

CITY OF BETTENDORF, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2009

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 – xii
GFOA Certificate	xiii

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 (deficit) - 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 – 62
Required Supplementary Information:	
Other Postemployment Benefit Plan	63
Budgetary comparison schedule - budget and actual - all governmental funds and proprietary funds	64 – 65
Note to required supplementary information - budgetary reporting	66
Supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	67 – 70
Combining statement of revenues, expenditures and changes in fund balances (deficit)	71 – 74
Nonmajor enterprise funds:	
Combining statement of net assets	75 – 78
Combining statement of revenues, expenses and changes in net assets	79 – 80
Combining statement of cash flows	81 – 82

Contents

Financial Section (continued)

Supplementary information (continued):

Internal service funds:

Combining statement of net assets	83
Combining statement of revenues, expenses and changes in net assets	84
Combining statement of cash flows	85

Agency funds:

Combining statement of assets and liabilities	86
Combining statement of changes in assets and liabilities	87 – 88

Statistical Section (Unaudited)

Statistical section contents	89
Net assets by component	90 – 91
Changes in net assets	92 – 97
Program revenues by function/program	98 – 102
Fund balances, governmental funds	103 – 104
Changes in fund balances, governmental funds	105 – 106
Tax revenues by source, governmental funds	107 – 108
Assessed value and estimated actual value of taxable property	109 – 110
Direct and overlapping property tax rates	111 – 112
Principal property taxpayers	113
Property tax levies and collections	114 – 115
Ratios of net general bonded debt outstanding by type	116 – 117
Direct and overlapping governmental activities debt	118
Legal debt margin information	119 – 120
Pledged-revenue coverage	121 – 122
Demographic and economic statistics	123
Principal employers	124
Full-time equivalent city government employees by functions/programs	125 – 126
Operating indicators by function/program	127 – 128
Capital asset statistics by function/program	129 – 130

Compliance Section

Schedule of expenditures of federal awards	131
Notes to schedule of expenditures of federal awards	132
Summary schedule of prior audit findings	133
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	134 – 135
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	136 – 137
Schedule of findings and questioned costs	138 – 142
Corrective action plan	143



Michael J. Freemire, **Mayor**

Lisa M. Brown
Alderman at Large

Timothy A. Stecker
Alderman at Large



Edward D. Mayne
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

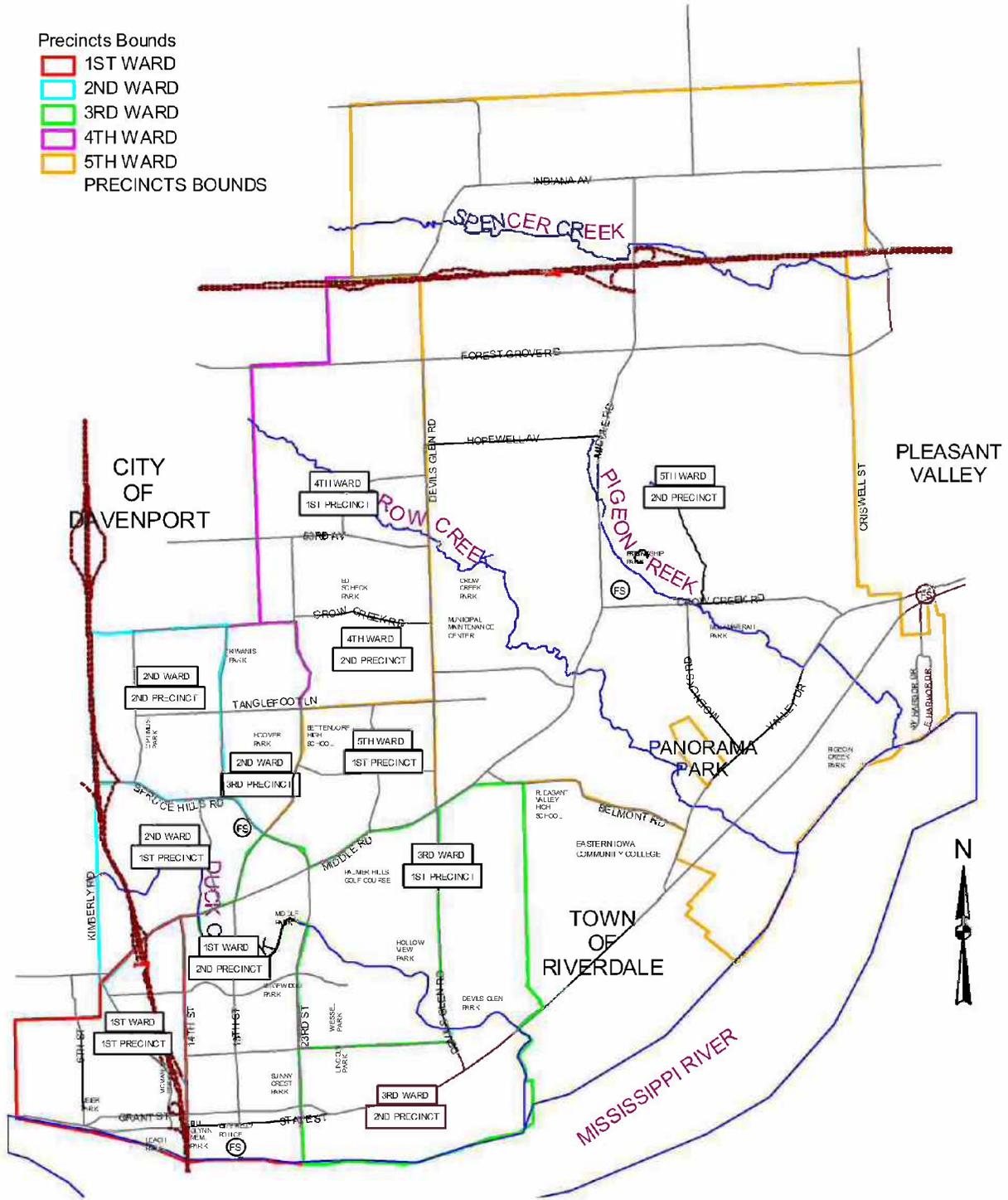
Decker P. Ploehn, City Administrator

DEPARTMENT HEADS

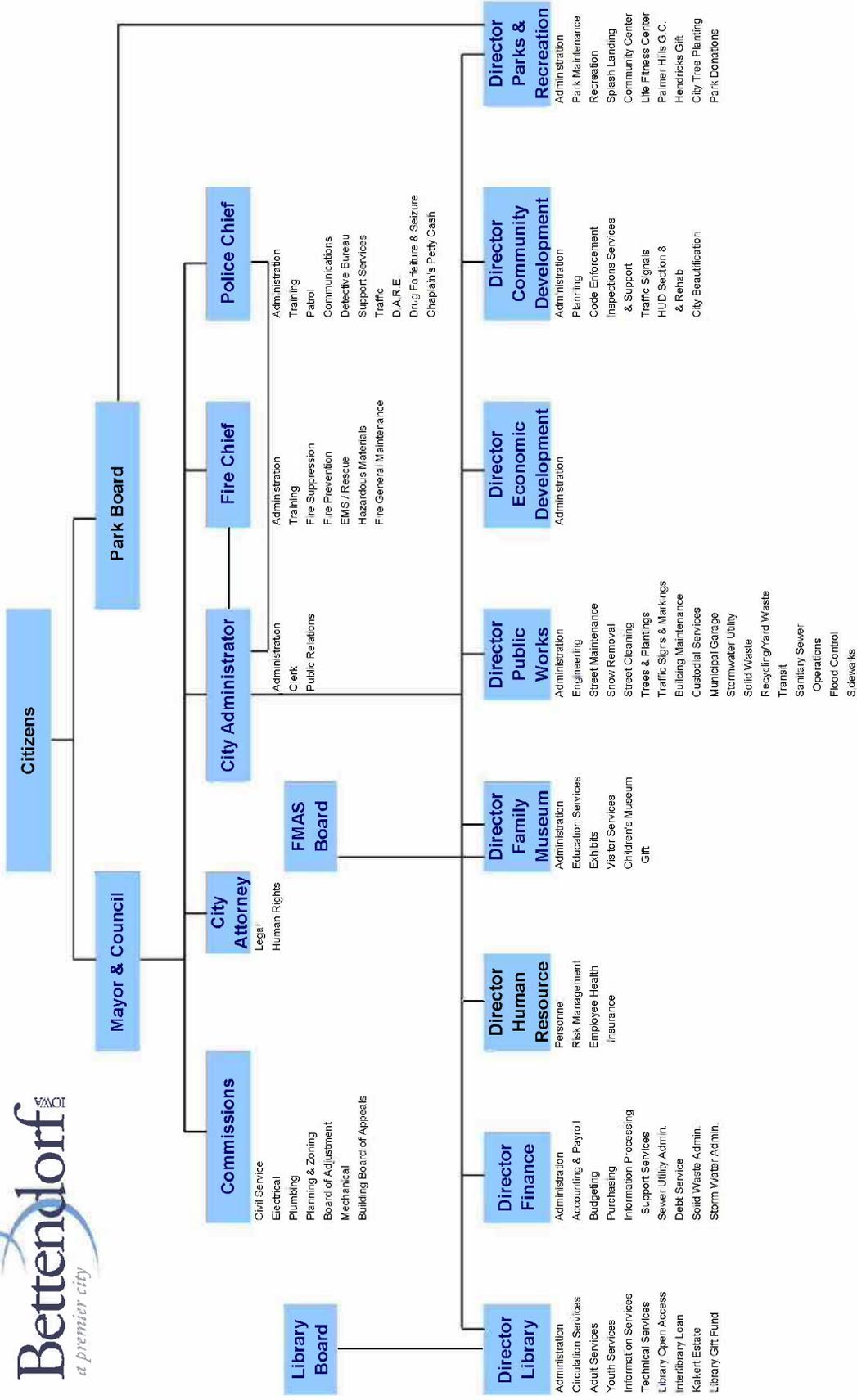
- Carol A. Barnes..... Finance Director
- William M. Connors.....Community Development Director
- Steven M. Grimes Parks & Recreation Director
- Gregory S. Jager..... City Attorney
- Tracey K. Kuehl..... Family Museum of Arts & Science Director
- Wallace C. Mook.....Public Works Director
- Steven P.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



December 14, 2009

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, 2009.

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, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Bettendorf's financial statements for the year ended June 30, 2009. 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 400,000 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 211,616 in September, 2009, which was an 18% increase from the 1990 annual average figure of 179,426. The labor force for Scott County was 92,710 in September, 2009, which was an 18% 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, but spiked to 6.1% in September, 2009. This is the lowest in the Quad Cities MSA which jumped to 8.4%, and is well below the national average of 9.8% for the same period. Unemployment rates in Bettendorf remain lower than in surrounding cities and the nation due 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 18,730 in the current labor force, 17,590 were employed in September, 2009. During the state fiscal year ending March 31, 2009, Bettendorf's retail market generated \$314,807,750 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 2009, 1,085 building permits were issued for investment in new construction and renovation totaling \$44,808,503. In 2009 the average selling price for a new or existing home in Bettendorf averaged \$249,500 through September 30th, while in Davenport it averaged \$124,400 for the same period. Over the last decade, 1,390 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 4,591 in the 2009-2010 school year. The Pleasant Valley Community School District has four elementary schools, a junior high and one high school with enrollment totaling 3,608 in the 2009-2010 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. The school is scheduled to be open for the 2011-2012 school year.

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: Nationally economic indicators suggest the country has turned a corner after the deep recession of 2009. The recovery is expected to be slow but the outlook for the Quad Cities is positive. Locally the recession was not as remarkable as in many other parts of the country. Unemployment has crept up in the Quad Cities but remains below national averages. Unemployment is historically a lagging indicator and, according to one survey, is expected to hit bottom in the first quarter of 2010. Home prices in the Quad Cities remained relatively stable through the real estate downturn suffered nationally and prices have started to tick upward as sales of existing homes appear to have hit bottom and interest and mortgage rates remain at historical lows.

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 BRAC plan of 2005 was expected to reduce positions at the Rock Island Arsenal, it was announced in March that the 1st Army will be moving its headquarters from Atlanta to Rock Island. The 1st Army plans to be on the island by 2011 and will bring with it 200 civilian jobs and at least 150 uniformed personnel. In addition, the move requires a \$20 million renovation of Building 68. The 1st Army trains and processes National Guard and U.S. Army Reserve soldiers and hosts a monthly conference of 200 to 300 officers.

In 2009, a collaborative, regional economic development approach was formalized with the creation of Quad-Cities First. The new development organization replaces the Quad City Development Group and will integrate economic development activities on both sides of the river. In another collaborative effort, the Davenport and Bettendorf Chambers of Commerce have announced a consolidation creating the Iowa Quad-City Chamber of Commerce. According to the Quad City Times, the new organization will serve as “the foundation of Quad-Cities First” and “puts the Quad Cities on the path for a more effective, collaborative business community.”

Economic Development: In support of existing businesses, and to attract businesses from outside the region, the City’s Economic 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 developing the I-80 & Middle Road Corridor and 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 Cities First, 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 \$5.0 million and equates to 25.9% of total General Fund expenditures. 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 09/10 the Council has budgeted to maintain that fund balance.

As part of the City’s Capital Improvement plan for FY 2009/10, the City plans to issue \$11 million in General Obligation bonds for various street and infrastructure projects throughout the City, including several miles of recreation trails.

Relevant Financial Policies

The City of Bettendorf has a formal cash reserve and fund balance policy that establishes minimum year end balances to ensure sufficient cash flow throughout the upcoming fiscal year. Planned draw downs of cash reserves below the minimum level is acceptable for one-time occurrences if the intent is made to return to the minimum cash reserve level as quickly as possible. During FY 2008/09 there was a significant shortage of road salt in the Midwest, and as a result, the cost of road salt nearly doubled. In an effort to minimize the affects of such price fluctuations during the upcoming FY 2009/10 season, the council participated in an early "off-season" joint salt bid with other surrounding municipalities and authorized an advance purchase of salt for FY 09/10 during the spring of 2009. As a result, cash reserves in the Road Use Fund were significantly reduced to approximately \$212,000 during FY 08/09, and the ending fund balance dropped to less than 7% of annual operating expenses. The Council will now focus on building those reserves back up to a minimum level of 20-25% of annual operating expenses.

Major Initiatives

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

Riverfront-Downtown. Recent developments in the Rivers Edge area include the construction of the second Isle of Capri Casino Hotel, accompanying parking ramp expansion and 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.

The City has completed Phase I in the Downtown Streetscape Project consisting of multiple planters with tree, shrubs, and flower plantings. Sidewalk and street crossings have been redesigned and include multi-colored, stamped concrete to accentuate the color scheme of the Waterfront Convention Center and other new development in this area creating a unified aesthetics appearance to the entire area. This project added \$600,000 worth of infrastructure improvements to the area.

East Tanglefoot Lane. A new YMCA building was constructed roughly 5 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. In 2009, two new commercial buildings were completed in this area along Devils Glen Road totaling \$500,000.

I-80 and Middle Road. Spring of 2009 the City of Bettendorf and the Bettendorf Development Corporation acquired 22 acres on the northeast quadrant of the interchange for approximately \$1.7 million. 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 re-grade 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 \$5 million.

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. Two new commercial buildings were recently completed in this area along Devils Glen Road in 2009 totaling \$500,000. Work has begun on a student housing complex consisting of 316 units to provide the housing needs of students at Scott Community College. The project value is anticipated at \$8,000,000.

Riverside Development Park. Over the last 10 years nearly \$16 million of development has occurred in this corridor. Olympic Steel, Grafc0 (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. Last year the city approved tax increment financing assistance for the redevelopment of the twelve acre site directly across the street. Just complete the parcel contains the only Iowa Burlington Coat Factory facility and soon will house other in-line retail stores totaling \$14 million in assessed value. Work has begun on a 116 unit senior housing project on the former El Rancho site to be completed in 2010 at a value of \$16,517,000.

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 2010.

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. The Springs gated community upscale apartment complex at the southeast corner of Devils Glen Road and 53rd Avenue is anticipated to begin construction in early 2010. The project will consist of 316 units and contain many amenities not commonly found in apartment complexes. This project value is estimated at \$25,000,000 to \$30,000,000.

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, 2008. This was the eighteenth 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, 2009. 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 fourteenth 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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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, 2009, 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, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of June 30, 2009, 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 explained in Note 10 to the basic financial statements, the City of Bettendorf, Iowa changed its method of accounting for other postemployment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009 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, other postemployment benefit information on page 63 and budgetary comparison information on pages 64 through 66 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 14, 2009

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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, 2009. 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, 2009 and 2008 by \$106,962,305 and \$103,811,577 (net assets), respectively. Of this amount, \$10,594,185 and \$11,590,780 (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 \$3,150,728 and \$12,015,328 during the years ended June 30, 2009 and 2008, respectively.
- As of June 30, 2009, the City of Bettendorf's governmental funds reported combined ending fund balances of \$20,672,901, a decrease of \$5,057,520 in comparison with 2008. Approximately 44 percent of this total amount, \$9,064,735, is available for spending at the government's discretion (unreserved undesignated fund balance). 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, 2009, unreserved undesignated fund balance for the General Fund was \$5,030,470 or 30 percent of total General Fund expenditures and \$4,857,574 or 30 percent for 2008.
- The City of Bettendorf's total long-term debt, excluding compensated absences, increased by \$20,210,000 (31 percent) during the fiscal year ended June 30, 2009. This increase is primarily due to the City issuing \$13,700,000 of general obligation debt and \$13,815,000 of revenue bonds during the current year which is net of scheduled debt payments on outstanding debt in 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, 2009

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 QC Waterfront Convention 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 23 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 19 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, 2009

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, QC Waterfront Convention 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, 2009 were \$35,814.

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 and other postemployment benefit plan information 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 \$103,811,577 to \$106,962,305.

