		90,972		224,110	
	11,128,148		5,882,790		5,700,841		6,617,725		6,925,915		7,681,976	
	(13,843,886)		(10,071,953)		(9,225,766)		(9,515,083)		(10,475,082)		(9,922,583)	
	3,799,395		3,049,169		4,533,444		1,966,696		1,080,476		6,940,170	
\$	(955,531)	\$	3,039,885	\$	1,541,873	\$	(3,725,176)	\$	(1,541,235)	\$	4,104,306	
	34.6%		41.2%		58.0%		66.5%		38.5%		40.7%	

City of Bettendorf, Iowa

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year	Property	Hotel/Motel Tax	Local Option Sales Tax	Utility Franchise Tax	Tax Increment Financing
1998	\$ 10,865,971	\$ 805,327	\$ 3,722,925	N/A	\$ 253,620
1999	11,015,193	875,658	3,139,128	N/A	337,935
2000	11,481,279	838,909	3,732,436	N/A	1,602,647
2001	11,608,682	798,468	3,570,729	\$ 631,436	1,897,563
2002	12,152,537	751,467	3,553,136	629,454	1,813,741
2003	12,868,877	752,456	3,651,869	648,397	1,959,951
2004	13,084,732	814,230	3,781,620	690,668	2,096,938
2005	14,631,169	811,857	3,813,950	695,153	1,684,641
2006	15,383,115	876,854	3,832,816	671,320	1,853,383
<b>2007</b>	<b>15,648,364</b>	<b>742,038</b>	<b>4,224,858</b>	<b>691,118</b>	<b>1,962,102</b>
Change 1998-2007	44.01%	(7.86)%	13.48%	9.45%	673.64%

Source: City records.

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Mobile Home Tax	Gaming Tax	Cable Franchise Tax	Total
\$ 10,436	\$ 1,403,983	\$ 207,793	\$ 17,270,055
9,339	1,772,530	237,330	17,387,113
9,614	1,916,182	262,500	19,843,567
9,632	2,017,007	311,426	20,844,943
8,939	2,099,845	335,504	21,344,623
8,933	2,134,505	321,090	22,346,078
8,969	2,273,158	319,234	23,069,549
9,236	2,233,864	321,427	24,201,297
9,088	2,121,774	345,734	25,094,084
<b>6,818</b>	<b>1,963,498</b>	<b>366,272</b>	<b>25,605,068</b>
-34.67%	39.85%	76.27%	48.26%

**City of Bettendorf, Iowa**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

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Fiscal Year	Residential Property	Commercial Property	Industrial Property	Machinery & Equipment
1998	\$ 1,013,029,476	\$ 239,447,226	\$ 16,025,351	\$ 17,588,585
1999	1,101,578,914	247,821,390	13,575,439	15,484,842
2000	1,132,752,657	235,782,064	14,550,585	16,395,098
2001	1,257,127,893	259,201,601	14,957,233	14,496,736
2002	1,300,890,182	268,816,253	16,997,563	11,491,644
2003	1,466,869,955	278,725,560	15,396,453	6,746,181
2004	1,508,179,680	274,969,629	17,287,710	4,505,732
2005	1,652,161,490	338,690,940	13,400,078	-
2006	1,798,988,393	341,209,113	13,455,769	-
2007	1,851,303,035	347,801,087	14,809,173	-

Source: Scott County Auditor

(1) Excludes TIF increment, gas and electric utilities and military exemptions. Includes agricultural land of \$4,529,273.

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	Public Utility	Agricultural Property	Total Assessed Value (1)	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Taxable Value as a Percentage of Assessed Value
\$	83,561,077	\$ 5,363,968	\$ 1,375,015,683	1.63%	11.45555	\$ 952,226,941	69.25%
	86,345,631	5,803,763	1,470,609,979	6.95	11.45555	961,234,946	65.36
	79,579,606	5,667,869	1,484,727,879	0.96	11.45555	985,933,829	66.41
	18,125,035	6,140,542	1,570,049,040	5.75	11.46317	992,439,065	63.21
	19,916,751	6,078,144	1,624,190,537	3.45	11.45555	1,049,521,251	64.62
	17,534,839	5,954,158	1,791,227,146	10.28	11.85000	1,068,872,381	59.67
	17,670,824	5,878,051	1,828,491,626	2.08	11.85000	1,089,636,254	59.59
	15,445,981	4,700,968	2,024,399,457	10.71	12.34932	1,163,981,114	57.50
	15,613,994	4,529,273	2,173,796,542	7.38	12.34952	1,231,469,607	56.65
	<b>15,077,966</b>	<b>4,459,440</b>	<b>2,233,450,701</b>	<b>2.74</b>	<b>12.60000</b>	<b>1,219,548,730</b>	<b>54.60</b>

