



CITY OF BETTENDORF, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

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



Contents

Introductory Section

Table of contents	i - ii
City officials	iii
Ward and precinct map	iv
Organizational structure	v
Transmittal letter	vi – xi
GFOA Certificate	xii

Financial Section

Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 14
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	15 – 16
Statement of activities	17 – 18
Fund financial statements:	
Balance sheet - governmental funds	19 – 20
Reconciliation of the governmental funds balance sheet to the statement of net assets	21
Statement of revenues, expenditures and changes in fund balances - governmental funds	22 – 23
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	24
Statement of net assets - proprietary funds	25 – 28
Statement of revenues, expenses and changes in fund net assets - proprietary funds	29 – 30
Reconciliation of the changes in net assets of enterprise funds to the statement of activities	31
Statement of cash flows - proprietary funds	32 – 35
Statement of assets and liabilities - agency funds	36
Notes to basic financial statements	37 – 60
Required Supplementary Information:	
Budgetary comparison schedule - budget and actual - all governmental funds and proprietary funds	61 – 62
Note to required supplementary information - budgetary reporting	63
Supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	64 – 67
Combining statement of revenues, expenditures and changes in fund balances (deficit)	68 – 71
Nonmajor enterprise funds:	
Combining statement of net assets	72 – 73
Combining statement of revenues, expenses and changes in net assets	74 – 75
Combining statement of cash flows	76 – 77

Contents

Financial Section (continued)

Supplementary information (continued):

Internal service funds:

Combining statement of net assets	78
Combining statement of revenues, expenses and changes in net assets	79
Combining statement of cash flows	80

Agency funds:

Combining statement of assets and liabilities	81
Combining statement of changes in assets and liabilities	82

Statistical Section (Unaudited)

Statistical section contents	83
Net assets by component	84 – 85
Changes in net assets	86 – 91
Program revenues by function/program	92 – 95
Fund balances, governmental funds	96 – 97
Changes in fund balances, governmental funds	98 – 99
Tax revenues by source, governmental funds	100 – 101
Assessed value and estimated actual value of taxable property	102 – 103
Direct and overlapping property tax rates	104 – 105
Principal property taxpayers	106
Property tax levies and collections	107 – 108
Ratios of net general bonded debt outstanding by type	109 – 110
Direct and overlapping governmental activities debt	111
Legal debt margin information	112 – 113
Pledged-revenue coverage	114 – 115
Demographic and economic statistics	116
Principal employers	117
Full-time equivalent city government employees by functions/programs	118 – 119
Operating indicators by function/program	120 – 121
Capital asset statistics by function/program	122 – 123

Compliance Section

Schedule of expenditures of federal awards	124
Notes to schedule of expenditures of federal awards	125
Summary schedule of prior audit findings	126
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	127 – 128
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	129 – 130
Schedule of findings and questioned costs	131 – 135
Corrective action plan	136



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

James A. Stewart
Fifth Ward Alderman

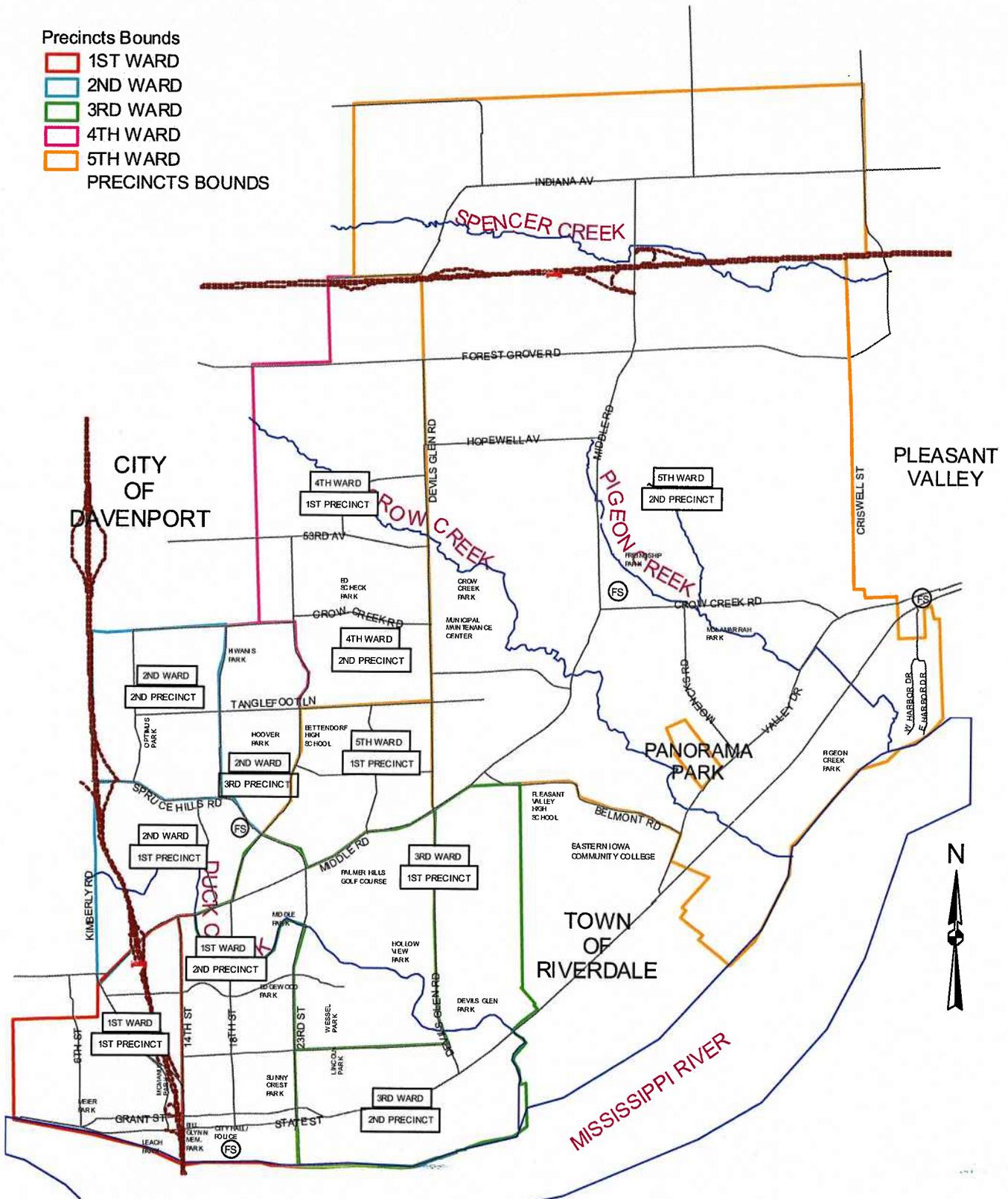
Decker P. Ploehn, **City Administrator**

DEPARTMENT HEADS

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

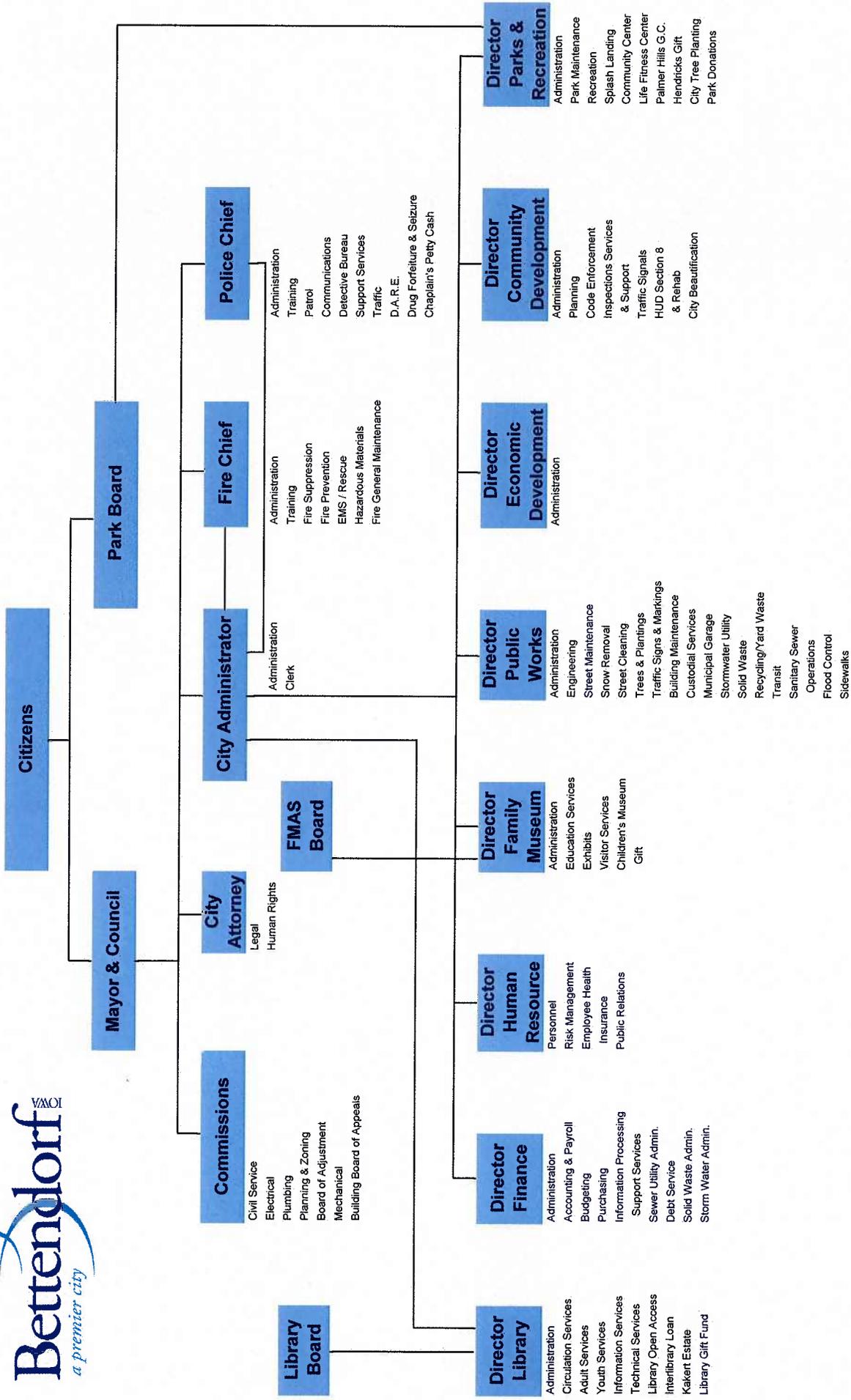
City of Bettendorf Ward and Precinct Map

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





City of Bettendorf Organizational Structure





Bettendorf IOWA
a premier city



November 18, 2008

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, 2008.

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, 2008. 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, and its blended component unit, the Bettendorf Housing Authority. 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. Effective July 1, 2007, the Family Museum Foundation is no longer considered a component unit of the City of Bettendorf based on the insignificance of their operational or financial relationships with the City as well as the of the Board of Trustees of the Family Museum Foundation no longer being appointed 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 2008 the split was 14% 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 2008.

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 2008 the number of service providing jobs in the QCA increased from 130,100 to 155,300. This is an increase of 19%. The number of total manufacturing sector jobs was down from 28,900 in 1990 to 25,700 in 2008 a 11% drop. Construction and mining sector jobs have increased by 2,600 jobs, a 39% increase from 1990 to 2008.

The labor force in the Quad Cities MSA was 208,200 in September, 2008, which was a 16% increase from the 1990 annual average figure of 179,426. The labor force for Scott County was 90,440 in September, 2008, which was a 15% 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 3.6% in September, 2008. This is the lowest in the Quad Cities MSA which averaged 5.1%, and is well below the national average of 6.1% 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 18,360 in the current labor force, 17,571 were employed in September, 2008. During the state fiscal year ending March 31, 2008, Bettendorf's retail market generated \$317,732,536 in annual sales.

New Housing Starts: Construction of new homes in Bettendorf has remained strong over the last decade despite the recent downturn of the national economy and the Quad Cities remains one of the most affordable housing markets in the country. Bettendorf was recently voted as the "10th Best Places for Affordable Homes" in the nation by CNNMoney.com. During fiscal year 2008, 664 building permits were issued for investment in new construction and renovation totaling \$51,242,270. The average selling price for a new or existing home in Bettendorf averaged \$240,800 in the 2008 calendar year, while in Davenport it averaged \$125,400 for the same period. Over the last decade, 1,626 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 4,538 in the 2008-2009 school year. The Pleasant Valley Community School District has four elementary schools, a junior high and one high school with enrollment totaling 3,521 in the 2008-2009 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 12th 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%. Construction of a new elementary school for the Pleasant Valley Community School District recently began and should be complete by spring of 2010.

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: Despite the current downturn in national economic indicators, 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 be 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 and Kimberly Road corridors. Discussions are ongoing in the development of a conceptual plan which has and will be utilized as a marketing tool to attract various elements of the desired plan.

The City's Economic 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 many 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 expended \$1 million in implementing projects in nine commitment areas throughout Bettendorf. Within the next twelve months 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 25% of total General Fund expenditures including transfers out. This current percentage of fund balance slightly exceeds the City Council's policy guidelines of a range of 20-25% for budgetary and planning purposes. During FY 08/09 the Council has budgeted to maintain that fund balance.

As part of the City's Capital Improvement plan for FY 2008/09, the City plans to issue \$12 million in General Obligation bonds for various street and infrastructure projects throughout the City, including several miles of recreation trails.

Major Initiatives

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

Riverfront-Downtown. Recent developments in this area include the construction of the second Isle of Capri Casino Hotel and accompanying parking ramp expansion. The next phase of redevelopment for this area entitled RiversEdge will be the completion of the 50,000 square foot Quad Cities Waterfront Convention Center. The two Isle hotels now total 514 rooms, the largest hotel complex in the state of Iowa. Total for all development is estimated at \$100 million. Other recent development in this area include four office buildings \$6 million in value and a new fast food restaurant for another \$526,000 million.

East Tanglefoot Lane. A new YMCA building was constructed roughly 4 years ago at a cost of \$4,500,000 along with an expansion of the Genesis Medical Center for another \$2,300,000. In 2008 new construction of an indoor climate controlled storage unit facility began and will add \$1.75 million in assessed value. Two new commercial buildings will be added to this site along Devils Glenn Road beginning in 2009.

I-80 and Middle Road. Efforts are underway with the City of Bettendorf and the Bettendorf Development Corporation to acquire 22 acres on the northeast quadrant of the interchange. This parcel will work in partnership with a private sector owner to add another 95 acres for the creation of a technology business park. One year ago the city hired an engineering firm using federal grant funds to develop an Interchange Justification Report (IJR) to research and redesign the interchange from a rural interchange to an urban interchange. The city has also submitted a request to the Iowa Department of Transportation to regrade portions of the interchange to improve appearance, safety and visibility. Water main improvements and a water reservoir constructed by Iowa American Water Company and extensive fiber optic cabling installed by C.S. Technologies further enhance the marketability of the community and the region.

18th Street and 53rd Avenue. Genesis Gastroenterology Center was constructed at a cost of \$2,000,000. Genesis O.R.A. Medical Center opened a \$7,000,000 facility fall of 2006. Crow Ridge Plaza is now under construction with many of the in-line buildings now occupied and others recently completed. Total assessed value once complete will be in the \$5 million range.

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. Over the last 10 years nearly \$16 million of development has occurred in this corridor. Olympic Steel, Graeco (now Creative Plastics), LeClaire Manufacturing and John M. Frey have expanded. Only 29 acres of the original 100+ acre site remains in the ownership of Kansas City Life Insurance Company. A private industrial park entitled Bear Tooth Court has allowed for another five smaller businesses to grow and prosper.

Kimberly Road. The \$30 million redevelopment of this former Duck Creek Plaza Shopping Center was completed roughly five years ago and includes Iowa's only Schnuck's grocery store, a Walgreens drug store, a McDonald's restaurant, a Marshall's department store, a Home Depot hardware store, and many smaller in-line retail stores. Just this year the city approved tax increment financing assistance for the redevelopment of the twelve acre site directly across the street. Once complete the parcel will contain the only Iowa Burlington Coat Factory facility and many other in-line retail stores totaling \$14 million in assessed value.

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 is expected to begin in the spring of 2009. Efforts are underway to market a 39,000 square foot commercial building owned by the City of Bettendorf.

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 was completed in 2008 at a cost of \$503,880.

Utica Ridge Corridor. Trinity Hospital was constructed several years ago for a total of \$70 million. Since the hospital's completion, significant improvements have been made to this area's surrounding transportation system. In 2008 Total Detailing, an upscale car wash completed the construction of their new facility at just under \$1million in assessed value.

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.

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.

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, 2007. This was the seventeenth 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, 2008. 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 thirteenth 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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Enow

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, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2008, 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, 2008, 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.

As described in Note 13, the City of Bettendorf, Iowa restated beginning net assets for capital assets that had been contributed to the City and accepted by them in the prior fiscal year but not recorded.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008 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 1, 2008

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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, 2008. 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, 2008 and 2007 by \$103,811,577 and \$91,265,867 (net assets), respectively. Of this amount, \$11,590,780 and \$10,341,996 (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 \$12,015,328 and \$4,369,743 during the years ended June 30, 2008 and 2007, respectively.
- As of June 30, 2008, the City of Bettendorf's governmental funds reported combined ending fund balances of \$25,730,421, an increase of \$2,213,596 in comparison with 2007. Approximately 60 percent of this total amount, \$15,546,116, is available for spending at the government's discretion (unreserved undesignated fund balance). 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, 2008, unreserved undesignated fund balance for the General Fund was \$4,857,574 or 30 percent of total General Fund expenditures and \$4,908,122 or 33 percent for 2007.
- The City of Bettendorf's total long-term debt, excluding compensated absences, increased by \$5,340,000 (9 percent) during the fiscal year ended June 30, 2008. This increase is primarily due to the City paying down existing bonds and issuing \$15,555,000 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, 2008

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 and the Downtown Event Center.

The government-wide financial statements include the City of Bettendorf itself (known as the primary government). The financial statements also include the blended component unit of the City of Bettendorf, the Bettendorf Housing Authority. This component unit, although a legally separate entity, is included in the City's reporting entity because of its 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 22 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 18 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, 2008

The City of Bettendorf maintains nine 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, Downtown Event Center Fund and Stormwater Utility Fund as these are considered to be major funds of the City of Bettendorf. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. 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, 2008 were \$25,406.

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 \$91,796,249 to \$103,811,577.