By far the largest portion of the City of Bettendorf's net assets (85 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, 2009

	City of Bettendorf's Net Assets					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	2009	2008
	2009	2008	2009	2008		
Current and other assets	\$ 53,989,798	\$ 55,509,058	\$ 10,626,232	\$ 8,957,775	\$ 64,616,030	\$ 64,466,833
Capital assets	106,052,739	91,565,421	56,095,351	44,181,788	162,148,090	135,747,209
Total assets	160,042,537	147,074,479	66,721,583	53,139,563	226,764,120	200,214,042
Noncurrent liabilities	56,823,041	48,388,920	23,732,146	11,507,610	80,555,187	59,896,530
Other liabilities	34,852,917	31,884,518	4,393,711	4,621,417	39,246,628	36,505,935
Total liabilities	91,675,958	80,273,438	28,125,857	16,129,027	119,801,815	96,402,465
Net assets:						
Invested in capital assets, net of related debt	53,124,355	46,616,013	37,323,495	38,279,056	90,447,850	84,895,069
Restricted	5,920,270	7,158,860	-	166,868	5,920,270	7,325,728
Unrestricted	9,321,954	13,026,168	1,272,231	(1,435,388)	10,594,185	11,590,780
Total net assets	\$ 68,366,579	\$ 66,801,041	\$ 38,595,726	\$ 37,010,536	\$ 106,962,305	\$ 103,811,577

An additional portion of the City of Bettendorf's net assets (6 percent for 2009 and 7 percent for 2008) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$10,594,185 for 2009 and \$11,590,780 for 2008, 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, 2009

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
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 861,583	\$ 939,899	\$ 7,606,661	\$ 6,767,694	\$ 8,468,244	\$ 7,707,593
Operating grants and contributions	4,029,770	4,363,661	1,543,672	550,854	5,573,442	4,914,515
Capital grants and contributions	1,616,977	2,439,556	1,178,873	4,702,513	2,795,850	7,142,069
General revenues:						
Property taxes	18,408,444	16,795,048	-	-	18,408,444	16,795,048
Tax increment financing	3,377,334	3,172,985	-	-	3,377,334	3,172,985
Other taxes	8,023,890	8,323,908	-	-	8,023,890	8,323,908
State shared revenues	52,352	51,018	-	-	52,352	51,018
Investment earnings	1,133,258	1,451,101	351,216	280,128	1,484,474	1,731,229
Miscellaneous and gain on sale of capital asset	400,051	796,334	350,118	382,633	750,169	1,178,967
Total revenues	37,903,659	38,333,510	11,030,540	12,683,822	48,934,199	51,017,332
Expenses:						
Public safety	9,951,992	9,714,867	-	-	9,951,992	9,714,867
Public works	9,997,254	6,480,290	-	-	9,997,254	6,480,290
Culture and recreation	4,180,037	3,784,862	-	-	4,180,037	3,784,862
Community and economic development	2,204,648	2,013,017	-	-	2,204,648	2,013,017
General government	3,706,638	3,498,535	-	-	3,706,638	3,498,535
Interest on long-term debt	2,446,577	2,443,655	-	-	2,446,577	2,443,655
Sewer utility	-	-	2,979,537	2,927,523	2,979,537	2,927,523
Family Museum of Arts & Science	-	-	1,934,671	1,721,249	1,934,671	1,721,249
Aquatic Center	-	-	491,077	473,972	491,077	473,972
Recycling/solid waste management	-	-	1,793,971	1,720,851	1,793,971	1,720,851
Palmer Hills Golf Course	-	-	1,228,773	1,226,764	1,228,773	1,226,764
Life Fitness Center	-	-	861,694	880,485	861,694	880,485
Stormwater utility	-	-	620,500	794,675	620,500	794,675
Transit	-	-	1,256,562	1,229,554	1,256,562	1,229,554
QC Waterfront						
Convention Center	-	-	2,129,540	91,705	2,129,540	91,705
Total expenses	32,487,146	27,935,226	13,296,325	11,066,778	45,783,471	39,002,004
Increase (decrease) in net assets before transfers	5,416,513	10,398,284	(2,265,785)	1,617,044	3,150,728	12,015,328
Transfers	(3,850,975)	(3,051,426)	3,850,975	3,051,426	-	-
Increase in net assets	1,565,538	7,346,858	1,585,190	4,668,470	3,150,728	12,015,328
Net assets, beginning	66,801,041	59,454,183	37,010,536	32,342,066	103,811,577	91,796,249
Net assets, ending	\$ 68,366,579	\$ 66,801,041	\$ 38,595,726	\$ 37,010,536	\$ 106,962,305	\$ 103,811,577

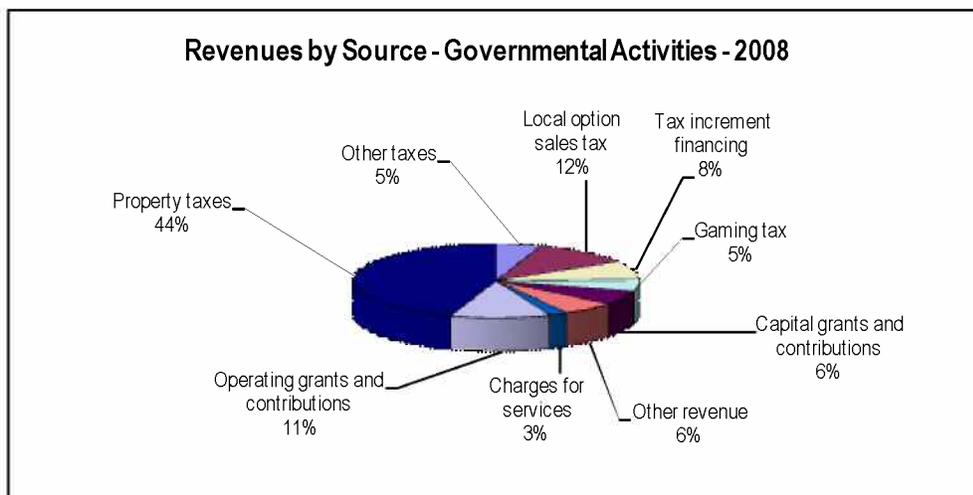
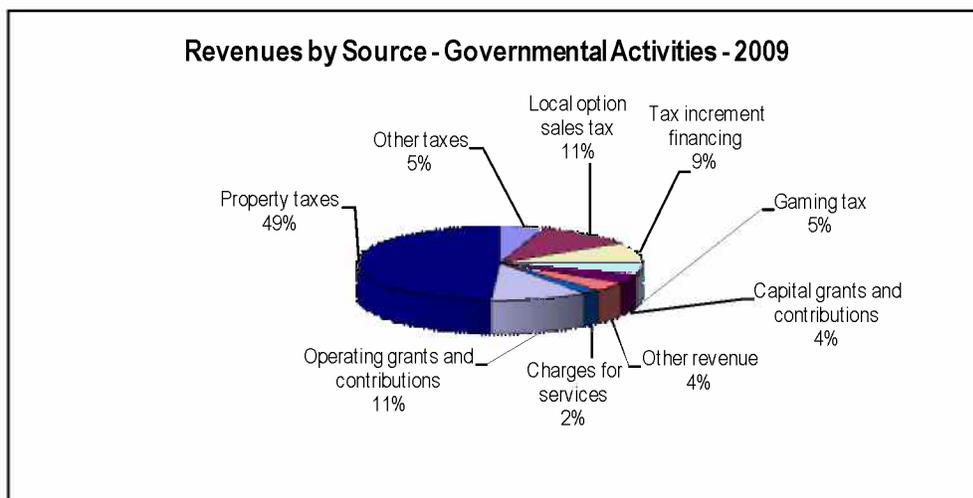
City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

Total governmental activities' revenue for fiscal year 2009 was \$37,903,659 and for 2008 was \$38,333,510. The largest single revenue source for the City was property and TIF taxes of \$21,785,778 for 2009 and \$19,968,033 for 2008. Property and TIF taxes increased by \$1,817,745 from 2008 (9 percent) and \$2,386,141 from 2007 (14 percent). Most of the increase for 2009 and 2008 is a result of increased property tax values and increases in tax increment financing.

Certain revenues are generated that are specific to governmental program activities. These totaled \$6,508,330 for 2009 and \$7,743,116 for 2008.

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

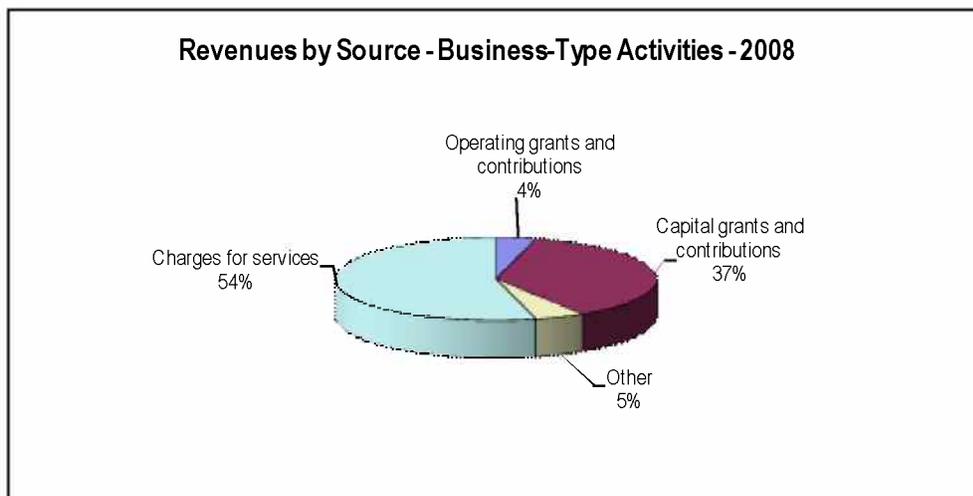
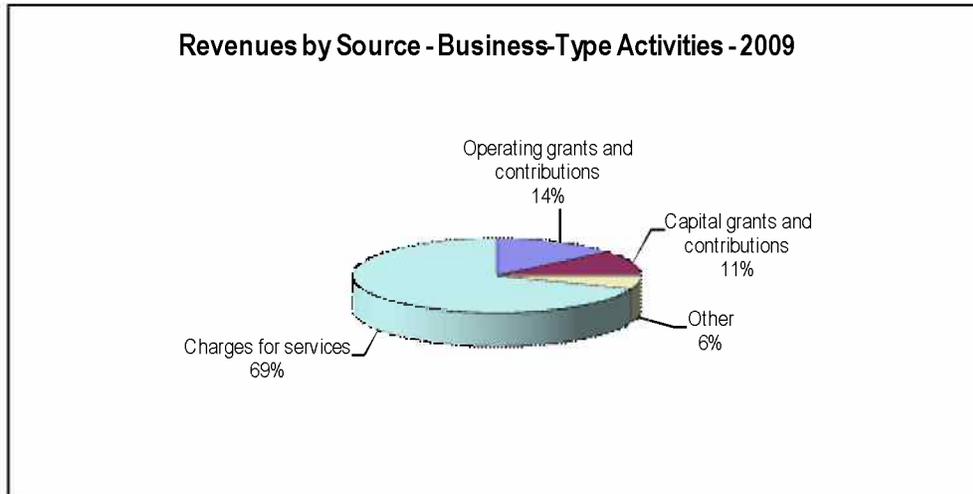


Total business-type activities' revenue for fiscal year 2009 was \$11,030,540 and for 2008 was \$12,683,822. All but \$701,334 for 2009 and \$662,761 for 2008 of this revenue was generated for specific business-type activity expenses.

City of Bettendorf, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009

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 \$1,585,190 in 2009. Key elements of this decrease are as follows:

- QC Waterfront Convention Center increased \$853,189 due to capital grants for the construction of the center and for transfers in from the Rivers Edge TIF for payment of the loan principal and interest.
- Stormwater Utility increased \$729,065 mainly due to capital contributions of stormwater areas in new subdivisions built by developers.
- Sewer Utility increased \$217,099 due to capital contributions for sewer construction in new subdivisions built by developers.
- Family Museum of Arts and Science increased \$292,175 due to increased charges for services and transfers in from debt service for principal payments.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

For the fiscal year ended 2008, 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.
- 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.

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, 2009, the City of Bettendorf's governmental funds reported combined ending fund balances of \$20,672,901, a decrease of \$5,057,520 in comparison with 2008. Approximately 44 percent of this total amount \$9,064,735, constitutes unreserved, undesignated 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 \$9,559,886, 2) to pay debt service \$538,500 and 3) for a variety of other restricted purposes \$703,695.

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, 2009

The General Fund is the chief operating fund of the City of Bettendorf. The unreserved fund balance of the General Fund was \$5,030,470 for 2009 and \$4,857,574 for 2008, while total fund balance was \$5,240,760 for 2009 and \$5,100,358 for 2008. 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 2009, unreserved fund balance represents 30 percent of total General Fund expenditures, while total fund balance represents 31 percent of that same amount. For 2008, unreserved fund balance represents 30 percent of total General Fund expenditures, while total fund balance represents 32 percent of that same amount.

The fund balance of the City of Bettendorf's General Fund increased by \$140,402 for 2009 and \$122,828 for 2008. The change in net assets for 2009 and 2008 was not significant.

The Tax Increment Financing Fund (TIF) has a total fund balance deficit of \$251,815 for 2009 and fund balance of \$100,613 for 2008. The net decrease in fund balance during the current year in the Tax Increment Fund was \$352,428 due to a reduction in restricted funds for payoff of debt service and 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 \$806,085 for 2009 and \$724,672 for 2008. The net increase in fund balance during the current year in the Debt Service Fund was \$81,413. This decrease was not significant.

The Capital Projects Reserve Fund has a total fund balance of \$5,570,779 for 2009 and \$8,555,662 for 2008, all of which is unrestricted for capital projects. The Capital Projects Reserve Fund had a net decrease in fund balance in the current year of \$2,984,883. The net decrease in fund balance is primarily a net result of issuing bonds in the amount of \$13,700,000 and spending the balance of the previous year on capital projects totaling \$19,293,561.

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 \$1,293,518 as of June 30, 2009 and \$1,530,959 as of June 30, 2008; those for the QC Waterfront Convention Center were deficits of \$(565,050) for 2009 and \$(4,084,343) for 2008; and those for the Stormwater Utility were \$24,609 and \$605,614 for 2009 and 2008, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Bettendorf's business-type activities.

Budgetary Highlights

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

Formal and legal budgetary control is based upon 10 major classes of disbursements known as functions, not by fund or fund type. These 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.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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 \$56,305,401 was decreased to \$55,237,434 (a decrease of \$1,067,967).
- The total original expenditure budget of \$69,528,048 was increased to \$75,841,507 (an increase of \$6,313,459).
- The total original budget for other financing sources, net of \$11,650,880, was increased to \$14,484,140.

Revenue amendments include increased interest income and bond proceeds offset by reduced building permits, local option sales tax, federal grants and fundraising. Expenditure amendments include increased costs largely due to capital projects, road salt and operating costs for the QC Waterfront Convention Center.

During the year, however, revenues, excluding transfers, were less than budgetary revenues by \$2,991,590. This was primarily attributable to spending down previous year's bond proceeds in the capital projects fund.

Expenditures were less than budgetary expenditures by \$5,220,910 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, 2009 and 2008 amounts to \$162,148,090 and \$135,747,209 (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, 2009, included the following:

- \$20,151,860 for completion of the QC Waterfront Convention Center that opened January 29, 2009.
- \$1,451,035 for purchase of land at I-80 and Middle Road for economic development.
- \$1,097,734 for the Middle Park Recreational Trail.
- \$1,287,926 for paving Field Sike Drive.
- \$898,569 for paving Belmont Road, Corral to Valley Drive.
- \$1,000,676 for 6th Street reconstruction.
- \$2,249,624 for purchasing right of way and paving the Tanglefoot Road extension.

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, 2009

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	
	2009	2008	2009	2008	2009	2008
Land	\$ 8,650,184	\$ 6,218,458	\$ 2,692,465	\$ 2,277,224	\$ 11,342,649	\$ 8,495,682
Construction-in-progress	10,707,000	7,121,852	2,381,117	13,265,861	13,088,117	20,387,713
Buildings	19,912,991	19,912,991	35,130,951	16,625,350	55,043,942	36,538,341
Equipment and vehicles	17,171,891	15,132,481	10,184,539	8,896,350	27,356,430	24,028,831
Improvements other than buildings	107,706,688	97,709,413	39,277,555	34,808,081	146,984,243	132,517,494
Accumulated depreciation	(58,096,015)	(54,529,774)	(33,571,276)	(31,691,078)	(91,667,291)	(86,220,852)
Total	\$ 106,052,739	\$ 91,565,421	\$ 56,095,351	\$ 44,181,788	\$ 162,148,090	\$ 135,747,209

Long-term debt. As of June 30, 2009, the City of Bettendorf had total bonded debt outstanding of \$86,215,000. Of this amount, \$70,510,000 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, 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).

	City of Bettendorf's Outstanding Debt General Obligation and Revenue Bonds					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 59,213,300	\$ 50,208,700	\$ 11,296,700	\$ 12,151,300	\$ 70,510,000	\$ 62,360,000
Revenue bonds	2,140,000	3,465,000	13,565,000	180,000	15,705,000	3,645,000
Total	\$ 61,353,300	\$ 53,673,700	\$ 24,861,700	\$ 12,331,300	\$ 86,215,000	\$ 66,005,000

The City of Bettendorf's total debt increased by \$20,210,000 (31 percent) during the current fiscal year. The key factor in this increase was due to the City issuing \$13,700,000 of general obligation debt to be used for various public improvements in March 2009 and \$13,815,000 in revenue bonds to be used for the QC Waterfront Convention Center in August 2008. This increase is net of other scheduled debt payments on outstanding debt in the current year.

During 2008, 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.

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 2009 was \$139,700,150 and for 2008 was \$124,345,391, which is significantly in excess of the City of Bettendorf's outstanding general obligation debt of \$70,510,000 and \$62,360,000 for 2009 and 2008, respectively, and other debt subject to the debt limitation of \$2,140,000 and \$3,645,000, respectively.

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

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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 2009/10, property taxes will represent 27.28 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 Council was able to maintain the levy rate of \$12.85 per \$1,000 assessed valuation for fiscal year 2009/10, largely due to the rollback on residential property increasing from 44.0803 percent in fiscal year 2008/09 to 45.5893 percent in fiscal year 2009/10. Taxable valuations increased \$69.5 million in fiscal year 2009/10, \$40.7 million or 58.6 percent of the increased taxable valuation came from new construction within the City.
- The City expects its tax base to continue to grow given the ample availability of developable land and strong ongoing development. Bettendorf, one of the Quad Cities of Iowa and Illinois, has experienced steady growth as evidenced by an increase both in population (11.2 percent since 1990) and full valuation. The City's full valuation, currently valued at \$2.7 billion, has grown steadily at an average annual rate of 6.4 percent over the past five years. The City expects continued growth in residential development, as approximately 35 percent of the City's land remains available and primarily zoned as residential. Recent development in the City includes the construction of a 500-room expansion of the Isle of Capri Casino Hotel valued at over \$30 million, Riverside Development Park and Trinity Health Center. For fiscal year 2009/10, the City's taxable valuation base (including TIF increment values) totals \$1.6 billion and the residential class of property represents 67.80 percent of that tax base.
- The City continues to benefit from a diverse employment base, which includes the Rock Island Arsenal and John Deere. Socioeconomic indicators are significantly higher than state medians, with per capita and median family income levels at 142.6 percent and 138.8 percent of state levels, respectively. Unemployment levels, at 4.5 percent in May 2009, remains below both state (at 5.8 percent) and national (at 9.4 percent) averages for the same time period.

All of these factors were considered in preparing the City of Bettendorf's budget for fiscal year 2009/10.

