

CITY OF
BETTENDORF, IOWA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2013

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

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Fiscal year 2013/2014 Budget

ROBERT S. GALLAGHER, MAYOR

Lisa M. Brown
ALDERMAN AT LARGE

Dean Mayne
FIRST WARD ALDERMAN

Debe L. LaMar
THIRD WARD ALDERMAN



Gregory P. Adamson
FOURTH WARD
ALDERMAN

Timothy A. Stecker
ALDERMAN AT LARGE

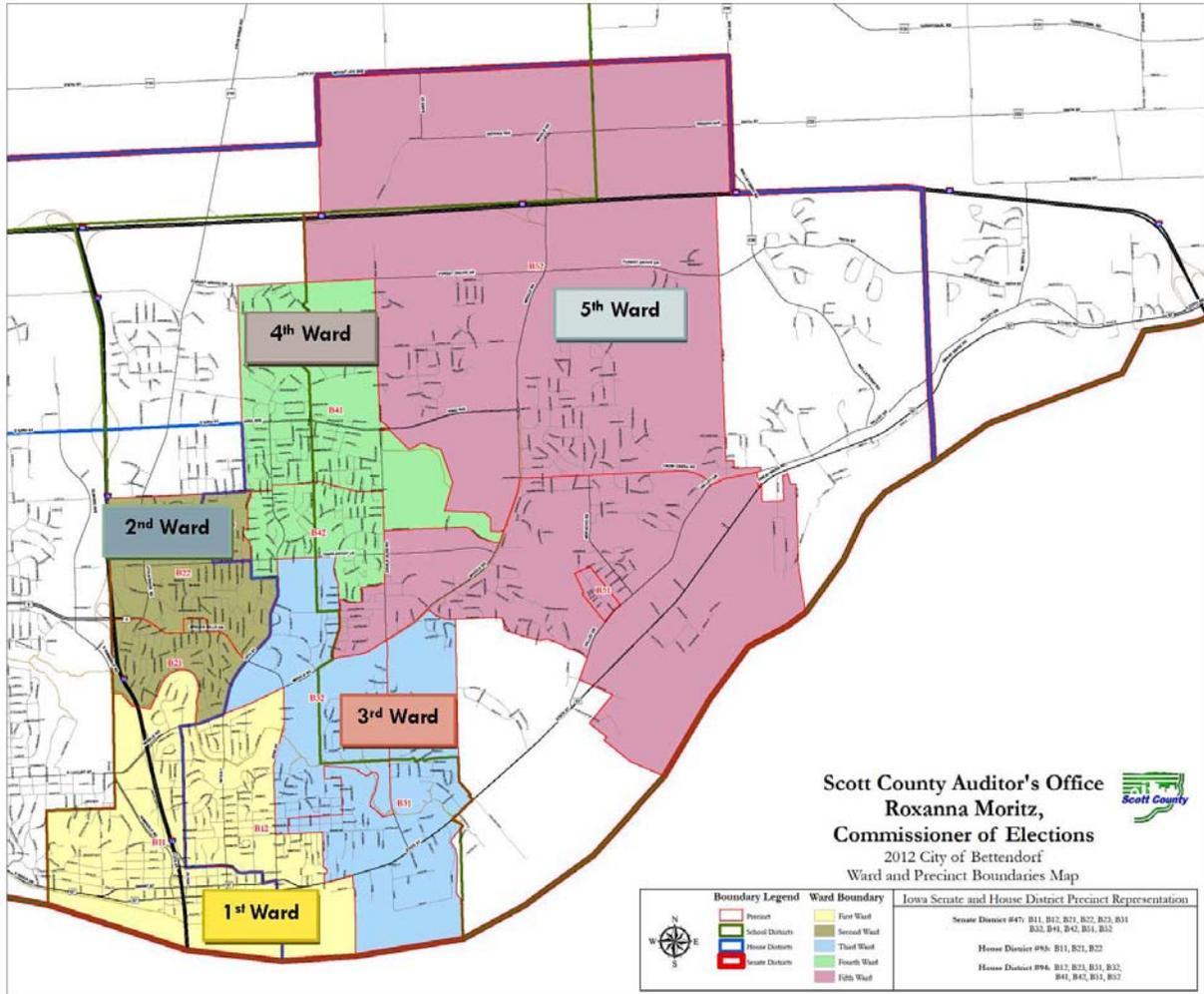
Scott R. Naumann
SECOND WARD
ALDERMAN

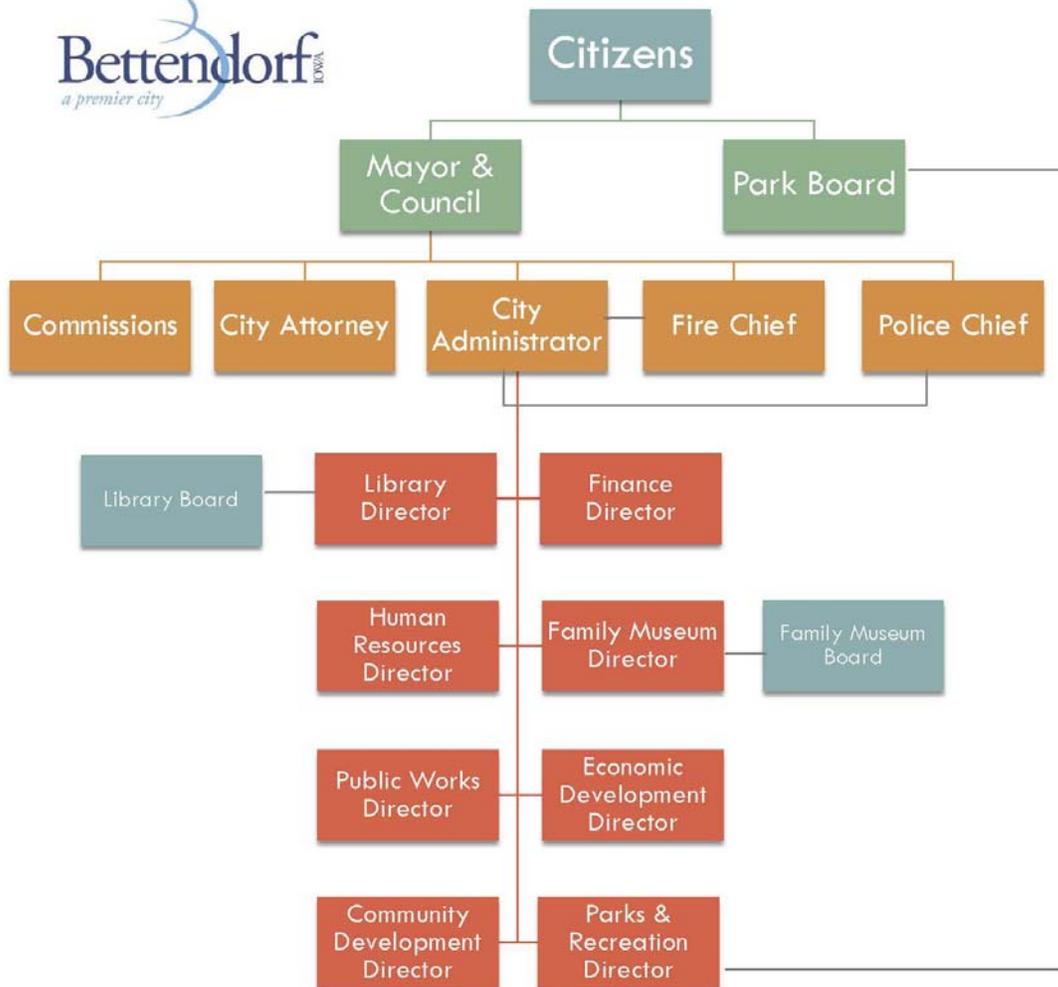
James A. Stewart
FIFTH WARD ALDERMAN

DECKER P. PLOEHN, CITY ADMINISTRATOR

DEPARTMENT HEADS

- Carol A. Barnes Finance Director
- William M. Connors..... Community Development Director
- Steven M. Grimes Parks & Recreation Director
- Kristine R. Stone City Attorney
- Margaret L. Kuhl..... Family Museum Director
- Philip J. Redington.....Police Chief
- Kathleen M. Richlen..... Human Resources Director
- Brian R. Schmidt..... Public Works Director
- Steven J. Van Dyke Economic Development Director
- Gerald A. Voelliger, Jr. Fire Chief







Bettendorf IOWA
a premier city



December 17, 2013

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, 2013.

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 LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Bettendorf's financial statements for the year ended June 30, 2013. 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 fact that the Board of Trustees of the Family Museum Foundation is 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 twenty largest cities in the State of Iowa, Bettendorf was the ninth fastest growing city in the state with a 6.2% growth rate from 2000 to 2010. Citizenry grew by 1,942 to a total count of 33,217.

Employment Data: The Quad-Cities has been historically known as an industrial, retail/service and transportation center. During the 1980's and 1990's the economy 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. By 1990 manufacturing had declined to 18% and has fallen to just 13% today. Service providing occupations have grown to make up about 67% of the Quad Cities workforce. The portion of government sector jobs has remained steady at around 15%.

The labor force in the Quad Cities MSA was 201,900 as of June, 2013 which was a 2% increase from the 2003 annual average figure of 197,600. The labor force for Scott County was 88,690 in June, 2013, which was a 3% increase over the 2003 annual average labor force of 85,820 for the County. Unemployment figures for the

Quad Cities MSA hit a high of 14.8% in 1983. Unemployment has steadily declined in Bettendorf since that spike in the mid-eighties. As of June, 2013 at 4.6% of the Bettendorf workforce was unemployed. This is the lowest in the Quad Cities MSA which remained at 6.9%, and is well below the national average of 7.6% 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 increased significantly between 1980 and 2000 and continues to see steady increases today. Of the 18,020 in the current labor force, 17,190 were employed in June, 2013. During the state fiscal year ending June 30, 2013, Bettendorf's retail market generated \$339,919,729 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 one of the "10 Best Places for Affordable Homes" in the nation by CNNMoney.com. During fiscal year 2013, 1,171 building permits were issued for investment in new construction and renovation totaling \$71,143,183. So far in 2013 the average selling price for a new or existing home in Bettendorf averaged \$283,400, while in Davenport the average is \$140,200 for the same period. Over the last decade, 1,463 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 4,579 in the 2012/2013 school year. The Pleasant Valley Community School District has four elementary schools, a junior high and one high school with enrollment totaling 4,273 in the 2012/2013 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 260. The City's school districts consistently rank in the top ten school districts in the state. 95.9% of Bettendorf's population over age 25 have graduated from high school or have attained higher education degrees compared to the national average of 89.6%.