By far the largest portion of the City of Bettendorf's net assets (83 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, 2008

	City of Bettendorf's Net Assets					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
2008	2007	2008	2007	2008	2007	
Current and other assets	\$ 55,509,058	\$ 49,877,624	\$ 8,957,775	\$ 6,501,437	\$ 64,466,833	\$ 56,379,061
Capital assets	91,565,421	85,726,560	44,181,788	35,832,488	135,747,209	121,559,048
Total assets	147,074,479	135,604,184	53,139,563	42,333,925	200,214,042	177,938,109
Noncurrent liabilities	48,388,920	43,747,465	11,507,610	7,466,545	59,896,530	51,214,010
Other liabilities	31,884,518	32,402,536	4,621,417	2,525,314	36,505,935	34,927,850
Total liabilities	80,273,438	76,150,001	16,129,027	9,991,859	96,402,465	86,141,860
Net assets:						
Invested in capital assets, net of related debt	46,616,013	39,923,572	38,279,056	31,095,096	84,895,069	71,018,668
Restricted	7,158,860	10,260,032	166,868	175,553	7,325,728	10,435,585
Unrestricted	13,026,168	9,270,579	(1,435,388)	1,071,417	11,590,780	10,341,996
Total net assets	\$ 66,801,041	\$ 59,454,183	\$ 37,010,536	\$ 32,342,066	\$ 103,811,577	\$ 91,796,249

An additional portion of the City of Bettendorf's net assets (7 percent for 2008 and 11 percent for 2007) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$11,590,780 for 2008 and \$10,341,996 for 2007, 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, 2008

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
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 939,899	\$ 991,846	\$ 6,767,694	\$ 6,509,246	\$ 7,707,593	\$ 7,501,092
Operating grants and contributions	4,363,661	3,863,209	550,854	781,012	4,914,515	4,644,221
Capital grants and contributions	2,439,556	1,433,870	4,702,513	868,422	7,142,069	2,302,292
General revenues:						
Property taxes	16,795,048	15,619,789	-	-	16,795,048	15,619,789
Tax increment financing	3,172,985	1,962,103	-	-	3,172,985	1,962,103
Other taxes	8,323,908	7,999,189	-	-	8,323,908	7,999,189
State shared revenues	51,018	45,081	-	-	51,018	45,081
Investment earnings	1,451,101	1,398,304	280,128	423,184	1,731,229	1,821,488
Miscellaneous and gain on sale of capital asset	796,334	511,323	382,633	351,640	1,178,967	862,963
Total revenues	38,333,510	33,824,714	12,683,822	8,933,504	51,017,332	42,758,218
Expenses:						
Public safety	9,714,867	9,218,990	-	-	9,714,867	9,218,990
Public works	6,480,290	6,209,711	-	-	6,480,290	6,209,711
Culture and recreation	3,784,862	3,663,690	-	-	3,784,862	3,663,690
Community and economic development	2,013,017	1,529,551	-	-	2,013,017	1,529,551
General government	3,498,535	3,440,431	-	-	3,498,535	3,440,431
Interest on long-term debt	2,443,655	2,348,925	-	-	2,443,655	2,348,925
Sewer utility	-	-	2,927,523	2,906,148	2,927,523	2,906,148
Family Museum of Arts & Science	-	-	1,721,249	1,800,585	1,721,249	1,800,585
Aquatic Center	-	-	473,972	426,630	473,972	426,630
Recycling/solid waste management	-	-	1,720,851	1,633,478	1,720,851	1,633,478
Palmer Hills Golf Course	-	-	1,226,764	1,273,827	1,226,764	1,273,827
Life Fitness Center	-	-	880,485	788,259	880,485	788,259
Stormwater utility	-	-	794,675	672,361	794,675	672,361
Transit	-	-	1,229,554	1,187,029	1,229,554	1,187,029
Downtown Event Center	-	-	91,705	64,030	91,705	64,030
Educational Center	-	-	-	694,448	-	694,448
Total expenses	27,935,226	26,411,298	11,066,778	11,446,795	39,002,004	37,858,093
Increase (decrease) in net assets before transfers	10,398,284	7,413,416	1,617,044	(2,513,291)	12,015,328	4,900,125
Transfers	(3,051,426)	(2,448,677)	3,051,426	2,448,677	-	-
Increase in net assets	7,346,858	4,964,739	4,668,470	(64,614)	12,015,328	4,900,125
Net assets, beginning, as restated	59,454,183	54,489,444	32,342,066	32,406,680	91,796,249	86,896,124
Net assets, ending, as restated	\$ 66,801,041	\$ 59,454,183	\$ 37,010,536	\$ 32,342,066	\$ 103,811,577	\$ 91,796,249

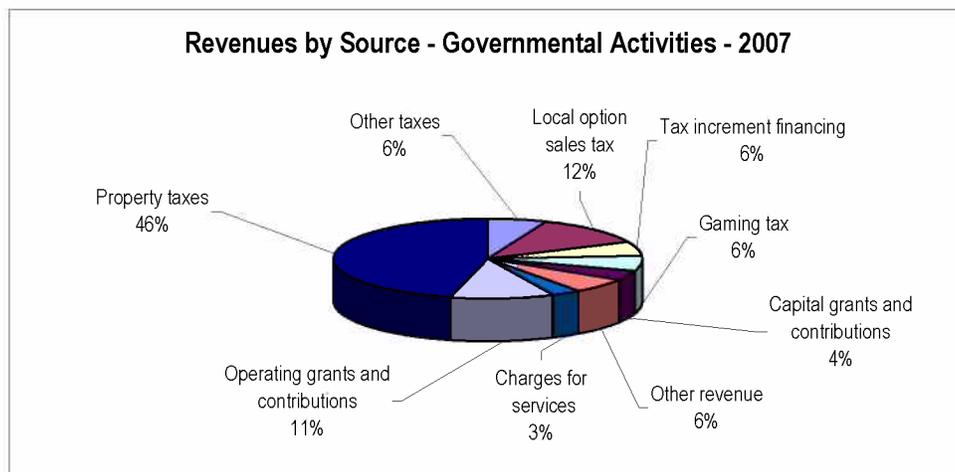
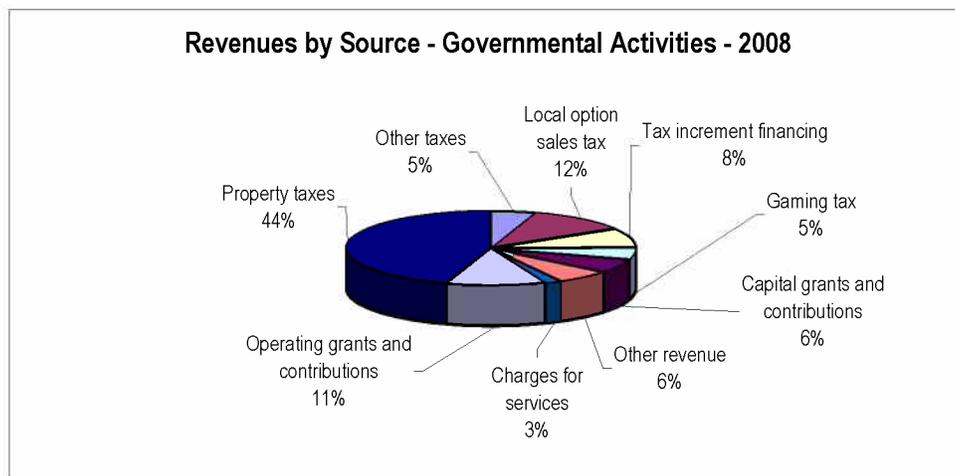
City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Total governmental activities' revenue for fiscal year 2008 was \$38,333,510 and for 2007 was \$33,824,714. The largest single revenue source for the City was property and TIF taxes of \$19,968,033 for 2008 and \$17,581,892 for 2007. Property and TIF taxes increased by \$2,386,141 from 2007 (14 percent) and \$352,905 from 2006 (2.0 percent). Most of the increase for 2008 and 2007 is a result of increased property tax values and increases in tax increment financing.

Certain revenues are generated that are specific to governmental program activities. These totaled \$7,743,116 for 2008 and \$6,288,925 for 2007.

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

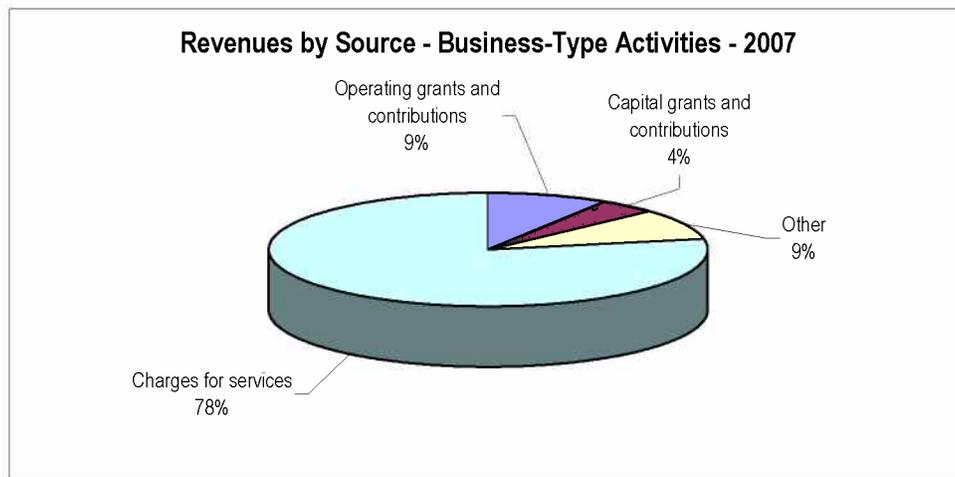
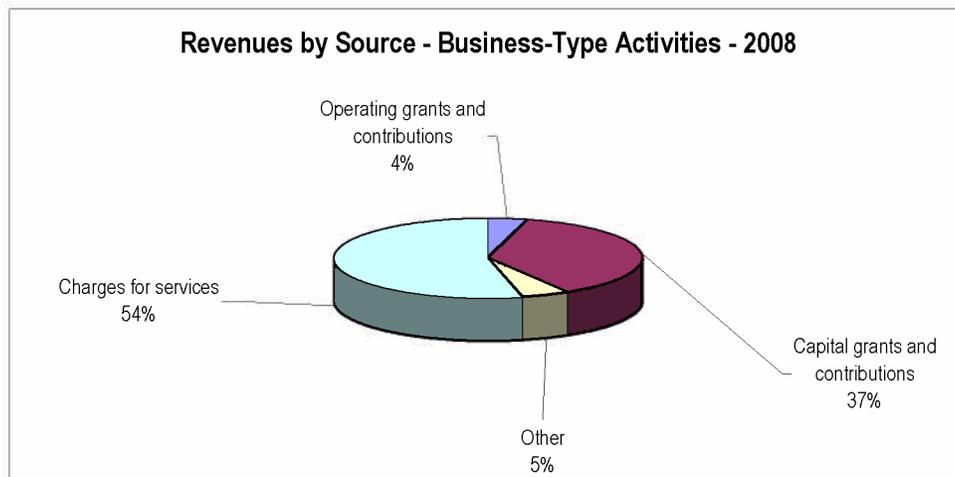


Total business-type activities' revenue for fiscal year 2008 was \$12,683,822 and for 2007 was \$8,403,122. All but \$662,761 for 2008 and \$774,824 for 2007 of this revenue was generated for specific business-type activity expenses.

City of Bettendorf, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2008

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



Business-type activities. Business-type activities increased the City of Bettendorf's net assets by \$4,668,470 in 2008. Key elements of this decrease are as follows:

- Downtown Event Center increased \$5,261,274 due to capital grants from Vision Iowa, Isle of Capri, Scott County and the Scott County Regional Authority for the construction of the Event Center.
- Family Museum of Arts & Science increased \$254,654 due to increased charges for services and reduced depreciation expense on assets that were fully depreciated.
- Sewer Utility decreased \$236,170 due to increases in operating expenditures, increased depreciation expense for completed projects and reduced interest income as bond proceeds are being used.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

- Life Fitness Center decreased \$192,518 mainly due to expense increases outpacing the revenue increases.
- Palmer Hills Golf Course decreased \$163,197 mainly due to revenues for rounds of golf and restaurant sales being down from the previous year. These can fluctuate over time based on weather, competition with other golf courses and the economy.
- Aquatic Center decreased \$212,408 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 2007, 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.
- 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.

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, 2008, the City of Bettendorf's governmental funds reported combined ending fund balances of \$25,730,421, an increase of \$2,213,596 in comparison with 2007. Approximately 65 percent of this total amount \$16,670,505, 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 \$7,318,073, 2) to pay debt service \$955,500 and 3) for a variety of other restricted purposes \$786,343.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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.

The General Fund is the chief operating fund of the City of Bettendorf. The unreserved fund balance of the General Fund was \$4,857,574 for 2008 and \$4,908,122 for 2007, while total fund balance was \$5,100,358 for 2008 and \$4,977,530 for 2007. 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 2008, unreserved fund balance represents 30 percent of total General Fund expenditures, while total fund balance represents 32 percent of that same amount. 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.

The fund balance of the City of Bettendorf's General Fund increased by \$122,828 for 2008 and \$148,569 for 2007. The change in net assets for 2008 and 2007 was not significant.

The Tax Increment Financing Fund (TIF) has a total fund balance of \$100,613 for 2008 and \$405,703 for 2007. The net decrease in fund balance during the current year in the Tax Increment Fund was \$305,090 due to an increase in the number of TIF districts and the corresponding TIF revenues that are owed.

The Debt Service Fund has a total fund balance of \$724,672 for 2008 and \$4,658,472 for 2007. The net decrease in fund balance during the current year in the Debt Service Fund was \$3,933,800. This decrease is primarily due to the payoff of the May 2000 general obligation bonds with escrowed bond proceeds from the 2007 fiscal year.

The Capital Projects Reserve Fund has a total fund balance of \$8,555,662 for 2008 and \$3,694,561 for 2007, all of which is unrestricted for capital projects. The Capital Projects Reserve Fund had a net increase in fund balance in the current year of \$4,861,101. The net increase in fund balance is primarily a result of general obligation bond proceeds of \$10,540,000 of which \$8,842,561 had not been spent as of June 30, 2008.

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 \$1,530,959 as of June 30, 2008 and \$1,493,057 as of June 30, 2007; those for the Downtown Event Center were deficits of \$(4,084,343) for 2008 and \$(1,105,909) for 2007; and those for the Stormwater Utility were \$605,614 and \$85,091 for 2008 and 2007, 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.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Formal and legal budgetary control is based upon 10 major classes of disbursements known as functions, not by fund or fund type. These 10 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 nonprogram. Function expenditures/expenses required to be budgeted include expenditures for the General Fund, special revenue funds, Debt Service Fund, capital projects funds and permanent funds. The legal level of control is at the aggregated function level, not at the fund or fund type level. These budget amendments are reflected in the final budgeted amounts.

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

- The total original revenue budget of \$51,740,647 was increased to \$51,878,360 (an increase of \$137,713).
- The total original expenditure budget of \$65,721,932 was increased to \$66,215,249 (an increase of \$493,317).
- The total original budget for other financing sources, net of \$15,295,740, was increased to \$19,446,355.

Revenue amendments include increased gaming revenue, local option sales tax, interest income and bond proceeds offset by reduced interdepartmental charges for services. Expenditure amendments include increased personnel costs for police and fire departments, \$600,000 increase in costs for snow removal and increased costs for street patching as a result of the hard winter.

During the year, however, revenues, excluding transfers, were less than budgetary revenues by \$2,056,535. 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 \$7,907,253 primarily due to capital projects that were budgeted but not completed during the year.

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, 2008 and 2007 amounts to \$135,747,209 and \$121,028,666 (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, 2008, included the following:

- \$2,938,965 for paving Middle Road from Belmont to 53rd Avenue.
- \$971,419 for Phase II of the Moencks Road paving project.
- \$687,317 to pave 31st south of Central Avenue.
- \$809,099 to pave Terrace Park, replace the carpeting at the Library and for the Crow Creek Recreational Trail.
- \$610,837 to replace various vehicles throughout the City.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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 15th 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.

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	
	2008	2007	2008	2007	2008	2007
Land	\$ 6,218,458	\$ 6,218,458	\$ 2,277,224	\$ 2,277,224	\$ 8,495,682	\$ 8,495,682
Construction-in-progress	7,121,852	2,475,436	13,265,861	3,602,365	20,387,713	6,077,801
Buildings	19,912,991	19,682,598	16,625,350	16,555,151	36,538,341	36,237,749
Equipment and vehicles	15,132,481	14,301,628	8,896,350	8,896,832	24,028,831	23,198,460
Improvements other than buildings	97,709,413	94,039,229	34,808,081	34,567,742	132,517,494	128,606,971
Accumulated depreciation	(54,529,774)	(50,990,789)	(31,691,078)	(30,066,826)	(86,220,852)	(81,057,615)
Total	\$ 91,565,421	\$ 85,726,560	\$ 44,181,788	\$ 35,832,488	\$ 135,747,209	\$ 121,559,048

Long-term debt. As of June 30, 2008, the City of Bettendorf had total bonded debt outstanding of \$66,005,000. Of this amount, \$62,360,000 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, 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).

	City of Bettendorf's Outstanding Debt General Obligation and Revenue Bonds					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 50,208,700	\$ 48,128,700	\$ 12,151,300	\$ 7,756,300	\$ 62,360,000	\$ 55,885,000
Revenue bonds	3,465,000	4,320,000	180,000	460,000	3,645,000	4,780,000
Total	\$ 53,673,700	\$ 52,448,700	\$ 12,331,300	\$ 8,216,300	\$ 66,005,000	\$ 60,665,000

The City of Bettendorf's total debt increased by \$5,340,000 (9 percent) during the current fiscal year. The key factor in this increase was due to the City issuing \$15,555,000 in general obligation bonds to be used for various public improvements in June 2008. This increase is net of other scheduled debt payments on outstanding debt in the current year.

During 2007, 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.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

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 2008 was \$124,345,391 and for 2007 was \$114,837,463, which is significantly in excess of the City of Bettendorf's outstanding general obligation debt of \$62,360,000 and \$55,885,000 for 2008 and 2007, respectively, and other debt subject to the debt limitation of \$3,645,000 and \$4,780,000, respectively.

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

Economic Factors and Next Year's Budgets and Rates

- Property taxes continue to be the major revenue source for the City of Bettendorf. In fiscal year 2008/2009, property taxes will represent 27.33 percent of total City operating revenues, net of transfers. 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. 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 was able to decrease the levy rate \$.10 per \$1,000/assessed valuation to \$12.85 for fiscal year 2008/09 due to taxable valuations increasing 11.12 percent. \$62 million of the increase came from new construction within the City. The decreased levy rate of \$12.85 for fiscal year 2008/09 will generate \$18.5 million in property taxes.
- The City expects its tax base to continue to grow given the ample availability of developable land and strong ongoing development. Bettendorf has experienced steady growth as evidenced by an increase both in population (11.2 percent since 1990) and property valuations. For fiscal year 2008/09, the City's total taxable valuation base (including TIF increment values) totals \$1,527,049,292. The residential class of property represents 61.8 percent of the City's total tax base.
- 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 \$18,559,049 in property taxes in fiscal year 2008/09 which is 10.5 percent more than fiscal year 2007/08 taxes of \$16,797,824.

All of these factors were considered in preparing the City of Bettendorf's budget for fiscal year 2008/09.

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.