Requests for Information

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



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City of Bettendorf, Iowa

Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 16,932,103	\$ 1,629,515	\$ 18,561,618
Restricted cash and investments	8,581,382	6,121,749	14,703,131
Prepays	230,551	3,000	233,551
Receivables:			
Property taxes	23,716,914	-	23,716,914
Accounts and unbilled usage	455,169	1,890,436	2,345,605
Accrued interest	112,103	9,538	121,641
Special assessments	33,995	165,178	199,173
Loans	22,000	-	22,000
Internal balances	726,105	(726,105)	-
Due from other governments	2,069,918	1,069,890	3,139,808
Inventories	9,035	-	9,035
Total current assets	52,889,275	10,163,201	63,052,476
Noncurrent assets:			
Restricted cash and investments	538,500	-	538,500
Bond issuance costs	562,023	463,031	1,025,054
Capital assets:			
Nondepreciable:			
Land	8,650,184	2,692,465	11,342,649
Construction-in-progress	10,707,000	2,381,117	13,088,117
Depreciable:			
Buildings and structures	19,912,991	35,130,951	55,043,942
Equipment and vehicles	17,171,891	10,184,539	27,356,430
Improvements other than buildings	107,706,688	39,277,555	146,984,243
Accumulated depreciation	(58,096,015)	(33,571,276)	(91,667,291)
Net capital assets	106,052,739	56,095,351	162,148,090
Total noncurrent assets	107,153,262	56,558,382	163,711,644
Total assets	\$ 160,042,537	\$ 66,721,583	\$ 226,764,120

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current:			
Accounts payable	\$ 1,561,677	\$ 1,500,871	\$ 3,062,548
Claims payable	134,906	-	134,906
Compensated absences	260,282	69,557	329,839
Accrued liabilities	500,909	128,562	629,471
Due to other governments	99,333	245,265	344,598
Interest payable	228,069	118,676	346,745
Contracts payable	3,210,624	849,027	4,059,651
Unearned revenues	23,369,017	109,853	23,478,870
Current maturities, revenue bonds	960,000	510,000	1,470,000
Current maturities, general obligation bonds	4,528,100	861,900	5,390,000
Total current liabilities	34,852,917	4,393,711	39,246,628
Noncurrent:			
Compensated absences	670,885	179,286	850,171
Other post employment benefits obligation	143,608	31,155	174,763
Revenue bonds	1,180,000	13,055,000	14,235,000
General obligation bonds, net bond discounts and premiums	54,828,548	10,466,705	65,295,253
Total noncurrent liabilities	56,823,041	23,732,146	80,555,187
Total liabilities	91,675,958	28,125,857	119,801,815
Net Assets			
Invested in capital assets, net of related debt	53,124,355	37,323,495	90,447,850
Restricted for:			
Bond ordinance reserves	538,500	-	538,500
Debt service	806,085	-	806,085
Local option sales tax	2,428,645	-	2,428,645
Road use tax	290,135	-	290,135
Library	618,843	-	618,843
Other purposes	1,224,944	-	1,224,944
Health insurance claims	13,118	-	13,118
Unrestricted	9,321,954	1,272,231	10,594,185
Total net assets	68,366,579	38,595,726	106,962,305
Total liabilities and net assets	\$ 160,042,537	\$ 66,721,583	\$ 226,764,120

City of Bettendorf, Iowa

Statement of Activities
Year Ended June 30, 2009

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	\$ 9,951,992	\$ 17,228	\$ 326,636	\$ 383,794
Public works	9,997,254	13,343	2,640,668	1,228,183
Culture and recreation	4,180,037	242,993	72,008	5,000
Community and economic development	2,204,648	517,903	990,458	-
General government	3,706,638	70,116	-	-
Interest on long-term debt	2,446,577	-	-	-
Total governmental activities	32,487,146	861,583	4,029,770	1,616,977
Business-type activities:				
Sewer utility	2,979,537	2,526,562	-	507,934
Family Museum of Arts & Science	1,934,671	643,992	175,937	-
Aquatic Center	491,077	247,681	-	-
Recycling/solid waste management	1,793,971	1,652,843	-	-
Palmer Hills Golf Course	1,228,773	707,031	-	-
Life Fitness Center	861,694	564,126	-	-
Stormwater utility	620,500	781,391	2,000	315,489
Transit	1,256,562	68,655	402,282	-
QC Waterfront Convention Center	2,129,540	414,380	963,453	355,450
Total business-type activities	13,296,325	7,606,661	1,543,672	1,178,873
Total primary government	\$ 45,783,471	\$ 8,468,244	\$ 5,573,442	\$ 2,795,850

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
- 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
\$ (9,224,334)	\$ -	\$ (9,224,334)
(6,115,060)	-	(6,115,060)
(3,860,036)	-	(3,860,036)
(696,287)	-	(696,287)
(3,636,522)	-	(3,636,522)
(2,446,577)	-	(2,446,577)
(25,978,816)	-	(25,978,816)
-	54,959	54,959
-	(1,114,742)	(1,114,742)
-	(243,396)	(243,396)
-	(141,128)	(141,128)
-	(521,742)	(521,742)
-	(297,568)	(297,568)
-	478,380	478,380
-	(785,625)	(785,625)
-	(396,257)	(396,257)
-	(2,967,119)	(2,967,119)
(25,978,816)	(2,967,119)	(28,945,935)
18,408,444	-	18,408,444
3,377,334	-	3,377,334
4,184,906	-	4,184,906
1,533,961	-	1,533,961
1,912,972	-	1,912,972
368,246	-	368,246
23,805	-	23,805
52,352	-	52,352
1,133,258	351,216	1,484,474
398,325	350,118	748,443
1,726	-	1,726
(3,850,975)	3,850,975	-
27,544,354	4,552,309	32,096,663
1,565,538	1,585,190	3,150,728
66,801,041	37,010,536	103,811,577
\$ 68,366,579	\$ 38,595,726	\$ 106,962,305

City of Bettendorf, Iowa

Balance Sheet
Governmental Funds
June 30, 2009

Assets	Tax Increment		
	General	Financing	Debt Service
Cash and investments	\$ 4,688,409	\$ 36,215	\$ 740,403
Restricted cash and investments	-	538,500	-
Receivables:			
Property taxes	10,227,366	3,960,787	7,289,167
Accounts	340,773	-	-
Special assessments	33,995	-	-
Loans	22,000	-	-
Accrued interest	25,598	2,864	7,912
Due from other funds	498,583	-	-
Due from other governments	1,078,043	-	82
Inventories	9,035	-	-
Advances to other funds	158,677	-	-
Total assets	\$ 17,082,479	\$ 4,538,366	\$ 8,037,564
Liabilities and Fund Equity (Deficit)			
Liabilities:			
Accounts payable	\$ 592,829	\$ 24,999	\$ -
Accrued liabilities	399,809	-	-
Due to other governments	75,706	-	-
Due to other funds	413,004	183,875	-
Contracts payable	-	-	-
Deferred revenue	10,360,371	3,908,647	7,218,248
Matured interest payable	-	-	13,231
Advances from other funds	-	672,660	-
Total liabilities	11,841,719	4,790,181	7,231,479
Fund Equity:			
Fund balances:			
Reserved for future debt retirement	-	538,500	-
Reserved for encumbrances	20,578	-	-
Reserved for loans	22,000	-	-
Reserved for inventories	9,035	-	-
Reserved for advances	158,677	-	-
Unreserved:			
Designated for debt retirement, Debt Service Fund	-	-	806,085
Undesignated, reported in:			
General Fund	5,030,470	-	-
Special revenue funds	-	(790,315)	-
Capital projects funds	-	-	-
Total fund equity (deficit)	5,240,760	(251,815)	806,085
Total liabilities and fund equity (deficit)	\$ 17,082,479	\$ 4,538,366	\$ 8,037,564

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ -	\$ 9,007,375	\$ 14,472,402
8,568,264	-	9,106,764
-	2,239,594	23,716,914
-	108,262	449,035
-	-	33,995
-	-	22,000
-	61,904	98,278
25,700	407,932	932,215
713,962	277,661	2,069,748
-	-	9,035
513,983	-	672,660
<u>\$ 9,821,909</u>	<u>\$ 12,102,728</u>	<u>\$ 51,583,046</u>

\$ 298,533	\$ 436,711	\$ 1,353,072
22,201	51,185	473,195
3,752	15,386	94,844
-	34,246	631,125
3,207,979	2,645	3,210,624
713,962	2,255,463	24,456,691
4,703	-	17,934
-	-	672,660
<u>4,251,130</u>	<u>2,795,636</u>	<u>30,910,145</u>

-	-	538,500
9,509,310	29,998	9,559,886
-	-	22,000
-	-	9,035
513,983	-	672,660
-	-	806,085
-	-	5,030,470
-	2,070,427	1,280,112
(4,452,514)	7,206,667	2,754,153
<u>5,570,779</u>	<u>9,307,092</u>	<u>20,672,901</u>
<u>\$ 9,821,909</u>	<u>\$ 12,102,728</u>	<u>\$ 51,583,046</u>

City of Bettendorf, Iowa

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2009**

Total governmental fund balances		\$	20,672,901
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	\$	8,606,575	
Construction-in-progress		10,707,000	
Buildings and structures		19,489,530	
Equipment and vehicles		16,701,259	
Improvements other than buildings		107,706,688	
Accumulated depreciation		<u>(57,417,605)</u>	105,793,447
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds			1,087,674
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		(678,410)	
Other current assets		2,723,499	
Internal balances		5,072	
Other current liabilities		(390,093)	
Noncurrent liabilities		<u>(43,275)</u>	2,554,495
Internal service funds allocated to business-type activities			419,943
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Compensated absences, current		(245,903)	
Compensated absences, noncurrent		(633,822)	
Other post employment benefits obligation		(137,396)	
Accrued interest payable		(210,135)	
General obligation bonds payable, current		(4,528,100)	
General obligation bonds payable, noncurrent		(54,685,200)	
TIF revenue bonds, current		(960,000)	
TIF revenue bonds, noncurrent		(1,180,000)	
Bond issuance costs		562,023	
Bond discounts		71,401	
Bond premiums		<u>(214,749)</u>	(62,161,881)
Net assets of governmental activities		<u>\$</u>	<u>68,366,579</u>

See Notes to Basic Financial Statements.



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City of Bettendorf, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds
Year Ended June 30, 2009

	General	Tax Increment Financing	Debt Service
Revenues:			
Property taxes	\$ 9,511,230	\$ -	\$ 6,790,453
Tax increment financing taxes	-	3,377,334	-
Other taxes	5,731,361	-	265,991
Special assessments	12,163	-	-
Licenses and permits	397,701	-	-
Intergovernmental	399,017	-	4,288
Charges for services	381,603	-	-
Use of money and property	275,939	58,744	135,750
Miscellaneous	186,740	11,250	-
Total revenues	16,895,754	3,447,328	7,196,482
Expenditures:			
Current operating:			
Public safety	9,040,218	-	-
Public works	33,000	-	-
Culture and recreation	3,439,961	-	-
Community and economic development	542,650	712,602	-
General government	3,299,944	-	-
Debt service:			
Principal	-	1,535,000	4,485,400
Interest and other charges	-	365,983	2,018,379
Bond issuance costs	55,341	-	-
Capital outlay	328,648	-	-
Total expenditures	16,739,762	2,613,585	6,503,779
Excess (deficiency) of revenues over expenditures	155,992	833,743	692,703
Other financing sources (uses):			
Issuance of long-term capital debt	-	-	-
Premiums on long-term capital debt	-	-	-
Proceeds from the sale of capital assets	-	-	-
Transfers in	2,693,451	-	-
Transfers out	(2,709,041)	(1,186,171)	(611,290)
Total other financing sources (uses)	(15,590)	(1,186,171)	(611,290)
Net changes in fund balance	140,402	(352,428)	81,413
Fund balances, beginning of year	5,100,358	100,613	724,672
Fund balances (deficit), end of year	\$ 5,240,760	\$ (251,815)	\$ 806,085

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ -	\$ 2,082,742	\$ 18,384,425
-	-	3,377,334
-	2,001,733	7,999,085
-	-	12,163
-	-	397,701
953,309	3,476,901	4,833,515
-	-	381,603
93,941	470,604	1,034,978
39,290	406,939	644,219
<u>1,086,540</u>	<u>8,438,919</u>	<u>37,065,023</u>
-	131,661	9,171,879
-	4,162,342	4,195,342
-	138,448	3,578,409
-	778,058	2,033,310
-	108	3,300,052
-	-	6,020,400
-	-	2,384,362
63,872	-	119,213
19,293,561	1,576,843	21,199,052
<u>19,357,433</u>	<u>6,787,460</u>	<u>52,002,019</u>
<u>(18,270,893)</u>	<u>1,651,459</u>	<u>(14,936,996)</u>
13,700,000	-	13,700,000
33,339	-	33,339
-	37,112	37,112
1,612,671	3,885,095	8,191,217
(60,000)	(7,515,690)	(12,082,192)
<u>15,286,010</u>	<u>(3,593,483)</u>	<u>9,879,476</u>
<u>(2,984,883)</u>	<u>(1,942,024)</u>	<u>(5,057,520)</u>
8,555,662	11,249,116	25,730,421
<u>\$ 5,570,779</u>	<u>\$ 9,307,092</u>	<u>\$ 20,672,901</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, 2009**

Net change in fund balances - governmental funds \$ (5,057,520)

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	\$ 17,839,544	
Depreciation	<u>(3,950,448)</u>	13,889,096

Proceeds from the sale of capital assets (37,112)

Gain on the sale of capital assets 1,726

Capital assets contributed 658,668

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	1,000	
Miscellaneous	16,613	
Grant revenues	(31,786)	
Property taxes	<u>24,019</u>	9,846

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

Change in compensated absences (152,730)

Change in other post employment benefits obligation (137,396)

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	6,020,400	
Interest	(25,491)	
Bond issuance costs	119,213	
Issuance of long-term debt	(13,700,000)	
Premiums	(33,339)	
Amortization of bond discounts, premiums and bond issuance costs	<u>(36,724)</u>	(7,655,941)

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. (10,604)

Change in internal service fund allocation to business-type activities 57,505

Changes in net assets of governmental activities \$ 1,565,538

See Notes to Basic Financial Statements.



Bettendorf IOWA
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City of Bettendorf, Iowa

Statement of Net Assets
 Proprietary Funds
 June 30, 2009

	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility
Assets			
Current assets:			
Cash and investments	\$ 125,945	\$ 20,351	\$ 8,223
Restricted cash and investments	2,782,517	1,044,748	2,294,484
Prepaid items	-	3,000	-
Receivables:			
Accounts and unbilled usage	645,661	501,963	206,859
Accrued interest	-	2,921	-
Special assessments	89,373	-	15,885
Due from other funds	-	-	-
Due from other governments	920,403	25,000	-
Total current assets	4,563,899	1,597,983	2,525,451
Noncurrent assets:			
Bond issuance costs	50,232	380,034	26,860
Capital assets:			
Nondepreciable:			
Land	3,575	715,241	406,209
Construction-in-progress	1,641,463	-	738,759
Depreciable:			
Buildings and structures	2,483,582	18,121,803	-
Equipment and vehicles	3,760,722	1,162,318	320,258
Improvements other than buildings	35,584,096	152,499	2,520,243
Accumulated depreciation	(24,298,932)	(287,527)	(288,331)
Net capital assets	19,174,506	19,864,334	3,697,138
Total noncurrent assets	19,224,738	20,244,368	3,723,998
Total assets	\$ 23,788,637	\$ 21,842,351	\$ 6,249,449

(Continued)

Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 1,474,996	\$ 1,629,515	\$ 2,459,701
-	6,121,749	13,118
-	3,000	230,551
535,953	1,890,436	6,134
6,617	9,538	13,825
59,920	165,178	-
-	-	5,072
124,487	1,069,890	170
<u>2,201,973</u>	<u>10,889,306</u>	<u>2,728,571</u>
5,905	463,031	-
1,567,440	2,692,465	43,609
895	2,381,117	-
14,525,566	35,130,951	423,461
4,941,241	10,184,539	470,632
1,020,717	39,277,555	-
(8,696,486)	(33,571,276)	(678,410)
<u>13,359,373</u>	<u>56,095,351</u>	<u>259,292</u>
13,365,278	56,558,382	259,292
<u>\$ 15,567,251</u>	<u>\$ 67,447,688</u>	<u>\$ 2,987,863</u>

City of Bettendorf, Iowa

Statement of Net Assets (Continued)
 Proprietary Funds
 June 30, 2009

	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility
Liabilities and Net Assets			
Liabilities:			
Current:			
Accounts payable	\$ 75,312	\$ 913,247	\$ 49,705
Claims payable	-	-	-
Compensated absences	8,916	-	5,907
Accrued liabilities	16,316	122	12,150
Due to other governments	212,037	19	4,741
Due to other funds	-	-	-
Interest payable	22,200	78,646	14,304
Contracts payable	175,825	506,285	127,971
Unearned revenue	-	-	-
Current maturities, revenue bonds	-	510,000	-
Current maturities, general obligation bonds	310,000	-	200,000
Total current liabilities	820,606	2,008,319	414,778
Noncurrent:			
Compensated absences	22,981	-	15,226
Other post employment benefits obligation	4,509	-	3,214
Revenue bonds	-	13,055,000	-
General obligation bonds, net bond discounts and premiums	5,917,801	-	3,801,331
Total noncurrent liabilities	5,945,291	13,055,000	3,819,771
Total liabilities	6,765,897	15,063,319	4,234,549
Net assets:			
Invested in capital assets, net of related debt	15,729,222	7,344,082	1,990,291
Restricted for health insurance claims	-	-	-
Unrestricted	1,293,518	(565,050)	24,609
Total net assets	17,022,740	6,779,032	2,014,900
Total liabilities and net assets	\$ 23,788,637	\$ 21,842,351	\$ 6,249,449

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
\$ 462,607	\$ 1,500,871	\$ 208,605
-	-	134,906
54,734	69,557	14,379
99,974	128,562	27,714
28,468	245,265	4,489
306,162	306,162	-
3,526	118,676	-
38,946	849,027	-
109,853	109,853	-
-	510,000	-
351,900	861,900	-
<u>1,456,170</u>	<u>4,699,873</u>	<u>390,093</u>
141,079	179,286	37,063
23,432	31,155	6,212
-	13,055,000	-
747,573	10,466,705	-
<u>912,084</u>	<u>23,732,146</u>	<u>43,275</u>
<u>2,368,254</u>	<u>28,432,019</u>	<u>433,368</u>
12,259,900	37,323,495	259,292
-	-	13,118
939,097	1,692,174	2,282,085
<u>13,198,997</u>	<u>39,015,669</u>	<u>2,554,495</u>
<u>\$ 15,567,251</u>	<u>\$ 67,447,688</u>	<u>\$ 2,987,863</u>
	\$ 39,015,669	
	<u>(419,943)</u>	
	<u>\$ 38,595,726</u>	

City of Bettendorf, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	QC Waterfront		
	Sewer Utility	Convention Center	Stormwater Utility
Operating revenues:			
Charges for services	\$ 2,481,093	\$ 414,379	\$ 776,460
Licenses and permits	45,469	-	4,931
Intergovernmental	-	-	2,000
Other	181	963,451	422
Total operating revenues	2,526,743	1,377,830	783,813
Operating expenses:			
Salaries and benefits	477,772	174,460	308,152
Supplies and services	1,352,924	1,234,339	180,574
Depreciation	1,008,468	287,527	88,980
Amortization	7,831	18,566	985
Total operating expenses	2,846,995	1,714,892	578,691
Operating income (loss)	(320,252)	(337,062)	205,122
Nonoperating revenues (expenses):			
Investment earnings	93,649	116,957	39,166
Interest expense	(125,945)	(414,648)	(38,531)
Loss on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	(32,296)	(297,691)	635
Income (loss) before capital grants and contributions and transfers	(352,548)	(634,753)	205,757
Capital grants and contributions	507,934	355,450	315,489
Transfers in	61,713	1,132,492	207,819
	569,647	1,487,942	523,308
Changes in net assets	217,099	853,189	729,065
Net assets, beginning of year	16,805,641	5,925,843	1,285,835
Net assets, end of year	\$ 17,022,740	\$ 6,779,032	\$ 2,014,900