City of Bettendorf, Iowa

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

Tax Year Levied	City Direct Rates					Total Direct
	General Fund	Employee Benefits	Insurance	Debt Service		
1998	\$ 6.51518	\$ 0.81382	\$ 0.32662	\$ 3.80025	\$ 11.45587	
1999	6.64027	0.85866	0.15662	3.80000	11.45555	
2000	6.54431	1.02077	0.11616	3.81196	11.49320	
2001	6.40498	1.13715	0.11862	3.80242	11.46317	
2002	6.39072	1.14629	0.11854	3.80000	11.45555	
2003	6.54800	1.23023	0.27177	3.80000	11.85000	
2004	6.54800	1.23023	0.27177	3.80000	11.85000	
2005	7.04761	1.23016	0.27175	3.79980	12.34932	
2006	7.04761	1.23016	0.27175	3.80000	12.34952	
<b>2007</b>	<b>7.04809</b>	<b>1.23016</b>	<b>0.27175</b>	<b>4.05000</b>	<b>12.60000</b>	

Source: Tax levies for Scott County, Iowa compiled by Scott County Auditor

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Overlapping Rates

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Bettendorf School District	Scott County	County Assessor	Area IX	Other	Total Levy
\$ 15.46181	\$ 4.19239	\$ 0.23867	\$ 0.58671	\$ 0.04077	\$ 31.97622
15.57107	3.91472	0.25072	0.57182	0.03868	31.80256
14.81448	4.06203	0.22997	0.54709	0.06732	31.21409
14.57951	4.16147	0.31843	0.60302	0.06700	31.19260
14.56220	4.17307	0.31830	0.60382	0.06790	31.18084
15.78768	4.48067	0.33124	0.62633	0.06248	33.13840
15.77779	4.80887	0.33119	0.61738	0.06721	33.45244
15.46630	4.75497	0.27124	0.59216	0.06939	33.50338
14.69042	5.56513	0.27404	0.59269	0.06973	33.54153
<b>15.00216</b>	<b>5.51106</b>	<b>0.29563</b>	<b>0.61277</b>	<b>0.07034</b>	<b>34.09196</b>

City of Bettendorf, Iowa

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Isle of Capri Bettendorf LC	\$ 85,002,320	1	3.81			
CMS/Chateau Knoll	13,327,650	5	0.60	\$ 9,398,514	6	0.99
Gen Ventures, Inc.	14,502,980	3	0.65			
Bettendorf Regency Apartments LC	8,701,290	7	0.39			
Inland Western Bett Duck Creek (formerly General Properties, Ltd.)	13,860,800	4	0.62	10,054,778	5	1.06
Americold Real Estate LP (formerly Termicold)	-			6,779,301	8	0.71
Green Bridge Co	-			15,444,018	2	1.62
Mid American Energy Co.	69,480,282	2	3.11	67,319,942	1	7.07
Aluminum Company of America			0.44	11,620,498	4	1.22
First Equity Mngmt LC (formerly Equitable Life Assurance Soc.)	9,855,420	6		11,658,967	3	1.22
Jumer's Castle Lodge, Inc.				8,741,034	7	0.92
Mel Foster Co. Properties Inc.				5,328,007	10	0.56
Iowa-American Water Co.				5,811,947	9	0.61
Haversian Canal Systems LLP	8,015,920	8	0.36			
Art Mortgage Borrower Propco	7,892,940	9	0.35			
Alter + Care	6,939,520	10	0.31			
<b>Total</b>	<b>\$ 237,579,122</b>		<b>10.64</b>	<b>\$ 152,157,006</b>		<b>15.98</b>
Total assessed value	\$ 2,233,450,701			\$ 952,226,941		

Source: Scott County Auditor



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City of Bettendorf, Iowa

Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year Ended June 30:	Tax Year	Net Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
1998	1996	\$ 10,888,058	\$ 10,887,633	100.00%
1999	1997	11,013,636	11,009,025	99.96
2000	1998	11,477,426	11,477,426	100.00
2001	1999	11,601,946	11,608,083	100.05
2002	2000	12,229,784	12,151,763	99.36
2003	2001	12,892,364	12,809,584	99.36
2004	2002	13,138,638	13,045,163	99.29
2005	2003	14,559,439	14,536,037	99.84
2006	2004	15,419,061	15,378,320	99.74
2007	2005	15,663,030	15,606,270	99.64

Source: City records

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Delinquent Tax Collections	Total Collections to Date	
	Amount	Percentage of Levy
\$ (21,662)	\$ 10,865,971	99.80%
6,168	11,015,193	100.01
3,853	11,481,279	100.03
600	11,608,683	100.06
774	12,152,537	99.37
59,294	12,868,878	99.82
39,568	13,084,731	99.59
95,132	14,631,169	100.49
4,795	15,383,115	99.77
<b>13,519</b>	<b>15,619,789</b>	<b>99.72</b>