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, historically a lagging indicator, has slowed in the Quad Cities and remains below national averages. Home prices in the Quad Cities have remained stable though nationally the real estate market suffered a downturn and prices have recently started to tick upward as sales of existing homes appear to have hit bottom and interest and mortgage rates remain at historical lows.

Layoffs and production slowdowns at some of the area's largest employers have been reversed as production has increased and firms are hiring to replace retiring workers. Although the BRAC plan of 2005 was expected to reduce positions at the Rock Island Arsenal, in July, 2011 the 1st Army relocated its headquarters to the Arsenal from their previous location at Fort Gillem, Georgia. The 1st Army brought with it 200 civilian jobs and at least 150 uniformed personnel. In addition, the move required 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 replaced the Quad City Development Group and has integrated economic development activities on both sides of the river. In another collaborative effort, the Davenport, Bettendorf and Illinois Quad City Chambers of Commerce have consolidated creating the Quad-Cities Chamber of Commerce. According to the Quad City Times, the new organization serves 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. Over the last seventeen years 25 projects totaling just under \$162 million in value have taken place. Roughly \$2.5 million in total annual property taxes will be received on these properties once the TIF incentives have ended, with the City receiving approximately one-third of the total annual property taxes collected. With the number of jobs created or retained numbering over 2,000, annual payroll is estimated at just under \$53 million.

With the assistance of the Mayor, City Council and the Bettendorf Development Corporation (BDC), the City is undertaking the large effort of developing the I-80 and Middle Road Corridor. This long range plan is expected to create the need for 10,000 new dwelling units, 5.75 million square feet of commercial and 4 million square feet of retail space, and will add 10,500 new office jobs, 6,000 retail jobs. It is anticipated that the current assessed value of the community will nearly double and that annual payroll will increase by \$550 million. The City recently sold an option to a regional developer, Raufesen Development, Inc., for the northeast quadrant which includes 117 acres.

Over the last three fiscal years the Mayor and City Council have added four new programs to assist business owners in the downtown corridor whose properties are being acquired for the construction of the new I-74 Bridge. Roughly 38 business owners could garner a percentage of the \$650,000 set aside for this effort. To date, seven business owners have taken advantage of the programs.

The City's Economic Development Department also provides coordination with other governmental and private entities, including: Iowa Economic Development Authority, Iowa Department of Transportation, Eastern Iowa Community College District, MidAmerican Energy Company, Quad Cities First, Bi-State Regional Commission, and the Bettendorf Development Corporation (BDC). The 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 high-quality development of industrial and commercial areas. Over the last 17 years the BDC has expended \$1.4 million in implementing projects in nine commitment areas throughout Bettendorf.

Long-Term Financial Planning

Total fund equity in the General Fund totals \$5.698 million and equates to 24.54% of total General Fund expenditures and transfers. This current percentage of fund balance satisfies the City Council's policy guidelines of a range of 20-25% for budgetary and planning purposes. The Council has budgeted to maintain that fund balance for FY 13/14. During these volatile economic times, retaining the current level of fund balance is important.

Recent years' budget processes have faced the many challenges presented by the current local, state and national economies, including: state-shared revenue reductions; loss of investment income due to lower returns in the current markets; state-mandated increases in public safety pension costs; increasing costs of health care; and increasing costs of liability and property insurance. Future budgets will challenge the City to continue current services within the current revenue and expenditure structure.

As part of the City's Capital Improvement plan for FY 2013/14, the City plans to issue \$9 million in General Obligation bonds for various street and infrastructure projects throughout the City. Maintenance and expansion of the City's infrastructure (such as streets, sidewalks, sewers, storm water projects, bridges, and traffic signals) remain a major priority of the City. The City annually adopts a five-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs. The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local option sales tax receipts. The City leverages its program commitment with available grants from the federal and state governments and private sector partnerships.

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 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 \$212,000 during FY 08/09, and the ending fund balance dropped to less than 7% of annual operating expenses. Subsequent to FY 08/09, the Council has been focusing on building those reserves back up to a minimum level of 20-25% of annual operating expenses, and at 6/30/13 the ending fund equity in the Road Use Fund increased to \$667,002 or 20.6% of annual operating expenses.

Major Initiatives

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

Utica Ridge Corridor. Recent developments in this area include the construction of the Symmetry Mortgage building which completes a combined office campus. The new structure is valued at \$700,000 and offers space for four separate offices. Just a half mile north, the new Rock Island Arsenal Credit Union corporate headquarters is under construction. The new structure's value will total \$3,000,000.

18th Street Corridor. The long-awaited Cumberland Square Shopping Center redevelopment has been completed with the upgrade and modernization of the exterior of the entire shopping complex at a cost of \$441,000. The former Fazoli's restaurant has been completely refurbished and repurposed as a new Culver's Restaurant at a cost of \$545,000. With some smaller "build-out" projects on the newer north side of Cumberland Square, the total reinvestment in the shopping center is over \$1,000,000.

CVS Pharmacy has constructed a new building at the intersection of 18th Street and Spruce Hills Drive at a cost of \$1,183,324. The new facility replaced two older buildings that had fallen into disrepair. The new building complements the Cumberland Square redevelopment mentioned above.

Last year Ascentra Credit Union opened its second branch facility at the intersection of 18th Street and 53rd Avenue. The \$1,424,000 facility incorporates many new technological advances and is considered an eco-friendly building.

Middle Road Corridor. Several years ago the city approved tax increment financing assistance for the redevelopment of the twelve acre site directly across the street from the Duck Creek Shopping Plaza. We are happy to announce that as of 2013 all buildings designed for the acreage have been constructed and include Iowa's only Burlington Coat Factory facility, two strip mall buildings, an Upper Iowa University Campus and a new Pizza Ranch restaurant all totaling more than \$14 million in assessed value.

The final phase of the Duck Creek Shopping Center area redevelopment has begun with the demolition of the former HomeRidge Inn and Suites and construction has begun on the new \$9,250,000 Hilton Garden Inn. In addition to the new upscale hotel, two new retail buildings will be added to the site and the former BP Service Station will be removed making way for a new service station/convenience store (Molo Quint, LLC). These projects will add an additional \$2,000,000 worth of development beyond the hotel's redevelopment.

Geneseo Data Center has opened a high-technology secure data storage facility at the site of the former Eagle Foods grocery store at the intersection of Middle Road and Devils Glen Road. The \$24,000,000 renovation to the site is the first such facility for the Quad Cities with the nearest similar site located in the Chicago metropolitan area.

Deere Harvester Credit Union (DHCU) recently opened a new banking facility at Middle Road and Belmont Road. DHCU invested \$1,900,000 in the new facility. Immediately adjacent to DHCU is the new \$747,000 Anytime Fitness retail center. These two facilities completely occupy the area between Middle Road and Ridge Pointe Drive with new office/retail buildings.

53rd Avenue Corridor. Construction of the Market Plaza Retail Center will soon begin within the Crow Ridge Plaza Shopping Center. The new \$2,000,000 auto service and retail shopping facility will be located next to the main entrance to the shopping center off 53rd Avenue.

The new, upscale \$30,000,000 apartment complex, The Springs, was completed last year. The unique 316-unit complex offers private entrances to each individual apartment, climate controlled attached garages, onsite dog park and dog wash station, private car wash, swimming pool, private clubhouse with fitness center, and many other amenities for the exclusive use of the residents.

Riverside Development Park. LeClaire Manufacturing expanded their operation by acquiring a 75,000 square foot facility previously owned by Arch Mirror.

Two new privately owned industrial parks are now under construction providing for another twelve smaller and mid-sized businesses to grow and prosper.

Efforts are now underway to construct the first “spec” building in the Quad City Region in over 10 years. Estimated to cost \$2.5 million, the structure will begin as a 60,000 sq. ft. facility with the ability to expand to over twice that size.

River Gulf Grain. In October of 2010 a \$6,957,126 grain collection and barge distribution facility was completed to serve the needs of area farmers and local barge traffic. The facility is located south of 21st and 22nd Streets along the banks of the Mississippi River.

State Street Industrial Area. Redevelopment of stormwater and transportation infrastructure is being focused on in this area. Vizient Technologies has added two new building additions in the last two years totaling \$2 million dollars and Bowe Machine added production space totaling \$675,000.

Riverfront-Downtown. The City has completed Phases I and II 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 \$980,000 worth of infrastructure improvements to the area. Steps are currently underway to acquire additional property in the downtown to construct Phase III, a town square.

East Tanglefoot Lane. A YMCA building was constructed roughly 7 years ago at a cost of \$4,500,000. Due to its large popularity, initial efforts are underway for the potential expansion of the YMCA.

I-80 and Middle Road. Spring of 2009 the City of Bettendorf acquired 22 acres on the northeast quadrant of the interchange for approximately \$1.43 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. Four years 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 Bettendorf Development Corporation re-graded portions of the interchange to improve appearance, safety and visibility. Water main improvements and a sanitary sewer extension are now under design, the fiber optic cabling installed by C.S. Technologies is in place, all of which will ultimately enhance the marketability of the community and the region. The City recently extended for six months an option to a regional developer, Raufeisen Development, Inc., for the northeast quadrant which includes 117 acres.

School Additions/Renovations. There have been several school renovations and additions throughout the city in both the Bettendorf School District and the Pleasant Valley School District. These projects include two renovation projects to Bettendorf Middle School totaling over \$2,000,000. Hopewell Elementary School has/is adding four new additions to the new school totaling \$8,471,454. The largest new school project involved the Bettendorf High School renovation and the administrative offices addition at the Bettendorf High School campus. That combined project totaled \$10,825,000 in value and added a new state-of-the art performing arts center as well as several security upgrades to the building.

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, 2012. This was the twenty- second 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, 2013. 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 eighteenth 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 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



Government Finance Officers Association

**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, 2012

Executive Director/CEO



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As explained in Note 14 to the basic financial statements, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which restated the beginning net position of the Governmental Activities, Business-Type Activities, Sewer Utility Fund, QC Waterfront Convention Center Fund, Stormwater Utility Fund and Other Nonmajor Enterprise Funds for items previously reported as assets.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 14, other postemployment benefit information on page 63 and budgetary comparison information on pages 64 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying balance sheet – General Fund – by account, schedule of revenues, expenditures and changes in fund balances – General Fund – by account and combining nonmajor fund financial statements, listed in the table of contents as supplementary information, and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Davenport, Iowa
December 17, 2013

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

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, 2013. 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 and deferred inflows of resources as of June 30, 2013 and 2012 by \$116,641,423 and \$114,168,865 (net position), respectively. Of this amount, \$12,689,875 and \$9,724,001 (unrestricted net position), respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,472,558 and \$4,072,441 during the years ended June 30, 2013 and 2012, respectively.
- As of June 30, 2013, the City of Bettendorf's governmental funds reported combined ending fund balances of \$20,205,038, a decrease of \$3,030,799 in comparison with 2012. Approximately 26 percent of this total amount, \$5,341,022, is available for spending at the government's discretion (unassigned fund balance). As of June 30, 2012, the City of Bettendorf's governmental funds reported combined ending fund balances of \$23,235,837, an increase of \$7,411,569 in comparison with 2011. Approximately 21 percent of this total amount, \$4,922,774, is available for spending at the government's discretion (unassigned fund balance).
- As of June 30, 2013, fund balance for the General Fund was \$5,698,079 or 25 percent of total General Fund expenditures and transfers out and \$5,612,496 or 30 percent for 2012.
- The City of Bettendorf's total long-term debt, excluding compensated absences, increased by \$175,000 (0.1 percent) during the fiscal year ended June 30, 2013. This increase, which is net of scheduled debt payments on outstanding debt in the current year, is primarily due to the City issuing \$14,385,000 of general obligation debt during the current year offset by debt that was paid off from crossover refunding bonds issued in the previous 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 position presents information on all of the City of Bettendorf's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Bettendorf is improving or deteriorating.