Bettendorf IOWA
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City of Bettendorf, Iowa

Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 16,497,470	\$ 2,050,152	\$ 18,547,622
Restricted cash and investments	8,881,488	6,460,952	15,342,440
Prepays	282,667	-	282,667
Receivables:			
Property taxes	22,931,669	-	22,931,669
Accounts and unbilled usage	486,878	1,373,742	1,860,620
Accrued interest	168,182	9,841	178,023
Special assessments	47,991	157,342	205,333
Loans	27,091	-	27,091
Internal balances	2,323,773	(2,323,773)	-
Due from other governments	2,328,069	936,363	3,264,432
Inventories	11,650	-	11,650
Total current assets	53,986,928	8,664,619	62,651,547
Noncurrent assets:			
Restricted cash and investments	955,500	166,868	1,122,368
Bond discounts	78,836	30,914	109,750
Bond issuance costs	487,794	95,374	583,168
Capital assets:			
Nondepreciable:			
Land	6,218,458	2,277,224	8,495,682
Construction-in-progress	7,121,852	13,265,861	20,387,713
Depreciable:			
Buildings and structures	19,912,991	16,625,350	36,538,341
Equipment and vehicles	15,132,481	8,896,350	24,028,831
Improvements other than buildings	97,709,413	34,808,081	132,517,494
Accumulated depreciation	(54,529,774)	(31,691,078)	(86,220,852)
Net capital assets	91,565,421	44,181,788	135,747,209
Total noncurrent assets	93,087,551	44,474,944	137,562,495
Total assets	\$ 147,074,479	\$ 53,139,563	\$ 200,214,042

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current:			
Accounts payable	\$ 1,424,981	\$ 744,951	\$ 2,169,932
Claims payable	126,681	-	126,681
Compensated absences	230,394	63,153	293,547
Accrued liabilities	432,882	110,408	543,290
Due to other governments	103,286	229,980	333,266
Interest payable	197,638	42,841	240,479
Contracts payable	698,539	2,275,683	2,974,222
Unearned revenues	22,649,717	119,801	22,769,518
Current maturities, revenue bonds	1,325,000	180,000	1,505,000
Current maturities, general obligation bonds	4,695,400	854,600	5,550,000
Total current liabilities	31,884,518	4,621,417	36,505,935
Noncurrent:			
Compensated absences	538,515	147,612	686,127
Bond premiums	197,105	63,298	260,403
Revenue bonds, net of current maturities	2,140,000	-	2,140,000
General obligation bonds, net of current maturities	45,513,300	11,296,700	56,810,000
Total noncurrent liabilities	48,388,920	11,507,610	59,896,530
Total liabilities	80,273,438	16,129,027	96,402,465
Net Assets			
Invested in capital assets, net of related debt	46,616,013	38,279,056	84,895,069
Restricted for:			
Bond ordinance reserves	955,500	166,868	1,122,368
Debt service	724,672	-	724,672
Local option sales tax	2,960,922	-	2,960,922
Road use tax	814,360	-	814,360
Library	566,702	-	566,702
Other purposes	1,097,777	-	1,097,777
Health insurance claims	38,927	-	38,927
Unrestricted	13,026,168	(1,435,388)	11,590,780
Total net assets	66,801,041	37,010,536	103,811,577
Total liabilities and net assets	\$ 147,074,479	\$ 53,139,563	\$ 200,214,042

City of Bettendorf, Iowa

Statement of Activities
Year Ended June 30, 2008

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	\$ 9,714,867	\$ 20,457	\$ 917,634	\$ 103,726
Public works	6,480,290	37,758	2,728,338	2,315,830
Culture and recreation	3,784,862	227,595	83,837	20,000
Community and economic development	2,013,017	567,023	633,852	-
General government	3,498,535	87,066	-	-
Interest on long-term debt	2,443,655	-	-	-
Total governmental activities	27,935,226	939,899	4,363,661	2,439,556
Business-type activities:				
Sewer utility	2,927,523	2,422,381	-	121,832
Family Museum of Arts & Science	1,721,249	615,898	133,098	-
Aquatic Center	473,972	211,302	-	-
Recycling/solid waste management	1,720,851	1,591,716	-	-
Palmer Hills Golf Course	1,226,764	686,948	-	-
Life Fitness Center	880,485	555,851	-	-
Stormwater utility	794,675	619,328	-	81,221
Transit	1,229,554	64,270	417,756	12,500
Downtown Event Center	91,705	-	-	4,486,960
Total business-type activities	11,066,778	6,767,694	550,854	4,702,513
Total primary government	\$ 39,002,004	\$ 7,707,593	\$ 4,914,515	\$ 7,142,069

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
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

- Changes in net assets
- Net assets, beginning of year, as restated
- 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
\$ (8,673,050)	\$ -	\$ (8,673,050)
(1,398,364)	-	(1,398,364)
(3,453,430)	-	(3,453,430)
(812,142)	-	(812,142)
(3,411,469)	-	(3,411,469)
(2,443,655)	-	(2,443,655)
(20,192,110)	-	(20,192,110)
-	(383,310)	(383,310)
-	(972,253)	(972,253)
-	(262,670)	(262,670)
-	(129,135)	(129,135)
-	(539,816)	(539,816)
-	(324,634)	(324,634)
-	(94,126)	(94,126)
-	(735,028)	(735,028)
-	4,395,255	4,395,255
-	954,283	954,283
(20,192,110)	954,283	(19,237,827)
16,795,048	-	16,795,048
3,172,985	-	3,172,985
4,259,072	-	4,259,072
1,573,298	-	1,573,298
2,076,120	-	2,076,120
392,338	-	392,338
23,080	-	23,080
51,018	-	51,018
1,451,101	280,128	1,731,229
775,171	382,633	1,157,804
21,163	-	21,163
(3,051,426)	3,051,426	-
27,538,968	3,714,187	31,253,155
7,346,858	4,668,470	12,015,328
59,454,183	32,342,066	91,796,249
\$ 66,801,041	\$ 37,010,536	\$ 103,811,577

City of Bettendorf, Iowa

Balance Sheet
Governmental Funds
June 30, 2008

Assets	Tax Increment		
	General	Financing	Debt Service
Cash and investments	\$ 4,450,493	\$ 10,420	\$ 666,734
Restricted cash and investments	-	955,500	-
Receivables:			
Property taxes	9,728,200	4,134,488	6,944,798
Accounts	290,098	12,854	-
Special assessments	47,991	-	-
Loans	27,091	-	-
Accrued interest	43,577	5,080	9,450
Due from other funds	571,535	-	-
Due from other governments	1,169,991	-	90
Inventories	11,650	-	-
Advances to other funds	158,677	-	-
Total assets	\$ 16,499,303	\$ 5,118,342	\$ 7,621,072
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 603,722	\$ -	\$ -
Accrued liabilities	348,371	-	-
Due to other governments	88,722	-	-
Due to other funds	411,842	194,648	-
Contracts payable	-	-	-
Deferred revenue	9,946,288	4,075,479	6,883,406
Matured interest payable	-	-	12,994
Advances from other funds	-	747,602	-
Total liabilities	11,398,945	5,017,729	6,896,400
Fund Equity:			
Fund balances:			
Reserved for future debt retirement	-	955,500	-
Reserved for encumbrances	45,366	-	-
Reserved for loans	27,091	-	-
Reserved for inventories	11,650	-	-
Reserved for advances	158,677	-	-
Unreserved:			
Designated for debt retirement, Debt Service Fund	-	-	724,672
Designated for pension contributions; special revenue funds	-	-	-
Undesignated, reported in:			
General Fund	4,857,574	-	-
Special revenue funds	-	(854,887)	-
Capital projects funds	-	-	-
Total fund equity	5,100,358	100,613	724,672
Total liabilities and fund equity	\$ 16,499,303	\$ 5,118,342	\$ 7,621,072

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ -	\$ 8,990,474	\$ 14,118,121
8,842,561	-	9,798,061
-	2,124,183	22,931,669
-	175,997	478,949
-	-	47,991
-	-	27,091
-	87,659	145,766
-	2,030,964	2,602,499
725,650	432,338	2,328,069
-	-	11,650
588,925	-	747,602
<u>\$ 10,157,136</u>	<u>\$ 13,841,615</u>	<u>\$ 53,237,468</u>

\$ 379,363	\$ 179,071	\$ 1,162,156
10,819	54,080	413,270
1,922	9,188	99,832
-	38,619	645,109
698,539	-	698,539
510,831	2,311,541	23,727,545
-	-	12,994
-	-	747,602
<u>1,601,474</u>	<u>2,592,499</u>	<u>27,507,047</u>

-	-	955,500
7,064,856	207,851	7,318,073
-	-	27,091
-	-	11,650
588,925	-	747,602
-	-	724,672
-	399,717	399,717
-	-	4,857,574
-	2,358,588	1,503,701
901,881	8,282,960	9,184,841
<u>8,555,662</u>	<u>11,249,116</u>	<u>25,730,421</u>
<u>\$ 10,157,136</u>	<u>\$ 13,841,615</u>	<u>\$ 53,237,468</u>

City of Bettendorf, Iowa

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008**

Total governmental fund balances		\$	25,730,421
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		7,121,852	
Buildings and structures		19,489,530	
Equipment and vehicles		14,661,849	
Improvements other than buildings		97,709,413	
Accumulated depreciation		<u>(53,876,424)</u>	91,281,069
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds			
			1,077,828
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		(653,350)	
Other current assets		2,731,288	
Internal balances		3,945	
Other current liabilities		(425,131)	
Noncurrent liabilities		<u>(29,355)</u>	2,565,099
Internal service funds allocated to business-type activities			
			362,438
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Compensated absences, current		(217,835)	
Compensated absences, noncurrent		(509,160)	
Accrued interest payable		(184,644)	
General obligation bonds payable, current		(4,695,400)	
General obligation bonds payable, noncurrent		(45,513,300)	
TIF revenue bonds, current		(1,325,000)	
TIF revenue bonds, noncurrent		(2,140,000)	
Bond issuance costs		487,794	
Bond discounts		78,836	
Bond premiums		<u>(197,105)</u>	(54,215,814)
Net assets of governmental activities		<u>\$</u>	<u>66,801,041</u>

See Notes to Basic Financial Statements.



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City of Bettendorf, Iowa

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008**

	General	Tax Increment Financing	Debt Service
Revenues:			
Property taxes	\$ 9,068,595	\$ -	\$ 6,151,660
Tax increment financing taxes	-	3,172,985	-
Other taxes	6,033,723	-	241,122
Special assessments	9,505	-	-
Licenses and permits	497,123	-	-
Intergovernmental	306,948	-	4,004
Charges for services	346,205	-	-
Use of money and property	270,960	-	323,264
Miscellaneous	196,403	-	-
Total revenues	16,729,462	3,172,985	6,720,050
Expenditures:			
Current operating:			
Public safety	8,931,821	-	-
Public works	46,054	-	-
Culture and recreation	3,208,591	-	-
Community and economic development	400,723	678,649	-
General government	3,138,131	-	-
Debt service:			
Principal	-	1,055,000	4,560,000
Interest and other charges	-	444,010	1,874,356
Bond issuance costs	39,701	-	-
Capital outlay	283,746	-	-
Total expenditures	16,048,767	2,177,659	6,434,356
Excess (deficiency) of revenues over expenditures	680,695	995,326	285,694
Other financing sources (uses):			
Issuance of long-term capital debt	-	-	-
Payment from refunding bond escrow account	-	-	(3,821,388)
Premiums on long-term capital debt	-	-	-
Proceeds from the sale of capital assets	2,656	-	-
Transfers in	2,820,084	-	-
Transfers out	(3,380,607)	(1,300,416)	(398,106)
Total other financing sources (uses)	(557,867)	(1,300,416)	(4,219,494)
Net changes in fund balance	122,828	(305,090)	(3,933,800)
Fund balances, beginning of year	4,977,530	405,703	4,658,472
Fund balances, end of year	\$ 5,100,358	\$ 100,613	\$ 724,672

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ -	\$ 1,542,892	\$ 16,763,147
-	-	3,172,985
-	2,142,036	8,416,881
-	-	9,505
-	-	497,123
1,745,239	3,287,043	5,343,234
-	-	346,205
67,566	655,440	1,317,230
44,638	759,458	1,000,499
<u>1,857,443</u>	<u>8,386,869</u>	<u>36,866,809</u>
-	97,454	9,029,275
-	3,242,112	3,288,166
-	103,054	3,311,645
-	842,254	1,921,626
-	283	3,138,414
-	-	5,615,000
-	-	2,318,366
46,903	-	86,604
8,493,550	912,125	9,689,421
<u>8,540,453</u>	<u>5,197,282</u>	<u>38,398,517</u>
(6,683,010)	3,189,587	(1,531,708)
10,540,000	-	10,540,000
-	-	(3,821,388)
130,466	-	130,466
-	25,996	28,652
1,361,145	4,426,070	8,607,299
(487,500)	(6,173,096)	(11,739,725)
<u>11,544,111</u>	<u>(1,721,030)</u>	<u>3,745,304</u>
4,861,101	1,468,557	2,213,596
3,694,561	9,780,559	23,516,825
<u>\$ 8,555,662</u>	<u>\$ 11,249,116</u>	<u>\$ 25,730,421</u>

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, 2008**

Net change in fund balances - governmental funds	\$	2,213,596
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	\$ 8,818,626	
Depreciation	<u>(3,615,945)</u>	5,202,681
Proceeds from the sale of capital assets		(28,652)
Gain on the sale of capital assets		21,163
Capital assets contributed		674,317
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	(116,053)	
Grant revenues	634,436	
Property taxes	<u>31,901</u>	550,284
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		(47,162)
The issuance of long-term debt (e.g., bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Repayment of bond principal	9,315,000	
Interest	17,335	
Bond issuance costs	86,604	
Issuance of long-term debt	(10,540,000)	
Premiums	(130,466)	
Amortization of bond discounts, premiums and bond issuance costs	<u>(21,236)</u>	(1,272,763)
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.		(61,816)
Change in internal service fund allocation to business-type activities		<u>95,210</u>
Changes in net assets of governmental activities	\$	<u>7,346,858</u>

See Notes to Basic Financial Statements.



Bettendorf IOWA
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City of Bettendorf, Iowa

Statement of Net Assets
 Proprietary Funds
 June 30, 2008

	Sewer Utility	Downtown Event Center	Stormwater Utility
Assets			
Current assets:			
Cash and investments	\$ 207,872	\$ -	\$ 496,426
Restricted cash and investments	3,928,132	-	2,532,820
Prepaid items	-	-	-
Receivables:			
Accounts and unbilled usage	635,576	-	185,261
Accrued interest	1,117	-	-
Special assessments	94,417	-	12,433
Due from other funds	-	-	-
Due from other governments	847,860	-	-
Total current assets	5,714,974	-	3,226,940
Noncurrent assets:			
Restricted cash	166,868	-	-
Bond discounts	13,787	-	13,787
Bond issuance costs	58,925	-	28,575
Capital assets:			
Nondepreciable:			
Land	3,575	300,000	406,209
Construction-in-progress	2,687,583	9,710,186	868,092
Depreciable:			
Buildings and structures	2,210,931	-	-
Equipment and vehicles	3,532,000	-	320,258
Improvements other than buildings	32,854,210	-	954,254
Accumulated depreciation	(23,394,954)	-	(199,351)
Net capital assets	17,893,345	10,010,186	2,349,462
Total noncurrent assets	18,132,925	10,010,186	2,391,824
Total assets	\$ 23,847,899	\$ 10,010,186	\$ 5,618,764

(Continued)

Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 1,345,854	\$ 2,050,152	\$ 2,379,349
-	6,460,952	38,927
-	-	282,667
552,905	1,373,742	7,929
8,724	9,841	22,416
50,492	157,342	-
-	-	3,945
88,503	936,363	-
<u>2,046,478</u>	<u>10,988,392</u>	<u>2,735,233</u>
-	166,868	-
3,340	30,914	-
7,874	95,374	-
1,567,440	2,277,224	43,609
-	13,265,861	-
14,414,419	16,625,350	423,461
5,044,092	8,896,350	470,632
999,617	34,808,081	-
(8,096,773)	(31,691,078)	(653,350)
<u>13,928,795</u>	<u>44,181,788</u>	<u>284,352</u>
13,940,009	44,474,944	284,352
<u>\$ 15,986,487</u>	<u>\$ 55,463,336</u>	<u>\$ 3,019,585</u>

City of Bettendorf, Iowa

Statement of Net Assets (Continued)
 Proprietary Funds
 June 30, 2008

	Sewer Utility	Downtown Event Center	Stormwater Utility
Liabilities and Net Assets			
Liabilities:			
Current:			
Accounts payable	\$ 56,418	\$ 185,593	\$ 68,854
Claims payable	-	-	-
Compensated absences	8,050	-	5,680
Accrued liabilities	10,745	-	10,754
Due to other governments	197,279	-	3,649
Due to other funds	-	1,623,067	-
Interest payable	23,500	-	14,868
Contracts payable	-	2,275,683	-
Unearned revenue	-	-	-
Current maturities, revenue bonds	180,000	-	-
Current maturities, general obligation bonds	305,000	-	200,000
Total current liabilities	780,992	4,084,343	303,805
Noncurrent:			
Compensated absences	18,816	-	13,276
Bond premiums	32,450	-	30,848
General obligation bonds, net of current maturities	6,210,000	-	3,985,000
Total noncurrent liabilities	6,261,266	-	4,029,124
Total liabilities	7,042,258	4,084,343	4,332,929
Net assets:			
Invested in capital assets, net of related debt	15,107,814	10,010,186	680,221
Restricted for:			
Bond ordinance reserves	166,868	-	-
Health insurance claims	-	-	-
Unrestricted	1,530,959	(4,084,343)	605,614
Total net assets	16,805,641	5,925,843	1,285,835
Total liabilities and net assets	\$ 23,847,899	\$ 10,010,186	\$ 5,618,764

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
\$ 434,086	\$ 744,951	\$ 262,825
-	-	126,681
49,423	63,153	12,559
88,909	110,408	19,612
29,052	229,980	3,454
338,268	1,961,335	-
4,473	42,841	-
-	2,275,683	-
119,801	119,801	-
-	180,000	-
349,600	854,600	-
<u>1,413,612</u>	<u>6,582,752</u>	<u>425,131</u>
115,520	147,612	29,355
-	63,298	-
<u>1,101,700</u>	<u>11,296,700</u>	<u>-</u>
<u>1,217,220</u>	<u>11,507,610</u>	<u>29,355</u>
<u>2,630,832</u>	<u>18,090,362</u>	<u>454,486</u>
12,480,835	38,279,056	284,352
-	166,868	-
-	-	38,927
874,820	(1,072,950)	2,241,820
<u>13,355,655</u>	<u>37,372,974</u>	<u>2,565,099</u>
<u>\$ 15,986,487</u>	<u>\$ 55,463,336</u>	<u>\$ 3,019,585</u>
	\$ 37,372,974	
	<u>(362,438)</u>	
	<u>\$ 37,010,536</u>	