City of Bettendorf, Iowa

**Ratios of Net General Bonded Debt Outstanding by Type  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Governmental Activities			Net General Bonded Debt	Percentage of Actual Taxable Value of Property
	General Obligation Bonds	Revenue Bonds	Less Amount Available in Debt Service		
1998	\$ 33,199,704	\$ 9,555,000	\$ 3,299,181	\$ 39,455,523	4.14%
1999	31,064,209	9,480,000	3,147,394	37,396,815	3.89
2000	34,888,713	8,965,000	3,127,867	40,725,846	4.13
2001	38,349,293	8,420,000	2,052,121	44,717,172	4.51
2002	42,008,652	7,840,000	2,247,776	47,600,876	4.54
2003	45,726,790	7,225,000	4,986,529	47,965,261	4.49
2004	47,484,239	6,565,000	6,391,734	47,657,505	4.37
2005	43,737,074	5,865,000	1,605,452	47,996,622	4.12
2006	43,972,916	5,120,000	1,202,568	47,890,348	3.89
<b>2007</b>	<b>48,128,700</b>	<b>4,320,000</b>	<b>4,658,472</b>	<b>47,790,228</b>	<b>3.92</b>

Source: City records

\* Information not available

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Debt Per Capita	Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds			
1,274	\$ 5,895,296	\$ 4,145,000	\$ 49,495,819	5.20%	\$ 1,598
1,207	5,510,791	2,490,000	45,397,606	4.72	1,466
1,315	5,101,287	2,290,000	48,117,133	4.88	1,553
1,430	4,675,707	2,075,000	51,467,879	5.19	1,662
1,522	4,236,348	1,850,000	53,687,224	5.12	1,733
1,534	3,758,210	3,130,000	54,853,471	5.13	1,771
1,524	9,960,761	1,260,000	58,878,266	5.40	1,901
1,535	6,672,926	1,010,000	55,679,548	4.78	1,798
1,531	8,432,084	740,000	57,062,432	4.63	1,842
<b>1,528</b>	<b>7,756,300</b>	<b>460,000</b>	<b>56,006,528</b>	*	<b>1,791</b>

**City of Bettendorf, Iowa**

**Direct and Overlapping Governmental Activities Debt  
For the Year Ended June 30, 2007  
(Unaudited)**

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	\$ 11,165,000	74.47%	\$ 8,314,576
School District, North Scott	6,645,000	0.28	18,606
Scott County	9,615,000	23.69	2,277,794
Eastern Iowa Community College	26,937,400	13.98	3,765,849
	<u>54,362,400</u>		<u>14,376,825</u>
City of Bettendorf	55,885,000	100.00%	55,885,000
	<u>\$ 110,247,400</u>		<u>\$ 70,261,825</u>

**Source:** Scott County Auditor



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City of Bettendorf, Iowa

**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*  
**(Unaudited)**

	Fiscal Year			
	1998	1999	2000	2001
100% assessed valuation	\$ 1,379,944,227	\$ 1,477,698,246	\$ 1,539,804,929	\$ 1,570,049,040
Plus: Public gas and electric utilities	*	*	*	59,277,162
Plus: Captured tax increment value	*	*	*	72,428,881
Less: Military exemption	*	*	*	(4,703,154)
<b>Total assessed valuation of the property of the City of Bettendorf</b>	<b>\$ 1,379,944,227</b>	<b>\$ 1,477,698,246</b>	<b>\$ 1,539,804,929</b>	<b>\$ 1,697,051,929</b>
Debt limit, 5% of total actual valuation	\$ 68,997,211	\$ 73,884,912	\$ 76,990,246	\$ 84,852,596
Debt applicable to debt limit:				
Debt service general obligation bonds	33,199,704	31,064,209	34,888,713	38,349,293
Debt service TIF revenue bonds	9,555,000	9,480,000	8,965,000	8,420,000
Enterprise general obligation bonds	5,895,296	5,510,791	5,101,287	4,675,707
City's share of IMWCA bonds	-	-	-	-
	<b>48,650,000</b>	<b>46,055,000</b>	<b>48,955,000</b>	<b>51,445,000</b>
<b>Legal debt margin</b>	<b>\$ 20,347,211</b>	<b>\$ 27,829,912</b>	<b>\$ 28,035,246</b>	<b>\$ 33,407,596</b>