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

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

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, QC Waterfront Convention Center and the Riverfront Circular.

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 15 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 Financing Fund, Debt Service Fund and Capital Projects Reserve Fund, all of which are considered to be major funds. Data from the other 11 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, 2013

The City of Bettendorf maintains 10 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 seven enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Bettendorf's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund: agency funds. The total assets held in the fiduciary fund as of June 30, 2013 were \$48,622.

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 position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago from \$114,168,865 to \$116,641,423.

By far the largest portion of the City of Bettendorf's net position (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, 2013

	City of Bettendorf's Net Position					
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 51,159,538	\$ 54,543,088	\$ 10,871,511	\$ 12,049,177	\$ 62,031,049	\$ 66,592,265
Capital assets	146,832,669	140,614,748	62,506,555	61,398,206	209,339,224	202,012,954
Total assets	197,992,207	195,157,836	73,378,066	73,447,383	271,370,273	268,605,219
Noncurrent liabilities	87,340,626	84,715,968	26,730,739	24,397,658	114,071,365	109,113,626
Other liabilities	11,935,288	14,588,349	3,607,071	6,473,604	15,542,359	21,061,953
Total liabilities	99,275,914	99,304,317	30,337,810	30,871,262	129,613,724	130,175,579
Deferred inflows of resources	25,115,126	24,260,775	-	-	25,115,126	24,260,775
Net position:						
Net investment in capital assets	63,012,236	58,511,165	36,205,459	36,793,296	99,217,695	95,304,461
Restricted	4,734,224	9,140,403	-	-	4,734,224	9,140,403
Unrestricted	5,854,707	3,941,176	6,834,797	5,782,825	12,689,504	9,724,001
Total net position	\$ 73,601,167	\$ 71,592,744	\$ 43,040,256	\$ 42,576,121	\$ 116,641,423	\$ 114,168,865

The City of Bettendorf's total assets increased by \$2,765,054 or 1 percent from 2012 to \$271,371,593. The largest portion of this increase is related to the continued investment in capital assets and infrastructure within the City. Current and other assets decreased from fiscal year 2012 due to the use of U.S. Government securities on deposit with an escrow agent to pay long-term debt of the City. Total liabilities of the City of Bettendorf decreased by \$561,855 or 0.4 percent from 2012 to \$129,613,724. Noncurrent liabilities increased by \$4,957,739 with the issuance of new general obligation debt for various public improvements. Other liabilities decreased by \$5,519,597 with the planned payment of long-term debt due within fiscal year 2014. Deferred inflows of resources increased by \$854,351 or 3.5 percent due to property taxes receivable for 2014 increasing.

An additional portion of the City of Bettendorf's net position (4 percent for 2013 and 8 percent for 2012) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12,689,504 for 2013 and \$9,724,001 for 2012, 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 position for the government as a whole.

The changes in net position 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 position.

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, 2013**

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

	City of Bettendorf's Changes in Net Position					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,210,306	\$ 1,138,475	\$ 10,724,899	\$ 9,811,545	\$ 11,935,205	\$ 10,950,020
Operating grants						
and contributions	4,320,528	3,846,570	884,818	1,718,908	5,205,346	5,565,478
Capital grants						
and contributions	1,423,670	2,591,192	1,880,241	1,442,622	3,303,911	4,033,814
General revenues:						
Property taxes	22,230,452	20,783,927	-	-	22,230,452	20,783,927
Tax increment financing	2,069,141	2,318,400	-	-	2,069,141	2,318,400
Other taxes	8,164,342	8,224,138	-	-	8,164,342	8,224,138
State shared revenues	55,721	55,985	-	-	55,721	55,985
Investment earnings (expense)	(67,319)	487,267	(92,719)	117,586	(160,038)	604,853
Miscellaneous and gain						
on sale of capital						
asset	391,163	575,421	482,231	514,174	873,394	1,089,595
Total revenues	39,798,004	40,021,375	13,879,470	13,604,835	53,677,474	53,626,210
Expenses:						
Public safety	10,929,229	10,097,643	-	-	10,929,229	10,097,643
Public works	8,623,929	8,118,410	-	-	8,623,929	8,118,410
Culture and recreation	4,919,241	5,050,752	-	-	4,919,241	5,050,752
Community and economic						
development	2,542,574	2,663,665	-	-	2,542,574	2,663,665
General government	3,958,233	4,004,959	-	-	3,958,233	4,004,959
Interest on long-term						
debt	3,294,252	3,018,316	-	-	3,294,252	3,018,316
Sewer utility	-	-	3,653,914	3,421,107	3,653,914	3,421,107
Family Museum of						
Arts & Science	-	-	2,123,336	1,910,145	2,123,336	1,910,145
Aquatic Center	-	-	521,347	573,613	521,347	573,613
Recycling/solid waste						
management	-	-	1,969,461	1,886,757	1,969,461	1,886,757
Palmer Hills Golf						
Course	-	-	1,243,073	1,151,787	1,243,073	1,151,787
Life Fitness Center	-	-	890,368	862,185	890,368	862,185
Stormwater utility	-	-	970,022	858,967	970,022	858,967
Transit	-	-	1,622,843	1,702,699	1,622,843	1,702,699
QC Waterfront						
Convention Center	-	-	3,486,068	3,789,859	3,486,068	3,789,859
Riverfront Circulator	-	-	457,026	442,905	457,026	442,905
Total expenses	34,267,458	32,953,745	16,937,458	16,600,024	51,204,916	49,553,769
Increase (decrease)						
in net position						
before transfers	5,530,546	7,067,630	(3,057,988)	(2,995,189)	2,472,558	4,072,441
Transfers	(3,522,123)	(5,484,966)	3,522,123	5,484,966	-	-
Increase in net position	2,008,423	1,582,664	464,135	2,489,777	2,472,558	4,072,441
Net position, beginning, as restated	71,592,744	70,010,080	42,576,121	40,086,344	114,168,865	110,096,424
Net position, ending	\$ 73,601,167	\$ 71,592,744	\$ 43,040,256	\$ 42,576,121	\$ 116,641,423	\$ 114,168,865

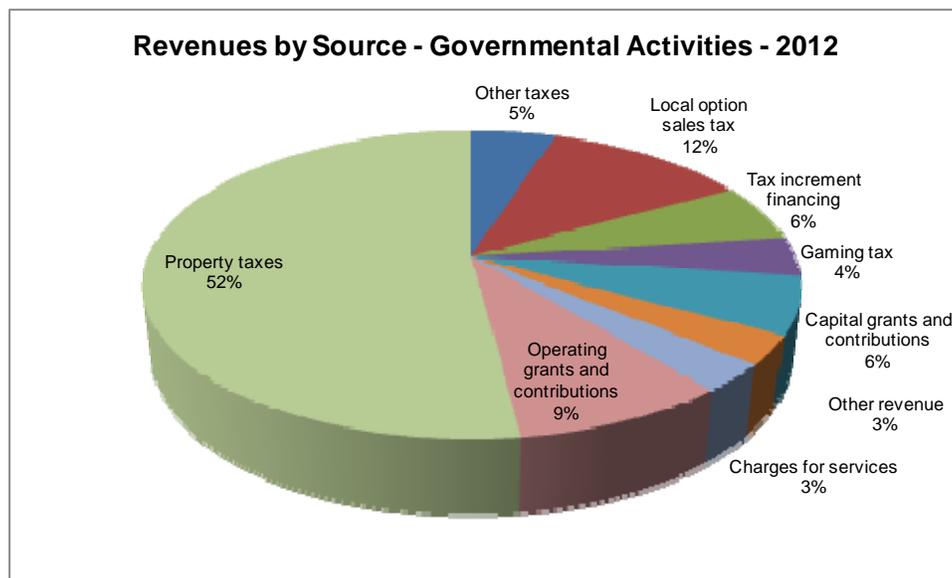
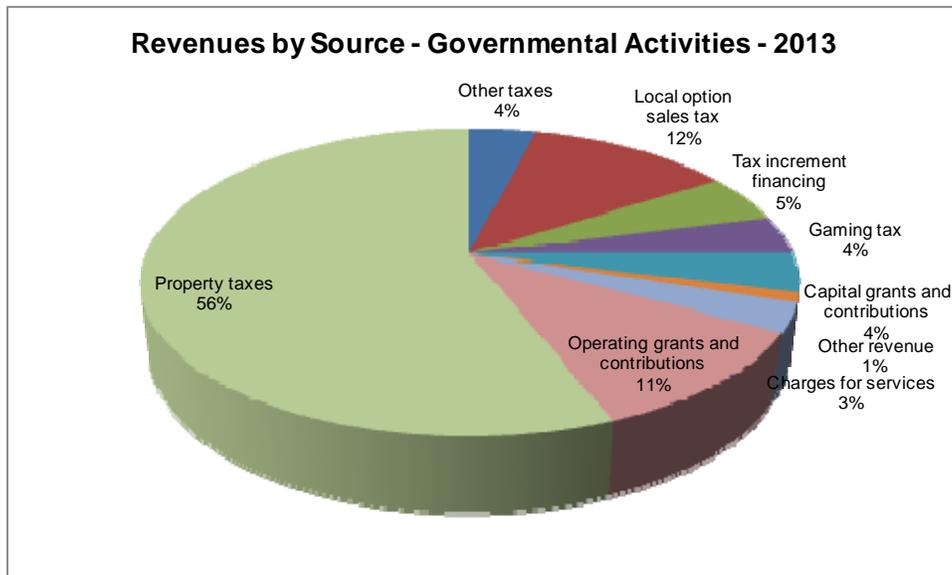
City of Bettendorf, Iowa

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013**

Total governmental activities' revenue for fiscal year 2013 was \$39,798,004 and for 2012 was \$40,021,375. The largest single revenue source for the City was property and TIF taxes of \$24,299,593 for 2013 and \$23,102,327 for 2012. Property and TIF taxes increased by \$1,197,266 from 2012 (5.2 percent) and \$191,034 from 2011 (0.8 percent). Most of the increase for 2013 and 2012 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 \$6,954,504 for 2013 and \$7,576,237 for 2012.