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3,884,328	\$ 7,556,260	\$ 5,201,642
-	50,400	-
421,708	423,708	-
506,029	1,470,083	29,232
4,812,065	9,500,451	5,230,874
3,730,997	4,691,381	2,879,971
2,815,884	5,583,721	2,474,727
915,973	2,300,948	25,060
3,082	30,464	-
7,465,936	12,606,514	5,379,758
(2,653,871)	(3,106,063)	(148,884)
101,444	351,216	98,280
(52,724)	(631,848)	-
(458)	(458)	-
48,262	(281,090)	98,280
(2,605,609)	(3,387,153)	(50,604)
-	1,178,873	-
2,448,951	3,850,975	40,000
2,448,951	5,029,848	40,000
(156,658)	1,642,695	(10,604)
13,355,655	37,372,974	2,565,099
\$ 13,198,997	\$ 39,015,669	\$ 2,554,495

City of Bettendorf, Iowa

Reconciliation of the Changes in Net Assets of Enterprise Funds to the Statement of Activities
Year Ended June 30, 2009

Net changes in net assets in enterprise funds	\$	1,642,695
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>(57,505)</u>
Changes in net assets of business-type activities	\$	<u><u>1,585,190</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, 2009

	Business-Type Activities - Enterprise Funds		
	QC Waterfront		
	Sewer Utility	Convention Center	Stormwater Utility
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,448,978	\$ 414,379	\$ 756,341
Receipts from other operating revenue	181	517,888	2,422
Payments to suppliers	(1,319,272)	(509,666)	(198,631)
Payments to claimants	-	-	-
Payments to employees	(462,661)	(174,338)	(301,365)
Net cash provided by (used in) operating activities	667,226	248,263	258,767
Cash flows from noncapital financing activities:			
Proceeds from interfund accounts	-	-	-
(Payments of) interfund accounts	-	(1,623,067)	-
Transfers in	61,713	1,132,492	207,819
Transfers (out)	-	-	-
Net cash provided by (used in) noncapital financing activities	61,713	(490,575)	207,819
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,467,234)	(11,211,882)	(853,872)
Proceeds from disposal of capital assets	16,120	-	-
Proceeds from bonds, net of bond issue costs of \$398,600	-	13,416,400	-
Payment on debt	(485,000)	(250,000)	(200,000)
Interest paid on debt	(282,001)	(761,143)	(178,419)
Net cash provided by (used in) capital and related financing activities	(2,218,115)	1,193,375	(1,232,291)
Cash flows from investing activities, interest received	94,766	114,036	39,166
Increase (decrease) in cash and cash equivalents	(1,394,410)	1,065,099	(726,539)
Cash and cash equivalents, beginning of year	4,302,872	-	3,029,246
Cash and cash equivalents, end of year	<u>\$ 2,908,462</u>	<u>\$ 1,065,099</u>	<u>\$ 2,302,707</u>

(Continued)

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3,881,904	\$ 7,501,602	\$ 5,203,267
891,753	1,412,244	29,232
(2,787,947)	(4,815,516)	(2,539,796)
-	-	(2,087,933)
(3,665,630)	(4,603,994)	(695,971)
(1,679,920)	(505,664)	(91,201)
17,894	17,894	-
(50,000)	(1,673,067)	(1,127)
2,448,951	3,850,975	40,000
-	-	-
2,416,845	2,195,802	38,873
(308,063)	(13,841,051)	-
-	16,120	-
-	13,416,400	-
(349,600)	(1,284,600)	-
(53,671)	(1,275,234)	-
(711,334)	(2,968,365)	-
103,551	351,519	106,871
129,142	(926,708)	54,543
1,345,854	8,677,972	2,418,276
\$ 1,474,996	\$ 7,751,264	\$ 2,472,819

City of Bettendorf, Iowa

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (320,252)	\$ (337,062)	\$ 205,122
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,008,468	287,527	88,980
Amortization	7,831	18,566	985
Change in assets and liabilities:			
Receivables and due from other governments	(77,584)	(445,563)	(25,050)
Prepaid items	-	(3,000)	-
Accounts payable and due to other governments	33,652	727,673	(18,057)
Claims payable	-	-	-
Compensated absences and accrued liabilities	10,602	122	3,573
Other post employment benefits obligation	4,509	-	3,214
Unearned revenue	-	-	-
Net cash provided by (used in) operating activities	\$ 667,226	\$ 248,263	\$ 258,767
Schedule of noncash items:			
Capital and related financing activities:			
Acquisition of capital assets through contracts or accounts payable	\$ 175,825	\$ (1,769,398)	\$ 127,971
Capital contributions	507,934	274,050	315,489
Capitalized interest	154,756	425,141	139,324

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (2,653,871)	\$ (3,106,063)	\$ (148,884)
915,973	2,300,948	25,060
3,082	30,464	-
(28,460)	(576,657)	1,625
-	(3,000)	52,116
27,937	771,205	(53,185)
-	-	8,225
41,935	56,232	17,630
23,432	31,155	6,212
(9,948)	(9,948)	-
<u>\$ (1,679,920)</u>	<u>\$ (505,664)</u>	<u>\$ (91,201)</u>

\$ 38,946	\$ (1,426,656)	\$ -
-	1,097,473	-
-	719,221	-

City of Bettendorf, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2009

Assets:

Cash and investments

\$ 35,415

Accounts receivable

399

\$ 35,814

Liabilities, accounts payable

\$ 35,814

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. Interfund services provided and used are not eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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.

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

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

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

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

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

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

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

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

Special Revenue Funds: 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.

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)

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.

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.

Jump Start Flood Relief Fund: A housing and economic development program developed to address the financial needs of Iowans affected by the 2008 storms, flooding and tornadoes.

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.

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)

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 City has elected not to follow FASB guidance issued subsequent to November 30, 1989. 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.

QC Waterfront Convention Center Fund: To account for the operations of the QC Waterfront Convention 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.

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)

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.

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.

Police Women's Conference Fund: To account for the Police Women's Conference held in Bettendorf at the QC Waterfront Convention Center in 2009.

Explorer's Washington D.C. Trip Fund: To account for money received through donations and payments for fees for the Boy Scouts Explorers that are making a trip to Washington D.C.

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)

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.

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 2009 based on the 2008 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 2009 tax levy is budgeted and levied for the fiscal year 2010, 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.

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)

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.

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.

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 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 \$154,756 in the Sewer Utility Fund, \$425,141 in the QC Waterfront Convention Center and \$139,324 in the Stormwater Utility 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.

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."

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)

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, QC Waterfront Convention Center and Stormwater Utility enterprise funds were \$2,782,517, \$1,044,748 and \$2,294,484, respectively. Unspent proceeds for the Capital Projects Reserve Fund was \$8,568,264. 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 \$2,428,645 for local option sales tax; \$290,135 for road use tax; and \$806,085 for debt service.

Net assets restricted for Library consists of \$134,301 for Kakert; \$377,601 for Open Access; \$81,347 for Enrich Iowa; and \$25,594 for Interlibrary Loan.

Net assets restricted for other purposes consists of Housing and Urban Development Section 8 of \$289,573; federal drug seizure of \$67,186; Hendricks Gift of \$68,847; George Thuenen Overpass of \$504,317; and future projects of \$295,021.

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

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 Tax Increment Financing has a fund balance deficit as of June 30, 2009 of \$251,815. The deficit is a result of various TIF projects throughout the City that have been cash flowed by City funds and will be repaid through TIF taxes over the next several years.

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, 2009, the City had the following investments:

Investment name	Maturity	Fair value
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	6/1/2011	\$ 538,500
FNMA	1/1/2011	14,446
FNMA	3/1/2013	166,998
FNMA GTD REMIC	2/25/2017	2,955,845
FHLMC	9/15/2019	1,400,350
FNMA	5/27/2021	982,500
FHLMC	8/18/2021	503,235
FNMA	5/26/2022	479,393
FNMA	6/28/2022	1,027,810
FHLB	6/29/2022	2,076,880
FNMA	1/25/2023	1,015,000
FHLMC	1/25/2023	494,195
FNMA	2/27/2023	2,018,120
FNMA	6/21/2027	2,570,325
FNMA	6/21/2027	1,233,756
FHLMC (Multiclass MTG PARTN CTFS)	1/1/2023	612,977
Total		\$ 18,090,330

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, 2009, the City's investments were rated as follows:

Investment	Standard & Poor's	Moody's
Protective Life Insurance Co. Guaranteed Funding Agreement Contract	AA-	A2
FNMA	Not Rated	Not Rated
FNMA	Not Rated	Not Rated
FNMA GTD REMIC	Not Rated	Not Rated
FHLMC	AAA	Aaa
FNMA	AAA	Aaa
FHLMC	AAA	Aaa
FNMA	AAA	Aaa
FNMA	AAA	Aaa
FHLB	AAA	Aaa
FNMA	AAA	Aaa
FHLMC	AAA	Aaa
FNMA	AAA	Aaa
FNMA	AAA	Aaa
FNMA	AAA	Aaa
FHLMC (Multiclass MTG PARTN CTFS)	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 and FHLB. These investments are 17, 69 and 11 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, 2009, 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, 2009:

	Ending Balance June 30, 2008	Additions	Deletions	Ending Balance June 30, 2009
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 6,218,458	\$ 2,431,726	\$ -	\$ 8,650,184
Construction-in-progress	7,121,852	16,279,525	12,694,377	10,707,000
Total capital assets, not being depreciated	13,340,310	18,711,251	12,694,377	19,357,184
Capital assets, being depreciated:				
Buildings and structures	19,912,991	-	-	19,912,991
Equipment and vehicles	15,132,481	2,484,063	444,653	17,171,891
Improvements other than buildings	97,709,413	9,997,275	-	107,706,688
Total capital assets, being depreciated	132,754,885	12,481,338	444,653	144,791,570
Less accumulated depreciation for:				
Buildings and structures	7,047,268	513,216	-	7,560,484
Equipment and vehicles	10,632,044	1,172,827	409,267	11,395,604
Improvements other than buildings	36,850,462	2,289,465	-	39,139,927
Total accumulated depreciation	54,529,774	3,975,508	409,267	58,096,015
Total capital assets, being depreciated, net	78,225,111	8,505,830	35,386	86,695,555
Governmental activities capital assets, net	\$ 91,565,421	\$ 27,217,081	\$ 12,729,763	\$ 106,052,739

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Ending Balance June 30, 2008	Additions	Deletions	Ending Balance June 30, 2009
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,277,224	\$ 415,241	\$ -	\$ 2,692,465
Construction-in-progress	13,265,861	13,007,024	23,891,768	2,381,117
Total capital assets, not being depreciated	15,543,085	13,422,265	23,891,768	5,073,582
Capital assets, being depreciated:				
Buildings and structures	16,625,350	18,505,601	-	35,130,951
Equipment and vehicles	8,896,350	1,725,517	437,328	10,184,539
Improvements other than buildings	34,808,081	4,469,474	-	39,277,555
Total capital assets, being depreciated	60,329,781	24,700,592	437,328	84,593,045
Less accumulated depreciation for:				
Buildings and structures	4,953,164	718,630	-	5,671,794
Equipment and vehicles	6,248,848	652,913	420,750	6,481,011
Improvements other than buildings	20,489,066	929,405	-	21,418,471
Total accumulated depreciation	31,691,078	2,300,948	420,750	33,571,276
Total capital assets, being depreciated, net	28,638,703	22,399,644	16,578	51,021,769
Business-type activities capital assets, net	\$ 44,181,788	\$ 35,821,909	\$ 23,908,346	\$ 56,095,351

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	\$ 644,800
Public works	2,530,716
Culture and recreation	511,916
Community and economic development	84,590
General government	178,426
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	25,060
	<u>\$ 3,975,508</u>

Business-Type Activities

Sewer utility	\$ 1,008,468
Family Museum of Arts & Science	158,066
Stormwater utility	88,980
Aquatic Center	156,451
Recycling/solid waste management	257,440
Palmer Hills Golf Course	123,202
Life Fitness Center	119,592
Transit	101,222
QC Waterfront Convention Center	287,527
	<u>\$ 2,300,948</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

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, 2009:

	June 30, 2008	Increases and Issues	Decreases and Retirements	June 30, 2009	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 50,208,700	\$ 13,700,000	\$ 4,695,400	\$ 59,213,300	\$ 4,528,100
Revenue bonds	3,465,000	-	1,325,000	2,140,000	960,000
Compensated absences	768,909	954,885	792,627	931,167	260,282
	<u>54,442,609</u>	<u>14,654,885</u>	<u>6,813,027</u>	<u>62,284,467</u>	<u>5,748,382</u>
Less discounts	78,836	-	7,435	71,401	-
Add premiums	197,105	33,339	15,695	214,749	-
	<u>54,560,878</u>	<u>14,688,224</u>	<u>6,821,287</u>	<u>62,427,815</u>	<u>5,748,382</u>
Business-type activities:					
Revenue bonds	180,000	13,815,000	430,000	13,565,000	510,000
General obligation bonds	12,151,300	-	854,600	11,296,700	861,900
Compensated absences	210,765	253,834	215,756	248,843	69,557
	<u>12,542,065</u>	<u>14,068,834</u>	<u>1,500,356</u>	<u>25,110,543</u>	<u>1,441,457</u>
Less discounts	30,914	-	3,081	27,833	-
Add premiums	63,298	-	3,560	59,738	-
	<u>12,574,449</u>	<u>14,068,834</u>	<u>1,500,835</u>	<u>25,142,448</u>	<u>1,441,457</u>
Total long-term debt	<u>\$ 67,135,327</u>	<u>\$ 28,757,058</u>	<u>\$ 8,322,122</u>	<u>\$ 87,570,263</u>	<u>\$ 7,189,839</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, 2009, consist of the following individual issues:

	Date of Issue	Amount Issued	Interest Rates	Outstanding June 30, 2009
General obligation bonds:				
Various public improvements	June 2001	\$ 6,635,000	4.00 - 5.00%	\$ 4,625,000
Various public improvements	June 2002	4,620,000	2.00 - 5.00	3,430,000
Trinity TIF (1)	June 2002	1,360,000	3.00 - 4.90	965,000
Various public improvements	June 2003	4,080,000	1.25 - 3.85	2,975,000
Various public improvements and sewer and stormwater improvements	June 2004	7,650,000	2.25-5.00	5,920,000
Refunding	June 2004	6,943,250	3.00-4.00	2,395,000
Various public improvements	June 2005	4,590,000	3.00-4.50	3,800,000
Fire truck note	December 2001	600,000	4.16	120,000
Various public improvements and sewer improvements	June 2006	7,125,000	4.13-4.50	6,245,000
Various public improvements	July 2006	6,300,000	4.00-4.05	4,480,000
Refunding	February 2007	3,760,000	3.80-3.90	3,290,000
Various public improvements	June 2007	5,095,000	3.50-4.38	4,720,000
Various public improvements	June 2008	15,555,000	3.50-5.00	13,845,000
Various public improvements	March 2009	13,700,000	2.50-4.50	13,700,000
Total general obligation bonds				70,510,000
Revenue bonds:				
Lady Luck Ramp & Marina TIF (1)	July 1997	5,385,000	8.25 - 9.00	2,140,000
QCWCC TIF Note (2)	August 2008	13,815,000	7.255-14.746	13,565,000
Total revenue bond				15,705,000
Total bonds				\$ 86,215,000

The City pledged future sewer utility customer revenues, net of specified operating expenses, to repay \$1,515,000 million in sewer system revenue bonds issued June 2003. Proceeds from the bonds were used to fund capital projects. The bonds were payable solely from sewer customer net revenues and are payable through 2009. Annual principal and interest payments on the bonds must meet a 1.20 coverage ratio. The total principal and interest remaining to be paid on the bonds is none as of June 30, 2009. Principal and interest paid for the current year and total customer net revenues were \$184,410 and \$1,336,551, respectively.

- (1) 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, 2009, the deposits in the interest and reserve fund were \$538,500.

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 \$11,945,000 of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,644,110, payable through 2018. For the current year, principal and interest paid and total incremental TIF property tax revenues were \$1,875,203 and \$2,278,984, respectively.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

- (2) The City has pledged a portion of future property tax revenues to repay \$2,675,000 and \$11,140,000 in TIF urban renewal tax increment notes issued in August 2008. The notes were issued to finance construction on the Quad Cities Waterfront Convention Center. Incremental TIF property tax revenues were projected to produce \$13,815,000 of the debt service requirements over the life of the notes. Total principal and interest remaining on the notes is \$27,541,096, payable through 2026. For the current year, principal and interest paid and total incremental TIF property tax revenues for TIF notes were \$974,454 and \$1,098,351, respectively.

Summary of principal and interest maturities:

Annual debt service requirements to service all outstanding indebtedness as of June 30, 2009, are as follows:

	Debt Service General Obligation Bonds		Debt Service Revenue Bonds	
	Principal	Interest	Principal	Interest
	<u>Year ending June 30:</u>			
2010	\$ 4,528,100	\$ 2,487,799	\$ 960,000	\$ 192,600
2011	5,039,300	2,227,529	1,180,000	106,200
2012	4,695,900	2,049,565	-	-
2013	4,405,000	1,877,681	-	-
2014	4,190,000	1,715,966	-	-
2015 - 2019	16,005,000	6,444,018	-	-
2020 - 2024	14,540,000	3,064,029	-	-
2025 - 2028	5,810,000	568,648	-	-
	<u>\$ 59,213,300</u>	<u>\$ 20,435,235</u>	<u>\$ 2,140,000</u>	<u>\$ 298,800</u>

	Enterprise General Obligation Bonds		Enterprise Revenue Bonds	
	Principal	Interest	Principal	Interest
	<u>Year ending June 30:</u>			
2010	\$ 861,900	\$ 480,350	\$ 510,000	\$ 943,756
2011	890,700	449,516	545,000	906,230
2012	924,100	415,324	585,000	866,259
2013	555,000	379,931	625,000	823,349
2014	580,000	358,329	270,000	1,178,335
2015 - 2019	3,295,000	1,412,079	4,275,000	4,766,093
2020 - 2024	3,410,000	635,880	3,755,000	3,972,850
2025 - 2026	780,000	59,000	3,000,000	519,225
	<u>\$ 11,296,700</u>	<u>\$ 4,190,409</u>	<u>\$ 13,565,000</u>	<u>\$ 13,976,097</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

Legal debt margin:

As of June 30, 2009, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2007 100% assessed valuation		\$	2,604,249,920
Plus: Public gas and electric utilities			71,650,075
Plus: Captured tax increment value			122,409,826
Less: Military exemption			(4,306,822)
Total assessed valuation of the property of the City of Bettendorf		\$	<u>2,794,002,999</u>
Debt limit, 5% of total actual valuation		\$	139,700,150
Debt applicable to debt limit:			
Debt service general obligation bonds	\$	59,213,300	
Debt service TIF revenue bonds		2,140,000	
Enterprise general obligation bonds		11,296,700	72,650,000
Legal debt margin			<u>\$ 67,050,150</u>

Note 5. Interfund Receivables and Payables

Individual interfund receivables and payables balances as of June 30, 2009, were:

	Total	
	Interfund Receivables	Interfund Payables
Major governmental funds:		
General	\$ 498,583	\$ 413,004
Special revenue fund, tax increment financing	-	183,875
Capital projects fund, capital projects reserve	25,700	-
Nonmajor governmental funds	407,932	34,246
Internal service funds	5,072	-
Nonmajor enterprise funds	-	306,162
Total	<u>\$ 937,287</u>	<u>\$ 937,287</u>

Advances to and from other funds as of June 30, 2009, were as follows:

	Advances to Other Funds	Advances from Other Funds
Major governmental funds:		
General Fund	\$ 158,677	\$ -
Special revenue funds, tax increment financing	-	672,660
Capital projects funds, capital projects reserve	513,983	-
Total	<u>\$ 672,660</u>	<u>\$ 672,660</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 5. Interfund Receivables and Payables (Continued)

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.