\* Information not available

Source: City records

Fiscal Year						
2002	2003	2004	2005	2006	2007	
\$ 1,624,190,537	\$ 1,791,245,012	\$ 2,011,187,049	\$ 2,024,482,166	\$ 2,169,267,269	\$ 2,228,991,261	
59,090,751	58,719,279	58,058,849	57,805,090	60,744,311	65,453,665	
70,075,567	73,394,426	73,275,607	60,265,733	66,666,168	69,956,005	
(4,680,004)	(4,651,525)	(4,517,028)	(4,517,028)	(4,457,764)	(4,397,572)	
<b>\$ 1,748,676,851</b>	<b>\$ 1,918,707,192</b>	<b>\$ 2,138,004,477</b>	<b>\$ 2,138,035,961</b>	<b>\$ 2,292,219,984</b>	<b>\$ 2,360,003,359</b>	
\$ 87,433,843	\$ 95,935,360	\$ 106,900,224	\$ 106,901,798	\$ 114,610,999	\$ 118,000,168	
42,008,652	45,726,790	47,484,239	43,737,074	43,972,916	48,128,700	
7,840,000	7,225,000	6,565,000	5,865,000	5,120,000	4,320,000	
4,236,348	3,758,210	9,960,761	6,672,926	8,432,085	7,756,300	
-	-	-	-	-	-	
54,085,000	56,710,000	64,010,000	56,275,000	57,525,001	60,205,000	
<b>\$ 33,348,843</b>	<b>\$ 39,225,360</b>	<b>\$ 42,890,224</b>	<b>\$ 50,626,798</b>	<b>\$ 57,085,998</b>	<b>\$ 57,795,168</b>	

City of Bettendorf, Iowa

Pledged-Revenue Coverage  
 Last Ten Fiscal Years  
*(dollars in thousands)*  
 (Unaudited)

Sewer Revenue Bonds							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
1998	\$ 2,405,892	\$ 1,289,639	\$ 1,116,253	\$ 290,000	\$ 334,986	\$ 624,986	
1999	2,412,600	1,511,533	901,067	300,000	310,105	610,105	
2000	2,515,729	1,651,421	864,308	350,000	195,173	545,173	
2001	2,431,879	1,732,744	699,135	365,000	177,489	542,489	
2002	2,491,607	1,801,269	690,338	375,000	158,922	533,922	
2003	2,525,176	1,748,980	776,196	235,000	105,923	340,923	
2004	2,301,012	1,535,026	765,986	1,870,000	45,093	1,915,093	
2005	2,481,261	1,610,415	870,846	250,000	25,805	275,805	
2006	2,593,811	1,689,887	903,924	270,000	21,430	291,430	
<b>2007</b>	<b>2,634,901</b>	<b>1,714,330</b>	<b>920,571</b>	<b>280,000</b>	<b>16,030</b>	<b>296,030</b>	

Source: City records

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Tax Increment Financing Bonds			
Tax Increment Financing Revenue	Debt Service		Coverage
	Principal	Interest	
\$ -	\$ -	\$ -	\$ -
-	-	-	-
1,186,853	515,000	698,188	1,213,188
1,313,275	545,000	665,450	1,210,450
1,316,321	580,000	630,410	1,210,410
1,461,986	615,000	592,625	1,207,625
1,538,548	660,000	552,065	1,212,065
1,175,808	700,000	508,018	1,208,018
1,217,433	745,000	460,855	1,205,855
<b>1,215,580</b>	<b>800,000</b>	<b>407,575</b>	<b>1,207,575</b>

City of Bettendorf, Iowa

Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year Ended June 30,	Population (3)	Personal Income (1)	Per Capita Personal Income (1)	Building Permits (4)		School Enrollment (2)	Unemployment Rate (3)
				Number of Permits	Assessed Value of Permits		
1998	30,976	\$ 9,652,758	\$ 25,703	1,218	\$ 48,130,006	5,302	1.8%
1999	30,976	9,689,951	25,725	1,241	43,203,549	5,261	2.3
2000	30,976	10,172,873	27,065	1,258	44,551,535	5,064	1.7
2001	31,275	10,393,612	27,704	1,240	46,009,702	5,058	2.2
2002	31,275	10,655,562	28,418	1,466	40,489,323	5,109	2.8
2003	31,275	11,002,994	29,359	1,208	76,121,586	4,732	4.1
2004	31,275	11,710,928	31,205	1,342	60,956,350	5,000	3.3
2005	31,275	12,147,000	32,280	1,298	67,539,589	4,896	3.4
2006	31,275	13,039,000	34,559	1,488	105,551,442	4,822	2.8
<b>2007</b>	<b>31,275</b>	*	*	<b>1,179</b>	<b>60,087,091</b>	<b>4,955</b>	<b>3.3</b>

Sources:

- (1) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce - Davenport - Moline - Rock Island, Iowa - Illinois (MSA)
- (2) Bettendorf Community School District, Local Private School Office, Local Parochial School Office
- (3) Iowa Workforce Development
- (4) City records
- \* Information not available