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

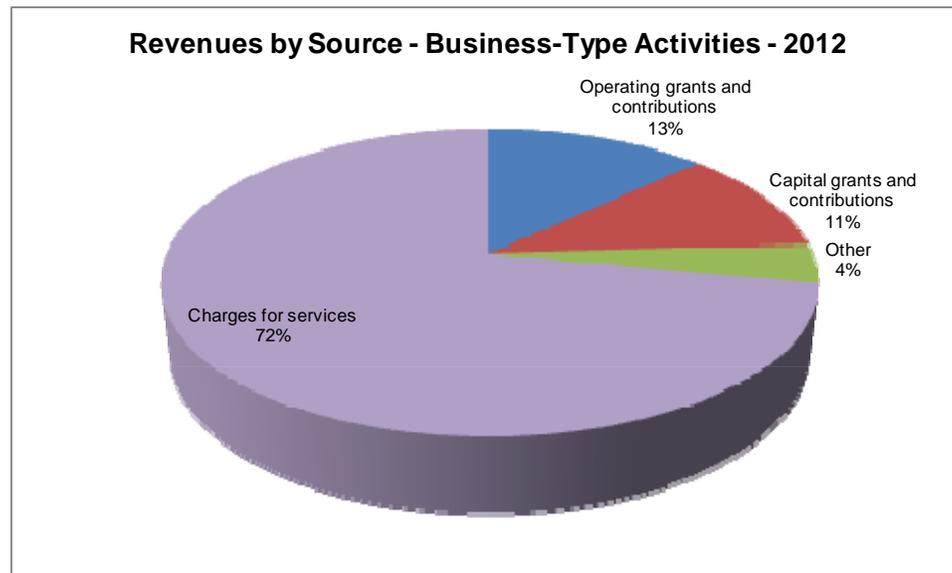
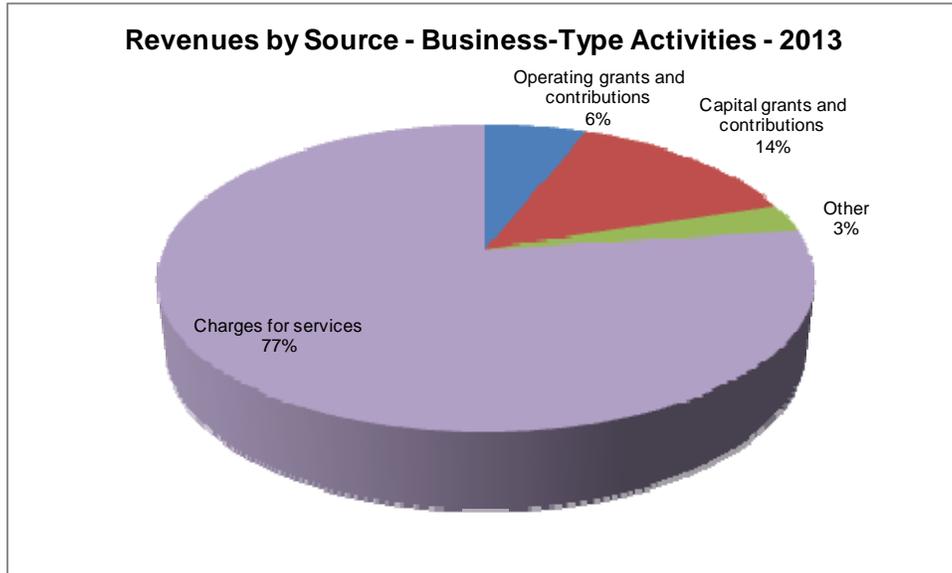


Total business-type activities' revenue for fiscal year 2013 was \$13,879,470 and for 2012 was \$13,604,835. All but \$389,512 for 2013 and \$631,760 for 2012 of this revenue was generated for specific business-type activity expenses.

City of Bettendorf, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

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 position by \$464,135 in 2013. Key elements of this increase are as follows:

- Stormwater Utility increased \$721,582 mainly due to increased capital contributions of stormwater areas in new subdivisions built by developers.
- Transit decreased \$197,084 due to reduced federal transit assistance from 2012.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

For the fiscal year ended 2012, business-type activities increased the City of Bettendorf's net position by \$2,489,777. Key elements of this increase are as follows:

- Stormwater Utility increased \$483,030 mainly due to increased capital contributions of stormwater areas in new subdivisions built by developers.
- Family Museum of Arts & Science increased \$567,472 due to capital project grants and fundraising and transfers in from the Capital Projects Fund for a major renovation of the exhibit hall.
- Palmer Hills Golf Course increased \$1,468,206 due to transfers in from the Local Option Sales Tax Fund to install a new irrigation system at the golf course.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the City of Bettendorf's governmental funds reported combined ending fund balances of \$20,205,038, a decrease of \$3,030,799 in comparison with 2012. Approximately 26 percent of this total amount \$5,341,022, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or assigned.

As of June 30, 2012, the City of Bettendorf's governmental funds reported combined ending fund balances of \$23,235,837, an increase of \$7,411,569 in comparison with 2011. Approximately 21 percent of this total amount \$4,922,774, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or assigned.

The General Fund is the chief operating fund of the City of Bettendorf. The unassigned fund balance of the General Fund was \$5,503,804 for 2013 while total fund balance was \$5,698,079. The unassigned fund balance of the General Fund was \$5,064,398 for 2012 while total fund balance was \$5,612,496. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For 2013, unassigned fund balance represents 28 percent of total General Fund expenditures, while total fund balance represents 29 percent of that same amount. For 2012, unassigned fund balance represents 27 percent of total General Fund expenditures, while total fund balance represents 30 percent of that same amount.

The fund balance of the City of Bettendorf's General Fund increased by \$85,583 for 2013 and \$168,173 for 2012. The net increase in fund balance during the current year was due to operating expenditures being less than revenues.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

The Tax Increment Financing Fund (TIF) has a total fund balance deficit of \$162,782 for 2013 and fund balance deficit of \$141,624 for 2012. The net decrease in fund balance during the current year in the Tax Increment Fund was \$21,158 due to several projects with TIF assets being reduced.

The Debt Service Fund has a total fund balance of \$2,950,043 for 2013 and \$7,306,137 for 2012. The net decrease in fund balance during the current year in the Debt Service Fund was \$4,356,094 due to refunding issues due to be paid out in fiscal year 13/14 and fiscal year 14/15.

The Capital Projects Reserve Fund has a total fund balance of \$7,459,672 for 2013 and \$5,931,515 for 2012. The Capital Projects Reserve Fund had a net increase in fund balance in the current year of \$1,528,157. The net increase in fund balance is primarily a net result of issuing bonds in the amount of \$10.685 million, federal grants of \$378,422 million and other revenues offset by capital project expenditures of \$11.0 million.

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 position of the Sewer Utility was \$3,356,756 as of June 30, 2013 and \$2,855,542 as of June 30, 2012; for the QC Waterfront Convention Center was \$1,284,942 for 2013 and \$1,018,284 for 2012; and for the Stormwater Utility was \$1,253,391 and \$1,179,402 for 2013 and 2012, 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 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. 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. The budget amendments are reflected in the final budgeted amounts.

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

- The total original revenue budget of \$58,120,452 was increased to \$59,487,158 (an increase of \$1,366,706).
- The total original expenditure budget of \$70,840,542 was increased to \$76,572,447 (an increase of \$5,731,905).
- The total original budget for other financing sources, net of \$12,270,000 was increased to \$12,988,409.

The budget amendment was primarily due to increases from the bond premium on sale of bonds, increased charges for services in Sewer Enterprise fund and fees for Internal Service funds. This was offset by increased expenditures largely due to refinancing of bonds, increased Public Safety for fire capital equipment and 2013 Mississippi River Flood costs, reduced costs in Public Works snow removal and increased costs in Business Type for increased fuel costs, employee health insurance and QC Waterfront Convention Center expenses.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

During the year, however, revenues, excluding transfers, were less than budgetary revenues by \$2,388,298. This was primarily attributable to miscellaneous revenues (mainly in the Capital Projects Fund and the QC Waterfront Convention Fund) being less than budgeted amounts.

Expenditures were less than budgetary expenditures by \$3,367,537 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 on pages 64 and 65.

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, 2013 and 2012 amounts to \$209,339,224 and \$202,012,954 (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, 2013, included the following:

- \$809,636 for paving Elmwood Lane to Elmwood Avenue.
- \$773,769 for paving Tanglefoot Road from 18th Street to Greenbrier.
- \$655,546 for the installation of the Recreational Trail on the west side of Devils Glen Rd.
- \$618,212, for paving Tanglefoot Road from Greenbrier to Utica Ridge Rd.
- \$589,110 for street patching.
- \$546,064 for paving TenPlus Street from Central Avenue to 28th Street.
- \$757,826 for various vehicle replacements throughout the city.

Major capital asset events during fiscal year ended June 30, 2012, included the following:

- \$1,350,612 for paving Tanglefoot Road from Devils Glen Road to the Bus Barn.
- \$855,739 for paving Tanglefoot Road from the Bus Barn to Greenbrier Dr.
- \$1,321,387 for the installation of the Recreational Trail from I-74 to Duck Creek.
- \$795,361 for Alley repair and paving at various sites throughout the City.
- \$600,713 for street patching.
- \$522,160 for paving TenPlus Street from Central Avenue to 28th Street.
- \$434,677 for various vehicle replacements throughout the City.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

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	
	2013	2012	2013	2012	2013	2012
Land	\$ 11,589,701	\$ 8,736,414	\$ 2,692,465	\$ 2,692,465	\$ 14,282,166	\$ 11,428,879
Construction-in-progress	6,947,337	11,939,141	3,831,664	2,337,729	10,779,001	14,276,870
Buildings	21,954,607	21,643,656	35,119,435	35,245,574	57,074,042	56,889,230
Equipment and vehicles	19,824,911	19,510,740	16,275,476	14,997,784	36,100,387	34,508,524
Improvements other than buildings	161,999,785	149,828,810	48,841,323	47,476,003	210,841,108	197,304,813
Accumulated depreciation	(75,483,672)	(71,044,013)	(44,253,808)	(41,351,349)	(119,737,480)	(112,395,362)
Total	\$ 146,832,669	\$ 140,614,748	\$ 62,506,555	\$ 61,398,206	\$ 209,339,224	\$ 202,012,954

Long-term debt. As of June 30, 2013, the City of Bettendorf had total bonded debt outstanding of \$119,220,000. Of this amount, \$107,920,000 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, 2012, the City of Bettendorf had total bonded debt outstanding of \$119,045,000. Of this amount, \$107,120,000 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 91,755,000	\$ 91,440,000	\$ 16,165,000	\$ 15,680,000	\$ 107,920,000	\$ 107,120,000
Revenue bonds	-	-	11,300,000	11,925,000	11,300,000	11,925,000
Total	\$ 91,755,000	\$ 91,440,000	\$ 27,465,000	\$ 27,605,000	\$ 119,220,000	\$ 119,045,000

The City of Bettendorf's total debt increased by \$175,000 (0.1 percent) during the current fiscal year. The key factor in this increase was due to the City issuing \$14,385,000 of general obligation debt during the current year. This increase is net of other scheduled debt payments on outstanding debt in the current year, including debt that was paid off from crossover refunding bonds issued in the previous year.