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	\$ 2,693,451	\$ 2,709,041
Tax increment financing	-	1,186,171
Debt service	-	611,290
Capital projects reserve	1,612,671	60,000
Nonmajor governmental funds	3,885,095	7,515,690
Internal service funds	40,000	-
Major enterprise funds:		
Sewer Utility	61,713	-
QC Waterfront Convention Center	1,132,492	-
Stormwater Utility	207,819	-
Other nonmajor enterprise funds	2,448,951	-
Total	<u>\$ 12,082,192</u>	<u>\$ 12,082,192</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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 4.10 percent of their annual covered salary and the City is required to contribute 6.35 percent of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$591,503, \$545,648 and \$490,508, 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, 2009, 2008 and 2007 were \$741,040, \$957,809 and \$953,203, 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.

The City is a member of the Iowa Municipalities Workers' Compensation Association (IMWCA), a self-funded risk sharing pool that provides workers' compensation coverage to local governments including cities, counties, other political subdivisions and entities formed by intergovernmental agreements. IMWCA is organized under Chapter 28E of the *Code of Iowa* and currently covers more than 49,000 employees of nearly 500 members. IMWCA is governed by a nine-member board of trustees comprised of elected and appointed officials chosen from and elected by the membership.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 9. Risk Management and Insurance (Continued)

The Association is funded by its member cities. Member assessments are collected in advance and are calculated based on members' payroll data multiplied by a pool assessment factor. The assessment factor is based on the loss experience of the entire pool adjusted up or down for each City depending on the City's own loss experience. Cities with a consistent record of costly claims will pay more than cities with a consistent record of lesser claims activity. Per occurrence coverage limits provided by the Association are: bodily injury by accident, \$5,000,000 each accident, bodily injury by disease, \$5,000,000 memorandum limit and bodily injury by disease, \$5,000,000 each employee. Losses from individual claims in excess of these limits remain the responsibility of the respective cities. Any money not used to pay claims and expenses remains with the Association as surplus to fund future catastrophic claims. At such time that surplus substantially exceeds an actuarially sound figure, a distribution may be made to current members according to a formula that contemplates members' premium and claims experience of past years. Management of the City is not aware of any deficit situations in the Association that would require an accrual of a liability as of June 30, 2009. The City's contribution to the pool for the year ended June 30, 2009 was \$373,374.

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, the Association and its member cities would be responsible for such defaulted amounts.

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.

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, 2009 and 2008 are as follows:

	Employee Health Insurance	
	2009	2008
Claims payable, beginning of year	\$ 126,681	\$ 133,104
Claims recognized	2,096,158	1,879,199
Claim payments	(2,087,933)	(1,885,622)
Claims payable, end of year	<u>\$ 134,906</u>	<u>\$ 126,681</u>

Note 10. Other Postemployment Benefits

Plan description: The City sponsors a single-employer health care plan that provides medical and prescription drug benefits to all active and retired employees and their eligible dependents. For general employees (excluding police and fire), retiree coverage begins at IPERS retirement age of at least 55 and for police and fire employees, retiree coverage begins at age 55 with 22 years of service. Retirees are allowed to remain on the plan until they are medicare eligible at age 65. Spouses of retirees and surviving spouses are allowed to remain on the plan through COBRA coverage only. The plan does not issue a stand-alone financial report.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Funding policy: The health insurance plan contributions on behalf of employees are negotiated by management and the union and governed by the City's union contracts. The current funding policy of the City is to pay health claims as they occur through internal allocated funds. The City does not explicitly subsidize retiree health care coverage. Retirees are responsible for the portion of premium rates not covered by the City.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the City contributed \$19,240. Retiree and active members receiving benefits contributed \$123,150 through their required contribution of \$500.63 per month for single health coverage and \$1,085.63 for retiree and spouse coverage.

Annual OPEB cost and net OPEB obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the City's annual OPEB obligation:

Annual required contribution	\$ 194,003
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>194,003</u>
Contributions and payments made	<u>19,240</u>
Increase in net OPEB obligation	174,763
Net OPEB obligation - July 1, 2008	-
Net OPEB obligation - June 30, 2009	<u><u>\$ 174,763</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2009 and the two preceding years follows. Fiscal year ended June 30, 2009 is the transition year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2007	N/A	N/A	N/A
June 30, 2008	N/A	N/A	N/A
June 30, 2009	\$ 194,003	9.90%	\$ 174,763

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Funded status and funding progress: Post Employment Benefit Obligations under GASB Statement No. 45 calculated as of July 1, 2008, the most recent valuation date is as follows:

	Total	Members
Actuarial Accrued Liability		
Current retirees, beneficiaries and dependents	\$ 140,345	5
Current active members	1,217,841	227
Total Actuarial Accrued Liability (AAL)	1,358,186	
OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	1,358,186	

As of July 1, 2009, the plan was zero percent funded. The covered payroll (annual payroll of active employees covered by the plan) was \$12,458,516 and the ratio of the UAAL to the covered payroll was 10.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents only the initial year trend information.

Actuarial methods and assumptions: Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 10 percent initially, grading down to five percent in 10 years. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open group. The remaining amortization period at July 1, 2008, was 30 years.

Note 11. Commitments and Contingencies

Regular City employees accumulate sick leave hours for subsequent use. The City's approximate maximum contingent liability for nonvested sick leave benefits as of June 30, 2009, is \$3,322,288.

The City has financial commitments relating to various construction projects that are estimated to be approximately \$8,262,910.

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.

Notes to Basic Financial Statements

Note 11. Commitments and Contingencies (Continued)

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

The City adopted the following statements during the year ended June 30, 2009:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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. The effect of the adoption of this Statement to the City was to record a liability of \$174,763 for the net other postemployment benefit obligation. The actuarial accrued liability is estimated by an actuary to be \$1,358,186 as of July 1, 2008.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. 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 City 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. This Statement had no effect on the City in the current year.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement established 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. 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. 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.

Notes to Basic Financial Statements

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

- 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.
- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the City beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

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

City of Bettendorf, Iowa

Required Supplementary Information
Other Postemployment Benefit Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7/1/08	\$ -	\$ 1,358,186	\$ 1,358,186	- %	\$ 12,458,516	10.9%

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2008. Additional information follows:

- a. The actuarial method used to determine the ARC is the projected unit credit method.
- b. There are no plan assets.
- c. The actuarial assumptions included: (1) 4 percent investment rate of return and (b) a health care cost trend rate of 10 percent initially, grading down to 5 percent in 10 years.
- d. The amortization method is level percentage of pay over 30 years based on an open group.

City of Bettendorf, Iowa

**Budgetary Comparison Schedule
 Budget and Actual - All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 Year Ended June 30, 2009**

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 18,384,425	\$ -	\$ 18,384,425
Tax increment financing	3,377,334	-	3,377,334
Other City taxes	7,999,085	-	7,999,085
Special assessments	12,163	-	12,163
Licenses and permits	397,701	50,400	448,101
Intergovernmental	4,833,515	423,708	5,257,223
Charges for services	381,603	12,757,902	13,139,505
Use of money and property	1,034,978	449,496	1,484,474
Miscellaneous	644,219	1,499,315	2,143,534
Total revenues	37,065,023	15,180,821	52,245,844
Expenditures/Expenses:			
Public safety	9,171,879	-	9,171,879
Public works	4,195,342	-	4,195,342
Culture and recreation	3,578,409	-	3,578,409
Community and economic development	2,033,310	-	2,033,310
General government	3,300,052	-	3,300,052
Debt service	8,523,975	-	8,523,975
Capital outlay	21,199,052	-	21,199,052
Business-type	-	18,618,578	18,618,578
Total expenditures/expenses	52,002,019	18,618,578	70,620,597
(Deficiency) of revenues over (under) expenditures/expenses	(14,936,996)	(3,437,757)	(18,374,753)
Other financing sources, net	9,879,476	5,069,848	14,949,324
Excess of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(5,057,520)	1,632,091	(3,425,429)
Balances, beginning of year	25,730,421	39,938,073	65,668,494
Balances, end of year	\$ 20,672,901	\$ 41,570,164	\$ 62,243,065

See Note to Required Supplementary Information.

Budgeted Amounts			Final to Actual Variance - Positive (Negative)
Original	Final		
\$ 18,570,943	\$ 18,572,743	\$	(188,318)
3,443,308	3,437,323		(59,989)
8,355,738	8,149,523		(150,438)
8,100	12,266		(103)
706,465	476,313		(28,212)
7,189,743	6,809,623		(1,552,400)
12,824,333	12,842,050		297,455
1,416,271	1,727,454		(242,980)
3,790,500	3,210,139		(1,066,605)
56,305,401	55,237,434		(2,991,590)
9,235,489	9,512,485		340,606
2,717,127	4,262,031		66,689
3,689,531	3,686,533		108,124
2,173,074	2,167,847		134,537
3,353,559	3,363,873		63,821
8,496,555	8,541,619		17,644
21,075,586	24,533,844		3,334,792
18,787,127	19,773,275		1,154,697
69,528,048	75,841,507		5,229,910
(13,222,647)	(20,604,073)		2,229,320
11,650,880	14,484,140		465,184
\$ (1,571,767)	\$ (6,119,933)	\$	2,694,504

City of Bettendorf, Iowa

Note to Required Supplementary Information – Budgetary Reporting Year Ended June 30, 2009

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 \$6,313,459. The budget amendment was primarily due to increased interest income and bond proceeds offset by reduced building permits, local option sales tax, federal grants, fundraising, and increased costs due to capital projects, road salt and operating costs for the QC Waterfront Convention Center.



Bettendorf IOWA
a premier city

City of Bettendorf, Iowa

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
Assets				
Cash and investments	\$ 212,873	\$ 275,102	\$ 244,775	\$ 123,688
Receivables:				
Property taxes	-	-	-	-
Accounts	-	17,258	-	945
Accrued interest	675	-	95	715
Due from other funds	-	-	-	-
Due from other governments	227,546	-	-	-
Total assets	\$ 441,094	\$ 292,360	\$ 244,870	\$ 125,348
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 90,695	\$ 71	\$ 1,269	\$ 89
Accrued liabilities	43,487	2,336	5,362	-
Due to other governments	14,132	380	819	30
Due to other funds	-	-	-	-
Contracts payable	2,645	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	150,959	2,787	7,450	119
Fund Balances (Deficit):				
Reserved for encumbrances	100	-	-	-
Unreserved, undesignated reported in:				
Special revenue funds	290,035	289,573	237,420	125,229
Capital projects funds	-	-	-	-
Total fund balances	290,135	289,573	237,420	125,229
Total liabilities and fund balances	\$ 441,094	\$ 292,360	\$ 244,870	\$ 125,348

(Continued)

Special Revenue					
Library	Park	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits	
\$ 808,276	\$ 235,484	\$ 29,012	\$ -	\$ 74,391	
-	-	-	2,239,594	-	
-	-	-	-	-	
4,731	1,664	170	-	-	
-	-	-	-	-	
-	-	-	27	-	
<u>\$ 813,007</u>	<u>\$ 237,148</u>	<u>\$ 29,182</u>	<u>\$ 2,239,621</u>	<u>\$ 74,391</u>	
\$ 10,953	\$ 14,565	\$ 15	\$ -	\$ -	
-	-	-	-	-	
25	-	-	-	-	
-	-	-	20,866	-	
-	-	-	-	-	
-	-	-	2,218,755	-	
<u>10,978</u>	<u>14,565</u>	<u>15</u>	<u>2,239,621</u>	<u>-</u>	
-	-	-	-	-	
802,029	222,583	29,167	-	74,391	
-	-	-	-	-	
<u>802,029</u>	<u>222,583</u>	<u>29,167</u>	<u>-</u>	<u>74,391</u>	
<u>\$ 813,007</u>	<u>\$ 237,148</u>	<u>\$ 29,182</u>	<u>\$ 2,239,621</u>	<u>\$ 74,391</u>	

City of Bettendorf, Iowa

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue		Capital Projects	
	Mississippi River Flood	Vehicle Replacement	Riverboat Gaming	Electronic Equipment Replacement
Assets				
Cash and investments	\$ -	\$ 1,098,693	\$ 2,198,673	\$ 965,313
Receivables:				
Property taxes	-	-	-	-
Accounts	-	-	38,809	-
Accrued interest	-	5,989	14,713	5,446
Due from other funds	-	-	-	-
Due from other governments	50,088	-	-	-
Total assets	\$ 50,088	\$ 1,104,682	\$ 2,252,195	\$ 970,759
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 173,472	\$ -	\$ 145,582
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	13,380	-	-	-
Contracts payable	-	-	-	-
Deferred revenue	36,708	-	-	-
Total liabilities	50,088	173,472	-	145,582
Fund Balances (Deficit):				
Reserved for encumbrances	-	19,970	-	9,928
Unreserved, undesignated reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	911,240	2,252,195	815,249
Total fund balances	-	931,210	2,252,195	825,177
Total liabilities and fund balances	\$ 50,088	\$ 1,104,682	\$ 2,252,195	\$ 970,759

Capital Projects				
CIP/LOT and Interest	GEO Thuenen Overpass	Future Projects	Total	
\$ 2,000,645	\$ 501,382	\$ 239,068	\$	9,007,375
-	-	-		2,239,594
-	-	51,250		108,262
20,068	2,935	4,703		61,904
407,932	-	-		407,932
-	-	-		277,661
<u>\$ 2,428,645</u>	<u>\$ 504,317</u>	<u>\$ 295,021</u>	<u>\$</u>	<u>12,102,728</u>
\$ -	\$ -	\$ -	\$	436,711
-	-	-		51,185
-	-	-		15,386
-	-	-		34,246
-	-	-		2,645
-	-	-		2,255,463
-	-	-		2,795,636
-	-	-		29,998
-	-	-		2,070,427
2,428,645	504,317	295,021		7,206,667
<u>2,428,645</u>	<u>504,317</u>	<u>295,021</u>		<u>9,307,092</u>
<u>\$ 2,428,645</u>	<u>\$ 504,317</u>	<u>\$ 295,021</u>	<u>\$</u>	<u>12,102,728</u>

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
 Nonmajor Governmental Funds
 Year Ended June 30, 2009

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,606,609	425,106	-	-
Use of money and property	4,137	4,470	4,307	5,185
Miscellaneous	24,003	2,289	130,123	13,907
Total revenues	2,634,749	431,865	134,430	19,092
Expenditures:				
Current operating:				
Public safety	-	-	-	8,545
Public works	4,162,342	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	429,441	198,007	-
General government	-	-	-	-
Capital outlay	96,749	-	12,000	-
Total expenditures	4,259,091	429,441	210,007	8,545
Excess (deficiency) of revenues over expenditures	(1,624,342)	2,424	(75,577)	10,547
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	1,108,117	-	153,000	-
Transfers out	(8,000)	-	-	-
Total other financing sources (uses)	1,100,117	-	153,000	-
Net changes in fund balance	(524,225)	2,424	77,423	10,547
Fund balances (deficit), beginning of year	814,360	287,149	159,997	114,682
Fund balances, end of year	\$ 290,135	\$ 289,573	\$ 237,420	\$ 125,229

(Continued)

Special Revenue						
Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	Subdivision Deposits	
\$ -	\$ -	\$ -	\$ -	\$ 2,082,742	\$ -	
-	-	-	-	88,761	-	
69,749	-	-	-	1,426	-	
34,772	4,408	5,124	1,186	-	-	
53,086	8,909	-	21,675	-	20,707	
157,607	13,317	5,124	22,861	2,172,929	20,707	
-	-	-	-	-	-	
-	-	-	-	-	-	
25,618	-	-	57,112	-	-	
-	94,401	-	-	-	25,469	
-	-	108	-	-	-	
65,434	-	-	-	-	-	
91,052	94,401	108	57,112	-	25,469	
66,555	(81,084)	5,016	(34,251)	2,172,929	(4,762)	
-	-	-	-	-	-	
-	93,000	-	40,000	-	-	
-	(3,570)	(404,733)	-	(2,172,929)	-	
-	89,430	(404,733)	40,000	(2,172,929)	-	
66,555	8,346	(399,717)	5,749	-	(4,762)	
735,474	214,237	399,717	23,418	-	79,153	
\$ 802,029	\$ 222,583	\$ -	\$ 29,167	\$ -	\$ 74,391	

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) (Continued)
 Nonmajor Governmental Funds
 Year Ended June 30, 2009

	Special Revenue			Capital Projects
	Museum	Mississippi River Flood	Jump Start Flood Relief	Vehicle Replacement
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	-	374,011	-	-
Use of money and property	-	-	-	42,638
Miscellaneous	-	-	30,740	250
Total revenues	-	374,011	30,740	42,888
Expenditures:				
Current operating:				
Public safety	-	123,116	-	-
Public works	-	-	-	-
Culture and recreation	55,718	-	-	-
Community and economic development	-	-	30,740	-
General government	-	-	-	-
Capital outlay	-	-	-	1,244,817
Total expenditures	55,718	123,116	30,740	1,244,817
Excess (deficiency) of revenues over expenditures	(55,718)	250,895	-	(1,201,929)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	37,112
Transfers in	-	-	-	675,415
Transfers out	-	(170,278)	-	-
Total other financing sources (uses)	-	(170,278)	-	712,527
Net changes in fund balance	(55,718)	80,617	-	(489,402)
Fund balances (deficit), beginning of year	55,718	(80,617)	-	1,420,612
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 931,210

							Capital Projects	
Riverboat Gaming	Electronic Equipment Replacement	CIP/LOT and Interest	GEO Thuenen Overpass	Future Projects	Total			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,082,742			
1,912,972	-	-	-	-	2,001,733			
-	-	-	-	-	3,476,901			
153,918	46,025	143,706	20,728	-	470,604			
-	-	-	50,000	51,250	406,939			
2,066,890	46,025	143,706	70,728	51,250	8,438,919			
<hr/>								
-	-	-	-	-	131,661			
-	-	-	-	-	4,162,342			
-	-	-	-	-	138,448			
-	-	-	-	-	778,058			
-	-	-	-	-	108			
-	157,843	-	-	-	1,576,843			
-	157,843	-	-	-	6,787,460			
<hr/>								
2,066,890	(111,818)	143,706	70,728	51,250	1,651,459			
<hr/>								
-	-	-	-	-	37,112			
142,000	-	1,673,563	-	-	3,885,095			
(2,242,056)	(164,578)	(2,349,546)	-	-	(7,515,690)			
<hr/>								
(2,100,056)	(164,578)	(675,983)	-	-	(3,593,483)			
<hr/>								
(33,166)	(276,396)	(532,277)	70,728	51,250	(1,942,024)			
<hr/>								
2,285,361	1,101,573	2,960,922	433,589	243,771	11,249,116			
\$ 2,252,195	\$ 825,177	\$ 2,428,645	\$ 504,317	\$ 295,021	\$ 9,307,092			