City of Bettendorf, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Downtown Event		
	Sewer Utility	Center	Stormwater Utility
Operating revenues:			
Charges for services	\$ 2,352,833	\$ -	\$ 612,845
Special assessments	4,630	-	-
Licenses and permits	64,918	-	6,483
Intergovernmental	-	-	-
Other	34	43,111	7,648
Total operating revenues	2,422,415	43,111	626,976
Operating expenses:			
Salaries and benefits	439,433	-	288,259
Supplies and services	1,311,044	91,705	340,133
Depreciation	985,220	-	75,815
Amortization	8,404	-	1,561
Total operating expenses	2,744,101	91,705	705,768
Operating (loss)	(321,686)	(48,594)	(78,792)
Nonoperating revenues (expenses):			
Investment earnings	136,431	18,434	44,364
Interest expense	(172,747)	-	(83,615)
Gain on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	(36,316)	18,434	(39,251)
(Loss) before capital grants and contributions and transfers	(358,002)	(30,160)	(118,043)
Capital grants and contributions	121,832	4,486,960	81,221
Transfers in	-	1,094,158	-
Transfers out	-	(289,684)	-
Changes in net assets	(236,170)	5,261,274	(36,822)
Net assets, beginning of year, as restated	17,041,811	664,569	1,322,657
Net assets, end of year	\$ 16,805,641	\$ 5,925,843	\$ 1,285,835

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3,725,985	\$ 6,691,663	\$ 4,800,251
-	4,630	-
-	71,401	-
449,096	449,096	-
433,597	484,390	39,586
4,608,678	7,701,180	4,839,837
3,520,376	4,248,068	2,592,610
2,643,601	4,386,483	2,493,266
922,780	1,983,815	30,648
3,082	13,047	-
7,089,839	10,631,413	5,116,524
(2,481,161)	(2,930,233)	(276,687)
80,899	280,128	133,871
(71,486)	(327,848)	-
194	194	-
9,607	(47,526)	133,871
(2,471,554)	(2,977,759)	(142,816)
-	4,690,013	-
2,246,952	3,341,110	81,000
-	(289,684)	-
2,246,952	7,741,439	81,000
(224,602)	4,763,680	(61,816)
13,580,257	32,609,294	2,626,915
\$ 13,355,655	\$ 37,372,974	\$ 2,565,099

City of Bettendorf, Iowa

Reconciliation of the Changes in Net Assets of Enterprise Funds to the Statement of Activities
Year Ended June 30, 2008

Net changes in net assets in enterprise funds	\$	4,763,680
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>(95,210)</u>
Changes in net assets of business-type activities	\$	<u><u>4,668,470</u></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, 2008

	Business-Type Activities - Enterprise Funds		
	Downtown Event		
	Sewer Utility	Center	Stormwater Utility
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,314,728	\$ -	\$ 579,288
Receipts from other operating revenue	34	43,111	7,648
Payments to suppliers	(1,503,615)	(221,519)	(355,592)
Payments to claimants	-	-	-
Payments to employees	(444,267)	-	(281,461)
Net cash provided by (used in) operating activities	366,880	(178,408)	(50,117)
Cash flows from noncapital financing activities:			
Proceeds from interfund accounts	-	720,775	-
(Payments of) interfund accounts	-	-	-
Transfers in	-	1,094,158	-
Transfers (out)	-	(289,684)	-
Net cash provided by noncapital financing activities	-	1,525,249	-
Cash flows from capital and related financing activities:			
Proceeds from capital grants	-	4,625,000	-
Purchase of capital assets	(731,567)	(5,990,275)	(802,046)
Proceeds from disposal of capital assets	-	-	-
Proceeds from bonds, net of bond issue costs and premiums of \$(20,645)	2,515,308	-	2,520,337
Payment on debt	(480,000)	-	(95,000)
Interest paid on debt	(165,289)	-	(75,282)
Net cash provided by (used in) capital and related financing activities	1,138,452	(1,365,275)	1,548,009
Cash flows from investing activities, interest received	137,776	18,434	44,901
Increase (decrease) in cash and cash equivalents	1,643,108	-	1,542,793
Cash and cash equivalents, beginning of year	2,659,764	-	1,486,453
Cash and cash equivalents, end of year	<u>\$ 4,302,872</u>	<u>\$ -</u>	<u>\$ 3,029,246</u>

(Continued)

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3,636,213	\$ 6,530,229	\$ 4,800,136
919,095	969,888	39,586
(2,613,526)	(4,694,252)	(2,319,372)
-	-	(1,885,622)
(3,499,110)	(4,224,838)	(991,855)
(1,557,328)	(1,418,973)	(357,127)
-	720,775	-
(115,270)	(115,270)	(985)
2,246,952	3,341,110	81,000
-	(289,684)	-
2,131,682	3,656,931	80,015
-	4,625,000	-
(378,184)	(7,902,072)	-
12,500	12,500	-
-	5,035,645	-
(325,000)	(900,000)	-
(73,105)	(313,676)	-
(763,789)	557,397	-
85,169	286,280	142,178
(104,266)	3,081,635	(134,934)
1,450,120	5,596,337	2,553,210
\$ 1,345,854	\$ 8,677,972	\$ 2,418,276

City of Bettendorf, Iowa

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Downtown Event Center	Stormwater Utility
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (321,686)	\$ (48,594)	\$ (78,792)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	985,220	-	75,815
Amortization	8,404	-	1,561
Change in assets and liabilities:			
Receivables and due from other governments	(107,653)	-	(40,040)
Prepaid items	-	-	-
Accounts payable and due to other governments	(192,571)	(129,814)	(15,459)
Claims payable	-	-	-
Compensated absences and accrued liabilities	(4,834)	-	6,798
Unearned revenue	-	-	-
Net cash provided by (used in) operating activities	\$ 366,880	\$ (178,408)	\$ (50,117)
Schedule of noncash items:			
Capital and related financing activities:			
Acquisition of capital assets through contracts or accounts payable	\$ (4,083)	\$ 2,249,433	\$ (5,054)
Capital contributions	121,832	-	81,221
Capital grant contributions included in accounts receivable	-	(138,040)	-

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (2,481,161)	\$ (2,930,233)	\$ (276,687)
922,780	1,983,815	30,648
3,082	13,047	-
(44,098)	(191,791)	(115)
-	-	(197,870)
30,075	(307,769)	95,447
-	-	(6,423)
21,266	23,230	(2,127)
(9,272)	(9,272)	-
<u>\$ (1,557,328)</u>	<u>\$ (1,418,973)</u>	<u>\$ (357,127)</u>

\$ -	\$ 2,240,296	\$ -
-	203,053	-
-	(138,040)	-

City of Bettendorf, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2008

Assets:

Cash and investments

\$ 25,396

Accounts receivable

10

\$ 25,406

Liabilities, accounts payable

\$ 25,406

See Notes to Basic Financial Statements.

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

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 unit discussed below is 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 blended component unit has 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.

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

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

Museum Fund: To account for money received through donations and fundraising activities for the Museum.

Mississippi River Flood Fund: To account for funding received from FEMA and costs related to flooding of the Mississippi River.

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.

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)

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

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.

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.

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

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

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 2008 based on the 2007 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 2008 tax levy is budgeted and levied for the fiscal year 2009, 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

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. Capitalized interest was \$24,075 in the Sewer Utility Fund and \$133,039 in the Downtown Event Center Fund.

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

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 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 \$3,928,132 and \$2,532,820, respectively. Unspent proceeds for the Capital Projects Reserve Fund was \$8,842,561. 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 \$2,960,922 for local option sales tax; \$814,360 for road use tax; and \$724,672 for debt service.

Net assets restricted for Library consists of \$139,300 for Kakert; \$327,235 for Open Access; \$73,184 for Enrich Iowa; and \$26,983 for Interlibrary Loan.

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)

Net assets restricted for other purposes consists of Housing and Urban Development Section 8 of \$287,149; federal drug seizure of \$73,305; Hendricks Gift of \$59,963; George Thuenen Overpass of \$433,589; and future projects of \$243,771.

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 4th 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.

Legal compliance and accountability: The Mississippi River Flood has a fund balance deficit as of June 30, 2008 of \$80,617. The deficit is a result of federal funds approved and requested to cover the expenditures but not received by the City within 60 days of year-end. Therefore, the funds requested are included in accounts receivable and deferred revenue in the current year and are expected to be recognized as revenue in the following fiscal year.

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, 2008, 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
FNMA	01/01/2011	29,771
FNMA	03/01/2013	244,724
FFCB	11/09/2016	1,020,000
FHLMC	06/15/2017	255,573
FHLMC	06/15/2017	1,022,290
FHLMC	09/15/2019	1,372,028
FHLMC	03/12/2018	2,437,900
FNMA	01/22/2020	978,130
FNMA	10/06/2021	1,956,708
FHLMC	12/20/2021	501,995
FHLMC	01/25/2023	479,800
FNMA	02/27/2023	1,935,620
FHR	08/15/2035	962,086
FHLMC	01/01/2023	8,169
Total		<u><u>\$ 14,160,294</u></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, 2008, the City's investments were rated as follows:

Investment	Standard & Poor's	Moody's
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	AA	Aa3
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	AA	Aa3
FNMA	Not Rated	Not Rated
FNMA	Not Rated	Not Rated
FFCB	AAA	Aaa
FHLMC	AAA	Aaa
FNMA	AAA	Aaa
FNMA	AAA	Aaa
FHLMC	AAA	Aaa
FHLMC	AAA	Aaa
FNMA	AAA	Aaa
FHR	Not Rated	Not Rated
FHLMC	Not Rated	Not Rated

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 FHLMC, FNMA, FFCB and FHR. These investments are 43, 36, 7 and 7 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, 2008, the City's deposits and investments were not exposed to custodial credit risk.

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, 2008:

	Ending Balance June 30, 2007	Additions	Deletions	Ending Balance June 30, 2008
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 6,218,458	\$ -	\$ -	\$ 6,218,458
Construction-in-progress	2,475,436	7,903,111	3,256,695	7,121,852
Total capital assets, not being depreciated	8,693,894	7,903,111	3,256,695	13,340,310
Capital assets, being depreciated:				
Buildings and structures	19,682,598	230,393	-	19,912,991
Equipment and vehicles	14,301,628	945,950	115,097	15,132,481
Improvements other than buildings	94,039,229	3,670,184	-	97,709,413
Total capital assets, being depreciated	128,023,455	4,846,527	115,097	132,754,885
Less accumulated depreciation for:				
Buildings and structures	6,553,753	493,515	-	7,047,268
Equipment and vehicles	9,628,515	1,111,137	107,608	10,632,044
Improvements other than buildings	34,808,521	2,041,941	-	36,850,462
Total accumulated depreciation	50,990,789	3,646,593	107,608	54,529,774
Total capital assets, being depreciated, net	77,032,666	1,199,934	7,489	78,225,111
Governmental activities capital assets, net	\$ 85,726,560	\$ 9,103,045	\$ 3,264,184	\$ 91,565,421

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Ending Balance, as restated June 30, 2007	Additions	Deletions	Ending Balance June 30, 2008
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,277,224	\$ -	\$ -	\$ 2,277,224
Construction-in-progress	3,602,365	9,828,506	165,010	13,265,861
Total capital assets, not being depreciated	5,879,589	9,828,506	165,010	15,543,085
Capital assets, being depreciated:				
Buildings and structures	16,555,151	74,539	4,340	16,625,350
Equipment and vehicles	8,896,832	367,047	367,529	8,896,350
Improvements other than buildings	34,567,742	240,339	-	34,808,081
Total capital assets, being depreciated	60,019,725	681,925	371,869	60,329,781
Less accumulated depreciation for:				
Buildings and structures	4,468,587	488,230	3,653	4,953,164
Equipment and vehicles	5,998,093	606,665	355,910	6,248,848
Improvements other than buildings	19,600,146	888,920	-	20,489,066
Total accumulated depreciation	30,066,826	1,983,815	359,563	31,691,078
Total capital assets, being depreciated, net	29,952,899	(1,301,890)	12,306	28,638,703
Business-type activities capital assets, net	\$ 35,832,488	\$ 8,526,616	\$ 177,316	\$ 44,181,788

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	\$ 620,946
Public works	2,318,483
Culture and recreation	433,345
Community and economic development	82,631
General government	160,540
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	30,648
	<u>\$ 3,646,593</u>

Business-Type Activities

Sewer utility	\$ 985,220
Family Museum of Arts & Science	150,130
Stormwater utility	75,815
Aquatic Center	159,174
Recycling/solid waste management	257,389
Palmer Hills Golf Course	134,338
Life Fitness Center	120,527
Transit	101,222
	<u>\$ 1,983,815</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, 2008:

	June 30, 2007	Increases and Issues	Decreases and Retirements	June 30, 2008	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 48,128,700	\$ 10,540,000	\$ 8,460,000	\$ 50,208,700	\$ 4,695,400
Revenue bonds	4,320,000	-	855,000	3,465,000	1,325,000
Compensated absences	724,248	913,044	868,383	768,909	230,394
	<u>53,172,948</u>	<u>11,453,044</u>	<u>10,183,383</u>	<u>54,442,609</u>	<u>6,250,794</u>
Business-type activities:					
Revenue bonds	460,000	-	280,000	180,000	180,000
General obligation bonds	7,756,300	5,015,000	620,000	12,151,300	854,600
Compensated absences	199,438	257,525	246,198	210,765	63,153
	<u>8,415,738</u>	<u>5,272,525</u>	<u>1,146,198</u>	<u>12,542,065</u>	<u>1,097,753</u>
Total long-term debt	<u>\$ 61,588,686</u>	<u>\$ 16,725,569</u>	<u>\$ 11,329,581</u>	<u>\$ 66,984,674</u>	<u>\$ 7,348,547</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, 2008, consist of the following individual issues:

	Date of Issue	Amount Issued	Interest Rates	Outstanding June 30, 2008
General obligation bonds:				
Olympic Steel TIF (2)	November 1997	1,030,000	4.25 - 4.70	\$ 125,000
Various public improvements	June 2001	6,635,000	4.00 - 5.00	4,910,000
Various public improvements	June 2002	4,620,000	2.00 - 5.00	3,615,000
Trinity TIF (2)	June 2002	1,360,000	3.00 - 4.90	1,050,000
Various public improvements	June 2003	4,080,000	1.25 - 3.85	3,170,000
Various public improvements and sewer and stormwater improvements	June 2004	7,650,000	2.25-5.00	6,280,000
Refunding	June 2004	6,943,250	3.00-4.00	3,155,000
Various public improvements	June 2005	4,590,000	3.00-4.50	4,005,000
Fire truck note	December 2001	600,000	4.16	180,000
Various public improvements and sewer improvements	June 2006	7,125,000	4.13-4.50	6,545,000
Various public improvements	July 2006	6,300,000	4.00-4.05	5,095,000
Refunding (3)	February 2007	3,760,000	3.80-3.90	3,760,000
Various public improvements	June 2007	5,095,000	3.50-4.38	4,915,000
Various public improvements	June 2008	15,555,000	3.50-5.00	15,555,000
Total general obligation bonds				<u>62,360,000</u>
Revenue bonds:				
Lady Luck Overpass TIF (2)	July 1997	4,170,000	4.90 - 5.90	800,000
Lady Luck Ramp & Marina TIF (2)	July 1997	5,385,000	8.25 - 9.00	2,665,000
Sewer refunding (1)	June 2003	1,515,000	1.50 - 2.45	180,000
Total revenue bond				<u>3,645,000</u>
Total bonds				<u>\$ 66,005,000</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, 2008, the deposits in these restricted reserve accounts total \$166,868.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$1,515,000 in water system revenue bonds issued June 2003. Proceeds from the bonds were used to fund capital projects. The bonds are payable solely from water customer net revenues and are payable through 2009. Annual principal and interest payments on the bonds must meet a 1.20 coverage ratio. Annual principal and interest payments on the bonds are expected to require less than 25 percent of net revenues or meet a coverage ratio of 4.53. The total principal and interest remaining to be paid on the bonds is \$184,410. Principal and interest paid for the current year and total customer net revenues were \$290,430 and \$1,315,310, respectively.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

(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, 2008, the deposits in the interest and reserve fund were \$955,500.

The City has pledged a portion of future property tax revenues to repay \$9,555,000, \$1,030,000 and \$1,360,000 in TIF property tax increment bonds issued in July 1997, November 1997 and June 2002, respectively. The bonds were used to finance economic development in various areas of the City. The bonds are payable solely from the incremental TIF property taxes generated by increased property taxes in the TIF districts. Incremental TIF property tax revenues were projected to produce \$5,519,393 of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,519,393, payable through 2018. For the current year, principal and interest paid and total incremental TIF property tax revenues were \$1,466,413 and \$1,440,048, respectively.

(3) 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 was June 1, 2008 and the Series 2000 bonds were paid down to zero through payment from escrow account of \$3,821,388, which included the principal payment of \$3,700,000 and interest of \$121,388. 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, 2008, are as follows:

Year ending June 30:	Debt Service General Obligation Bonds		Debt Service Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 4,695,400	\$ 2,084,598	\$ 1,325,000	\$ 287,050
2010	3,598,100	1,910,924	960,000	192,600
2011	3,729,300	1,774,460	1,180,000	106,200
2012	3,805,900	1,629,246	-	-
2013	3,485,000	1,479,613	-	-
2014 - 2018	15,100,000	5,340,041	-	-
2019 - 2023	12,215,000	2,364,405	-	-
2024 - 2026	3,580,000	329,283	-	-
	<u>\$ 50,208,700</u>	<u>\$ 16,912,570</u>	<u>\$ 3,465,000</u>	<u>\$ 585,850</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
2009	\$ 854,600	\$ 509,681	\$ 180,000	\$ 4,410
2010	861,900	480,350	-	-
2011	890,700	449,516	-	-
2012	924,100	415,324	-	-
2013	555,000	379,931	-	-
2014 - 2018	3,155,000	1,544,845	-	-
2019 - 2023	3,575,000	795,601	-	-
2024 - 2026	1,335,000	124,841	-	-
	<u>\$ 12,151,300</u>	<u>\$ 4,700,089</u>	<u>\$ 180,000</u>	<u>\$ 4,410</u>

Legal debt margin:

As of June 30, 2008, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2006 100% assessed valuation		\$ 2,307,506,214
Plus: Public gas and electric utilities		70,778,591
Plus: Captured tax increment value		113,012,248
Less: Military exemption		(4,389,236)
Total assessed valuation of the property of the City of Bettendorf		<u>\$ 2,486,907,817</u>
Debt limit, 5% of total actual valuation		\$ 124,345,391
Debt applicable to debt limit:		
Debt service general obligation bonds	\$ 50,208,700	
Debt service TIF revenue bonds	3,465,000	
Enterprise general obligation bonds	12,151,300	65,825,000
Legal debt margin		<u>\$ 58,520,391</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, 2008, were:

	Total	
	Interfund Receivables	Interfund Payables
Major governmental funds:		
General	\$ 571,535	\$ 411,842
Special revenue fund, tax increment financing	-	194,648
Capital projects fund, capital projects reserve	-	-
Major enterprise fund, Downtown Event Center	-	1,623,067
Nonmajor governmental funds	2,030,964	38,619
Internal service funds	3,945	-
Nonmajor enterprise funds	-	338,268
Total	\$ 2,606,444	\$ 2,606,444

Advances to and from other funds as of June 30, 2008, were as follows:

	Advances to Other Funds	Advances from Other Funds
Major governmental funds:		
General Fund	\$ 158,677	\$ -
Special revenue funds, tax increment financing	-	747,602
Capital projects funds, capital projects reserve	588,925	-
Total	\$ 747,602	\$ 747,602

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

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	\$ 2,820,084	\$ 3,380,607
Tax increment financing	-	1,300,416
Debt service	-	398,106
Capital projects reserve	1,361,145	487,500
Nonmajor governmental funds	4,426,070	6,173,096
Internal service funds	81,000	-
Major enterprise fund, Downtown Event Center	1,094,158	289,684
Other nonmajor enterprise funds	2,246,952	-
Total	\$ 12,029,409	\$ 12,029,409

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 3.90 percent of their annual covered salary and the City is required to contribute 6.05 percent of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$545,648, \$490,508 and \$474,555, respectively, equal to the required contributions for each year.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

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, 2008, 2007 and 2006 were \$957,809, \$953,203 and \$949,162, 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 \$2,218,320 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

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, 2008 and 2007 are as follows:

	Employee Health Insurance	
	2008	2007
Claims payable, beginning of year	\$ 133,104	\$ 163,103
Claims recognized	1,879,199	1,826,440
Claim payments	(1,885,622)	(1,856,439)
Claims payable, end of year	<u>\$ 126,681</u>	<u>\$ 133,104</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, 2008, is \$3,109,502.