During 2012, The City of Bettendorf's total debt increased by \$13,035,000 (12 percent). The key factor in this increase was due to the City issuing \$20,825,000 of general obligation debt during the current year, including \$6,835,000 in crossover refunding bonds in May and June 2012. 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 2013 was \$153,470,446 and for 2012 was \$148,329,037, which is significantly in excess of the City of Bettendorf's outstanding general obligation debt of \$107,920,000 and \$107,120,000 for 2013 and 2012, respectively, and other debt subject to the debt limitation of \$11,300,000 and \$11,925,000, 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, 2013

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 2013/14 property taxes will represent 31.76 percent of total City operating revenues, net of transfers (see pages 46 & 47). The City has seen increased reliance on property tax revenue over the last five years as a result of other revenue streams either decreasing or remaining relatively flat due to the current economy. The City has aggressively been establishing user fees in eight enterprise funds to help offset the cost of the City providing services to citizens when feasible.
- The City Council was pleased to be able to maintain the levy rate at \$12.55 per \$1,000/assessed valuation in fiscal year 13/14, in an effort to continue to keep property taxes low in the current state of the economy. The state mandated rollback on residential property increased from 50.7518 percent in fiscal year 12/13 to 52.8166 percent in fiscal year 13/14 and as a result, total taxable valuations increased \$69.64 million in fiscal year 13/14. However it should be noted that 45 percent of that increased taxable valuation came from new construction within the City and expired TIF values coming back on the regular tax rolls.
- The fiscal year 13/14 levy rate of \$12.55 per \$1,000/assessed valuation will generate \$22.99 million in property taxes. The City's General Fund Levy rate of \$7.55000 per \$1,000 assessed valuation reflects the consolidation of the City's previous separate levies for tort liability, employee insurance benefits and pension costs into the general levy. The consolidation of levies was made in fiscal year 12/13 in an effort to minimize the impact on the City of proposed legislation on a Property Tax Limitation bill. Favorably, this consolidation of levies allows management to retain the flexibility to reinstate the separate benefits levies at a future date. The combination of the remaining cushion under the \$8.10 cap and the ability to shift the levies results in total flexibility to raise an additional \$4.7 million in property tax revenue based on current taxable values. Bettendorf is one of only a handful of Cities in the State of Iowa to be below the State maximum \$8.10 General Fund levy cap.
- The City expects its tax base to continue to exhibit moderate growth given the ample availability of developable land and strong regional employment opportunities. Bettendorf, one of the Quad Cities of Iowa and Illinois, has experienced steady growth as evidenced by an increase both in population (6.2 percent since 2000) and full valuation. The City's full valuation, currently valued at \$3.1 billion, has grown steadily at an average annual rate of 2.76 percent over the past five years, though growth has slowed in the last couple years during the recession. The City expects continued growth in residential development, as approximately 35 percent of the City's land remains available and primarily zoned for housing construction. For fiscal year 2013/14, the City's taxable valuation base (including TIF increment values) totals \$1.882 billion and the residential class of property represents 68.96 percent of that tax base.
- The City continues to benefit from a diverse regional employment base, which includes the Rock Island Arsenal, Deere & Company and Genesis Medical Center. Socioeconomic indicators are higher than national medians, with median family income levels at 134 percent (as a % of the U.S), in the 2010 census. Unemployment levels, at 4.9 percent in February 2013, compared favorably to the 6.2 percent rate in Iowa.

All of these factors were considered in preparing the City of Bettendorf's budget for fiscal year 13/14.

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 Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 11,956,586	\$ 5,345,561	\$ 17,302,147
Restricted cash and investments	-	1,202,171	1,202,171
Receivables:			
Property taxes	25,489,010	-	25,489,010
Accounts and unbilled usage	322,657	2,226,568	2,549,225
Accrued interest	30,185	9,340	39,525
Special assessments	172,110	204,204	376,314
Loans receivable	12,868	-	12,868
Due from other governments	1,665,067	1,049,946	2,715,013
Internal balances	632,097	(632,097)	-
Prepaid items	42,606	2,750	45,356
Inventories	6,797	-	6,797
Total current assets	40,329,983	9,408,443	49,738,426
Noncurrent assets:			
Restricted cash and investments	10,829,555	1,463,068	12,292,623
Capital assets:			
Nondepreciable:			
Land	11,589,701	2,692,465	14,282,166
Construction-in-progress	6,947,337	3,831,664	10,779,001
Depreciable:			
Buildings and structures	21,954,607	35,119,435	57,074,042
Equipment and vehicles	19,824,911	16,275,476	36,100,387
Improvements other than buildings	161,999,785	48,841,323	210,841,108
Accumulated depreciation	(75,483,672)	(44,253,808)	(119,737,480)
Net capital assets	146,832,669	62,506,555	209,339,224
Total noncurrent assets	157,662,224	63,969,623	221,631,847
Total assets	\$ 197,992,207	\$ 73,378,066	\$ 271,370,273

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Liabilities			
Current:			
Accounts payable	\$ 1,079,262	\$ 1,348,324	\$ 2,427,586
Claims payable	253,111	-	253,111
Compensated absences	256,804	69,589	326,393
Accrued liabilities	228,167	56,878	285,045
Refundable deposits	76,807	-	76,807
Due to other governments	66,762	380,632	447,394
Interest payable	282,871	148,334	431,205
Contracts payable	741,504	124,565	866,069
Unearned revenues	-	98,749	98,749
Current maturities, revenue bonds	-	270,000	270,000
Current maturities, general obligation bonds	8,950,000	1,110,000	10,060,000
Total current liabilities	11,935,288	3,607,071	15,542,359
Noncurrent:			
Compensated absences	758,640	189,999	948,639
Other post employment benefits obligation	711,671	156,576	868,247
Revenue bonds	-	11,030,000	11,030,000
General obligation bonds, net bond discounts and premiums	85,870,315	15,354,164	101,224,479
Total noncurrent liabilities	87,340,626	26,730,739	114,071,365
Total liabilities	99,275,914	30,337,810	129,613,724
Deferred Inflows of Resources			
Unavailable revenue - property taxes	25,115,126	-	25,115,126
Net Position			
Net investment in capital assets	63,012,236	36,205,459	99,217,695
Restricted for:			
Road use	215,074	-	215,074
Debt service	2,668,366	-	2,668,366
Federal programs	79,274	-	79,274
Economic development	38,518	-	38,518
Police department	84,963	-	84,963
Parks department	137,709	-	137,709
Library department	636,683	-	636,683
Public works department	371	-	371
Capital improvements and equipment	873,266	-	873,266
Unrestricted	5,854,707	6,834,797	12,689,504
Total net position	73,601,167	43,040,256	116,641,423
Total liabilities, deferred inflows of resources and net position	\$ 197,992,207	\$ 73,378,066	\$ 271,370,273

City of Bettendorf, Iowa

Statement of Activities
Year Ended June 30, 2013

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	\$ 10,929,229	\$ 31,800	\$ 557,885	\$ 125,000
Public works	8,623,929	31,423	3,270,698	1,253,670
Culture and recreation	4,919,241	319,376	81,495	45,000
Community and economic development	2,542,574	701,725	410,450	-
General government	3,958,233	125,982	-	-
Interest and bond issuance costs on long-ter	3,294,252	-	-	-
Total governmental activities	34,267,458	1,210,306	4,320,528	1,423,670
Business-type activities:				
Sewer utility	3,653,914	3,022,433	-	704,148
Family Museum of Arts & Science	2,123,336	883,212	25,745	379,578
Aquatic Center	521,347	226,668	-	-
Recycling/solid waste management	1,969,461	1,929,796	-	-
Palmer Hills Golf Course	1,243,073	633,710	-	-
Life Fitness Center	890,368	631,471	-	-
Stormwater utility	970,022	986,391	-	582,447
Transit	1,622,843	116,326	587,559	-
QC Waterfront Convention Center	3,486,068	2,268,742	128,552	214,068
Riverfront Circulator	457,026	26,150	142,962	-
Total business-type activities	16,937,458	10,724,899	884,818	1,880,241
Total primary government	\$ 51,204,916	\$ 11,935,205	\$ 5,205,346	\$ 3,303,911

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 (expense)
- Miscellaneous
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

- Changes in net position
- Net position, beginning of year, as restated
- Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (10,214,544)	\$ -	\$ (10,214,544)
(4,068,138)	-	(4,068,138)
(4,473,370)	-	(4,473,370)
(1,430,399)	-	(1,430,399)
(3,832,251)	-	(3,832,251)
(3,294,252)	-	(3,294,252)
(27,312,954)	-	(27,312,954)
-	72,667	72,667
-	(834,801)	(834,801)
-	(294,679)	(294,679)
-	(39,665)	(39,665)
-	(609,363)	(609,363)
-	(258,897)	(258,897)
-	598,816	598,816
-	(918,958)	(918,958)
-	(874,706)	(874,706)
-	(287,914)	(287,914)
-	(3,447,500)	(3,447,500)
(27,312,954)	(3,447,500)	(30,760,454)
22,230,452	-	22,230,452
2,069,141	-	2,069,141
4,654,166	-	4,654,166
1,531,730	-	1,531,730
1,582,204	-	1,582,204
368,550	-	368,550
27,692	-	27,692
55,721	-	55,721
(67,319)	(92,719)	(160,038)
381,276	482,231	863,507
9,887	-	9,887
(3,522,123)	3,522,123	-
29,321,377	3,911,635	33,233,012
2,008,423	464,135	2,472,558
71,592,744	42,576,121	114,168,865
\$ 73,601,167	\$ 43,040,256	\$ 116,641,423