City of Bettendorf, Iowa

Combining Statement of Net Assets
 Nonmajor Enterprise Funds
 June 30, 2009

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Assets		
Current assets:		
Cash and investments	\$ 978,077	\$ 100,158
Receivables:		
Accounts and unbilled usage	482,481	22,888
Accrued interest	5,732	885
Special assessments	59,920	-
Due from other governments	-	-
Total current assets	<u>1,526,210</u>	<u>123,931</u>
Noncurrent assets:		
Bond issuance costs	-	-
Capital assets:		
Nondepreciable:		
Land	-	579,370
Construction-in-progress	-	-
Depreciable:		
Buildings and structures	-	1,490,637
Equipment and vehicles	2,444,076	617,654
Improvements other than buildings	-	696,968
Accumulated depreciation	(1,723,075)	(1,049,551)
Net capital assets	<u>721,001</u>	<u>2,335,078</u>
Total noncurrent assets	<u>721,001</u>	<u>2,335,078</u>
Total assets	<u>\$ 2,247,211</u>	<u>\$ 2,459,009</u>

(Continued)

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Total
\$ 143,756	\$ 68,296	\$ -	\$ 184,709	\$ 1,474,996
10,832	303	1,861	17,588	535,953
-	-	-	-	6,617
-	-	-	-	59,920
-	-	103,261	21,226	124,487
154,588	68,599	105,122	223,523	2,201,973
-	-	-	5,905	5,905
840,000	-	-	148,070	1,567,440
895	-	-	-	895
3,511,022	4,180,433	-	5,343,474	14,525,566
203,851	66,906	820,329	788,425	4,941,241
85,885	8,120	-	229,744	1,020,717
(1,833,269)	(1,280,479)	(617,886)	(2,192,226)	(8,696,486)
2,808,384	2,974,980	202,443	4,317,487	13,359,373
2,808,384	2,974,980	202,443	4,323,392	13,365,278
\$ 2,962,972	\$ 3,043,579	\$ 307,565	\$ 4,546,915	\$ 15,567,251

City of Bettendorf, Iowa

Combining Statement of Net Assets (Continued)

Nonmajor Enterprise Funds

June 30, 2009

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Liabilities and Net Assets		
Liabilities:		
Current:		
Accounts payable	\$ 76,266	\$ 175,772
Compensated absences	10,261	7,154
Accrued liabilities	20,682	13,021
Due to other governments	3,502	7,465
Due to other funds	-	200,000
Interest payable	-	-
Contracts payable	-	-
Unearned revenue	-	-
Current maturities, general obligation bonds	-	-
Total current liabilities	110,711	403,412
Noncurrent:		
Compensated absences	26,448	18,439
Other post employment benefits obligation	4,826	4,613
General obligation bonds, net of bond discounts	-	-
Total noncurrent liabilities	31,274	23,052
Total liabilities	141,985	426,464
Net assets:		
Invested in capital assets, net of related debt	721,001	2,335,078
Unrestricted	1,384,225	(302,533)
Total net assets	2,105,226	2,032,545
Total liabilities and net assets	\$ 2,247,211	\$ 2,459,009

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Total
\$ 30,433	\$ 86,522	\$ 37,954	\$ 55,660	\$ 462,607
5,890	788	11,394	19,247	54,734
10,106	1,350	20,326	34,489	99,974
3,469	5,407	3,130	5,495	28,468
-	-	106,162	-	306,162
-	-	-	3,526	3,526
-	-	-	38,946	38,946
109,853	-	-	-	109,853
-	-	-	351,900	351,900
159,751	94,067	178,966	509,263	1,456,170
15,181	2,032	29,370	49,609	141,079
664	-	6,052	7,277	23,432
-	-	-	747,573	747,573
15,845	2,032	35,422	804,459	912,084
175,596	96,099	214,388	1,313,722	2,368,254
2,808,384	2,974,980	202,443	3,218,014	12,259,900
(21,008)	(27,500)	(109,266)	15,179	939,097
2,787,376	2,947,480	93,177	3,233,193	13,198,997
\$ 2,962,972	\$ 3,043,579	\$ 307,565	\$ 4,546,915	\$ 15,567,251

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Nonmajor Enterprise Funds
 Year Ended June 30, 2009

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Operating revenues:		
Charges for services	\$ 1,652,843	\$ 707,031
Intergovernmental	-	-
Other, primarily concessions	227	322,363
Total operating revenues	1,653,070	1,029,394
Operating expenses:		
Salaries and benefits	698,580	674,204
Supplies and services	822,829	427,417
Depreciation	257,440	123,202
Amortization	-	-
Total operating expenses	1,778,849	1,224,823
Operating (loss)	(125,779)	(195,429)
Nonoperating revenues (expenses):		
Investment earnings	50,782	3,140
Interest expense	-	-
Loss on disposal of assets	-	-
Total nonoperating revenues (expenses)	50,782	3,140
(Loss) before capital grants and contributions and transfers	(74,997)	(192,289)
Transfers in	13,530	76,240
Changes in net assets	(61,467)	(116,049)
Net assets, beginning	2,166,693	2,148,594
Net assets, ending	\$ 2,105,226	\$ 2,032,545

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Total
\$ 564,126	\$ 247,681	\$ 68,655	\$ 643,992	\$ 3,884,328
-	-	400,482	21,226	421,708
2,195	7,779	16,208	157,257	506,029
566,321	255,460	485,345	822,475	4,812,065
466,246	180,526	638,591	1,072,850	3,730,997
271,508	151,920	506,211	635,999	2,815,884
119,592	156,451	101,222	158,066	915,973
-	-	-	3,082	3,082
857,346	488,897	1,246,024	1,869,997	7,465,936
(291,025)	(233,437)	(760,679)	(1,047,522)	(2,653,871)
39,600	-	-	7,922	101,444
-	-	-	(52,724)	(52,724)
-	-	-	(458)	(458)
39,600	-	-	(45,260)	48,262
(251,425)	(233,437)	(760,679)	(1,092,782)	(2,605,609)
219,510	106,352	648,362	1,384,957	2,448,951
(31,915)	(127,085)	(112,317)	292,175	(156,658)
2,819,291	3,074,565	205,494	2,941,018	13,355,655
\$ 2,787,376	\$ 2,947,480	\$ 93,177	\$ 3,233,193	\$ 13,198,997

City of Bettendorf, Iowa

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 Year Ended June 30, 2009

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,642,947	\$ 707,542
Receipts from other operating revenue	227	322,363
Payments to suppliers	(812,994)	(409,440)
Payments to employees	(688,245)	(662,503)
Net cash provided by (used in) operating activities	141,935	(42,038)
Cash flows from noncapital financing activities:		
Proceeds from interfund accounts	-	-
(Payments of) interfund accounts	-	(50,000)
Transfers in	13,530	76,240
Net cash provided by noncapital financing activities	13,530	26,240
Cash flows from capital and related financing activities:		
Purchase of capital assets	-	(21,100)
Payment on debt	-	-
Interest paid on debt	-	-
Net cash (used in) capital and related financing activities	-	(21,100)
Cash flows from investing activities, interest received	52,056	3,896
Net increase (decrease) in cash and cash equivalents	207,521	(33,002)
Cash and cash equivalents:		
Beginning	770,556	133,160
Ending	\$ 978,077	\$ 100,158
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (125,779)	\$ (195,429)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation	257,440	123,202
Amortization	-	-
Change in assets and liabilities:		
Receivables and due from other governments	(9,896)	511
Accounts payable and due to other governments	9,835	17,977
Compensated absences and accrued liabilities	5,509	7,088
Other post employment benefits obligation	4,826	4,613
Unearned revenue	-	-
Net cash provided by (used in) operating activities	\$ 141,935	\$ (42,038)
Schedule of noncash items:		
Capital and related financing activities, acquisition of capital assets through contracts or accounts payable	\$ -	\$ -

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Total
\$ 554,729	\$ 250,453	\$ 69,357	\$ 656,876	\$ 3,881,904
2,195	7,779	393,292	165,897	891,753
(284,547)	(152,168)	(504,201)	(624,597)	(2,787,947)
(463,303)	(180,384)	(624,704)	(1,046,491)	(3,665,630)
(190,926)	(74,320)	(666,256)	(848,315)	(1,679,920)
-	-	17,894	-	17,894
-	-	-	-	(50,000)
219,510	106,352	648,362	1,384,957	2,448,951
219,510	106,352	666,256	1,384,957	2,416,845
(45,882)	(7,500)	-	(233,581)	(308,063)
-	-	-	(349,600)	(349,600)
-	-	-	(53,671)	(53,671)
(45,882)	(7,500)	-	(636,852)	(711,334)
39,600	-	-	7,999	103,551
22,302	24,532	-	(92,211)	129,142
121,454	43,764	-	276,920	1,345,854
\$ 143,756	\$ 68,296	\$ -	\$ 184,709	\$ 1,474,996
\$ (291,025)	\$ (233,437)	\$ (760,679)	\$ (1,047,522)	\$ (2,653,871)
119,592	156,451	101,222	158,066	915,973
-	-	-	3,082	3,082
551	2,772	(22,696)	298	(28,460)
(13,039)	(248)	2,010	11,402	27,937
2,279	142	7,835	19,082	41,935
664	-	6,052	7,277	23,432
(9,948)	-	-	-	(9,948)
\$ (190,926)	\$ (74,320)	\$ (666,256)	\$ (848,315)	\$ (1,679,920)
\$ -	\$ -	\$ -	\$ 38,946	\$ 38,946

City of Bettendorf, Iowa

Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

Assets	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Current assets:					
Cash and investments	\$ 1,088,166	\$ 697,151	\$ 536,193	\$ 138,191	\$ 2,459,701
Restricted cash	13,118	-	-	-	13,118
Prepaid items	6,824	5,060	-	218,667	230,551
Receivables:					
Accounts	883	5,251	-	-	6,134
Accrued interest	6,282	4,179	2,882	482	13,825
Due from other funds	-	5,072	-	-	5,072
Due from other governments	-	170	-	-	170
Total current assets	1,115,273	716,883	539,075	357,340	2,728,571
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	-	-	(678,410)	-	(678,410)
Total noncurrent assets	-	-	259,292	-	259,292
Total assets	\$ 1,115,273	\$ 716,883	\$ 798,367	\$ 357,340	\$ 2,987,863
Liabilities and Net Assets					
Liabilities:					
Current:					
Accounts payable	\$ -	\$ 104,659	\$ 96,646	\$ 7,300	\$ 208,605
Claims payable	134,906	-	-	-	134,906
Compensated absences	-	-	7,848	6,531	14,379
Accrued liabilities	-	-	14,152	13,562	27,714
Due to other governments	-	-	2,322	2,167	4,489
Total current liabilities	134,906	104,659	120,968	29,560	390,093
Noncurrent:					
Compensated absences	-	-	20,229	16,834	37,063
Other post employment benefits obligation	-	-	4,065	2,147	6,212
Total noncurrent liabilities	-	-	24,294	18,981	43,275
Total liabilities	134,906	104,659	145,262	48,541	433,368
Net assets:					
Invested in capital assets	-	-	259,292	-	259,292
Restricted for health insurance claims	13,118	-	-	-	13,118
Unrestricted	967,249	612,224	393,813	308,799	2,282,085
Total net assets	980,367	612,224	653,105	308,799	2,554,495
Total liabilities and net assets	\$ 1,115,273	\$ 716,883	\$ 798,367	\$ 357,340	\$ 2,987,863

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Internal Service Funds
 Year Ended June 30, 2009

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Operating revenues:					
Charges for services	\$ 2,497,150	\$ 810,023	\$ 1,377,546	\$ 516,923	\$ 5,201,642
Other	-	21,700	42	7,490	29,232
Total operating revenues	2,497,150	831,723	1,377,588	524,413	5,230,874
Operating expenses:					
Salaries and benefits	2,096,158	-	424,076	359,737	2,879,971
Supplies and services	445,338	858,324	963,802	207,263	2,474,727
Depreciation	-	-	25,060	-	25,060
Total operating expenses	2,541,496	858,324	1,412,938	567,000	5,379,758
Operating (loss)	(44,346)	(26,601)	(35,350)	(42,587)	(148,884)
Nonoperating revenues, investment earnings	47,420	26,679	21,551	2,630	98,280
Income (loss) before transfers	3,074	78	(13,799)	(39,957)	(50,604)
Transfers in	-	-	-	40,000	40,000
Changes in net assets	3,074	78	(13,799)	43	(10,604)
Total net assets, beginning	977,293	612,146	666,904	308,756	2,565,099
Total net assets, ending	\$ 980,367	\$ 612,224	\$ 653,105	\$ 308,799	\$ 2,554,495

City of Bettendorf, Iowa

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2009

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,499,857	\$ 808,941	\$ 1,377,546	\$ 516,923	\$ 5,203,267
Receipts from other operating revenue	-	21,700	42	7,490	29,232
Payments to suppliers	(452,162)	(847,734)	(1,028,230)	(211,670)	(2,539,796)
Payments to claimants	(2,087,933)	-	-	-	(2,087,933)
Payments to employees	-	-	(410,100)	(285,871)	(695,971)
Net cash provided by (used in) operating activities	(40,238)	(17,093)	(60,742)	26,872	(91,201)
Cash flows from noncapital financing activities:					
Payment of interfund accounts	-	(1,127)	-	-	(1,127)
Transfers in	-	-	-	40,000	40,000
Net cash provided by (used in) noncapital financing activities	-	(1,127)	-	40,000	38,873
Cash flows from investing activities:					
interest received	51,714	28,537	23,913	2,707	106,871
Net increase (decrease) in cash and cash equivalents	11,476	10,317	(36,829)	69,579	54,543
Cash and cash equivalents:					
Beginning	1,089,808	686,834	573,022	68,612	2,418,276
Ending	\$ 1,101,284	\$ 697,151	\$ 536,193	\$ 138,191	\$ 2,472,819
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:					
Operating (loss)	\$ (44,346)	\$ (26,601)	\$ (35,350)	\$ (42,587)	\$ (148,884)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	25,060	-	25,060
Change in assets and liabilities:					
Receivables and due from other governments	2,707	(1,082)	-	-	1,625
Prepaid items	(6,824)	(5,060)	-	64,000	52,116
Accounts payable and due to other governments	-	15,650	(64,428)	(4,407)	(53,185)
Claims payable	8,225	-	-	-	8,225
Compensated absences and accrued liabilities	-	-	9,911	7,719	17,630
Other post employment benefits obligation	-	-	4,065	2,147	6,212
Net cash provided by (used in) operating activities	\$ (40,238)	\$ (17,093)	\$ (60,742)	\$ 26,872	\$ (91,201)

City of Bettendorf, Iowa

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2009

	Explorers	Section 125 Plan	Police Property Account	Police Women's Conference	Total
Assets:					
Cash and investments	\$ -	\$ 23,921	\$ 8,310	\$ 3,184	\$ 35,415
Accounts receivable	399	-	-	-	399
	<u>\$ 399</u>	<u>\$ 23,921</u>	<u>\$ 8,310</u>	<u>\$ 3,184</u>	<u>\$ 35,814</u>
Liabilities, accounts payable	<u>\$ 399</u>	<u>\$ 23,921</u>	<u>\$ 8,310</u>	<u>\$ 3,184</u>	<u>\$ 35,814</u>

City of Bettendorf, Iowa

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2009

Explorers	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Assets:				
Cash and investments	\$ 1,048	\$ 5,144	\$ 6,192	\$ -
Accounts receivable	10	618	229	399
	\$ 1,058	\$ 5,762	\$ 6,421	\$ 399
Liabilities, accounts payable	\$ 1,058	\$ 4,535	\$ 5,194	\$ 399
Section 125 Plan				
Assets, cash and investments	\$ 21,230	\$ 134,070	\$ 131,379	\$ 23,921
Liabilities, accounts payable	\$ 21,230	\$ 112,415	\$ 109,724	\$ 23,921
Police Property Account				
Assets, cash and investments	\$ 3,118	\$ 28,037	\$ 22,845	\$ 8,310
Liabilities, accounts payable	\$ 3,118	\$ 28,037	\$ 22,845	\$ 8,310

(Continued)

City of Bettendorf, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)
 Agency Funds
 Year Ended June 30, 2009

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Police Women's Conference				
Assets, cash and investments	\$ -	\$ 4,645	\$ 1,461	\$ 3,184
Liabilities, accounts payable	\$ -	\$ 4,638	\$ 1,454	\$ 3,184
Explorers Washington D.C. Trip				
Assets, cash and investments	\$ -	\$ 10,234	\$ 10,234	\$ -
Liabilities, accounts payable	\$ -	\$ 4,815	\$ 4,815	\$ -
Combined Funds				
Assets:				
Cash and investments	\$ 25,396	\$ 182,130	\$ 172,111	\$ 35,415
Accounts receivable	10	618	229	399
	\$ 25,406	\$ 182,748	\$ 172,340	\$ 35,814
Liabilities, accounts payable	\$ 25,406	\$ 154,440	\$ 144,032	\$ 35,814



Bettendorf IOWA
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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.	90 - 108
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).	109 - 115
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.	116 - 122
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.	123 - 124
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.	125 - 130

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 Seven 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		2009	
\$	37,919,071	\$	39,923,572	\$	46,616,013	\$	53,124,355
	6,221,183		10,260,032		7,158,860		5,920,270
	10,349,190		9,270,579		13,026,168		9,321,954
<hr/>							
\$	54,489,444	\$	59,454,183	\$	66,801,041	\$	68,366,579
<hr/>							
\$	29,262,706	\$	30,564,714	\$	38,279,056	\$	37,323,495
	176,219		175,553		166,868		-
	2,967,755		1,071,417		(1,435,388)		1,272,231
<hr/>							
\$	32,406,680	\$	31,811,684	\$	37,010,536	\$	38,595,726
<hr/>							
\$	67,181,777	\$	70,488,286	\$	84,895,069	\$	90,447,850
	6,397,402		10,435,585		7,325,728		5,920,270
	13,316,945		10,341,996		11,590,780		10,594,185
<hr/>							
\$	86,896,124	\$	91,265,867	\$	103,811,577	\$	106,962,305
<hr/>							

City of Bettendorf, Iowa

**Changes In Net Assets
Last Seven 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
QC Waterfront Convention 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	2009
\$	8,474,260	\$ 9,218,990	\$ 9,714,867	\$ 9,951,992
	5,762,806	6,209,711	6,480,290	9,997,254
	3,722,405	3,663,690	3,784,862	4,180,037
	1,521,206	1,529,551	2,013,017	2,204,648
	3,566,384	3,440,431	3,498,535	3,706,638
	2,349,192	2,348,925	2,443,655	2,446,577
	25,396,253	26,411,298	27,935,226	32,487,146
	2,767,540	2,906,148	2,927,523	2,979,537
	1,725,794	1,800,585	1,721,249	1,934,671
	412,494	426,630	473,972	491,077
	1,580,939	1,633,478	1,720,851	1,793,971
	1,146,586	1,273,827	1,226,764	1,228,773
	782,242	788,259	880,485	861,694
	783,017	672,361	794,675	620,500
	1,091,502	1,187,029	1,229,554	1,256,562
	-	64,030	91,705	2,129,540
	-	694,448	-	-
	10,290,114	11,446,795	11,066,778	13,296,325
	35,686,367	37,858,093	39,002,004	45,783,471
	18,546	21,796	20,457	17,228
	23,382	8,983	37,758	13,343
	209,673	229,243	227,595	242,993
	1,037,467	616,722	567,023	517,903
	105,059	115,102	87,066	70,116
	436,083	378,140	917,634	326,636
	2,664,831	2,665,412	2,728,338	2,640,668
	159,889	108,257	83,837	72,008
	512,395	711,400	633,852	990,458
	-	80,000	103,726	383,794
	1,165,844	1,323,870	2,315,830	1,228,183
	27,051	30,000	20,000	5,000
	6,360,220	6,288,925	7,743,116	6,508,330