City of Bettendorf, Iowa

Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Aluminum Company of America	2,250	1	2.64%	2,642	1	3.13%
Isle of Capri ( formerly Lady Luck Casino)	1,050	2	1.23	850	2	1.01
Bettendorf Community School District	594	3	0.70	221	9	0.26
Eastern Iowa Community College District	426	4	0.50	380	3	0.45
Pleasant Valley School District	418	5	0.49	-		
HyVee Food Stores	410	6	0.48	234	8	0.28
Sivyer Steel	385	7	0.45	320	4	0.38
Mississippi Bend Area Education Agency	325	8	0.38	252	6	0.30
Genesis	312	9	0.37	-		
City of Bettendorf	262	10	0.31	288	5	0.34
Trinity	233	11	0.27	-		
The Lodge, Inc. (formerly Jumer's Castle Lodge)	120	12	0.14	250	7	0.30
Jack's	-	-	-	125	10	0.15
<b>Total</b>	<b>6,785</b>		<b>7.96%</b>	<b>5,562</b>		<b>6.60%</b>

Total County Employment as of 6/30/07: 85,280

Total County Employment in 1998: 84,450

Sources: Quad City Development Group and the respective employer  
and Iowa Workforce Development at [www.iowaworkforce.org/lmi/laborforce/etables/historic/area82.txt](http://www.iowaworkforce.org/lmi/laborforce/etables/historic/area82.txt)

City of Bettendorf, Iowa

**Full-Time Equivalent City Government Employees by Functions/Programs  
Last Ten Fiscal Years  
(Unaudited)**

Fund Type/Function	Full-Time Equivalent Employees for Fiscal Year Beginning July 1			
	2007	2006	2005	2004
<b>General Fund:</b>				
Administration	1.78	1.77	1.92	1.82
Community development	9.50	8.50	8.50	8.30
Elected officials	13.00	13.00	13.00	13.00
Fire department	20.50	20.50	20.50	19.50
Finance	5.17	4.80	4.80	3.98
Human resources	1.80	1.80	1.77	1.77
Library	30.91	29.63	29.63	29.63
Legal	1.07	1.07	1.05	1.15
Police	62.62	62.60	61.10	62.10
Parks and recreation	9.59	13.50	13.50	13.50
Public works	6.28	12.61	12.61	6.01
<b>Special revenue funds:</b>				
Administration	0.20	0.20	0.05	0.05
Community development	2.50	2.20	2.20	2.40
Economic development	1.00	1.00	1.00	1.00
Finance	0.35	0.36	0.36	0.37
Human resources	0.10	0.10	0.10	0.10
Legal	0.02	0.02	0.02	0.02
Parks and recreation	0.00	-	-	0.54
Public works	22.95	22.95	22.95	27.11
<b>Enterprise funds:</b>				
Administration	0.03	0.03	0.03	0.03
Finance	1.46	1.59	1.59	1.65
Human resources	0.10	0.10	0.13	0.13
Legal	0.05	0.05	0.07	0.07
Museum	16.98	18.94	18.94	18.94
Parks and recreation	9.92	44.46	44.46	43.92
Public works	32.87	31.19	31.19	33.63
<b>Internal service funds:</b>				
Finance	5.02	5.00	5.00	5.00
Legal	0.01	0.01	0.01	0.01
Public works	6.35	6.25	6.25	6.25
<b>Total</b>	<b>262.13</b>	<b>304.23</b>	<b>302.73</b>	<b>301.98</b>
<b>Budget book personnel summary</b>				
Officials	13.00	13.00	13.00	13.00
Administration	4.01	4.00	4.00	3.90
Legal	1.15	1.15	1.15	1.25
Finance	12.00	11.75	11.75	11.00
Community development	13.00	11.70	11.70	11.70
Public works	68.45	73.00	73.00	73.00
Police	62.62	62.60	61.10	62.10
Fire	20.50	20.50	20.50	19.50
Library	30.91	29.63	29.63	29.63
Museum	16.98	18.94	18.94	18.94
Parks	19.51	57.96	57.96	57.96
<b>Total</b>	<b>262.13</b>	<b>304.23</b>	<b>302.73</b>	<b>301.98</b>