City of Bettendorf, Iowa

Balance Sheet
Governmental Funds
June 30, 2013

	Tax Increment		
	General	Financing	Debt Service
Assets			
Cash and investments	\$ 5,045,921	\$ 33,592	\$ 130,685
Restricted cash and investments	-	-	2,739,673
Receivables:			
Property taxes	13,792,706	2,168,535	9,527,769
Accounts	291,099	-	-
Special assessments	24,512	-	-
Loans	12,868	-	-
Accrued interest	13,654	-	806
Due from other funds	275,493	-	-
Due from other governments	1,222,748	-	77
Inventories	6,797	-	-
Advances to other funds	158,677	-	-
Total assets	\$ 20,844,475	\$ 2,202,127	\$ 12,399,010
Liabilities, Deferred Inflows of Resources and Fund Equity (Deficit)			
Liabilities:			
Accounts payable	\$ 525,235	\$ -	\$ -
Accrued liabilities	180,367	-	-
Refundable deposits	76,807	-	-
Due to other governments	51,296	-	-
Due to other funds	356,042	67,758	-
Contracts payable	-	-	-
Advances from other funds	-	162,910	-
Total liabilities	1,189,747	230,668	-
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	13,701,432	2,134,241	9,448,967
Unavailable revenue - local option sales tax	243,000	-	-
Unavailable revenue - intergovernmental	12,217	-	-
Total deferred inflows of resources	13,956,649	2,134,241	9,448,967
Fund Equity:			
Fund balances:			
Nonspendable	178,342	-	-
Restricted	15,933	-	2,950,043
Assigned	-	-	-
Unassigned	5,503,804	(162,782)	-
Total fund equity (deficit)	5,698,079	(162,782)	2,950,043
Total liabilities, deferred inflows of resources and fund equity (deficit)	\$ 20,844,475	\$ 2,202,127	\$ 12,399,010

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ 198,864	\$ 3,864,534	\$ 9,273,596
8,089,882	-	10,829,555
-	-	25,489,010
3,862	60	295,021
147,598	-	172,110
-	-	12,868
-	9,160	23,620
-	298,198	573,691
170,217	272,025	1,665,067
-	-	6,797
4,233	-	162,910
<u>\$ 8,614,656</u>	<u>\$ 4,443,977</u>	<u>\$ 48,504,245</u>

\$ 193,235	\$ 151,641	\$ 870,111
12,698	21,690	214,755
-	-	76,807
2,364	10,620	64,280
-	-	423,800
741,504	-	741,504
-	-	162,910
<u>949,801</u>	<u>183,951</u>	<u>2,554,167</u>

147,598	-	25,432,238
-	-	243,000
57,585	-	69,802
<u>205,183</u>	<u>-</u>	<u>25,745,040</u>

4,233	-	182,575
7,455,439	2,684,368	13,105,783
-	1,575,658	1,575,658
-	-	5,341,022
<u>7,459,672</u>	<u>4,260,026</u>	<u>20,205,038</u>

<u>\$ 8,614,656</u>	<u>\$ 4,443,977</u>	<u>\$ 48,504,245</u>
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City of Bettendorf, Iowa

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013**

Total governmental fund balances \$ 20,205,038

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	\$ 11,546,092	
Construction-in-progress	6,947,337	
Buildings and structures	21,531,146	
Equipment and vehicles	19,261,117	
Improvements other than buildings	161,999,785	
Accumulated depreciation	<u>(74,717,553)</u>	146,567,924

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as a deferred inflow of resources - unavailable revenue in the funds 629,914

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

Capital assets	1,030,864	
Accumulated depreciation	(766,119)	
Other current assets	2,759,797	
Other current liabilities	(493,566)	
Noncurrent liabilities	<u>(80,236)</u>	2,450,740

Internal service funds allocated to business-type activities 482,206

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences, current	(241,394)	
Compensated absences, noncurrent	(716,566)	
Other post employment benefits obligation	(673,509)	
Accrued interest payable	(282,871)	
General obligation bonds payable, current	(8,950,000)	
General obligation bonds payable, noncurrent	(82,805,000)	
Bond discounts	17,814	
Bond premiums	<u>(3,083,129)</u>	<u>(96,734,655)</u>

Net position of governmental activities **\$ 73,601,167**

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, 2013**

	Tax Increment		
	General	Financing	Debt Service
Revenues:			
Property taxes	\$ 13,054,380	\$ -	\$ 9,007,144
Tax increment financing taxes	-	2,069,141	-
Other taxes	7,820,340	-	298,310
Special assessments	17,238	-	-
Licenses and permits	605,281	-	-
Intergovernmental	660,569	-	4,033
Charges for services	449,433	-	-
Use of money and property	(7,165)	-	53,027
Miscellaneous	275,954	11,250	-
Total revenues	22,876,030	2,080,391	9,362,514
Expenditures:			
Current operating:			
Public safety	10,308,979	-	-
Public works	19,996	-	-
Culture and recreation	3,952,334	-	-
Community and economic development	895,987	858,245	-
General government	3,599,612	-	-
Debt service:			
Principal	-	110,000	10,260,000
Interest and other charges	-	16,318	3,278,374
Bond issuance costs	49,867	-	-
Capital outlay	648,452	-	-
Total expenditures	19,475,227	984,563	13,538,374
Excess (deficiency) of revenues over expenditures	3,400,803	1,095,828	(4,175,860)
Other financing sources (uses):			
Issuance of long-term capital debt	-	-	-
Premiums on long-term capital debt	-	-	-
Proceeds from the disposal of capital assets	335	-	-
Transfers in	444,799	-	19,085
Transfers out	(3,760,354)	(1,116,986)	(199,319)
Total other financing sources (uses)	(3,315,220)	(1,116,986)	(180,234)
Net changes in fund balance	85,583	(21,158)	(4,356,094)
Fund balances (deficit), beginning of year	5,612,496	(141,624)	7,306,137
Fund balances (deficit), end of year	\$ 5,698,079	\$ (162,782)	\$ 2,950,043

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Nonmajor Governmental	Total
\$ -	\$ -	\$ 22,061,524
-	-	2,069,141
-	-	8,118,650
-	-	17,238
12,372	-	617,653
378,422	3,556,081	4,599,105
-	-	449,433
19,516	(52,029)	13,349
68,350	253,980	609,534
<u>478,660</u>	<u>3,758,032</u>	<u>38,555,627</u>
-	15,302	10,324,281
-	3,032,329	3,052,325
-	39,917	3,992,251
-	457,960	2,212,192
-	-	3,599,612
-	-	10,370,000
-	-	3,294,692
86,813	-	136,680
10,935,293	1,101,479	12,685,224
<u>11,022,106</u>	<u>4,646,987</u>	<u>49,667,257</u>
(10,543,446)	(888,955)	(11,111,630)
10,685,000	-	10,685,000
846,913	-	846,913
18,525	77,799	96,659
621,498	2,945,322	4,030,704
(100,333)	(2,401,453)	(7,578,445)
<u>12,071,603</u>	<u>621,668</u>	<u>8,080,831</u>
1,528,157	(267,287)	(3,030,799)
5,931,515	4,527,313	23,235,837
<u>\$ 7,459,672</u>	<u>\$ 4,260,026</u>	<u>\$ 20,205,038</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, 2013**

Net change in fund balances - governmental funds \$ (3,030,799)

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	\$ 10,656,904	
Depreciation	(5,456,804)	5,200,100
Trade of land		415,715
Value of land removed		(429,240)
Proceeds received on trade of land		13,525
Proceeds from the disposal of capital assets		(96,659)
Gain on the sale of capital assets		9,887
Capital assets contributed		1,119,200

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

Local option sales tax	18,000	
Grant revenues	(118,952)	
Property taxes	168,928	67,976

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		(46,092)
Change in other post employment benefits obligation		(149,873)

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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds 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	10,370,000	
Interest	(30,728)	
Issuance of long-term debt	(10,685,000)	
Premiums	(846,913)	
Amortization of bond discounts and premiums	167,847	(1,024,794)

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(22,676)

Change in internal service fund allocation to business-type activities

(17,847)

Changes in net position of governmental activities

\$ 2,008,423

See Notes to Basic Financial Statements.



Bettendorf IOWA
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City of Bettendorf, Iowa

Statement of Net Position
 Proprietary Funds
 June 30, 2013

	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility
Assets			
Current assets:			
Cash and investments	\$ 2,130,184	\$ 567,162	\$ 1,089,625
Restricted cash and investments	-	1,202,171	-
Receivables:			
Accounts and unbilled usage	745,437	421,616	308,351
Accrued interest	5,172	-	2,360
Special assessments	126,189	-	398
Due from other funds	-	-	-
Due from other governments	855,424	-	-
Prepaid items	-	2,750	-
Total current assets	3,862,406	2,193,699	1,400,734
Noncurrent assets:			
Restricted cash and investments	688,742	-	774,326
Capital assets:			
Nondepreciable:			
Land	3,575	715,241	406,209
Construction-in-progress	1,514,443	-	2,315,021
Depreciable:			
Buildings and structures	2,483,582	18,199,263	-
Equipment and vehicles	5,267,373	1,259,930	511,012
Improvements other than buildings	40,249,468	163,064	6,512,524
Accumulated depreciation	(28,966,456)	(2,646,250)	(1,090,707)
Net capital assets	20,551,985	17,691,248	8,654,059
Total noncurrent assets	21,240,727	17,691,248	9,428,385
Total assets	\$ 25,103,133	\$ 19,884,947	\$ 10,829,119

(Continued)

Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 1,558,590	\$ 5,345,561	\$ 2,682,990
-	1,202,171	-
751,164	2,226,568	27,636
1,808	9,340	6,565
77,617	204,204	-
57,844	57,844	-
194,522	1,049,946	-
-	2,750	42,606
<u>2,641,545</u>	<u>10,098,384</u>	<u>2,759,797</u>
-	1,463,068	-
1,567,440	2,692,465	43,609
2,200	3,831,664	-
14,436,590	35,119,435	423,461
9,237,161	16,275,476	563,794
1,916,267	48,841,323	-
(11,550,395)	(44,253,808)	(766,119)
<u>15,609,263</u>	<u>62,506,555</u>	<u>264,745</u>
<u>15,609,263</u>	<u>63,969,623</u>	<u>264,745</u>
<u>\$ 18,250,808</u>	<u>\$ 74,068,007</u>	<u>\$ 3,024,542</u>

City of Bettendorf, Iowa

Statement of Net Position (Continued)
 Proprietary Funds
 June 30, 2013

	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility
Liabilities and Net Position			
Liabilities:			
Current:			
Accounts payable	\$ 14,686	\$ 800,334	\$ 31,520
Claims payable	-	-	-
Compensated absences	8,545	560	5,822
Accrued liabilities	6,459	423	4,468
Due to other governments	343,728	7,717	2,387
Due to other funds	-	-	-
Interest payable	26,717	98,195	20,442
Contracts payable	59,043	-	51,597
Unearned revenue	-	-	-
Current maturities, revenue bonds	-	270,000	-
Current maturities, general obligation bonds	510,000	-	410,000
Total current liabilities	969,178	1,177,229	526,236
Noncurrent:			
Compensated absences	23,330	1,528	15,898
Other post employment benefits obligation	23,142	-	15,209
Revenue bonds	-	11,030,000	-
General obligation bonds, net bond premiums	7,908,189	-	6,538,547
Total noncurrent liabilities	7,954,661	11,031,528	6,569,654
Total liabilities	8,923,839	12,208,757	7,095,890
Net position:			
Net investment in capital assets	12,822,538	6,391,248	2,479,838
Unrestricted	3,356,756	1,284,942	1,253,391
Total net position	16,179,294	7,676,190	3,733,229
Total liabilities and net position	\$ 25,103,133	\$ 19,884,947	\$ 10,829,119

Total enterprise funds net position

Amounts reported for enterprise activities in the statement of net position 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 position.