The City has financial commitments relating to various construction projects that are estimated to be approximately \$10,098,972.

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 City adopted the following statements during the year ended June 30, 2008:

- GASB Statement No. 43, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. This Statement had no effect on the City in the current year.

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

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. 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. The effect of the adoption of this statement to the City was the addition of note disclosures regarding pledged revenue for long-term obligations.
- GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and No. 27. 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. This Statement had no effect on the City in the current year.

The GASB has issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

- 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. 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. 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.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

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

- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

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 August 29, 2008, the City issued \$2,675,000 of Subordinate Urban Renewal Tax Increment Revenue Capital Loan Notes, Series 2008A and \$11,140,000 of Subordinate Taxable Urban Renewal Tax Increment Revenue Capital Loan Notes, Series 2008B. The Capital Loan Notes were issued for the purpose of paying costs of aiding in the planning, undertaking and carrying out of urban renewal project activities. Interest on the Series 2008A and Series 2008B is at 5.05 percent and 7.50 percent, respectively, for the first five years and is then variable in the subsequent years. Interest is payable each June 1 and December 1, with the principal payable each June 1 and December 1 and maturing on June 1, 2026.

Note 13. Restatement

The City restated the following net assets previously reported:

	Balance June 30, 2007 as Previously Reported	Restatement	Balance June 30, 2007 as Restated
Sewer utility	\$ 16,712,924	\$ 328,887	\$ 17,041,811
Stormwater utility	1,121,162	201,495	1,322,657
Business-type activities	31,811,684	530,382	32,342,066

The restatements related to contributed capital that should have been recognized as capital assets and revenue in the prior year.



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City of Bettendorf, Iowa

**Budgetary Comparison Schedule
 Budget and Actual - All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 Year Ended June 30, 2008**

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 16,763,147	\$ -	\$ 16,763,147
Tax increment financing	3,172,985	-	3,172,985
Other City taxes	8,416,881	-	8,416,881
Special assessments	9,505	4,630	14,135
Licenses and permits	497,123	71,401	568,524
Intergovernmental	5,343,234	449,096	5,792,330
Charges for services	346,205	11,491,914	11,838,119
Use of money and property	1,317,230	413,999	1,731,229
Miscellaneous	1,000,499	523,976	1,524,475
Total revenues	36,866,809	12,955,016	49,821,825
Expenditures/Expenses:			
Public safety	9,029,275	-	9,029,275
Public works	3,288,166	-	3,288,166
Culture and recreation	3,311,645	-	3,311,645
Community and economic development	1,921,626	-	1,921,626
General government	3,138,414	-	3,138,414
Debt service	8,019,970	-	8,019,970
Capital outlay	9,689,421	-	9,689,421
Business-type	-	16,088,091	16,088,091
Total expenditures/expenses	38,398,517	16,088,091	54,486,608
(Deficiency) of revenues over (under) expenditures/expenses	(1,531,708)	(3,133,075)	(4,664,783)
Other financing sources, net	3,745,304	7,834,939	11,580,243
Excess of revenues and other financing sources over expenditures/expenses and other financing uses	2,213,596	4,701,864	6,915,460
Balances, beginning of year	23,516,825	35,236,209	58,753,034
Balances, end of year	\$ 25,730,421	\$ 39,938,073	\$ 65,668,494

See Note to Required Supplementary Information.

Budgeted Amounts			Final to Actual Variance - Positive (Negative)
Original	Final		
\$ 16,814,405	\$ 16,813,024	\$	(49,877)
3,178,876	3,179,215		(6,230)
7,736,996	8,343,812		73,069
18,700	15,419		(1,284)
757,065	603,360		(34,836)
6,813,995	6,938,053		(1,145,723)
12,409,882	11,997,455		(159,336)
1,607,628	2,131,327		(400,098)
2,403,100	1,856,695		(332,220)
<u>51,740,647</u>	<u>51,878,360</u>		<u>(2,056,535)</u>
8,918,005	9,122,287		93,012
2,706,192	3,335,090		46,924
3,527,538	3,379,538		67,893
1,862,996	1,923,467		1,841
3,154,410	3,264,127		125,713
12,091,998	11,939,632		3,919,662
15,872,161	16,871,532		7,182,111
17,588,632	16,379,576		291,485
<u>65,721,932</u>	<u>66,215,249</u>		<u>11,728,641</u>
(13,981,285)	(14,336,889)		9,672,106
<u>15,295,740</u>	<u>19,446,355</u>		<u>(7,866,112)</u>
<u>\$ 1,314,455</u>	<u>\$ 5,109,466</u>	<u>\$</u>	<u>1,805,994</u>

City of Bettendorf, Iowa

Note to Required Supplementary Information – Budgetary Reporting Year Ended June 30, 2008

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 \$493,317. The budget amendment was primarily due to increased gaming revenue and local option sales tax, bond proceeds, increased personnel costs for police and fire departments, \$600,000 increase in costs for snow removal and increased costs for street patching as a result of the hard winter.



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City of Bettendorf, Iowa

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
Assets				
Cash and investments	\$ 690,179	\$ 270,683	\$ 164,176	\$ 113,792
Receivables:				
Property taxes	-	-	-	-
Accounts	-	18,740	1,667	-
Accrued interest	1,670	-	34	1,046
Due from other funds	-	-	-	-
Due from other governments	230,347	404	-	-
Total assets	\$ 922,196	\$ 289,827	\$ 165,877	\$ 114,838
Liabilities and Fund Balances (Deficit)				
Liabilities:				
Accounts payable	\$ 67,538	\$ 365	\$ 308	\$ 156
Accrued liabilities	34,236	1,961	4,717	-
Due to other governments	6,062	352	855	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	107,836	2,678	5,880	156
Fund Balances (Deficit):				
Reserved for encumbrances	44,983	-	-	-
Unreserved:				
Designated for pension contributions	-	-	-	-
Undesignated reported in:				
Special revenue funds	769,377	287,149	159,997	114,682
Capital projects funds	-	-	-	-
Total fund balances (deficit)	814,360	287,149	159,997	114,682
Total liabilities and fund balances (deficit)	\$ 922,196	\$ 289,827	\$ 165,877	\$ 114,838

(Continued)

Special Revenue							
Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits		
\$ 731,167	\$ 214,614	\$ 393,266	\$ 24,313	\$ -	\$ 79,153		
-	-	-	-	2,124,183	-		
302	-	-	-	-	-		
6,720	1,972	6,502	224	-	-		
-	-	-	-	-	-		
-	-	-	-	22	-		
<u>\$ 738,189</u>	<u>\$ 216,586</u>	<u>\$ 399,768</u>	<u>\$ 24,537</u>	<u>\$ 2,124,205</u>	<u>\$ 79,153</u>		
\$ 2,715	\$ 2,349	\$ 51	\$ 1,119	\$ -	\$ -		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	14,229	-		
-	-	-	-	2,109,976	-		
2,715	2,349	51	1,119	2,124,205	-		
-	-	-	-	-	-		
-	-	399,717	-	-	-		
735,474	214,237	-	23,418	-	79,153		
-	-	-	-	-	-		
<u>735,474</u>	<u>214,237</u>	<u>399,717</u>	<u>23,418</u>	<u>-</u>	<u>79,153</u>		
\$ 738,189	\$ 216,586	\$ 399,768	\$ 24,537	\$ 2,124,205	\$ 79,153		

City of Bettendorf, Iowa

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue		Capital Projects	
	Museum	Mississippi River Flood	Vehicle Replacement	Riverboat Gaming
Assets				
Cash and investments	\$ -	\$ -	\$ 1,409,724	\$ 597,713
Receivables:				
Property taxes	-	-	-	-
Accounts	55,718	-	-	48,320
Accrued interest	-	-	10,888	16,261
Due from other funds	-	-	-	1,623,067
Due from other governments	-	201,565	-	-
Total assets	\$ 55,718	\$ 201,565	\$ 1,420,612	\$ 2,285,361
Liabilities and Fund Balances (Deficit)				
Liabilities:				
Accounts payable	\$ -	\$ 41,142	\$ -	\$ -
Accrued liabilities	-	13,166	-	-
Due to other governments	-	1,919	-	-
Due to other funds	-	24,390	-	-
Deferred revenue	-	201,565	-	-
Total liabilities	-	282,182	-	-
Fund Balances (Deficit):				
Reserved for encumbrances	-	-	162,868	-
Unreserved:				
Designated for pension contributions	-	-	-	-
Undesignated reported in:				
Special revenue funds	55,718	(80,617)	-	-
Capital projects funds	-	-	1,257,744	2,285,361
Total fund balances (deficit)	55,718	(80,617)	1,420,612	2,285,361
Total liabilities and fund balances (deficit)	\$ 55,718	\$ 201,565	\$ 1,420,612	\$ 2,285,361

Capital Projects					
Electronic Equipment Replacement	CIP/LOT and Interest	GEO Thuenen Overpass	Future Projects	Total	
\$ 1,154,242	\$ 2,529,993	\$ 429,641	\$ 187,818	\$ 8,990,474	
-	-	-	-	2,124,183	
-	-	-	51,250	175,997	
10,659	23,032	3,948	4,703	87,659	
-	407,897	-	-	2,030,964	
-	-	-	-	432,338	
<u>\$ 1,164,901</u>	<u>\$ 2,960,922</u>	<u>\$ 433,589</u>	<u>\$ 243,771</u>	<u>\$ 13,841,615</u>	
\$ 63,328	\$ -	\$ -	\$ -	\$ 179,071	
-	-	-	-	54,080	
-	-	-	-	9,188	
-	-	-	-	38,619	
-	-	-	-	2,311,541	
<u>63,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,592,499</u>	
-	-	-	-	207,851	
-	-	-	-	399,717	
-	-	-	-	2,358,588	
1,101,573	2,960,922	433,589	243,771	8,282,960	
<u>1,101,573</u>	<u>2,960,922</u>	<u>433,589</u>	<u>243,771</u>	<u>11,249,116</u>	
<u>\$ 1,164,901</u>	<u>\$ 2,960,922</u>	<u>\$ 433,589</u>	<u>\$ 243,771</u>	<u>\$ 13,841,615</u>	

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
 Nonmajor Governmental Funds
 Year Ended June 30, 2008

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,694,279	439,902	72,000	-
Use of money and property	35,801	12,527	20,383	5,501
Miscellaneous	7,924	18,688	79,779	29,313
Total revenues	2,738,004	471,117	172,162	34,814
Expenditures:				
Current operating:				
Public safety	-	-	-	16,837
Public works	3,242,112	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	464,381	255,351	-
General government	-	-	-	-
Capital outlay	-	-	-	5,637
Total expenditures	3,242,112	464,381	255,351	22,474
Excess (deficiency) of revenues over expenditures	(504,108)	6,736	(83,189)	12,340
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	503,775	-	101,500	-
Transfers out	(8,000)	-	-	-
Total other financing sources (uses)	495,775	-	101,500	-
Net changes in fund balance	(8,333)	6,736	18,311	12,340
Fund balances, beginning of year	822,693	280,413	141,686	102,342
Fund balances (deficit), end of year	\$ 814,360	\$ 287,149	\$ 159,997	\$ 114,682

(Continued)

Special Revenue						
Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits	
\$ -	\$ -	\$ -	\$ -	\$ 1,542,892	\$ -	
-	-	-	-	65,916	-	
79,772	-	-	-	1,090	-	
37,802	12,532	38,272	1,074	-	-	
50,942	4,243	-	18,195	-	45,077	
168,516	16,775	38,272	19,269	1,609,898	45,077	
-	-	-	-	-	-	
-	-	-	-	-	-	
35,743	-	-	67,311	-	-	
-	91,327	-	-	-	31,195	
-	-	283	-	-	-	
54,780	-	-	-	-	-	
90,523	91,327	283	67,311	-	31,195	
77,993	(74,552)	37,989	(48,042)	1,609,898	13,882	
-	-	-	-	-	-	
-	93,000	-	40,000	-	-	
-	-	(1,073,109)	-	(1,609,898)	-	
-	93,000	(1,073,109)	40,000	(1,609,898)	-	
77,993	18,448	(1,035,120)	(8,042)	-	13,882	
657,481	195,789	1,434,837	31,460	-	65,271	
\$ 735,474	\$ 214,237	\$ 399,717	\$ 23,418	\$ -	\$ 79,153	

City Of Bettendorf, Iowa

Combining Statement Of Revenues, Expenditures And Changes In Fund Balances (Deficit) (Continued)
 Nonmajor Governmental Funds
 Year Ended June 30, 2008

	Special Revenue		Capital Projects	
	Museum	Mississippi River Flood	Vehicle Replacement	Riverboat Gaming
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	2,076,120
Intergovernmental	-	-	-	-
Use of money and property	-	-	56,354	206,035
Miscellaneous	55,718	-	-	-
Total revenues	55,718	-	56,354	2,282,155
Expenditures:				
Current operating:				
Public safety	-	80,617	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Capital outlay	-	-	586,548	-
Total expenditures	-	80,617	586,548	-
Excess (deficiency) of revenues over expenditures	55,718	(80,617)	(530,194)	2,282,155
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	25,996	-
Transfers in	-	-	890,000	687,745
Transfers out	-	-	-	(1,787,577)
Total other financing sources (uses)	-	-	915,996	(1,099,832)
Net changes in fund balance	55,718	(80,617)	385,802	1,182,323
Fund balances, beginning of year	-	-	1,034,810	1,103,038
Fund balances (deficit), end of year	\$ 55,718	\$ (80,617)	\$ 1,420,612	\$ 2,285,361

					Capital Projects	
Electronic Equipment Replacement	CIP/LOT and Interest	GEO Thuenen Overpass	Future Projects	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	1,542,892	
-	-	-	-	-	2,142,036	
-	-	-	-	-	3,287,043	
56,275	133,438	20,995	18,451		655,440	
3,500	-	50,000	396,079		759,458	
59,775	133,438	70,995	414,530		8,386,869	
-	-	-	-	-	97,454	
-	-	-	-	-	3,242,112	
-	-	-	-	-	103,054	
-	-	-	-	-	842,254	
-	-	-	-	-	283	
264,717	-	443	-	-	912,125	
264,717	-	443	-	-	5,197,282	
(204,942)	133,438	70,552	414,530		3,189,587	
-	-	-	-	-	25,996	
360,000	1,750,050	-	-	-	4,426,070	
(88,578)	(1,282,021)	-	(323,913)		(6,173,096)	
271,422	468,029	-	(323,913)		(1,721,030)	
66,480	601,467	70,552	90,617		1,468,557	
1,035,093	2,359,455	363,037	153,154		9,780,559	
\$ 1,101,573	\$ 2,960,922	\$ 433,589	\$ 243,771	\$	\$ 11,249,116	

City of Bettendorf, Iowa

Combining Statement of Net Assets
 Nonmajor Enterprise Funds
 June 30, 2008

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Assets		
Current assets:		
Cash and investments	\$ 770,556	\$ 133,160
Receivables:		
Accounts and unbilled usage	482,013	23,399
Accrued interest	7,006	1,641
Special assessments	50,492	-
Due from other governments	-	-
Total current assets	1,310,067	158,200
Noncurrent assets:		
Bond discounts	-	-
Bond issuance costs	-	-
Capital assets:		
Nondepreciable, land	-	579,370
Depreciable:		
Buildings and structures	-	1,490,637
Equipment and vehicles	2,444,076	617,654
Improvements other than buildings	-	675,868
Accumulated depreciation	(1,465,635)	(926,349)
Net capital assets	978,441	2,437,180
Total noncurrent assets	978,441	2,437,180
Total assets	\$ 2,288,508	\$ 2,595,380
Liabilities and Net Assets		
Liabilities:		
Current:		
Accounts payable	\$ 66,699	\$ 157,263
Compensated absences	9,927	6,250
Accrued liabilities	18,751	10,669
Due to other governments	3,234	7,997
Due to other funds	-	250,000
Interest payable	-	-
Unearned revenue	-	-
Current maturities, general obligation bonds	-	-
Total current liabilities	98,611	432,179
Noncurrent:		
Compensated absences	23,204	14,607
General obligation bonds, net of current maturities	-	-
Total noncurrent liabilities	23,204	14,607
Total liabilities	121,815	446,786
Net assets:		
Invested in capital assets, net of related debt	978,441	2,437,180
Unrestricted	1,188,252	(288,586)
Total net assets	2,166,693	2,148,594
Total liabilities and net assets	\$ 2,288,508	\$ 2,595,380