Source: City of Bettendorf Budget Books

Full-Time Equivalent Employees for Fiscal Year Beginning July 1

2003	2002	2001	2000	1999	1998
1.65	1.65	2.15	1.65	1.65	1.65
9.30	10.50	10.50	9.50	9.50	7.30
13.00	13.00	13.00	13.00	13.00	13.00
19.50	21.00	19.00	19.00	19.00	18.00
4.74	4.74	4.74	4.74	4.74	3.89
1.77	2.77	3.77	2.77	2.77	2.82
29.63	31.94	31.94	31.94	30.94	30.22
1.40	1.50	1.50	1.50	1.50	1.45
63.60	63.60	63.64	62.64	60.64	59.50
14.29	14.29	14.29	14.29	13.58	13.58
5.71	6.71	5.71	4.71	4.59	5.52
-	-	-	-	-	-
2.40	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
0.59	0.59	0.59	0.59	0.59	0.59
0.10	0.10	0.10	0.10	0.10	0.10
-	-	-	-	-	-
0.54	0.54	0.54	0.54	0.54	-
27.11	27.11	27.11	26.51	26.39	26.39
-	-	-	-	-	-
1.67	1.67	1.67	1.67	1.67	1.67
0.13	0.13	0.13	0.13	0.13	0.13
-	-	-	-	-	-
18.94	23.21	23.21	23.21	24.72	15.32
36.32	47.46	45.07	42.27	41.27	40.41
33.33	33.66	32.92	32.92	31.92	31.92
5.00	6.00	6.00	5.00	5.00	4.00
-	-	-	-	-	-
6.35	6.35	6.35	6.35	6.35	6.35
298.07	322.52	317.93	309.03	304.59	287.81
13.00	13.00	13.00	13.00	13.00	13.00
3.65	4.65	6.15	4.65	4.65	4.70
1.40	1.50	1.50	1.50	1.50	1.45
12.00	13.00	13.00	12.00	12.00	10.15
12.70	14.50	14.50	13.50	13.50	11.30
72.50	73.83	72.09	70.49	69.25	70.18
63.60	63.60	63.64	62.64	60.64	59.50
19.50	21.00	19.00	19.00	19.00	18.00
29.63	31.94	31.94	31.94	30.94	30.22
18.94	23.21	23.21	23.21	24.72	15.32
51.15	62.29	59.90	57.10	55.39	53.99
298.07	322.52	317.93	309.03	304.59	287.81

City of Bettendorf, Iowa

Operating Indicators by Function/Program  
Last Ten Fiscal Years  
(Unaudited)

Function/Program	Fiscal Year			
	97/98	98/99	99/00	00/01
<b>Police:</b>				
Calls for service	40,222	41,567	40,968	37,294
# of Group A offenses	1,981	2,011	1,915	1,734
# of Group B offenses	2,618	2,592	1,929	1,605
Traffic citations	2,129	1,857	3,005	1,786
<b>Fire:</b>				
Fire call volume	512	365	540	628
EMS call volume	1,300	1,413	1,521	1,708
Property loss	\$ 400,000	\$ 1,353,125	\$ 524,800	\$ 700,000
<b>Building safety:</b>				
Total building permits	3,226	3,425	3,000	3,400
Total revenue generated by permits	\$ 300,000	\$ 398,108	\$ 384,830	\$ 371,000
<b>Library:</b>				
Number of materials circulated	476,916	494,506	506,472	503,125
Number of registered borrowers	22,696	23,444	23,000	22,355
<b>Public Works:</b>				
Garbage collected (ton)	-	6,095	6,400	6,475
Recycle collected (ton)	-	2,696	2,799	2,799
Miles of streets maintained	155	157	165	170
Number of traffic signals	166	169	194	235
Miles of sanitary sewers maintained	135	142	148	148
<b>Parks and Recreation:</b>				
Recreation program attendance	35,000	36,000	38,000	38,000
Aquatics program attendance	66,935	64,117	59,906	83,082
Golf rounds played	36,977	37,021	37,673	32,220
Fitness Center memberships sold	1,640	2,359	2,262	2,287
Acres maintained	518	523	535	545

Source: City records

Fiscal Year					
01/02	02/03	03/04	04/05	05/06	06/07
42,000	42,000	40,000	40,000	40,000	<b>40,000</b>
2,100	2,100	2,032	2,100	2,100	<b>2,100</b>
2,000	2,000	855	855	855	<b>855</b>
1,900	1,900	5,900	6,000	6,000	<b>6,000</b>
591	634	608	741	561	<b>502</b>
1,760	1,777	1,795	1,520	1,611	<b>1,631</b>
\$ 500,000	\$ 500,000	\$ 25,600,000	\$ 500,000	\$ 894,288	\$ <b>4,913,775</b>
3,500	3,500	3,300	3,300	3,300	<b>3,200</b>
\$ 335,772	\$ 531,439	\$ 445,000	\$ 417,000	\$ 417,000	\$ <b>522,000</b>
503,125	450,000	450,000	524,487	530,000	<b>565,000</b>
22,355	22,000	23,280	21,866	22,000	<b>25,000</b>
7,000	7,500	7,900	8,334	8,334	<b>8,500</b>
2,940	2,743	2,880	2,680	2,770	<b>2,880</b>
170	175	180	187	195	<b>195</b>
235	245	265	270	290	<b>290</b>
154	156	158	162	174	<b>178</b>
42,000	48,000	48,000	50,000	50,000	<b>75,000</b>
14,149	24,739	58,447	46,086	65,000	<b>47,000</b>
32,752	29,699	32,859	32,750	34,000	<b>32,209</b>
2,150	2,271	2,039	1,393	1,450	<b>1,750</b>
563	563	563	5,638	580	<b>585</b>