Net position of business-type activities

See Notes to Basic Financial Statements.

Other Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 501,784	\$ 1,348,324	\$ 209,151
-	-	253,111
54,662	69,589	15,410
45,528	56,878	13,412
26,800	380,632	2,482
207,735	207,735	-
2,980	148,334	-
13,925	124,565	-
98,749	98,749	-
-	270,000	-
190,000	1,110,000	-
<u>1,142,163</u>	<u>3,814,806</u>	<u>493,566</u>
149,243	189,999	42,074
118,225	156,576	38,162
-	11,030,000	-
907,428	15,354,164	-
<u>1,174,896</u>	<u>26,730,739</u>	<u>80,236</u>
<u>2,317,059</u>	<u>30,545,545</u>	<u>573,802</u>
14,511,835	36,205,459	264,745
1,421,914	7,317,003	2,185,995
<u>15,933,749</u>	<u>43,522,462</u>	<u>2,450,740</u>
<u>\$ 18,250,808</u>	<u>\$ 74,068,007</u>	<u>\$ 3,024,542</u>
	\$ 43,522,462	
	<u>(482,206)</u>	
	<u>\$ 43,040,256</u>	

City of Bettendorf, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	QC Waterfront		
	Sewer Utility	Convention Center	Stormwater Utility
Operating revenues:			
Charges for services	\$ 2,952,695	\$ 2,268,742	\$ 977,896
Licenses and permits	69,738	-	8,495
Other	-	128,554	5,500
Total operating revenues	3,022,433	2,397,296	991,891
Operating expenses:			
Salaries and benefits	522,989	682,079	250,468
Supplies and services	1,492,716	1,358,799	145,725
Depreciation	1,368,096	593,242	379,170
Total operating expenses	3,383,801	2,634,120	775,363
Operating income (loss)	(361,368)	(236,824)	216,528
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Investment earnings (expense)	(44,935)	6,753	(24,424)
Interest and bond issuance expense	(279,868)	(852,094)	(199,028)
Gain (loss) on disposal of capital assets	-	-	9,950
Amortization	5,896	-	3,277
Total nonoperating revenues (expenses)	(318,907)	(845,341)	(210,225)
Income (loss) before capital grants and contributions and transfers	(680,275)	(1,082,165)	6,303
Capital grants and contributions	704,148	214,068	572,497
Transfers in	-	1,182,164	224,652
Transfers out	(12,215)	-	(81,870)
	691,933	1,396,232	715,279
Changes in net position	11,658	314,067	721,582
Net position, beginning of year, as restated	16,167,636	7,362,123	3,011,647
Net position, end of year	\$ 16,179,294	\$ 7,676,190	\$ 3,733,229

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 4,447,333	\$ 10,646,666	\$ 6,595,121
-	78,233	-
502,474	636,528	29,551
<u>4,949,807</u>	<u>11,361,427</u>	<u>6,624,672</u>
4,267,386	5,722,922	3,857,982
3,245,978	6,243,218	2,707,339
1,200,931	3,541,439	26,977
<u>8,714,295</u>	<u>15,507,579</u>	<u>6,592,298</u>
(3,764,488)	(4,146,152)	32,374
730,521	730,521	-
(30,113)	(92,719)	(80,668)
(22,571)	(1,353,561)	-
(105,814)	(95,864)	-
2,476	11,649	-
<u>574,499</u>	<u>(799,974)</u>	<u>(80,668)</u>
(3,189,989)	(4,946,126)	(48,294)
379,578	1,870,291	-
2,209,392	3,616,208	25,618
-	(94,085)	-
<u>2,588,970</u>	<u>5,392,414</u>	<u>25,618</u>
(601,019)	446,288	(22,676)
16,534,768	43,076,174	2,473,416
<u>\$ 15,933,749</u>	<u>\$ 43,522,462</u>	<u>\$ 2,450,740</u>

City of Bettendorf, Iowa

**Reconciliation of the Changes in Net Position of Enterprise Funds to the Statement of Activities
Year Ended June 30, 2013**

Net changes in net position in enterprise funds	\$ 446,288
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>17,847</u>
Changes in net position of business-type activities	<u>\$ 464,135</u>

See Notes to Basic Financial Statements.



Bettendorf IOWA
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City of Bettendorf, Iowa

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,929,178	\$ 2,268,742	\$ 949,938
Receipts from other operating revenue	-	179,630	5,500
Payments to suppliers	(1,500,359)	(1,267,713)	(181,174)
Payments to claimants	-	-	-
Payments to employees	(524,977)	(682,027)	(248,315)
Net cash provided by (used in) operating activities	903,842	498,632	525,949
Cash flows from noncapital financing activities:			
Intergovernmental	-	-	-
Proceeds from interfund accounts	-	-	-
(Payments of) interfund accounts	-	-	-
Transfers in	-	1,182,164	224,652
Transfers (out)	(12,215)	-	(81,870)
Net cash provided by (used in) noncapital financing activities	(12,215)	1,182,164	142,782
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,424,684)	(15,651)	(823,607)
Proceeds from sale of capital assets	-	-	9,950
Capital grants	-	119,940	-
Proceeds from issuance of bonds	1,500,000	-	1,500,000
Payment on debt	(1,595,000)	(625,000)	(1,495,000)
Interest and bond issuance costs paid on debt	(360,043)	(823,467)	(280,085)
Net cash (used in) capital and related financing activities	(1,879,727)	(1,344,178)	(1,088,742)
Cash flows from investing activities, interest received	(50,107)	6,753	(26,784)
Increase (decrease) in cash and cash equivalents	(1,038,207)	343,371	(446,795)
Cash and cash equivalents, beginning of year	3,857,133	1,425,962	2,310,746
Cash and cash equivalents, end of year	\$ 2,818,926	\$ 1,769,333	\$ 1,863,951

(Continued)

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 4,333,993	\$ 10,481,851	\$ 6,608,434
499,753	684,883	29,551
(3,190,611)	(6,139,857)	(2,727,704)
-	-	(2,921,961)
(4,243,767)	(5,699,086)	(962,700)
(2,600,632)	(672,209)	25,620
929,741	929,741	-
755	755	-
(239,160)	(239,160)	-
2,209,392	3,616,208	25,618
-	(94,085)	-
2,900,728	4,213,459	25,618
(1,479,514)	(3,743,456)	(12,370)
-	9,950	-
379,578	499,518	-
700,000	3,700,000	-
(125,000)	(3,840,000)	-
(20,558)	(1,484,153)	-
(545,494)	(4,858,141)	(12,370)
(29,467)	(99,605)	(82,133)
(274,865)	(1,416,496)	(43,265)
1,833,455	9,427,296	2,726,255
\$ 1,558,590	\$ 8,010,800	\$ 2,682,990

City of Bettendorf, Iowa

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (361,368)	\$ (236,824)	\$ 216,528
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,368,096	593,242	379,170
Change in assets and liabilities:			
Receivables and due from other governments	(93,255)	51,076	(36,453)
Prepaid items	-	104,556	-
Accounts and contracts payable and due to other governments	(7,643)	(13,470)	(35,449)
Claims payable	-	-	-
Compensated absences and accrued liabilities	(5,632)	52	(1,066)
Other post employment benefits obligation	3,644	-	3,219
Unearned revenue	-	-	-
Net cash provided by (used in) operating activities	\$ 903,842	\$ 498,632	\$ 525,949
Schedule of noncash items:			
Capital and related financing activities:			
Acquisition of capital assets through contracts or accounts payable	\$ (35,557)	\$ -	\$ 8,951
Capital contributions	704,148	-	572,497
Capitalized interest	77,179	-	78,456

See Notes to Basic Financial Statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (3,764,488)	\$ (4,146,152)	\$ 32,374
1,200,931	3,541,439	26,977
(111,892)	(190,524)	13,313
5,184	109,740	5,617
50,183	(6,379)	(20,865)
-	-	(42,009)
3,686	(2,960)	1,097
19,933	26,796	9,116
(4,169)	(4,169)	-
<u>\$ (2,600,632)</u>	<u>\$ (672,209)</u>	<u>\$ 25,620</u>

\$ (393,528)	\$ (420,134)	\$ -
-	1,276,645	-
-	155,635	-

City of Bettendorf, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2013

Assets:

Cash and investments	\$	47,792
Accounts receivable		819
Accrued interest receivable		11
	\$	<u>48,622</u>

Liabilities, accounts payable	\$	<u>48,622</u>
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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 as applied to governmental units, these financial statements present the City (the primary government) and its component units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The component unit discussed below is included in the City's reporting entity because of the significance of its 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 unaudited 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 position 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.

The City adopted Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year. The adoption of this Statement change the presentation of the basic financial statements to a statement of net position format.

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)

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

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, 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 deferred outflows of resources, liabilities and deferred inflows of resources, 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 used to account for and report all financial resources not accounted for and reported in another fund.

Tax Increment Financing (TIF) 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 and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Reserve Fund: To account for the acquisition and construction of major capital facilities that are not related to proprietary activities of the City.

The Tax Increment Financing Fund is presented as a major fund for public interest purposes.

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

Special Revenue Funds: To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital 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.

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)

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

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

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

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

Capital Projects Funds: To account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets that are not related to proprietary activities of the City.

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

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

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

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

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

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

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)

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. 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 costs 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.

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 museum at the Learning Center Campus, including fees and operational costs generated from classes, memberships and exhibits.

Riverfront Circulator Fund: To account for the Riverfront Circulator transit program which runs in the City and three other local cities, including federal grants passed through the Iowa Department of Transportation and funding from the other three cities.

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)

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, worker's compensation 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.

Explorer Special Events: To account for money received through donations for the Boy Scout Explorers program related to special events.

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 Ammo Purchase Fund: Accounts for the purchase by individual police officers of ammunition for gun range practice.

Charity Fundraising Fund: Accounts for fundraising for charities by employees and others.