City of Bettendorf, Iowa

Changes In Net Assets (Continued)
Last Seven 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
QC Waterfront Convention Center	-	-	-
Operating grants and contributions:			
Family Museum of Arts & Science	128,380	58,244	135,978
Stormwater utility	-	-	-
Transit	240,944	249,631	306,544
QC Waterfront Convention Center	-	-	-
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
QC Waterfront Convention 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	2009		
\$	2,491,731	\$	2,410,029	\$	2,422,381	\$	2,526,562
	516,211		572,603		615,898		643,992
	167,157		187,471		211,302		247,681
	1,355,684		1,420,297		1,591,716		1,652,843
	738,340		740,103		686,948		707,031
	368,153		524,665		555,851		564,126
	579,144		593,041		619,328		781,391
	56,656		61,037		64,270		68,655
	-		-		-		414,380
	149,273		225,500		133,098		175,937
	-		-		-		2,000
	268,686		555,512		417,756		402,282
	-		-		-		963,453
	465,967		-		121,832		507,934
	-		-		-		-
	300,000		-		-		-
	310,645		-		81,221		315,489
	-		-		12,500		-
	-		138,040		4,486,960		355,450
	250,000		200,000		-		-
	8,017,647		7,628,298		12,021,061		10,329,206
	14,377,867		13,917,223		19,764,177		16,837,536
	(19,036,033)		(20,122,373)		(20,192,110)		(25,978,816)
	(2,272,467)		(3,818,497)		954,283		(2,967,119)
	(21,308,500)		(23,940,870)		(19,237,827)		(28,945,935)
	15,375,604		15,619,789		16,795,048		18,408,444
	1,853,383		1,962,103		3,172,985		3,377,334
	3,968,600		4,206,449		4,259,072		4,184,906
	1,557,262		1,440,620		1,573,298		1,533,961
	2,121,774		1,963,498		2,076,120		1,912,972
	-		-		-		-
	345,734		366,272		392,338		368,246
	22,335		22,350		23,080		23,805
	34,604		45,081		51,018		52,352
	826,908		1,398,304		1,451,101		1,133,258
	-		-		21,163		1,726
	352,050		511,323		775,171		398,325
	(3,495,963)		(2,448,677)		(3,051,426)		(3,850,975)
	22,962,291		25,087,112		27,538,968		27,544,354

City of Bettendorf, Iowa

Changes In Net Assets (Continued)
 Last Seven 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		2009	
	216,631		423,184		280,128		351,216
	-		-		-		-
	185,380		351,640		382,633		350,118
	3,495,963		2,448,677		3,051,426		3,850,975
	3,897,974		3,223,501		3,714,187		4,552,309
\$	26,860,265	\$	28,310,613	\$	31,253,155	\$	32,096,663
	3,926,258		4,964,739		7,346,858		1,565,538
	1,625,507		(594,996)		4,668,470		1,585,190
\$	5,551,765	\$	4,369,743	\$	12,015,328	\$	3,150,728

City of Bettendorf, Iowa

Program Revenues By Function/Program

Last Seven 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 Seven 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

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

Program/Functions	Program Revenues		
	Fiscal Year		
	2009		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 17,228	\$ 326,636	\$ 383,794
Public works	13,343	2,640,668	1,228,183
Culture and recreation	242,993	72,008	5,000
Community and economic development	517,903	990,458	-
General government	70,116	-	-
Interest on long-term debt	-	-	-
Total governmental activities	861,583	4,029,770	1,616,977
Business-type activities:			
Sewer utility	2,526,562	-	507,934
Family Museum of Arts & Science	643,992	175,937	-
Aquatic Center	247,681	-	-
Recycling/solid waste management	1,652,843	-	-
Palmer Hills Golf Course	707,031	-	-
Life Fitness Center	564,126	-	-
Stormwater utility	781,391	2,000	315,489
Transit	68,655	402,282	-
Educational Center	-	-	-
QC Waterfront Convention Center	414,380	963,453	355,450
Total business-type activities	7,606,661	1,543,672	1,178,873
Total primary government	\$ 8,468,244	\$ 5,573,442	\$ 2,795,850



Bettendorf IOWA
a premier city

City of Bettendorf, Iowa

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

	Fiscal Year			
	2000	2001	2002	2003
General Fund:				
Reserved	\$ 183,545	\$ 110,770	\$ 81,652	\$ 95,135
Unreserved	4,252,697	4,071,653	4,230,012	4,388,551
Total General Fund	\$ 4,436,242	\$ 4,182,423	\$ 4,311,664	\$ 4,483,686
All other governmental funds:				
Reserved	\$ 1,145,825	\$ 5,527,603	\$ 4,050,715	\$ 6,394,631
Unreserved, reported in:				
Special revenue funds	4,477,047	2,128,788	3,468,598	3,082,497
Debt service funds	2,172,367	2,052,121	2,247,776	2,141,163
Capital projects funds	7,800,144	6,686,159	5,542,810	7,035,080
Total all other government funds	\$ 15,595,383	\$ 16,394,671	\$ 15,309,899	\$ 18,653,371

		Fiscal Year									
		2004	2005	2006	2007	2008	2009				
\$	82,006	\$	64,882	\$	47,989	\$	69,408	\$	242,784	\$	210,290
	4,445,838		4,749,446		4,780,972		4,908,122		4,857,574		5,030,470
\$	4,527,844	\$	4,814,328	\$	4,828,961	\$	4,977,530	\$	5,100,358	\$	5,240,760
\$	7,147,989	\$	2,068,938	\$	2,888,698	\$	4,267,649	\$	8,817,132	\$	10,591,791
	3,379,138		3,027,598		2,780,057		3,182,157		1,903,418		1,280,112
	1,905,881		1,605,452		1,202,569		4,658,472		724,672		806,085
	7,718,078		9,437,438		7,712,234		6,431,017		9,184,841		2,754,153
\$	20,151,086	\$	16,139,426	\$	14,583,558	\$	18,539,295	\$	20,630,063	\$	15,432,141

City of Bettendorf, Iowa

Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2000	2001	2002	2003
Revenues:				
Property taxes	\$ 13,083,926	\$ 13,506,245	\$ 13,966,278	\$ 12,868,877
Tax increment financing taxes	-	-	-	-
Other taxes	4,843,459	5,321,691	5,278,500	7,021,606
Special assessments	116,123	23,125	8,459	35,185
Licenses and permits	464,415	437,141	411,922	598,484
Intergovernmental	7,357,588	6,764,956	6,703,471	6,362,813
Charges for services	303,585	266,062	340,170	240,675
Use of money and property	771,187	1,571,966	1,027,639	675,735
Fines and forfeitures	164,308	133,630	149,923	-
Miscellaneous	818,294	580,070	1,338,444	1,797,479
Total revenues	27,922,885	28,604,886	29,224,806	29,600,854
Expenditures:				
Current operating:				
Community protection	5,993,527	7,101,978	6,823,164	*
Human development	2,522,003	2,857,429	3,152,880	*
Home and community development	3,477,567	4,120,753	4,021,299	*
Policy and administration	3,188,137	2,974,569	3,237,325	*
Public safety	*	*	*	6,617,387
Public works	*	*	*	2,309,379
Culture and recreation	*	*	*	2,826,226
Community and economic development	*	*	*	1,048,976
General government	*	*	*	2,860,894
Debt service:				
Principal	3,250,496	3,719,420	3,500,641	3,816,862
Interest	2,190,517	2,373,887	2,463,311	2,639,454
Bond issuance costs	-	-	-	-
Expenditures in capital outlay not capitalized	-	-	-	-
Capitalized capital outlay	13,886,745	9,226,513	10,781,112	7,490,960
Total expenditures	34,508,992	32,374,549	33,979,732	29,610,138
Excess of revenues (under) expenditures	(6,586,107)	(3,769,663)	(4,754,926)	(9,284)
Other financing sources (uses):				
Issuance of long-term debt	6,560,000	6,635,000	6,580,000	6,920,000
Payment to bond escrow agent	-	-	-	-
Premiums	-	-	-	1,535
Discounts	(69,872)	(45,965)	(64,867)	(31,203)
Proceeds from sale of capital assets	-	-	-	348,000
Transfers in	7,581,196	5,118,577	11,128,148	5,882,790
Transfers out	(8,735,369)	(7,392,480)	(13,843,886)	(10,071,953)
Total other financing sources (uses)	5,335,955	4,315,132	3,799,395	3,049,169
Net changes in fund balance	\$ (1,250,152)	\$ 545,469	\$ (955,531)	\$ 3,039,885
Debt service as a percentage of noncapital expenditures	26.4%	26.3%	25.7%	29.2%

							Fiscal Year					
2004		2005		2006		2007		2008		2009		
\$	13,084,732	\$	14,631,169	\$	15,383,115	\$	15,648,364	\$	16,763,147	\$	18,384,425	
	-		1,684,641		1,853,383		1,962,103		3,172,985		3,377,334	
	9,665,583		7,564,060		7,511,852		7,995,246		8,416,881		7,999,085	
	25,975		5,388		19,947		6,761		9,505		12,163	
	621,466		636,202		865,209		542,182		497,123		397,701	
	3,973,556		4,039,000		3,952,501		5,019,945		5,343,234		4,833,515	
	401,753		326,756		394,575		327,801		346,205		381,603	
	444,476		619,366		761,546		1,274,705		1,317,230		1,034,978	
	-		-		-		-		-		-	
	976,223		787,742		729,844		703,696		1,000,499		644,219	
	29,193,764		30,294,324		31,471,972		33,480,803		36,866,809		37,065,023	
	*		*		*		*		*		*	
	*		*		*		*		*		*	
	*		*		*		*		*		*	
	*		*		*		*		*		*	
	6,914,003		7,487,118		7,895,689		8,194,904		9,029,275		9,171,879	
	2,557,007		2,660,482		2,727,337		2,627,335		3,288,166		4,195,342	
	2,965,014		3,153,672		3,300,346		3,187,458		3,311,645		3,578,409	
	1,218,663		1,412,845		1,258,141		1,443,565		1,921,626		2,033,310	
	2,790,248		2,798,173		3,106,289		3,104,868		3,138,414		3,300,052	
	7,006,601		9,037,165		5,089,158		5,524,216		5,615,000		6,020,400	
	2,486,386		2,567,015		2,331,935		2,315,370		2,318,366		2,384,362	
	47,771		33,780		37,456		251,346		86,604		119,213	
	-		-		1,093,385		1,298,676		870,795		3,359,508	
	6,199,642		6,835,946		7,253,947		8,368,929		8,818,626		17,839,544	
	32,185,335		35,986,196		34,093,683		36,316,667		38,398,517		52,002,019	
	(2,991,571)		(5,691,872)		(2,621,711)		(2,835,864)		(1,531,708)		(14,936,996)	
	8,104,050		4,590,000		4,580,000		15,155,000		10,540,000		13,700,000	
	-		-		-		(6,275,000)		(3,821,388)		-	
	-		-		3,190		76,667		130,466		33,339	
	(45,681)		(32,066)		(44,519)		-		-		-	
	-		306,120		90,972		224,110		28,652		37,112	
	5,700,841		6,617,725		6,925,915		7,681,976		8,607,299		8,191,217	
	(9,225,766)		(9,515,083)		(10,475,082)		(9,922,583)		(11,739,725)		(12,082,192)	
	4,533,444		1,966,696		1,080,476		6,940,170		3,745,304		9,879,476	
\$	1,541,873	\$	(3,725,176)	\$	(1,541,235)	\$	4,104,306	\$	2,213,596	\$	(5,057,520)	
	36.7%		39.9%		27.8%		29.0%		27.2%		17.5%	

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
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
2009	18,384,425	774,409	4,183,906	747,401	3,377,334
Change 2000-2009	60.13%	-7.69%	12.10%	18.37%	110.73%

Source: City records.

	Mobile Home Tax	Gaming Tax	Cable Franchise Tax	Total
\$	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
	12,151	1,912,972	368,246	29,760,844
	26.39%	-0.17%	40.28%	49.98%

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
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	-
2009	2,138,636,766	430,585,395	20,661,813	-

Source: Scott County Auditor

(1) Excludes TIF increment, gas and electric utilities and military exemptions. Includes agricultural land of \$4,228,430

	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
\$	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
	14,365,946	4,692,920	2,608,942,840	12.85%	12.85000	1,404,665,394	53.84%

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		
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	
2009	6.48340	1.50164	0.36496	4.50000	12.85000	

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
\$ 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
14.85367	5.47607	0.33733	0.87714	0.06845	34.46266

City of Bettendorf, Iowa

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

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Isle of Capri Bettendorf LC	\$ 85,002,320	1	3.26	\$ 39,792,199.00	1	-
Mid American Energy Co.	55,399,904	2	2.12			-
Inland Western Bett Duck Creek	13,772,290	3	0.53	6,748,671	9	0.45
CMS/Chateau Knoll	13,327,650	4	0.51	11,609,501	2	0.78
Haversian Canal Systems LLP	13,121,260	5	0.50			
First Equity Mngmt LC (formerly Equitable Life Assurance Soc.)	11,434,230	6	0.44			
Olympic Steel Iowa, Inc.	9,203,816	7	0.35	6,140,380	10	
Bettendorf Regency Apartments LC	8,701,290	8	0.33	6,927,565	8	
Art Mortgage Borrower Propco	7,892,940	9	0.30			
TP Funding Company LLC	6,939,520	10	0.27			-
Genventures, Inc.				10,758,612	3	0.72
Aluminum Company of America				10,515,685	4	0.71
Jumer's Castle Lodge, Inc.				9,352,906	5	0.63
Green Bridge Co.				7,999,728	6	0.54
Americold real Estate LP				7,253,852	7	0.49
US West Communications						-
Total	\$ 224,795,220		8.62	\$ 117,099,099		4.33
Total assessed value	\$ 2,608,942,840			\$ 1,484,727,879		

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
2000	1998	\$ 11,477,426	\$ 11,477,426	10000.00%
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
2009	2007	18,559,049	18,375,091	99.01%

Source: City records

Note: Delinquent taxes collected may be from many previous years, so total collections may calculate above 100 percent of current year's tax levy.

Delinquent Tax Collections	Total Collections to Date	
	Amount	Percentage of Levy
\$ 3,853	\$ 11,481,279	100.30%
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
9,334	18,384,425	99.06%

City of Bettendorf, Iowa

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

Fiscal Year	General Bonded Debt			Percentage of Actual Taxable Value of Property	Debt Per Capita	Other Governmental Activities
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt			Revenue Bonds
2000	\$ 34,888,713	\$ 3,127,867	\$ 31,760,846	3.22%	1,025	\$ 8,965,000
2001	38,349,293	2,052,121	36,297,172	3.66	1,161	8,420,000
2002	42,008,652	2,247,776	39,760,876	3.79	1,271	7,840,000
2003	45,726,790	4,986,529	40,740,261	3.81	1,303	7,225,000
2004	47,484,239	6,391,734	41,092,505	3.77	1,314	6,565,000
2005	43,737,074	1,605,452	42,131,622	3.62	1,347	5,865,000
2006	43,972,916	1,202,568	42,770,348	3.89	1,368	5,120,000
2007	48,128,700	4,658,472	43,470,228	3.92	1,390	4,320,000
2008	50,208,700	724,672	49,484,028	4.20	1,582	3,465,000
2009	59,213,300	806,085	58,407,215	4.16	1,868	2,140,000

Source: City records

* Information not available

Business Type Activities				
General		Total	Percentage of	
Obligation	Revenue	Primary	Personal	Per
Bonds	Bonds	Government	Income	Capita
\$5,101,287	\$2,290,000	\$48,117,133	4.88%	\$ 1,553
4,675,707	2,075,000	51,467,879	5.19	1,646
4,236,348	1,850,000	53,687,224	5.12	1,717
3,758,210	3,130,000	54,853,471	5.13	1,754
9,960,761	1,260,000	58,878,266	5.40	1,883
6,672,926	1,010,000	55,679,548	4.78	1,780
8,432,084	740,000	57,062,432	4.63	1,825
7,756,300	460,000	56,006,528	4.12	1,791
12,151,300	180,000	65,280,328	*	2,087
11,296,700	13,565,000	85,408,915	*	2,731

City of Bettendorf, Iowa

**Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2009
(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	\$ 9,565,000	62.66%	\$ 5,993,429
School District, North Scott	365,000	0.41	1,497
Scott County	7,765,000	23.44	1,820,116
Eastern Iowa Community College	57,605,000	14.65	8,439,133
	<u>75,300,000</u>		<u>16,254,175</u>
City of Bettendorf	<u>70,510,000</u>	100.00%	<u>70,510,000</u>
	<u><u>\$ 145,810,000</u></u>		<u><u>\$ 86,764,175</u></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			
	2000	2001	2002	2003
100% assessed valuation	\$ 1,539,804,929	\$ 1,570,049,040	\$ 1,624,190,537	\$ 1,791,245,012
Plus: Public gas and electric utilities	*	59,277,162	59,090,751	58,719,279
Plus: Captured tax increment value	*	72,428,881	70,075,567	73,394,426
Less: Military exemption	*	(4,703,154)	(4,680,004)	(4,651,525)
Total assessed valuation of the property of the City of Bettendorf	<u>\$ 1,539,804,929</u>	<u>\$ 1,697,051,929</u>	<u>\$ 1,748,676,851</u>	<u>\$ 1,918,707,192</u>
Debt limit, 5% of total actual valuation	\$ 76,990,246	\$ 84,852,596	\$ 87,433,843	\$ 95,935,360
Debt applicable to debt limit:				
Debt service general obligation bonds	34,888,713	38,349,293	42,008,652	45,726,790
Debt service TIF revenue bonds	8,965,000	8,420,000	7,840,000	7,225,000
Enterprise general obligation bonds	5,101,287	4,675,707	4,236,348	3,758,210
	<u>48,955,000</u>	<u>51,445,000</u>	<u>54,085,000</u>	<u>56,710,000</u>
Legal debt margin	<u>\$ 28,035,246</u>	<u>\$ 33,407,596</u>	<u>\$ 33,348,843</u>	<u>\$ 39,225,360</u>

* Information not available

Source: City records

		Fiscal Year									
		2004	2005	2006	2007	2008	2009				
\$	2,011,187,049	\$	2,024,482,166	\$	2,169,267,269	\$	2,228,991,261	\$	2,307,506,214	\$	2,604,249,920
	58,058,849		57,805,090		60,744,311		65,453,665		70,778,591		71,650,075
	73,275,607		60,265,733		66,666,168		69,956,005		113,012,248		122,409,826
	(4,517,028)		(4,517,028)		(4,457,764)		(4,397,572)		(4,389,236)		(4,306,822)
\$	2,138,004,477	\$	2,138,035,961	\$	2,292,219,984	\$	2,360,003,359	\$	2,486,907,817	\$	2,794,002,999
\$	106,900,224	\$	106,901,798	\$	114,610,999	\$	118,000,168	\$	124,345,391	\$	139,700,150
	47,484,239		43,737,074		43,972,916		48,128,700		50,208,700		59,213,300
	6,565,000		5,865,000		5,120,000		4,320,000		3,465,000		2,140,000
	9,960,761		6,672,926		8,432,085		7,756,300		12,151,300		11,296,700
	64,010,000		56,275,000		57,525,001		60,205,000		65,825,000		72,650,000
\$	42,890,224	\$	50,626,798	\$	57,085,998	\$	57,795,168	\$	58,520,391	\$	67,050,150