City of Bettendorf, Iowa

Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

Function/Program	Fiscal Year			
	1998	1999	2000	2001
Police:				
Stations	1	1	1	1
Squad cars	14	14	14	14
Fire, fire stations	3	3	4	4
Refuse collection:				
Collection trucks	11	11	11	11
Streets (miles)	157	165	170	170
Traffic signals	166	169	194	235
Parks and recreation:				
Acreage	518	523	535	545
Parks	20	20	20	20
Golf course	1	1	1	1
Baseball/softball diamonds	32	32	32	32
Soccer/football fields	8	8	8	8
Basketball courts	9	9	9	9
Tennis courts	8	8	8	8
Swimming pools	1	1	1	1
Parks with playground equipment	15	15	15	15
Picnic shelters	6	6	6	6
Community centers	1	1	1	1
Library:				
Facilities	1	1	1	1
Volumes	476,916	494,506	506,472	503,125
Wastewater:				
Sanitary sewers (miles)	135	142	148	148
Storm sewers (miles)				

Source: City records

Fiscal Year						
2002	2003	2004	2005	2006	2007	
1	1	1	1	1	1	1
14	14	14	14	14	18	18
4	4	4	4	4	4	4
11	11	11	11	11	12	12
175	180	187	195	195	195	195
235	245	265	270	290	290	290
563	563	563	563	580	585	585
20	20	21	21	21	21	21
1	1	1	1	1	1	1
32	32	32	32	32	32	32
8	8	8	8	8	8	8
9	9	9	9	9	9	9
8	8	8	8	8	8	8
1	1	1	1	1	1	1
15	15	16	16	16	16	16
6	6	6	6	6	6	6
1	1	1	1	1	1	1
1	1	1	1	1	1	1
503,125	450,000	450,000	524,487	530,000	155,000	155,000
154	156	158	162	174	178	178



Bettendorf IOWA  
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City of Bettendorf, Iowa

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

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	\$ 512,641
<b>U.S. Department of Transportation</b>			
Direct Program, Urban Mass Transit			
Formula Grants:			
Planning	IA-90-2302	20.507	67,752
Operating	IA-90-3286	20.507	18,256
Preventative maintenance	IA-90-0269	20.507	62,392
Operating	IA-95-0002	20.507	39,200
Preventative maintenance	IA-90-0302	20.507	46,287
Planning	IA-90-0302	20.507	544
ADA	IA-90-0302	20.507	12,620
			<u>247,051</u>
Passed through Iowa Department of Public Safety:			
State and Community Highway Safety Police Traffic Services	PAP 06-04, Task 01	20.600	3,707
State and Community Highway Safety Police Traffic Services	PAP 06-163, Task 04	20.600	9,629
State and Community Highway Safety Police Traffic Services	PAP 07-04, Task 01	20.600	40,721
State and Community Highway Safety Police Traffic Services	PAP 07-163, Task 05	20.600	8,562
			<u>62,619</u>
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	BRM-0587(624)--8N-82	20.205	986,396
Highway Planning and Construction	STP-U-0587(625)--70-82	20.205	7,870
Highway Planning and Construction	STP-U-0587(627)--70-82	20.205	67,625
			<u>1,061,891</u>
<b>Total U.S. Department of Transportation</b>			<u>1,371,561</u>
<b>U.S. Department of Justice</b>			
Passed through the Scott County Attorney's office:			
Justice Assistance Grant	2006 DJBX0377	16.579	86,070
Hot Spots Grant	06-DDAP-06	16.579	2,288
Direct Program, Bulletproof Vest Program	N/A	16.607	390
<b>Total U.S. Department of Justice</b>			<u>88,748</u>
<b>Total federal expenditures</b>			<u>\$ 1,972,950</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, 2007**

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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 units for the year ended June 30, 2007. 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, 2007

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Finding	Status	Corrective Action Plan or Other Explanation
<b>Significant Deficiencies in Internal Control</b>		
06-II-A The City has an improper segregation of duties over the membership process at the Fitness Center.	Not corrected	See corrective action plan at 07-II-A
<b>Other Findings Related to Required Statutory Reporting</b>		
06-IV-F The City did not publish a summary of all receipts received monthly.	Not corrected	See corrective action plan at 07-IV-F



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, Iowa  
Bettendorf, Iowa

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2007, and have issued our report thereon dated December 10, 2007. 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.