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Total
\$ 121,454	\$ 43,764	\$ -	\$ 276,920	\$ 1,345,854
11,383	3,075	2,563	30,472	552,905
-	-	-	77	8,724
-	-	-	-	50,492
-	-	79,863	8,640	88,503
132,837	46,839	82,426	316,109	2,046,478
-	-	-	3,340	3,340
-	-	-	7,874	7,874
840,000	-	-	148,070	1,567,440
3,466,035	4,180,433	-	5,277,314	14,414,419
203,851	59,406	820,329	898,776	5,044,092
85,885	8,120	-	229,744	999,617
(1,713,677)	(1,124,028)	(516,664)	(2,350,420)	(8,096,773)
2,882,094	3,123,931	303,665	4,203,484	13,928,795
2,882,094	3,123,931	303,665	4,214,698	13,940,009
\$ 3,014,931	\$ 3,170,770	\$ 386,091	\$ 4,530,807	\$ 15,986,487
\$ 42,975	\$ 86,324	\$ 36,003	\$ 44,822	\$ 434,086
5,663	766	10,277	16,540	49,423
9,997	1,473	18,957	29,062	88,909
3,966	5,853	3,071	4,931	29,052
-	-	88,268	-	338,268
-	-	-	4,473	4,473
119,801	-	-	-	119,801
-	-	-	349,600	349,600
182,402	94,416	156,576	449,428	1,413,612
13,238	1,789	24,021	38,661	115,520
-	-	-	1,101,700	1,101,700
13,238	1,789	24,021	1,140,361	1,217,220
195,640	96,205	180,597	1,589,789	2,630,832
2,882,094	3,123,931	303,665	2,755,524	12,480,835
(62,803)	(49,366)	(98,171)	185,494	874,820
2,819,291	3,074,565	205,494	2,941,018	13,355,655
\$ 3,014,931	\$ 3,170,770	\$ 386,091	\$ 4,530,807	\$ 15,986,487

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Nonmajor Enterprise Funds
 Year Ended June 30, 2008

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Operating revenues:		
Charges for services	\$ 1,591,716	\$ 686,948
Intergovernmental	-	-
Other, primarily concessions	-	313,159
Total operating revenue	1,591,716	1,000,107
Operating expenses:		
Salaries and benefits	682,203	640,619
Supplies and services	756,595	444,742
Depreciation	257,389	134,338
Amortization	-	-
Total operating expenses	1,696,187	1,219,699
Operating (loss)	(104,471)	(219,592)
Nonoperating revenues (expenses):		
Investment earnings	44,554	6,395
Interest expense	-	-
Gain (loss) on disposal of assets	-	-
Total nonoperating revenues (expenses)	44,554	6,395
(Loss) before capital grants and contributions and transfers	(59,917)	(213,197)
Transfers in	250,000	50,000
Changes in net assets	190,083	(163,197)
Net assets, beginning	1,976,610	2,311,791
Net assets, ending	\$ 2,166,693	\$ 2,148,594

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Total
\$ 555,851	\$ 211,302	\$ 64,270	\$ 615,898	\$ 3,725,985
-	-	415,956	33,140	449,096
5,368	6,075	9,037	99,958	433,597
561,219	217,377	489,263	748,996	4,608,678
456,659	173,265	602,408	965,222	3,520,376
283,588	137,346	506,657	514,673	2,643,601
120,527	159,174	101,222	150,130	922,780
-	-	-	3,082	3,082
860,774	469,785	1,210,287	1,633,107	7,089,839
(299,555)	(252,408)	(721,024)	(884,111)	(2,481,161)
9,875	-	3,287	16,788	80,899
-	-	-	(71,486)	(71,486)
(12,306)	-	12,500	-	194
(2,431)	-	15,787	(54,698)	9,607
(301,986)	(252,408)	(705,237)	(938,809)	(2,471,554)
109,468	40,000	604,021	1,193,463	2,246,952
(192,518)	(212,408)	(101,216)	254,654	(224,602)
3,011,809	3,286,973	306,710	2,686,364	13,580,257
\$ 2,819,291	\$ 3,074,565	\$ 205,494	\$ 2,941,018	\$ 13,355,655

City of Bettendorf, Iowa

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 Year Ended June 30, 2008

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,503,662	\$ 680,961
Receipts from other operating revenue	-	313,159
Payments to suppliers	(766,195)	(447,210)
Payments to employees	(681,331)	(637,663)
Net cash provided by (used in) operating activities	56,136	(90,753)
Cash flows from noncapital financing activities:		
(Payments of) interfund accounts	-	(50,000)
Transfers in	250,000	50,000
Net cash provided by noncapital financing activities	250,000	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(289,246)	-
Proceeds from disposal of capital assets	-	-
Payment on debt	-	-
Interest paid on debt	-	-
Net cash provided by (used in) capital and related financing activities	(289,246)	-
Cash flows from investing activities, interest received	46,735	7,578
Net increase (decrease) in cash and cash equivalents	63,625	(83,175)
Cash and cash equivalents:		
Beginning	706,931	216,335
Ending	<u>\$ 770,556</u>	<u>\$ 133,160</u>
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (104,471)	\$ (219,592)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation	257,389	134,338
Amortization	-	-
Change in assets and liabilities:		
Receivables and due from other governments	(88,054)	(5,987)
Accounts payable and due to other governments	(9,600)	(2,468)
Compensated absences and accrued liabilities	872	2,956
Unearned revenue	-	-
Net cash provided by (used in) operating activities	\$ 56,136	\$ (90,753)

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Total
\$ 539,723	\$ 209,696	\$ 76,825	\$ 625,346	\$ 3,636,213
5,368	6,075	470,035	124,458	919,095
(267,627)	(115,690)	(506,447)	(510,357)	(2,613,526)
(451,972)	(172,542)	(595,438)	(960,164)	(3,499,110)
(174,508)	(72,461)	(555,025)	(720,717)	(1,557,328)
-	-	(65,270)	-	(115,270)
109,468	40,000	604,021	1,193,463	2,246,952
109,468	40,000	538,751	1,193,463	2,131,682
(63,069)	-	-	(25,869)	(378,184)
-	-	12,500	-	12,500
-	-	-	(325,000)	(325,000)
-	-	-	(73,105)	(73,105)
(63,069)	-	12,500	(423,974)	(763,789)
9,875	983	3,287	16,711	85,169
(118,234)	(31,478)	(487)	65,483	(104,266)
239,688	75,242	487	211,437	1,450,120
\$ 121,454	\$ 43,764	\$ -	\$ 276,920	\$ 1,345,854
\$ (299,555)	\$ (252,408)	\$ (721,024)	\$ (884,111)	\$ (2,481,161)
120,527	159,174	101,222	150,130	922,780
-	-	-	3,082	3,082
(6,856)	(1,606)	57,597	808	(44,098)
15,961	21,656	210	4,316	30,075
4,687	723	6,970	5,058	21,266
(9,272)	-	-	-	(9,272)
\$ (174,508)	\$ (72,461)	\$ (555,025)	\$ (720,717)	\$ (1,557,328)

City of Bettendorf, Iowa

Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

Assets	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Current assets:					
Cash and investments	\$ 1,050,881	\$ 686,834	\$ 573,022	\$ 68,612	\$ 2,379,349
Restricted cash	38,927	-	-	-	38,927
Prepaid items	-	-	-	282,667	282,667
Receivables:					
Accounts	3,590	4,339	-	-	7,929
Accrued interest	10,576	6,037	5,244	559	22,416
Due from other funds	-	3,945	-	-	3,945
Total current assets	1,103,974	701,155	578,266	351,838	2,735,233
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	-	-	(653,350)	-	(653,350)
Total noncurrent assets	-	-	284,352	-	284,352
Total assets	\$ 1,103,974	\$ 701,155	\$ 862,618	\$ 351,838	\$ 3,019,585
Liabilities and Net Assets					
Liabilities:					
Current:					
Accounts payable	\$ -	\$ 89,009	\$ 161,559	\$ 12,257	\$ 262,825
Claims payable	126,681	-	-	-	126,681
Compensated absences	-	-	6,581	5,978	12,559
Accrued liabilities	-	-	10,354	9,258	19,612
Due to other governments	-	-	1,837	1,617	3,454
Total current liabilities	126,681	89,009	180,331	29,110	425,131
Noncurrent, compensated absences	-	-	15,383	13,972	29,355
Total liabilities	126,681	89,009	195,714	43,082	454,486
Net assets:					
Invested in capital assets	-	-	284,352	-	284,352
Restricted for health insurance claims	38,927	-	-	-	38,927
Unrestricted	938,366	612,146	382,552	308,756	2,241,820
Total net assets	977,293	612,146	666,904	308,756	2,565,099
Total liabilities and net assets	\$ 1,103,974	\$ 701,155	\$ 862,618	\$ 351,838	\$ 3,019,585

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Internal Service Funds
 Year Ended June 30, 2008

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Operating revenues:					
Charges for services	\$ 2,229,147	\$ 751,999	\$ 1,292,349	\$ 526,756	\$ 4,800,251
Other	6,461	26,152	2,049	4,924	39,586
Total operating revenues	2,235,608	778,151	1,294,398	531,680	4,839,837
Operating expenses:					
Salaries and benefits	1,879,199	-	371,071	342,340	2,592,610
Supplies and services	450,857	833,826	958,671	249,912	2,493,266
Depreciation	-	-	30,648	-	30,648
Total operating expenses	2,330,056	833,826	1,360,390	592,252	5,116,524
Operating (loss)	(94,448)	(55,675)	(65,992)	(60,572)	(276,687)
Nonoperating revenues, investment earnings	70,145	26,090	27,072	10,564	133,871
(Loss) before transfers	(24,303)	(29,585)	(38,920)	(50,008)	(142,816)
Transfers in	-	30,000	-	51,000	81,000
Changes in net assets	(24,303)	415	(38,920)	992	(61,816)
Total net assets, beginning	1,001,596	611,731	705,824	307,764	2,626,915
Total net assets, ending	\$ 977,293	\$ 612,146	\$ 666,904	\$ 308,756	\$ 2,565,099

City of Bettendorf, Iowa

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2008

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,229,131	\$ 751,798	\$ 1,292,451	\$ 526,756	\$ 4,800,136
Receipts from other operating revenue	6,461	26,152	2,049	4,924	39,586
Payments to suppliers	(450,857)	(698,686)	(921,532)	(248,297)	(2,319,372)
Payments to claimants	(1,885,622)	-	-	-	(1,885,622)
Payments to employees	-	-	(370,775)	(621,080)	(991,855)
Net cash provided by (used in) operating activities	(100,887)	79,264	2,193	(337,697)	(357,127)
Cash flows from noncapital financing activities:					
Payment of interfund accounts	-	(985)	-	-	(985)
Transfers in	-	30,000	-	51,000	81,000
Net cash provided by noncapital financing activities	-	29,015	-	51,000	80,015
Cash flows from investing activities,					
interest received	74,139	24,977	28,961	14,101	142,178
Net increase (decrease) in cash and cash equivalents	(26,748)	133,256	31,154	(272,596)	(134,934)
Cash and cash equivalents:					
Beginning	1,116,556	553,578	541,868	341,208	2,553,210
Ending	<u>\$ 1,089,808</u>	<u>\$ 686,834</u>	<u>\$ 573,022</u>	<u>\$ 68,612</u>	<u>\$ 2,418,276</u>
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:					
Operating (loss)	\$ (94,448)	\$ (55,675)	\$ (65,992)	\$ (60,572)	\$ (276,687)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	30,648	-	30,648
Change in assets and liabilities:					
Receivables	(16)	(201)	102	-	(115)
Prepaid items	-	78,447	-	(276,317)	(197,870)
Accounts payable and due to other governments	-	56,693	37,139	1,615	95,447
Claims payable	(6,423)	-	-	-	(6,423)
Compensated absences and accrued liabilities	-	-	296	(2,423)	(2,127)
Net cash provided by (used in) operating activities	\$ (100,887)	\$ 79,264	\$ 2,193	\$ (337,697)	\$ (357,127)

City of Bettendorf, Iowa

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2008

	Explorers	Section 125 Plan	Police Property Account	Total
Assets:				
Cash and investments	\$ 1,048	\$ 21,230	\$ 3,118	\$ 25,396
Accounts receivable	10	-	-	10
	<u>\$ 1,058</u>	<u>\$ 21,230</u>	<u>\$ 3,118</u>	<u>\$ 25,406</u>
Liabilities, accounts payable	<u>\$ 1,058</u>	<u>\$ 21,230</u>	<u>\$ 3,118</u>	<u>\$ 25,406</u>

City of Bettendorf, Iowa

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2008**

Explorers	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Assets:				
Cash and investments	\$ 2,145	\$ 3,263	\$ 4,360	\$ 1,048
Accounts receivable	28	236	254	10
	\$ 2,173	\$ 3,499	\$ 4,614	\$ 1,058
Liabilities, accounts payable	\$ 2,173	\$ 4,267	\$ 5,382	\$ 1,058
 Section 125 Plan				
Assets, cash and investments	\$ 23,739	\$ 88,146	\$ 90,655	\$ 21,230
Liabilities, accounts payable	\$ 23,739	\$ 90,655	\$ 93,164	\$ 21,230
 Police Property Account				
Assets, cash and investments	\$ 7,418	\$ 18,545	\$ 22,845	\$ 3,118
Liabilities, accounts payable	\$ 7,418	\$ 18,545	\$ 22,845	\$ 3,118
 Combined Funds				
Assets:				
Cash and investments	\$ 33,302	\$ 109,954	\$ 117,860	\$ 25,396
Accounts receivable	28	236	254	10
	\$ 33,330	\$ 110,190	\$ 118,114	\$ 25,406
Liabilities, accounts payable	\$ 33,330	\$ 113,467	\$ 121,391	\$ 25,406

City of Bettendorf, Iowa

Statistical Section

Contents

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.

Contents	Page
Financial Trends 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
Revenue Capacity 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
Debt Capacity 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
Demographic and Economic Information 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
Operating Information 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 Six 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
Total governmental activities			
net assets	\$ 40,610,021	\$ 46,715,875	\$ 50,563,186
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
Total business-type activities			
net assets	\$ 27,481,011	\$ 30,346,245	\$ 30,781,173
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
Total primary government			
net assets	\$ 68,091,032	\$ 77,062,120	\$ 81,344,359

GASB Statement No. 34 Implemented in Fiscal Year 2003

			Fiscal Year		
2006		2007		2008	
\$	37,919,071	\$	39,923,572	\$	46,616,013
	6,221,183		10,260,032		7,158,860
	10,349,190		9,270,579		13,026,168
\$	54,489,444	\$	59,454,183	\$	66,801,041
\$	29,262,706	\$	30,564,714	\$	38,279,056
	176,219		175,553		166,868
	2,967,755		1,071,417		(1,435,388)
\$	32,406,680	\$	31,811,684	\$	37,010,536
\$	67,181,777	\$	70,488,286	\$	84,895,069
	6,397,402		10,435,585		7,325,728
	13,316,945		10,341,996		11,590,780
\$	86,896,124	\$	91,265,867	\$	103,811,577

City of Bettendorf, Iowa

Changes In Net Assets
Last Six 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
Total governmental activities expenses	22,747,105	22,949,189	26,524,846
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	-	-	-
Educational Center	-	-	-
Total business-type activities expenses	8,709,105	8,530,014	10,213,082
Total primary government expenses	31,456,210	31,479,203	36,737,928
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
Total governmental activities program revenue	2,177,739	5,263,011	7,773,805

(Continued)

			Fiscal Year		
			2006	2007	2008
\$	8,474,260	\$	9,218,990	\$	9,714,867
	5,762,806		6,209,711		6,480,290
	3,722,405		3,663,690		3,784,862
	1,521,206		1,529,551		2,013,017
	3,566,384		3,440,431		3,498,535
	2,349,192		2,348,925		2,443,655
	<u>25,396,253</u>		<u>26,411,298</u>		<u>27,935,226</u>
	2,767,540		2,906,148		2,927,523
	1,725,794		1,800,585		1,721,249
	412,494		426,630		473,972
	1,580,939		1,633,478		1,720,851
	1,146,586		1,273,827		1,226,764
	782,242		788,259		880,485
	783,017		672,361		794,675
	1,091,502		1,187,029		1,229,554
	-		64,030		91,705
	-		694,448		-
	<u>10,290,114</u>		<u>11,446,795</u>		<u>11,066,778</u>
	<u>35,686,367</u>		<u>37,858,093</u>		<u>39,002,004</u>
	18,546		21,796		20,457
	23,382		8,983		37,758
	209,673		229,243		227,595
	1,037,467		616,722		567,023
	105,059		115,102		87,066
	436,083		378,140		917,634
	2,664,831		2,665,412		2,728,338
	159,889		108,257		83,837
	512,395		711,400		633,852
	-		80,000		103,726
	1,165,844		1,323,870		2,315,830
	27,051		30,000		20,000
	<u>6,360,220</u>		<u>6,288,925</u>		<u>7,743,116</u>

City of Bettendorf, Iowa

Changes In Net Assets (Continued)
Last Six 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	-	-	-
Total business-type activities program revenues	5,380,243	7,709,292	7,574,056
Total primary government program revenues	7,557,982	12,972,303	15,347,861
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)
Total primary government net expense	(23,898,228)	(177,682,509)	(21,390,067)
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)
Total governmental activities	24,066,035	23,792,032	22,598,352

(Continued)

Fiscal Year			
	2006	2007	2008
\$	2,491,731	\$ 2,410,029	\$ 2,422,381
	516,211	572,603	615,898
	167,157	187,471	211,302
	1,355,684	1,420,297	1,591,716
	738,340	740,103	686,948
	368,153	524,665	555,851
	579,144	593,041	619,328
	56,656	61,037	64,270
	149,273	225,500	133,098
	268,686	555,512	417,756
	465,967	-	121,832
	-	-	-
	300,000	-	-
	310,645	-	81,221
	-	-	12,500
	-	138,040	4,486,960
	250,000	200,000	-
	<u>8,017,647</u>	<u>7,628,298</u>	<u>12,021,061</u>
	<u>14,377,867</u>	<u>13,917,223</u>	<u>19,764,177</u>
	(19,036,033)	(20,122,373)	(20,192,110)
	(2,272,467)	(3,818,497)	954,283
	<u>(21,308,500)</u>	<u>(23,940,870)</u>	<u>(19,237,827)</u>
	15,375,604	15,619,789	16,795,048
	1,853,383	1,962,103	3,172,985
	3,968,600	4,206,449	4,259,072
	1,557,262	1,440,620	1,573,298
	2,121,774	1,963,498	2,076,120
	-	-	-
	345,734	366,272	392,338
	22,335	22,350	23,080
	34,604	45,081	51,018
	826,908	1,398,304	1,451,101
	-	-	21,163
	352,050	511,323	775,171
	<u>(3,495,963)</u>	<u>(2,448,677)</u>	<u>(3,051,426)</u>
	<u>22,962,291</u>	<u>25,087,112</u>	<u>27,538,968</u>

City of Bettendorf, Iowa

Changes In Net Assets (Continued)
Last Six 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
Total business-type activities	4,230,623	3,685,956	3,073,954
Total primary government	\$ 28,296,658	\$ 27,477,988	\$ 25,672,306
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
Total primary government	\$ 4,398,430	\$ 8,971,088	\$ 4,282,239

Fiscal Year		
2006	2007	2008
216,631	423,184	280,128
-	-	-
185,380	351,640	382,633
3,495,963	2,448,677	3,051,426
3,897,974	3,223,501	3,714,187
\$ 26,860,265	\$ 28,310,613	\$ 31,253,155
3,926,258	4,964,739	7,346,858
1,625,507	(594,996)	4,668,470
\$ 5,551,765	\$ 4,369,743	\$ 12,015,328