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		
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	
2009	2,620,392	1,830,696	789,696	180,000	4,410	184,410	

Source: City records

Tax Increment Financing Bonds

Financing Revenue	Tax Increment	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	
1,541,249	1,785,000	1,064,737	2,849,737	

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		
2000	30,976	\$ 10,172,873	\$ 27,065	1,258	\$ 44,551,535	5,064	170.0%
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	13,601,221	36,208	1,179	60,087,091	4,955	3.3
2008	31,275	*	*	1,328	102,484,540	4,962	3.6
2009	31,275	*	*	1,143	45,307,916	4,975	6.0

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	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Aluminum Company of America	2,200	1	2.55%	2,528	1	3.04%
Isle of Capri (formerly Lady Luck Casino)	1,050	2	1.22%	1,006	2	1.21%
Bettendorf Community School District	604	3	0.70%	541	4	0.65%
Eastern Iowa Community College District	450	4	0.52%	380	6	0.46%
Pleasant Valley School District	430	5	0.50%			
HyVee Food Stores	390	6	0.45%	420	5	0.50%
Sivyer Steel	342	7	0.40%	310	7	0.37%
Mississippi Bend Area Education Agency	335	8	0.39%	645	3	0.78%
Genesis	315	9	0.37%			
City of Bettendorf	290	10	0.34%	296	8	0.36%
Trinity	-	-	0.00%			
The Lodge, Inc. (formerly Jumer's Castle Lodge)	-	-	0.00%	250	9	0.30%
The Schebler Co.	-	-	-	158	10	0.19%
Total	6,406		7.44%	6,534		7.85%

Total County Employment as of 12/31/08: 86,120

Total County Employment in 2000: 83,210

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			
	2009	2008	2007	2006
General Fund:				
Administration	1.82	1.82	1.78	1.77
Community development	9.50	9.50	9.50	8.50
Elected officials	13.00	13.00	13.00	13.00
Fire department	23.50	23.50	20.50	20.50
Finance	5.17	5.17	5.17	4.80
Human resources	1.81	1.80	1.80	1.80
Library	30.91	30.91	30.91	29.63
Legal	1.08	1.08	1.07	1.07
Police	62.84	62.62	62.62	62.60
Parks and recreation	9.49	9.20	9.59	13.50
Public works	6.46	6.37	6.28	12.61
Special revenue funds:				
Administration	0.15	0.15	0.20	0.20
Community development	1.50	2.50	2.50	2.20
Economic development	1.00	1.00	1.00	1.00
Finance	0.34	0.35	0.35	0.36
Human resources	0.10	0.10	0.10	0.10
Legal	0.01	0.01	0.02	0.02
Parks and recreation	-	-	-	-
Public works	22.44	22.44	22.95	22.95
Enterprise funds:				
Administration	0.03	0.03	0.03	0.03
Finance	1.48	1.46	1.46	1.59
Human resources	0.09	0.10	0.10	0.10
Legal	0.05	0.06	0.05	0.05
Museum	16.85	16.98	16.98	18.94
Parks and recreation	10.02	10.31	9.92	44.46
Public works	34.74	34.23	32.87	31.19
Internal service funds:				
Finance	4.02	5.02	5.02	5.00
Legal	-	-	0.01	0.01
Public works	6.16	5.16	6.35	6.25
Total	264.56	264.87	262.13	304.23
Budget book personnel summary				
Officials	13.00	13.00	13.00	13.00
Administration	4.00	4.00	4.01	4.00
Legal	1.15	1.15	1.15	1.15
Finance	11.00	12.00	12.00	11.75
Community development	12.00	13.00	13.00	11.70
Public works	69.80	68.20	68.45	73.00
Police	62.84	62.62	62.62	62.60
Fire	23.50	23.50	20.50	20.50
Library	30.91	30.91	30.91	29.63
Museum	16.85	16.98	16.98	18.94
Parks	19.51	19.51	19.51	57.96
Total	264.56	264.87	262.13	304.23

Source: City of Bettendorf Budget Books

Full-Time Equivalent Employees for Fiscal Year Beginning July 1

2005	2004	2003	2002	2001	2000
1.92	1.82	1.65	1.65	2.15	1.65
8.50	8.30	9.30	10.50	10.50	9.50
13.00	13.00	13.00	13.00	13.00	13.00
20.50	19.50	19.50	21.00	19.00	19.00
4.80	3.98	4.74	4.74	4.74	4.74
1.77	1.77	1.77	2.77	3.77	2.77
29.63	29.63	29.63	31.94	31.94	31.94
1.05	1.15	1.40	1.50	1.50	1.50
61.10	62.10	63.60	63.60	63.64	62.64
13.50	13.50	14.29	14.29	14.29	14.29
12.61	6.01	5.71	6.71	5.71	4.71
0.05	0.05	-	-	-	-
2.20	2.40	2.40	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
0.36	0.37	0.59	0.59	0.59	0.59
0.10	0.10	0.10	0.10	0.10	0.10
0.02	0.02	-	-	-	-
-	0.54	0.54	0.54	0.54	0.54
22.95	27.11	27.11	27.11	27.11	26.51
0.03	0.03	-	-	-	-
1.59	1.65	1.67	1.67	1.67	1.67
0.13	0.13	0.13	0.13	0.13	0.13
0.07	0.07	-	-	-	-
18.94	18.94	18.94	23.21	23.21	23.21
44.46	43.92	36.32	47.46	45.07	42.27
31.19	33.63	33.33	33.66	32.92	32.92
5.00	5.00	5.00	6.00	6.00	5.00
0.01	0.01	-	-	-	-
6.25	6.25	6.35	6.35	6.35	6.35
302.73	301.98	298.07	322.52	317.93	309.03
13.00	13.00	13.00	13.00	13.00	13.00
4.00	3.90	3.65	4.65	6.15	4.65
1.15	1.25	1.40	1.50	1.50	1.50
11.75	11.00	12.00	13.00	13.00	12.00
11.70	11.70	12.70	14.50	14.50	13.50
73.00	73.00	72.50	73.83	72.09	70.49
61.10	62.10	63.60	63.60	63.64	62.64
20.50	19.50	19.50	21.00	19.00	19.00
29.63	29.63	29.63	31.94	31.94	31.94
18.94	18.94	18.94	23.21	23.21	23.21
57.96	57.96	51.15	62.29	59.90	57.10
302.73	301.98	298.07	322.52	317.93	309.03

City of Bettendorf, Iowa

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

Function/Program	99/00	00/01	01/02	02/03
Police:				
Calls for service	40,968	37,294	42,000	42,000
# of Group A offenses	1,915	1,734	2,100	2,100
# of Group B offenses	1,929	1,605	2,000	2,000
Traffic citations	3,005	1,786	1,900	1,900
Fire:				
Fire call volume	540	628	591	634
EMS call volume	1,521	1,708	1,760	1,777
Property loss	\$ 524,800	\$ 700,000	\$ 500,000	\$ 500,000
Building safety:				
Total building permits	3,000	3,400	3,500	3,500
Total revenue generated by permits	\$ 384,830	\$ 371,000	\$ 335,772	\$ 531,439
Library:				
Number of materials circulated	506,472	503,125	503,125	450,000
Number of registered borrowers	23,000	22,355	22,355	22,000
Public Works:				
Garbage collected (ton)	6,400	6,475	7,000	7,500
Recycle collected (ton)	2,799	2,799	2,940	2,743
Miles of streets maintained	165	170	170	175
Number of traffic signals	194	235	235	245
Miles of sanitary sewers maintained	148	148	154	156
Parks and Recreation:				
Recreation program attendance	79,514	95,770	113,225	98,406
Aquatics program attendance	59,906	83,082	14,149	24,739
Golf rounds played	37,673	32,220	32,752	29,699
Fitness Center memberships sold	2,262	2,287	2,150	2,271
Acres maintained	535	545	563	563

Source: City records

Fiscal Year						
03/04	04/05	05/06	06/07	07/08	08/09	
40,000	40,000	37,015	40,136	39,505	40,962	
2,032	2,100	1,801	1,771	1,830	1,836	
855	855	882	1,033	468	466	
5,900	6,000	8,640	11,380	8,847	5,999	
608	741	606	544	823	526	
1,795	1,520	1,611	1,631	1,831	1,653	
\$ 25,600,000	\$ 500,000	\$ 894,288	\$ 4,913,775	\$ 475,685	\$ 500,000	
3,300	3,300	4,112	3,306	3,291	3,200	
\$ 445,000	\$ 417,000	\$ 785,142	\$ 463,714	\$ 461,722	\$ 359,784	
450,000	524,487	563,732	559,109	560,000	552,686	
23,280	21,866	24,221	21,177	21,000	22,264	
7,900	8,334	7,410	7,857	7,769	9,055	
2,880	2,680	2,671	2,661	2,668	2,676	
180	187	195	195	220	221	
265	270	290	290	320	345	
158	162	174	178	178	179	
143,790	152,976	128,350	135,486	135,500	87,404	
58,447	46,086	42,240	41,424	47,799	56,606	
32,859	32,750	34,812	32,209	30,026	30,066	
2,039	1,393	1,495	1,658	1,687	1,725	
563	563	580	585	585	585	

City of Bettendorf, Iowa

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

Function/Program	Fiscal Year			
	2000	2001	2002	2003
Police:				
Stations	1	1	1	1
Squad cars	14	14	14	14
Fire, fire stations	4	4	4	4
Refuse collection:				
Collection trucks	11	11	11	11
Streets (miles)	170	170	175	180
Traffic signals	194	235	235	245
Parks and recreation:				
Acreage	535	545	563	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	506,472	503,125	503,125	450,000
Wastewater:				
Sanitary sewers (miles)	148	148	154	156
Storm sewers (miles)				

Source: City records

Fiscal Year						
2004	2005	2006	2007	2008	2009	
1	1	1	1	1	1	1
14	14	18	18	18	18	18
4	4	4	4	4	4	4
11	11	12	12	12	12	13
187	195	195	220	221	221	221
265	270	290	290	320	320	345
563	563	580	585	585	585	585
21	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
16	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	524,487	150,242	153,000	153,000	153,000	153,000
158	162	174	178	178	178	179

City of Bettendorf, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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 Programs:			
Lower Income Housing Assistance Program, Section 8	N/A	14.871	\$ 425,106
Community Development Block Grant - Skywalk	B-05-Sp-IA-0075	14.246	248,000
Total U.S. Department of Housing and Urban Development			673,106
U.S. Department of Transportation			
Direct Program, Urban Mass Transit			
Formula Grants:			
Preventative maintenance	IA-90-0302	20.507	146,675
Planning	IA-90-2302	20.507	68,801
			215,476
Passed through Iowa Department of Public Safety:			
State and Community Highway Safety Police Traffic Services	PAP 09-04, Task 01	20.600	15,080
State and Community Highway Safety Police Traffic Services	PAP 08-04, Task 01	20.600	10,455
			25,535
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	HDP-0587(626)--71-82	20.205	47,576
Highway Planning and Construction	STP-U-0587(627)-70-82	20.205	441,804
Highway Planning and Construction	EDP-0587(628)-7Y-82	20.205	197,030
ARRA - Highway Planning and Construction	ESL-0587(631)--75-82	20.205	77,229
Capital Assistance Program for Elderly Persons and Persons with Disabilities	16-X001-587-08	20.513	20,192
Total U.S. Department of Transportation			783,831 1,024,842
U.S. Department of Justice			
Passed through the Scott County Attorney's office,			
Justice Assistance Grant	2007-DJ-BX-0265	16.579	51,181
Passed through Quad City Metropolitan Enforcement Group,			
HIDTA Overtime Reimbursement	08IAAPMWP6382	16.NONE	7,573
Direct Program, Bulletproof Vest Program	N/A	16.607	2,437
Total U.S. Department of Justice			61,191
U.S. Department of Homeland Security			
Passed through the Iowa Department of Emergency Management,			
Public Assistance Grants	FEMA-1763-DR-IA	97.036	166,442
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	21,226
Total federal expenditures			\$ 1,946,807

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, 2009**

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, 2009. 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, 2009

	Finding	Status	Corrective Action Plan or Other Explanation
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.	Corrected	
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.	Not Corrected	See similar finding and corrective action plan at 09-III-A
Other Findings Related to Required Statutory Reporting			
08-IV-F	The City did not publish a summary of all receipts received monthly.	Not Corrected	See similar finding and corrective action plan at 09-IV-F
08-IV-J	The Mississippi River Flood Fund had a deficit fund balance of \$80,617 as of June 30, 2008.	Corrected	
08-IV-K	The City did not follow bidding procedures as provided in Chapter 26.3 of the Code of Iowa.	Not Corrected	See similar finding and corrective action plan at 09-IV-K

McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. 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.

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 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 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 a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, 2009, 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 14, 2009.

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 14, 2009

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, 2009. 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, 2009. 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 items 09-III-A and 09-III-B.

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 14, 2009

City of Bettendorf, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

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
20.205	ARRA - 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, 2009

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.

None

B. Compliance findings.

None

III. Findings and Questioned Costs for Federal Awards.

A. Significant Deficiencies in Administering Federal Awards

None

B. Instances of Noncompliance

09-III-A

**U.S. Department of Transportation
Passed Through Iowa Department of Transportation
Highway Planning and Construction
(CFDA #20.205)
Award Year 2009**

Finding/Condition: The City did not appropriately capture certain federal expenditures for the 2009 schedule of federal awards which resulted in certain expenditures and related accounts receivable and deferral to be subsequently removed from the 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. Certain expenditures were not appropriately reported as follows:

One expenditure in the amount of \$6,554 was recorded as an expenditure in the 2008 schedule of expenditures of federal awards (SEFA) and was also included in the 2009 schedule of federal awards. The amount was subsequently removed from the 2009 SEFA upon identification. However, the amount was not paid twice by the state. Another expenditure in the amount of \$50 was coded to the wrong project and was included on the SEFA under the wrong project. This resulted in an unallowable cost to one of the projects. In addition, there were two other reimbursement requests totaling \$58,570 that had been submitted to the state, but not yet reimbursed for, which ended up being rejected as unallowable costs and subsequently removed from expenditures, accounts receivable and deferral on the SEFA.

Effect: Misstatement of the City's schedule of expenditures of federal awards.

(Continued)

City of Bettendorf, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

Questioned Costs: \$50

Recommendation: We recommend the City review all federal expenditures to ensure they are allowable costs to the program.

Response: The City will implement an additional level of management review for all federal awards. The accounting department will work with the respective departments to ensure that accurate accounting of federal awards is compliant throughout the year.

09-III-B

**U.S. Department of Housing and Urban Development (Direct)
Lower Income Housing Assistance Program, Section 8
(CFDA #14.871)
Award Year 2009**

Finding/Condition: One of the twelve participant files tested did not contain all of the required supporting documentation for the eligibility determination process. The rent reasonableness determination and inspection report were missing from the file.

Criteria/Context: The Office of Management and Budget (OMB) Circular A-133 requires that participant files include adequate documentation to support the eligibility determination made by the entity.

Effect: Noncompliance with Federal compliance requirements.

Questioned Costs: None

Recommendation: We recommend the City maintain proper supporting documentation in the appropriate file during the annual reevaluation process.

Response: The City will ensure that proper supporting documentation will be maintained in the appropriate files.

IV. Other Findings Related to Required Statutory Reporting.

09-IV-A Certified Budget

Expenditures/expenses during the year ended June 30, 2009, did not exceed the budgeted amounts.

09-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, 2009**

09-IV-C Travel Expense

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

09-IV-D Business Transactions

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

09-IV-E Bond Coverage

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

09-IV-F Council 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 and within 15 days of a Council meeting. The City posted receipts for most of the year in June but not each month throughout the year.

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

Response and Corrective Action Plan: The City will begin publishing a summary of all receipts each month.

Conclusion: Response and corrective action plan accepted.

09-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.

09-IV-H Revenue Notes

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

09-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, 2009**

09-IV-J Deficit Balances

Finding: The Tax Increment Financing Fund had a deficit fund balance of \$251,815 as of June 30, 2009.

Recommendation: The City should monitor fund balance to ensure funds are not operating at a deficit fund balance.

Response and Corrective Action Plan: The City chooses to show the TIF fund as having a deficit balance when they advance funds for economic development projects. It is our method of tracking the progression payments back to the City from the annual TIF revenues, the yearly balances will increase, eventually to zero.

Conclusion: Response and corrective action plan accepted.

09-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: The City has implemented a process where copies for advertisement for bids 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, 2009**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Instances of Noncompliance in Administering Federal Awards				
09-III-A	The City did not appropriately capture certain federal expenditures for the 2009 schedule of federal awards in relation to the Highway Planning Construction Grant.	See corrective action plan at 09-III-A.	June 2010	Carol Barnes
09-III-B	The City was unable to locate the appropriate eligibility determination documentation for one of the twelve participants files selected for testing.	See corrective action plan at 09-III-B.	June 2010	Sue Jennings
Other Findings Related to Required Statutory Reporting				
09-IV-F	The City did not publish a summary of all receipts received monthly.	See corrective action plan at 09-IV-F.	June 2010	Carol Barnes
09-IV-J	The Tax Increment Financing Fund had a deficit fund balance of \$251,815 as of June 30, 2009.	See corrective action plan at 09-IV-J.	June 2010	Carol Barnes
09-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 09-IV-K.	June 2010	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, 2009, 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

We noted through expenditure testing that six of the expenditure selections tested required a purchase order to be prepared before the purchase. However, we noted three of the six expenditures were not supported by a purchase order as required by the City's purchasing policy. We recommend the City review all expenditures for compliance with the purchasing policy before approval is granted.

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 or counted down more than once a day, but a reconciliation report is not maintain nor money removed at that time. We recommend the cash registers be balanced at the end of each shift and supporting documentation maintained to further track any differences.

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.

Museum: One Museum employee is responsible for setting up class/lesson reservations, entering the participant information into the system, receiving monies, reconciling weekly class revenue and putting the money received into the bag that is sent to City Hall. The compensating control in place is that a separate employee, at City Hall, reconciles the money received from the Museum to reports from the Museum's Point of Sale system. We wanted to stress the importance of this compensating control in place to mitigate the lack of segregation of duties over this revenue cycle.

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. While bar codes on new membership cards are tracked in sequential order, old members that are simply renewing their membership are not issued a new card. Therefore, sequential order of cards cannot be compared to memberships issued daily. Currently, the only compensating control in place is the Assistant Parks & Recreation Director's review of the deposit slip daily which includes the number of new memberships only. It is our understanding the Assistant Director would follow up on anything that looked unusual. We want to stress the importance of the compensating control already in place to mitigate the lack of segregation of duties at the fitness center and further recommend the City consider issuing new cards to members renewing their membership or look into alternative methods of reconciling all memberships issued (new and renewal) to money taken in each day.

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.

Financial Reporting

During the audit, we identified certain transactions that were not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements. We recommend the City implement procedures to ensure all transactions are properly accounted for and recorded in the City's financial statements.

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 14, 2009