The City of Bettendorf's basic financial statements include the discretely presented component unit of the Family Museum Foundation, which is not included in the City'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*. Our audit, described below, did not include this report because it is reported in a separately issued financial report of the Family Museum Foundation.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as item 07-II-A.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **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 is 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, 2007, 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.

We noted certain matters that we reported to management of the City in a separate letter dated December 10, 2007.

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

This report is intended solely for the information and use of management, City Council 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  
December 10, 2007

# 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, Iowa  
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 its major federal program for the year ended June 30, 2007. 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 each of its major federal programs 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; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe 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, 2007.

### **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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-III-A.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

This report is intended solely for the information and use of management, City Council 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  
December 10, 2007

City of Bettendorf, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

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I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified 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
- Significant deficiencies 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 program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

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, 2007

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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. Significant Deficiencies in Internal Control.**

**07-II-A**

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 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: The City created and has filled a new position at the Life Fitness Center called Assistant Parks & Recreation Director to help address the segregation of duties.

**B. Compliance findings.**

None

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

**A. Significant Deficiencies in Administering Federal Awards**

**07-III-A**

**U.S. Department of Transportation  
Highway Planning and Construction Passed Through Iowa Department of Transportation  
(CFDA #20.205)  
Award Years 2004 through 2006  
Urban Mass Transit Formula Grants, Direct Program  
(CFDA #20.507)  
Award Year 2005/2006**

Finding: The City's system for capturing federal expenditures for the 2004, 2005 and 2006 schedule of federal awards and data collection form was inadequate.

(Continued)

**City of Bettendorf, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007**

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Condition: The Office of Management and Budget (OMB) Circular A-133 require entities that receive federal funding to report the amount of federal expenditures, the funding agency and the CFDA number for single audit purposes. In 2004, 2005 and 2006 the City had reported inaccurate information when completing the schedule of federal awards and data collection form.

Context: Pervasive to the schedule of expenditures of federal awards and the data collection form.

Effect: Misstatement of the City's schedule of expenditures of federal awards and the data collection form.

Recommendation: We recommend the City implement controls to prepare and report a complete and accurate schedule of expenditures of federal awards.

Response: Consideration is being given to consolidate the function of accounting for federal awards and assign the duties to one individual in the City.

**B. Instances of Noncompliance**

None

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

**07-IV-A Certified Budget**

Expenditures/expenses during the year ended June 30, 2007, did not exceed the budgeted amounts.

**07-IV-B Questionable Disbursements**

The City incurred certain immaterial amounts of expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. Such expenditures include payment of flower arrangements for gifts, pop/coffee and food for City employees and people in the public for certain events, and payment for meals of a City Official's spouse in relation to attendance of certain events in which the City Official and guest was invited. According to the opinion, it is possible for such disbursements to meet the test of serving public purpose under certain circumstances, although such items will certainly be subject to close scrutiny.

Recommendation: The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. The City should establish written policies and procedures, including the requirement for proper documentation and may wish to seek advice from legal council of the City in establishing these policies.

Response: Staff will be working with the City Administrator and the City Attorney to prepare a policy for the City Council's review and approval by June 30, 2008. In October, procedures were enhanced to document the public purpose of any questionable disbursements.

Conclusion: Response accepted.

(Continued)

**City of Bettendorf, Iowa**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2007**

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**07-IV-C Travel Expense**

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

**07-IV-D Business Transactions**

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

**07-IV-E Bond Coverage**

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

**07-IV-F Board Minutes**

We noted no transactions where the required Council approval was not obtained. However, the City did 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.

**07-IV-G 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.

**07-IV-H Revenue Notes**

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

**07-IV-I Telecommunication Services**

The City does not own or operate a municipal utility providing telecommunications services which would be applicable to compliance standards under Chapter 388.10.

**City of Bettendorf, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2007**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Significant Deficiencies in Internal Control</b>				
07-II-A	The City has an improper segregation of duties over the membership process at the Fitness Center.	See corrective action plan at 07-II-A.	June 2008	Carol Barnes
<b>Significant Deficiencies in Administering Federal Awards</b>				
07-III-A	The City's system for capturing federal expenditures for the 2004, 2005 and 2006 schedule of federal awards and data collection form was inadequate.	See corrective action plan at 07-III-A.	June 2008	Carol Barnes
<b>Other Findings Related to Required Statutory Reporting</b>				
07-IV-B	The City incurred certain immaterial amounts of expenditures that may not meet the requirements of public purpose as defined an Attorney General's opinion dated April 25, 1979 since the public benefits to derived have not been clearly documented.	See corrective action plan at 07-IV-B.	June 2008	Carol Barnes
07-IV-F	The City did not publish a summary of all receipts received monthly.	See corrective action plan at 07-IV-F.	June 2008	Carol Barnes



**Bettendorf** IOWA  
*a premier city*