City of Bettendorf, Iowa

Program Revenues By Function/Program

Last Six 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	-	-	-
Total governmental activities	956,510	1,147,151	74,078
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	-	-	-
Total business-type activities	4,951,669	369,324	59,250
Total primary government	\$ 5,908,179	\$ 1,516,475	\$ 133,328

(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 Six 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
Governmental activities:			
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	-	-	-
Total governmental activities	1,394,127	3,773,198	1,192,895
Business-type activities:			
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	-	-	-
Total business-type activities	6,273,076	417,959	1,326,612
Total primary government	\$ 7,667,203	\$ 4,191,157	\$ 2,519,507

Program Revenues						
Fiscal Year						
2007			2008			
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
\$ 21,796	\$ 378,140	\$ 80,000	\$ 20,457	\$ 917,634	\$ 103,726	
8,983	2,665,412	1,323,870	37,758	2,728,338	2,315,830	
229,243	108,257	30,000	227,595	83,837	20,000	
616,722	711,400	-	567,023	633,852	-	
115,102	-	-	87,066	-	-	
-	-	-	-	-	-	
991,846	3,863,209	1,433,870	939,899	4,363,661	2,439,556	
2,410,029	-	-	2,422,381	-	121,832	
572,603	225,500	-	615,898	133,098	-	
187,471	-	-	211,302	-	-	
1,420,297	-	-	1,591,716	-	-	
740,103	-	-	686,948	-	-	
524,665	-	-	555,851	-	-	
593,041	-	-	619,328	-	81,221	
61,037	555,512	-	64,270	417,756	12,500	
-	-	138,040	-	-	-	
-	-	200,000	-	-	4,486,960	
6,509,246	781,012	338,040	6,767,694	550,854	4,702,513	
\$ 7,501,092	\$ 4,644,221	\$ 1,771,910	\$ 7,707,593	\$ 4,914,515	\$ 7,142,069	

City of Bettendorf, Iowa

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

	Fiscal Year			
	1999	2000	2001	2002
General Fund:				
Reserved	\$ 104,592	\$ 183,545	\$ 110,770	\$ 81,652
Unreserved	4,736,546	4,252,697	4,071,653	4,230,012
Total General Fund	\$ 4,841,138	\$ 4,436,242	\$ 4,182,423	\$ 4,311,664
All other governmental funds:				
Reserved	\$ 2,387,545	\$ 1,145,825	\$ 5,527,603	\$ 4,050,715
Unreserved, reported in:				
Special revenue funds	4,594,150	4,477,047	2,128,788	3,468,598
Debt service funds	2,191,894	2,172,367	2,052,121	2,247,776
Capital projects funds	8,941,283	7,800,144	6,686,159	5,542,810
Total all other government funds	\$ 18,114,872	\$ 15,595,383	\$ 16,394,671	\$ 15,309,899

Fiscal Year											
2003		2004		2005		2006		2007		2008	
\$	95,135	\$	82,006	\$	64,882	\$	47,989	\$	69,408	\$	242,784
	4,388,551		4,445,838		4,749,446		4,780,972		4,908,122		4,857,574
\$	4,483,686	\$	4,527,844	\$	4,814,328	\$	4,828,961	\$	4,977,530	\$	5,100,358
<hr/>											
\$	6,394,631	\$	7,147,989	\$	2,068,938	\$	2,888,698	\$	4,267,649	\$	8,817,132
	3,082,497		3,379,138		3,027,598		2,780,057		3,182,157		1,903,418
	2,141,163		1,905,881		1,605,452		1,202,569		4,658,472		724,672
	7,035,080		7,718,078		9,437,438		7,712,234		6,431,017		9,184,841
<hr/>											
\$	18,653,371	\$	20,151,086	\$	16,139,426	\$	14,583,558	\$	18,539,295	\$	20,630,063

City of Bettendorf, Iowa

Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1999	2000	2001	2002
Revenues:				
Property taxes	\$ 11,353,128	\$ 13,083,926	\$ 13,506,245	\$ 13,966,278
Tax increment financing taxes	-	-	-	-
Other taxes	4,261,455	4,843,459	5,321,691	5,278,500
Special assessments	11,202	116,123	23,125	8,459
Licenses and permits	476,363	464,415	437,141	411,922
Intergovernmental	8,382,630	7,357,588	6,764,956	6,703,471
Charges for services	313,494	303,585	266,062	340,170
Use of money and property	897,903	771,187	1,571,966	1,027,639
Fines and forfeitures	147,228	164,308	133,630	149,923
Miscellaneous	1,107,746	818,294	580,070	1,338,444
Total revenues	26,951,149	27,922,885	28,604,886	29,224,806
Expenditures:				
Current operating:				
Community protection	5,500,328	5,993,527	7,101,978	6,823,164
Human development	2,508,515	2,522,003	2,857,429	3,152,880
Home and community development	5,889,610	3,477,567	4,120,753	4,021,299
Policy and administration	2,705,217	3,188,137	2,974,569	3,237,325
Public safety	*	*	*	*
Public works	*	*	*	*
Culture and recreation	*	*	*	*
Community and economic development	*	*	*	*
General government	*	*	*	*
Debt service:				
Principal	2,210,495	3,250,496	3,719,420	3,500,641
Interest	2,349,502	2,190,517	2,373,887	2,463,311
Bond issuance costs	-	-	-	-
Expenditures in capital outlay not capitalized	-	-	-	-
Capitalized capital outlay	11,492,709	13,886,745	9,226,513	10,781,112
Total expenditures	32,656,376	34,508,992	32,374,549	33,979,732
Excess of revenues (under) expenditures	(5,705,227)	(6,586,107)	(3,769,663)	(4,754,926)
Other financing sources (uses):				
Issuance of long-term debt	-	6,560,000	6,635,000	6,580,000
Payment to bond escrow agent	-	-	-	-
Premiums	-	-	-	-
Discounts	-	(69,872)	(45,965)	(64,867)
Proceeds from sale of capital assets	-	-	-	-
Transfers in	4,461,689	7,581,196	5,118,577	11,128,148
Transfers out	(5,894,421)	(8,735,369)	(7,392,480)	(13,843,886)
Total other financing sources (uses)	(1,432,732)	5,335,955	4,315,132	3,799,395
Net changes in fund balance	\$ (7,137,959)	\$ (1,250,152)	\$ 545,469	\$ (955,531)
Debt service as a percentage of noncapital expenditures	21.5%	26.4%	26.3%	25.7%

							Fiscal Year					
2003		2004		2005		2006		2007		2008		
\$	12,868,877	\$	13,084,732	\$	14,631,169	\$	15,383,115	\$	15,648,364	\$	16,763,147	
	-		-		1,684,641		1,853,383		1,962,103		3,172,985	
	7,021,606		9,665,583		7,564,060		7,511,852		7,995,246		8,416,881	
	35,185		25,975		5,388		19,947		6,761		9,505	
	598,484		621,466		636,202		865,209		542,182		497,123	
	6,362,813		3,973,556		4,039,000		3,952,501		5,019,945		5,343,234	
	240,675		401,753		326,756		394,575		327,801		346,205	
	675,735		444,476		619,366		761,546		1,274,705		1,317,230	
	-		-		-		-		-		-	
	1,797,479		976,223		787,742		729,844		703,696		1,000,499	
	29,600,854		29,193,764		30,294,324		31,471,972		33,480,803		36,866,809	
	*		*		*		*		*		*	
	*		*		*		*		*		*	
	*		*		*		*		*		*	
	*		*		*		*		*		*	
	6,617,387		6,914,003		7,487,118		7,895,689		8,194,904		9,029,275	
	2,309,379		2,557,007		2,660,482		2,727,337		2,627,335		3,288,166	
	2,826,226		2,965,014		3,153,672		3,300,346		3,187,458		3,311,645	
	1,048,976		1,218,663		1,412,845		1,258,141		1,443,565		1,921,626	
	2,860,894		2,790,248		2,798,173		3,106,289		3,104,868		3,138,414	
	3,816,862		7,006,601		9,037,165		5,089,158		5,524,216		5,615,000	
	2,639,454		2,486,386		2,567,015		2,331,935		2,315,370		2,318,366	
	-		47,771		33,780		37,456		251,346		86,604	
	-		-		-		1,093,385		1,298,676		870,795	
	7,490,960		6,199,642		6,835,946		7,253,947		8,368,929		8,818,626	
	29,610,138		32,185,335		35,986,196		34,093,683		36,316,667		38,398,517	
	(9,284)		(2,991,571)		(5,691,872)		(2,621,711)		(2,835,864)		(1,531,708)	
	6,920,000		8,104,050		4,590,000		4,580,000		15,155,000		10,540,000	
	-		-		-		-		(6,275,000)		(3,821,388)	
	1,535		-		-		3,190		76,667		130,466	
	(31,203)		(45,681)		(32,066)		(44,519)		-		-	
	348,000		-		306,120		90,972		224,110		28,652	
	5,882,790		5,700,841		6,617,725		6,925,915		7,681,976		8,607,299	
	(10,071,953)		(9,225,766)		(9,515,083)		(10,475,082)		(9,922,583)		(11,739,725)	
	3,049,169		4,533,444		1,966,696		1,080,476		6,940,170		3,745,304	
\$	3,039,885	\$	1,541,873	\$	(3,725,176)	\$	(1,541,235)	\$	4,104,306	\$	2,213,596	
	29.2%		36.7%		39.9%		27.8%		29.0%		27.2%	

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
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
2007	15,648,364	742,038	4,224,858	691,118	1,962,102
2008	16,763,147	879,403	4,375,125	684,244	3,172,985
Change 1999-2008	52.18%	0.43%	39.37%	8.36%	838.93%

Source: City records.

Mobile Home Tax	Gaming Tax	Cable Franchise Tax	Total
\$ 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
6,818	1,963,498	366,272	25,605,068
9,651	2,076,120	392,338	28,353,013
3.34%	17.13%	65.31%	63.07%

City of Bettendorf, Iowa

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Machinery & Equipment
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	-
2008	1,921,741,462	351,218,507	20,010,233	-

Source: Scott County Auditor

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

	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
\$	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
	15,077,966	4,459,440	2,233,450,701	2.74	12.60000	1,224,008,170	54.60
	14,536,012	4,437,370	2,311,943,584	3.51%	12.95000	1,261,266,735	54.55

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		
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	
2007	7.04809	1.23016	0.27175	4.05000	12.60000	
2008	6.87883	1.23016	0.34101	4.50000	12.95000	

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

Overlapping Rates

Bettendorf School District	Scott County	County Assessor	Area IX	Other	Total Levy
\$ 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
15.00216	5.51106	0.29563	0.61277	0.07034	34.09196
15.00025	5.54040	0.28899	0.60785	0.07079	34.45828

City of Bettendorf, Iowa

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

Taxpayer	2008			1999		
	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	\$ 85,283,690	1	3.69			
Mid American Energy Co.	70,445,381	2	3.05	\$ 61,528,010	1	4.18
Gen Ventures, Inc.	14,502,980	3	0.63	10,054,778	5	0.68
(formerly General Properties, Ltd.)	14,031,940	4	0.61	6,307,170	9	0.43
CMS/Chateau Knoll	13,327,650	5	0.58	10,850,000	4	0.74
Haversian Canal Systems LLP	13,121,260	6	0.57			
First Equity Mngmt LC (formerly Equitable Life Assurance Soc.)	11,434,203	7	0.49			
Olympic Steel Iowa, Inc.	9,171,760	8	0.40			
Bettendorf Regency Apartments LC	8,701,290	9	0.38			
Art Mortgage Borrower Propco	7,892,940	10	0.34			
Bettendorf Riverfront Dev. Co. LC				41,322,240	2	2.81
Americold Real Estate LP (formerly Termicold)				6,779,301	7	0.46
Aluminum Company of America				11,496,121	3	0.78
Jumer's Castle Lodge, Inc.				8,741,034	6	0.59
Iowa-American Water Co.				6,630,710	8	0.45
US West Communications				5,566,033	10	0.38
Total	\$ 247,913,094		10.72	\$ 169,275,397		11.51
Total assessed value	\$ 2,311,943,584			\$ 1,470,609,979		

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
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
2008	2006	16,797,824	16,749,669	99.71

Source: City records

Delinquent Tax Collections	Total Collections to Date	
	Amount	Percentage of Levy
\$ 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
13,519	15,619,789	99.72
13,480	16,763,149	99.79

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		
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
2007	48,128,700	4,320,000	4,658,472	47,790,228	3.92
2008	50,208,700	3,465,000	724,672	52,949,028	4.20

Source: City records

* Information not available

Debt Per Capita	Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds			
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
1,528	7,756,300	460,000	56,006,528	*	1,791
1,693	12,151,300	180,000	65,280,328	*	2,087

City of Bettendorf, Iowa

**Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2008
(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	\$ 10,380,000	56.11%	\$ 5,824,218
School District, North Scott	715,000	0.42	3,003
Scott County	8,760,000	22.80	1,997,280
Eastern Iowa Community College	49,585,000	13.56	6,723,726
	<u>69,440,000</u>		<u>14,548,227</u>
City of Bettendorf	62,360,000	100.00%	62,360,000
	<u>\$ 131,800,000</u>		<u>\$ 76,908,227</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			
	1999	2000	2001	2002
100% assessed valuation	\$ 1,477,698,246	\$ 1,539,804,929	\$ 1,570,049,040	\$ 1,624,190,537
Plus: Public gas and electric utilities	*	*	59,277,162	59,090,751
Plus: Captured tax increment value	*	*	72,428,881	70,075,567
Less: Military exemption	*	*	(4,703,154)	(4,680,004)
Total assessed valuation of the property of the City of Bettendorf	<u>\$ 1,477,698,246</u>	<u>\$ 1,539,804,929</u>	<u>\$ 1,697,051,929</u>	<u>\$ 1,748,676,851</u>
Debt limit, 5% of total actual valuation	\$ 73,884,912	\$ 76,990,246	\$ 84,852,596	\$ 87,433,843
Debt applicable to debt limit:				
Debt service general obligation bonds	31,064,209	34,888,713	38,349,293	42,008,652
Debt service TIF revenue bonds	9,480,000	8,965,000	8,420,000	7,840,000
Enterprise general obligation bonds	5,510,791	5,101,287	4,675,707	4,236,348
	<u>46,055,000</u>	<u>48,955,000</u>	<u>51,445,000</u>	<u>54,085,000</u>
Legal debt margin	<u>\$ 27,829,912</u>	<u>\$ 28,035,246</u>	<u>\$ 33,407,596</u>	<u>\$ 33,348,843</u>

* Information not available

Source: City records

Fiscal Year						
2003	2004	2005	2006	2007	2008	
\$ 1,791,245,012	\$ 2,011,187,049	\$ 2,024,482,166	\$ 2,169,267,269	\$ 2,228,991,261	\$ 2,307,506,214	
58,719,279	58,058,849	57,805,090	60,744,311	65,453,665	70,778,591	
73,394,426	73,275,607	60,265,733	66,666,168	69,956,005	113,012,248	
(4,651,525)	(4,517,028)	(4,517,028)	(4,457,764)	(4,397,572)	(4,389,236)	
\$ 1,918,707,192	\$ 2,138,004,477	\$ 2,138,035,961	\$ 2,292,219,984	\$ 2,360,003,359	\$ 2,486,907,817	
\$ 95,935,360	\$ 106,900,224	\$ 106,901,798	\$ 114,610,999	\$ 118,000,168	\$ 124,345,391	
45,726,790	47,484,239	43,737,074	43,972,916	48,128,700	50,208,700	
7,225,000	6,565,000	5,865,000	5,120,000	4,320,000	3,465,000	
3,758,210	9,960,761	6,672,926	8,432,085	7,756,300	12,151,300	
56,710,000	64,010,000	56,275,000	57,525,001	60,205,000	65,825,000	
\$ 39,225,360	\$ 42,890,224	\$ 50,626,798	\$ 57,085,998	\$ 57,795,168	\$ 58,520,391	

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		
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	
2007	2,634,901	1,714,330	920,571	280,000	16,030	296,030	
2008	2,558,846	1,750,477	808,369	280,000	10,430	290,430	

Source: City records

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
1,215,580	800,000	407,575	1,207,575
1,150,068	855,000	349,600	1,204,600

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		
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
2007	31,275	*	*	1,179	60,087,091	4,955	3.3
2008	31,275	*	*	1,328	102,484,540	4,962	3.6

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	2008			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Aluminum Company of America	2,250	1	2.64%	2,594	1	3.09%
Isle of Capri (formerly Lady Luck Casino)	1,050	2	1.23	980	2	1.17
Bettendorf Community School District	611	3	0.70	221	9	0.26
Eastern Iowa Community College District	450	4	0.50	345	5	0.41
Pleasant Valley School District	430	5	0.49	-		
HyVee Food Stores	390	6	0.48	404	3	0.48
Sivyer Steel	372	7	0.45	320	6	0.38
Mississippi Bend Area Education Agency	334	8	0.38	350	4	0.42
Genesis	312	9	0.37	-		
City of Bettendorf	290	10	0.31	291	7	0.35
Trinity	250	11	0.27	-		
The Lodge, Inc. (formerly Jumer's Castle Lodge)	120	12	0.14	255	8	0.30
The Schebler Co.	-	-	-	158	10	0.19
Total	6,859		7.96%	5,918		7.05%

Total County Employment as of 6/30/08: 86,180

Total County Employment in 1999: 83,900

Sources: Quad City Development Group and the respective employer
and Iowa Workforce Development at 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			
	2008	2007	2006	2005
General Fund:				
Administration	1.82	1.78	1.77	1.92
Community development	9.50	9.50	8.50	8.50
Elected officials	13.00	13.00	13.00	13.00
Fire department	23.50	20.50	20.50	20.50
Finance	5.17	5.17	4.80	4.80
Human resources	1.80	1.80	1.80	1.77
Library	30.91	30.91	29.63	29.63
Legal	1.08	1.07	1.07	1.05
Police	62.62	62.62	62.60	61.10
Parks and recreation	9.20	9.59	13.50	13.50
Public works	6.37	6.28	12.61	12.61
Special revenue funds:				
Administration	0.15	0.20	0.20	0.05
Community development	2.50	2.50	2.20	2.20
Economic development	1.00	1.00	1.00	1.00
Finance	0.35	0.35	0.36	0.36
Human resources	0.10	0.10	0.10	0.10
Legal	0.01	0.02	0.02	0.02
Parks and recreation	-	-	-	-
Public works	22.44	22.95	22.95	22.95
Enterprise funds:				
Administration	0.03	0.03	0.03	0.03
Finance	1.46	1.46	1.59	1.59
Human resources	0.10	0.10	0.10	0.13
Legal	0.06	0.05	0.05	0.07
Museum	16.98	16.98	18.94	18.94
Parks and recreation	10.31	9.92	44.46	44.46
Public works	34.23	32.87	31.19	31.19
Internal service funds:				
Finance	5.02	5.02	5.00	5.00
Legal	-	0.01	0.01	0.01
Public works	5.16	6.35	6.25	6.25
Total	264.87	262.13	304.23	302.73
Budget book personnel summary				
Officials	13.00	13.00	13.00	13.00
Administration	4.00	4.01	4.00	4.00
Legal	1.15	1.15	1.15	1.15
Finance	12.00	12.00	11.75	11.75
Community development	13.00	13.00	11.70	11.70
Public works	68.20	68.45	73.00	73.00
Police	62.62	62.62	62.60	61.10
Fire	23.50	20.50	20.50	20.50
Library	30.91	30.91	29.63	29.63
Museum	16.98	16.98	18.94	18.94
Parks	19.51	19.51	57.96	57.96
Total	264.87	262.13	304.23	302.73

Source: City of Bettendorf Budget Books

Full-Time Equivalent Employees for Fiscal Year Beginning July 1

2004	2003	2002	2001	2000	1999
1.82	1.65	1.65	2.15	1.65	1.65
8.30	9.30	10.50	10.50	9.50	9.50
13.00	13.00	13.00	13.00	13.00	13.00
19.50	19.50	21.00	19.00	19.00	19.00
3.98	4.74	4.74	4.74	4.74	4.74
1.77	1.77	2.77	3.77	2.77	2.77
29.63	29.63	31.94	31.94	31.94	30.94
1.15	1.40	1.50	1.50	1.50	1.50
62.10	63.60	63.60	63.64	62.64	60.64
13.50	14.29	14.29	14.29	14.29	13.58
6.01	5.71	6.71	5.71	4.71	4.59
0.05	-	-	-	-	-
2.40	2.40	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
0.37	0.59	0.59	0.59	0.59	0.59
0.10	0.10	0.10	0.10	0.10	0.10
0.02	-	-	-	-	-
0.54	0.54	0.54	0.54	0.54	0.54
27.11	27.11	27.11	27.11	26.51	26.39
0.03	-	-	-	-	-
1.65	1.67	1.67	1.67	1.67	1.67
0.13	0.13	0.13	0.13	0.13	0.13
0.07	-	-	-	-	-
18.94	18.94	23.21	23.21	23.21	24.72
43.92	36.32	47.46	45.07	42.27	41.27
33.63	33.33	33.66	32.92	32.92	31.92
5.00	5.00	6.00	6.00	5.00	5.00
0.01	-	-	-	-	-
6.25	6.35	6.35	6.35	6.35	6.35
301.98	298.07	322.52	317.93	309.03	304.59
13.00	13.00	13.00	13.00	13.00	13.00
3.90	3.65	4.65	6.15	4.65	4.65
1.25	1.40	1.50	1.50	1.50	1.50
11.00	12.00	13.00	13.00	12.00	12.00
11.70	12.70	14.50	14.50	13.50	13.50
73.00	72.50	73.83	72.09	70.49	69.25
62.10	63.60	63.60	63.64	62.64	60.64
19.50	19.50	21.00	19.00	19.00	19.00
29.63	29.63	31.94	31.94	31.94	30.94
18.94	18.94	23.21	23.21	23.21	24.72
57.96	51.15	62.29	59.90	57.10	55.39
301.98	298.07	322.52	317.93	309.03	304.59

City of Bettendorf, Iowa

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

Function/Program	Fiscal Year			
	98/99	99/00	00/01	01/02
Police:				
Calls for service	41,567	40,968	37,294	42,000
# of Group A offenses	2,011	1,915	1,734	2,100
# of Group B offenses	2,592	1,929	1,605	2,000
Traffic citations	1,857	3,005	1,786	1,900
Fire:				
Fire call volume	365	540	628	591
EMS call volume	1,413	1,521	1,708	1,760
Property loss	\$ 1,353,125	\$ 524,800	\$ 700,000	\$ 500,000
Building safety:				
Total building permits	3,425	3,000	3,400	3,500
Total revenue generated by permits	\$ 398,108	\$ 384,830	\$ 371,000	\$ 335,772
Library:				
Number of materials circulated	494,506	506,472	503,125	503,125
Number of registered borrowers	23,444	23,000	22,355	22,355
Public Works:				
Garbage collected (ton)	6,095	6,400	6,475	7,000
Recycle collected (ton)	2,696	2,799	2,799	2,940
Miles of streets maintained	157	165	170	170
Number of traffic signals	169	194	235	235
Miles of sanitary sewers maintained	142	148	148	154
Parks and Recreation:				
Recreation program attendance	82,446	79,514	95,770	113,225
Aquatics program attendance	64,117	59,906	83,082	14,149
Golf rounds played	37,021	37,673	32,220	32,752
Fitness Center memberships sold	2,359	2,262	2,287	2,150
Acres maintained	523	535	545	563

Source: City records

Fiscal Year						
02/03	03/04	04/05	05/06	06/07	06/08	
42,000	40,000	40,000	37,015	40,136	39,505	
2,100	2,032	2,100	1,801	1,771	1,830	
2,000	855	855	882	1,033	468	
1,900	5,900	6,000	8,640	11,380	8,847	
634	608	741	606	544	823	
1,777	1,795	1,520	1,611	1,631	1,831	
\$ 500,000	\$ 25,600,000	\$ 500,000	\$ 894,288	\$ 4,913,775	\$ 475,685	
3,500	3,300	3,300	4,112	3,306	3,291	
\$ 531,439	\$ 445,000	\$ 417,000	\$ 785,142	\$ 463,714	\$ 461,722	
450,000	450,000	524,487	563,732	559,109	560,000	
22,000	23,280	21,866	24,221	21,177	21,000	
7,500	7,900	8,334	7,410	7,857	7,769	
2,743	2,880	2,680	2,671	2,661	2,668	
175	180	187	195	195	220	
245	265	270	290	290	320	
156	158	162	174	178	178	
98,406	143,790	152,976	128,350	135,486	135,500	
24,739	58,447	46,086	42,240	41,424	47,799	
29,699	32,859	32,750	34,812	32,209	30,026	
2,271	2,039	1,393	1,495	1,658	1,687	
563	563	563	580	585	585	

City of Bettendorf, Iowa

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

Function/Program	Fiscal Year			
	1999	2000	2001	2002
Police:				
Stations	1	1	1	1
Squad cars	14	14	14	14
Fire, fire stations	3	4	4	4
Refuse collection:				
Collection trucks	11	11	11	11
Streets (miles)	165	170	170	175
Traffic signals	169	194	235	235
Parks and recreation:				
Acreage	523	535	545	563
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	494,506	506,472	503,125	503,125
Wastewater:				
Sanitary sewers (miles)	142	148	148	154
Storm sewers (miles)				

Source: City records

Fiscal Year						
2003	2004	2005	2006	2007	2008	
1	1	1	1	1	1	1
14	14	14	18	18	18	18
4	4	4	4	4	4	4
11	11	11	12	12	12	12
180	187	195	195	220	221	221
245	265	270	290	290	320	320
563	563	563	580	585	585	585
20	21	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	16	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
450,000	450,000	524,487	150,242	153,000	153,000	153,000
156	158	162	174	178	178	178



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City of Bettendorf, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Program, Lower Income Housing Assistance Program, Section 8	N/A	14.871	\$ 439,902
U.S. Department of Transportation			
Direct Program, Urban Mass Transit			
Formula Grants:			
Operating	IA-95-0002	20.507	78,448
Preventative maintenance	IA-90-0302	20.507	127,388
Planning	IA-90-302	20.507	12,570
			<u>218,406</u>
Passed through Iowa Department of Public Safety:			
State and Community Highway Safety Police Traffic Services	PAP 07-04, Task 01	20.600	3,994
State and Community Highway Safety Police Traffic Services	PAP 07-163, Task 05	20.600	14,338
State and Community Highway Safety Police Traffic Services	PAP 08-04, Task 01	20.600	21,045
			<u>39,377</u>
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	ST-U-0587(625)--70-82	20.205	1,655,249
Highway Planning and Construction	STP-U-0587(625)--70-82	20.205	168,444
Highway Planning and Construction	HDP-0587(626)--71-82	20.205	133,191
Highway Planning and Construction	EDP-0587(628)-7Y-82	20.205	91,786
Transit Services Programs	16-X001-587-08	20.513	18,654
			<u>2,067,324</u>
Total U.S. Department of Transportation			<u>2,325,107</u>
U.S. Department of Justice			
Passed through the Scott County Attorney's office,			
Justice Assistance Grant	2007-DJ-BX-0265	16.579	79,085
Direct Program, Bulletproof Vest Program	N/A	16.607	2,824
Total U.S. Department of Justice			<u>81,909</u>
U.S. Department of Homeland Security			
Passed through the Iowa Department of Emergency Management,			
Public Assistance Grants	FEMA-1763-DR-IA	97.036	201,565
National Foundation of the Arts and the Humanities			
Passed through the Institute of Museum and Library Services,			
Museums for America Grant	MA-02-07-0336-07	45.301	12,140
Total federal expenditures			<u>\$ 3,060,623</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, 2008**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bettendorf, Iowa for the year ended June 30, 2008. 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, 2008

Finding	Status	Corrective Action Plan or Other Explanation
Significant Deficiencies in Internal Control		
07-II-A The City has an improper segregation of duties over the membership process at the Fitness Center.	Corrected	
Significant Deficiencies in Administering Federal Awards		
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.	Not corrected	See similar finding and corrective action plan at 08-III-A
Other Findings Related to Required Statutory Reporting		
07-IV-B The City incurred certain immaterial amounts of expenditures that may not meet the requirements of public purpose as defined in Attorney General's opinion dated April 25, 1979 since the public benefits derived have not been clearly documented.	Corrected	
07-IV-F The City did not publish a summary of all receipts received monthly.	Not corrected	See corrective action plan at 08-IV-F



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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting 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 deficiency described in the accompanying schedule of findings and questioned costs, as item 08-II-A, to be a significant deficiency in internal control over financial reporting.

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 the significant deficiency described above, as item 08-II-A, 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, 2008, 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 1, 2008.

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 1, 2008

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 programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 08-III-A.

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.

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.

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.

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

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 1, 2008

City of Bettendorf, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

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
14.871	Lower Income Housing Assistance Program, Section 8
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, 2008

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.

08-II-A

Finding: A good internal control system contemplates an adequate process to capture transactions in a timely basis. The responsible department failed to follow the system in place.

Condition: Contributed assets accepted by the City in the prior fiscal year were not included on the City's capital asset system and recorded as capital contribution revenue. The amounts were material to the Sewer Utility and Stormwater Utility funds. Therefore, beginning net assets for these two funds were restated in the current year.

Effect: The result of the omission of these contributed assets from the prior year's financial statements resulted in a restatement of the Sewer Utility, Stormwater Utility and Business-Type Activity net assets.

Recommendation: We recommend any capital items contributed to the City be communicated to the Finance Department immediately upon notification by the responsible department so that the assets and contributed revenue can be appropriately recorded on the City's general ledger.

Response: Effective December 1, 2008, Council will approve on consent agenda, the acceptance of contributed assets from developers as compliant with City Code. Upon approval, the City's two-year maintenance bond will start.

B. Compliance findings.

None

III. Findings and Questioned Costs for Federal Awards.

A. Significant Deficiencies in Administering Federal Awards

None

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

B. Instances of Noncompliance

08-III-A

U.S. Department of Transportation

Passed Through Iowa Department of Transportation

Highway Planning and Construction

(CFDA #20.205)

Award Year 2007

Elderly Persons with Disabilities Project

(CFDA #20.513)

Award Year 2008

Finding/Condition: The City did not appropriately capture certain federal expenditures for the 2007 schedule of federal awards and data collection form. In addition, an error was found and subsequently corrected on the 2008 schedule of federal awards.

Criteria/Context: The Office of Management and Budget (OMB) Circular A-133 requires entities that receive federal funding to report the amount of federal expenditures, the funding agency and the CFDA number for single audit purposes. During the 2008 audit, it was discovered that the City had reported inaccurate information for the 2007 schedule of federal awards and data collection form related to the Highway Planning and Construction grant CFDA #20.205 in the amount of \$18,384. In addition, the City incurred expenditures of \$18,654 related to CFDA #20.513 in the current fiscal year that was not captured timely on the schedule of federal awards for 2008. The schedule of expenditures for 2008 was corrected upon notification.

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

Questioned Costs: None

Recommendation: We recommend the City implement better 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 within the City.

IV. Other Findings Related to Required Statutory Reporting.

08-IV-A Certified Budget

Expenditures/expenses during the year ended June 30, 2008, did not exceed the budgeted amounts.

08-IV-B Questionable Disbursements

No questionable disbursements were noted.

(Continued)

City of Bettendorf, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008**

08-IV-C Travel Expense

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

08-IV-D Business Transactions

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

08-IV-E Bond Coverage

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

08-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.

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

Recommendation: The City should publish a summary of all receipts received monthly.

Response and Corrective Action Plan: The City began publishing a summary of their receipts monthly starting in April 2008.

Conclusion: Response and corrective action plan accepted.

08-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.

08-IV-H Revenue Notes

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

08-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.

(Continued)

City of Bettendorf, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008**

08-IV-J Deficit Balances

Finding: The Mississippi River Flood Fund had a deficit fund balance of \$80,617 as of June 30, 2008.

Recommendation: The City should continue to monitor the receipt of federal funds to ensure the funds are being received timely and in accordance with expectations.

Response and Corrective Action Plan: The deficit is a result of federal funds approved and requested to cover the expenditures but not received by the City within 60 days of year end. Therefore, the funds requested are included in accounts receivable and deferred revenue in the current year and are expected to be recognized as revenue in the following fiscal year to cover the deficit.

Conclusion: Response and corrective action plan accepted.

08-IV-K Competitive Bid or Quote Procedures

Finding: The City was not able to provide documentation for one construction project selected for testing to support the City advertised for sealed bids as provided in Chapter 26.3 of the Code of Iowa and published notice not less than four days but not more than 45 days before the date for filing bids.

Recommendation: The City should follow the required bidding procedures as provided in Chapter 26.3 of the Code of Iowa.

Response and Corrective Action Plan: Effective December 1, 2008, copies of the advertisement will be filed with the City Clerk within 14 days of advertising.

Conclusion: Response and corrective action plan accepted.

City of Bettendorf, Iowa

**Corrective Action Plan
Year Ended June 30, 2008**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Material Weakness in Internal Control				
08-II-A	Contributed assets accepted by the City in the prior fiscal year were not included on the City's capital asset system and recorded as capital contribution revenue, which resulted in a restatement to beginning net assets in the Sewer Utility and Stormwater Utility funds.	See corrective action plan at 08-II-A.	June 2009	Carol Barnes
Instances of Noncompliance in Administering Federal Awards				
08-III-A	The City did not capture certain federal expenditures for the 2007 schedule of federal awards and data collection form. In addition, an error was found and subsequently recorded on the 2008 schedule of federal awards.	See corrective action plan at 08-III-A.	June 2009	Carol Barnes
Other Findings Related to Required Statutory Reporting				
08-IV-F	The City did not publish a summary of all receipts received monthly.	See corrective action plan at 08-IV-F.	April 2008	Carol Barnes
08-IV-J	The Mississippi River Flood Fund had a deficit fund balance of \$80,617 as of June 30, 2008.	See corrective action plan at 08-IV-J.	June 2009	Carol Barnes
08-IV-K	The City did not follow bidding procedures as provided in Chapter 26.3 of the Code of Iowa.	See corrective action plan at 08-IV-K.	June 2009	Carol Barnes

McGladrey & Pullen

Certified Public Accountants

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

In connection with our audit of the financial statements of the City of Bettendorf, Iowa as of and for the year ended June 30, 2008, we identified deficiencies in internal control over financial reporting (control deficiencies).

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

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to authorize, initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles 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.

A material weakness is a significant deficiency, or a 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.

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

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

Expenditures: The City does not have a documented policy pertaining to the public benefit of certain expenditures such as purchases of flower arrangements for gifts, pop/coffee and food for City employees and people in the public for certain events and payment for meals in relation to attendance of certain events. We recommend the City consider implementing a formal policy. In addition, the City should maintain supporting documentation or an explanation of the public purpose for expenditures that may not be clear at the time of approval for payment.

Cash collections:

From other departments: Many of the departments have the same employee collect, reconcile and deposit cash receipts. The compensating control is the reconciling performed by the finance department of the system-generated reports provided by the other departments to the deposit and cash receipt. The finance department also monitors the cash receipts fluctuations. However, to improve the internal control process and prevent misappropriation of assets, we recommend the other departments collecting cash receipts look to realign duties so the same individual collecting receipts is not reconciling receipts.

The fitness center and Palmer Hills Golf Course pro shop uses a cash register to collect monies throughout the day that is only counted down once a day. In addition, certain registers at some of the departments do not print receipts to give to the customers. We recommend the cash registers be balanced at the end of each shift to further track any differences and the City look into software that allows the department to provide a receipt to the customer.

Utility: One employee performs the sewer, storm water and garbage billing, maintains the customer accounts, can edit accounts, collects sewer receipts and makes daily deposits. After this employee receives the information from the water company and it is uploaded in the system, the employee cannot edit the detail. However, the employee could go in and enter a credit on someone's account and edit receipt after the daily processing. The compensating controls in place is that a separate employee reconciles daily collections to receipts and the manager of accounting reviews and signs off on all edits made to this system. In addition, a separate individual reconciles the accounts receivable balances to the general ledger. We wanted to stress the importance of these compensating controls in place to mitigate the lack of segregation of duties over this revenue cycle.

Journal entries: During the audit, we selected 12 journal entries made directly to the general ledger system and four of those journal entries were not supported by adequate documentation to determine the appropriateness of the entry. Additionally, one entry was prepared and posted to the general ledger without being further reviewed by another employee. We recommend the City implement a process to readily provide for the display of the backup documentation used to post journal entries. We also recommend all journal entries posted to the general ledger be approved by someone independent of the person who prepared the entry and who would be knowledgeable of the entry being made.

Segregation of duties: The front desk clerk at the fitness center 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. The compensating control in place is that a new assistant parks & recreation director position was added during fiscal year 2008. The director reviews new membership reports daily to ensure transactions that occurred during the day appear proper. We wanted to stress the importance of this compensating control in place to mitigate the lack of segregation of duties at the fitness center.

The payroll clerk is able to enter timesheet hours worked, make changes to employee payroll information in the system, print out and mail the checks. This gives the payroll clerk the ability to inappropriately run checks to fictitious employees or overstate hours worked for a time period to increase wages. The compensating controls currently in place include a monthly review by the human resources director of any changes made in the payroll module through review of a "payroll audit report" and the finance director's review of the payroll clerk's paycheck after printing. We wanted to stress the importance of these compensating controls in place to mitigate the lack of segregation of duties over the payroll cycle.

Capitalized interest: The City did not have an adequate process in place for evaluating whether interest should be capitalized on construction projects financed through debt in its enterprise funds. Upon review of the City's projects and related debt in their enterprise funds during the audit, an entry was subsequently posted to properly capitalize certain interest expense costs net of interest revenue earned on any unspent bond proceeds. We recommend the City evaluate the need to capitalize interest in its enterprise funds on an annual basis.

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 1, 2008