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)

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 and budgeted for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, other taxes, intergovernmental revenue, utility charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

Licenses and permits, fines and forfeitures, charges for sales (other than utility) and services 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.

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, including interfund charges related to the activities of the internal service funds. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Summary of significant accounting policies:

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

Cash and investments: The City maintains a cash and investment pool to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

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)

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 cash and investments.

Accounts receivable: Results primarily from services provided to citizens and are presented net of an allowance for uncollectibles.

Property taxes receivable: Property taxes, including tax increment financing, in governmental funds are accounted for using the modified accrual basis of accounting.

Property taxes receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied and budgeted for.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 2 percent per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013; and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2012.

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 discounts, premiums 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as an expense in the year the costs are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 in the year the costs are incurred.

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 and proprietary fund 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.

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)

Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest for the year ended June 30, 2013 was \$77,179 in the Sewer Utility Fund and \$78,456 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 when sold that requires proceeds from the sale of these items to be used to acquire other collection items.

In governmental funds, capital assets (capital outlay) are reported as an expenditure and no depreciation is recognized.

Deferred inflows of resources: In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from three sources: property taxes, local option sales tax and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, only the property tax revenues remain under the full accrual basis of accounting and will become an inflow in the year for which the taxes are levied and budgeted for.

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.

Notes to Basic Financial Statements

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

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

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

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance nonspendable account which indicates that they do not constitute expendable or 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 governmental and business-type activities columns in the government-wide financial statements and proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate activity or 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 balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. The City's policy for the authority to assign fund balance has been delegated by the City Council to the Finance Director.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's procedure is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund 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)

Net position: Represent the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds (which includes proceeds reserved for debt retirement) for the Sewer Utility and Stormwater Utility enterprise funds were \$688,742 and \$774,326, respectively. Unspent proceeds for the Capital Projects Reserve Fund was \$8,089,882. Net position is 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 position includes unspent bond proceeds, net of related debt.

Net position restricted through enabling legislation consists of \$399,488 for capital improvements and equipment (local option sales tax); \$215,074 for road use and \$2,668,366 for debt service.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

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

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic 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, 2013 of \$162,782. 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.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

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.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City is authorized by statute to invest in U.S. government, its agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances and repurchase agreements. The City's investment policy does limit them from investing in reverse repurchase agreements, futures and options contracts and zero-coupon bonds.

As of June 30, 2013, the City's debt securities had specific maturities and credit ratings as follows:

Investment name	Maturity	Fair value	Standard & Poor's	Moody's
FNMA	10/24/2022	\$ 919,500	AA+	Aaa
FNMA	08/13/2027	928,000	AA+	Aaa
FHLB	06/06/2018	485,500	AA+	Aaa
FHLB	02/18/2021	404,360	AA+	Aaa
FHLB	11/28/2022	939,000	AA+	Aaa
FHLB	12/27/2022	947,600	AA+	Aaa
FHLB	12/27/2027	923,500	AA+	Aaa
FHLB	05/22/2028	926,740	AA+	Not Rated
FFCB	10/11/2018	962,500	AA+	Aaa
FFCB	06/14/2019	480,900	AA+	Aaa
FFCB	09/27/2021	952,800	AA+	Aaa
FFCB	06/24/2022	475,950	AA+	Aaa
FHLMC	12/18/2020	969,600	AA+	Aaa
FHLMC	06/11/2021	954,000	AA+	Aaa
Total		\$ 11,269,950		

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 FNMA, FHLB, FFCB and FHLMC securities. These securities represent 16 percent, 41 percent, 25 percent and 17 percent of the City's total investments, respectively.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

Custodial credit risk: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments 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. The City's deposits as of June 30, 2013 were entirely insured by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure that there will be no loss of public funds. In addition, the City's investments were not insured but were held by a custodian in the name of the City and not exposed to custodial credit risk.

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2013:

	Beginning Balance June 30, 2012	Additions	Deletions	Ending Balance June 30, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 8,736,414	\$ 3,282,527	\$ 429,240	\$ 11,589,701
Construction-in-progress	11,939,141	9,607,273	14,599,077	6,947,337
Total capital assets, not being depreciated	20,675,555	12,889,800	15,028,317	18,537,038
Capital assets, being depreciated:				
Buildings and structures	21,643,656	310,951	-	21,954,607
Equipment and vehicles	19,510,740	1,431,540	1,117,369	19,824,911
Improvements other than buildings	149,828,810	12,170,975	-	161,999,785
Total capital assets, being depreciated	190,983,206	13,913,466	1,117,369	203,779,303
Less accumulated depreciation for:				
Buildings and structures	9,030,042	578,419	-	9,608,461
Equipment and vehicles	13,943,693	1,145,304	1,044,122	14,044,875
Improvements other than buildings	48,070,278	3,760,058	-	51,830,336
Total accumulated depreciation	71,044,013	5,483,781	1,044,122	75,483,672
Total capital assets, being depreciated, net	119,939,193	8,429,685	73,247	128,295,631
Governmental activities capital assets, net	\$ 140,614,748	\$ 21,319,485	\$ 15,101,564	\$ 146,832,669

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Beginning Balance June 30, 2012	Additions	Deletions	Ending Balance June 30, 2013
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,692,465	\$ -	\$ -	\$ 2,692,465
Construction-in-progress	2,337,729	2,930,810	1,436,875	3,831,664
Total capital assets, not being depreciated	5,030,194	2,930,810	1,436,875	6,524,129
Capital assets, being depreciated:				
Buildings and structures	35,245,574	-	126,139	35,119,435
Equipment and vehicles	14,997,784	1,896,347	618,655	16,275,476
Improvements other than buildings	47,476,003	1,365,320	-	48,841,323
Total capital assets, being depreciated	97,719,361	3,261,667	744,794	100,236,234
Less accumulated depreciation for:				
Buildings and structures	8,526,901	938,431	22,074	9,443,258
Equipment and vehicles	8,180,852	1,145,073	616,906	8,709,019
Improvements other than buildings	24,643,596	1,457,935	-	26,101,531
Total accumulated depreciation	41,351,349	3,541,439	638,980	44,253,808
Total capital assets, being depreciated, net	56,368,012	(279,772)	105,814	55,982,426
Business-type activities capital assets, net	\$ 61,398,206	\$ 2,651,038	\$ 1,542,689	\$ 62,506,555

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	\$	539,421
Public works		3,746,804
Culture and recreation		740,605
Community and economic development		296,472
General government		133,502
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets		26,977
	\$	<u>5,483,781</u>

Business-Type Activities

Sewer utility	\$	1,368,096
Family Museum of Arts & Science		196,714
Stormwater utility		379,170
Aquatic Center		155,430
Recycling/solid waste management		221,974
Palmer Hills Golf Course		205,389
Life Fitness Center		104,820
Transit		193,711
QC Waterfront Convention Center		593,242
Riverfront Circulator		122,893
	\$	<u>3,541,439</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, 2013:

	June 30, 2012	Increases and Issues	Decreases and Retirements	June 30, 2013	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 91,440,000	\$ 10,685,000	\$ 10,370,000	\$ 91,755,000	\$ 8,950,000
Compensated absences	969,392	1,032,940	986,888	1,015,444	256,804
	<u>92,409,392</u>	<u>11,717,940</u>	<u>11,356,888</u>	<u>92,770,444</u>	<u>9,206,804</u>
Less discounts	51,365	-	33,551	17,814	-
Add premiums	2,437,614	846,913	201,398	3,083,129	-
	<u>94,795,641</u>	<u>12,564,853</u>	<u>11,524,735</u>	<u>95,835,759</u>	<u>9,206,804</u>
Business-type activities:					
Revenue bonds	11,925,000	-	625,000	11,300,000	270,000
General obligation bonds	15,680,000	3,700,000	3,215,000	16,165,000	1,110,000
Compensated absences	263,334	344,312	348,058	259,588	69,589
	<u>27,868,334</u>	<u>4,044,312</u>	<u>4,188,058</u>	<u>27,724,588</u>	<u>1,449,589</u>
Less discounts	19,696	-	19,696	-	-
Add premiums	330,509	-	31,345	299,164	-
	<u>28,179,147</u>	<u>4,044,312</u>	<u>4,199,707</u>	<u>28,023,752</u>	<u>1,449,589</u>
Total long-term debt	<u>\$ 122,974,788</u>	<u>\$ 16,609,165</u>	<u>\$ 15,724,442</u>	<u>\$ 123,859,511</u>	<u>\$ 10,656,393</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, 2013, consist of the following individual issues:

	Date of Issue	Amount Issued	Interest Rates	Outstanding June 30, 2013
General obligation bonds:				
Various public improvements	June 2005	\$ 4,590,000	3.00-4.50%	\$ 2,910,000
Various public improvements and sewer improvements	June 2006	7,125,000	4.13-4.50	4,925,000
Various public improvements	July 2006	6,300,000	4.00-4.05	1,610,000
Refunding	February 2007	3,760,000	3.80-3.90	1,180,000
Various public improvements	June 2007	5,095,000	3.50-4.38	3,865,000
Various public improvements	June 2008	15,555,000	3.50-5.00	11,430,000
Various public improvements	March 2009	13,700,000	2.50-4.50	9,650,000
Various public improvements	June 2010	17,705,000	2.00-4.10	15,175,000
Refunding	June 2010	7,180,000	2.00-3.50	5,935,000
Various public improvements	May 2011	18,065,000	2.00-5.00	16,445,000
Various public improvements and refunding	June 2012	14,100,000	2.00-4.00	13,875,000
Refunding	June 2012	6,725,000	2.00-3.00	6,535,000
Various public improvements (2)	May 2013	14,385,000	2.00-4.00	14,385,000
Total general obligation bonds				107,920,000
Revenue bonds:				
QCWCC TIF Note (1)	August 2008	13,815,000	7.255-14.746	11,300,000
Total revenue bond				11,300,000
Total bonds				\$ 119,220,000

- (1) 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 \$21,736,503, payable through 2026. For the current year, principal and interest paid and total incremental TIF property tax revenues for the notes were \$1,448,467 and \$1,076,018, respectively.

On August 29, 2013, the five-year adjustment for the interest rate occurred on this note. The interest will be 3.42 percent to 12 percent over the remaining life of the note. The five-year interest rate adjustment is based on 5-year T-bill plus 4 percent with a cap of 3.5 percent every five years.

- (2) In June 2013, the City issued \$14,385,000 in General Obligation Bonds, Series 2013A with interest rates ranging from 2.00 percent to 4.00 percent to finance various projects in the City's Community Improvement Program including street improvement projects, Sewer projects, Storm water projects, family museum renovation, and forest grove park development.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

Summary of principal and interest maturities:

Annual debt service requirements to service all outstanding indebtedness as of June 30, 2013, are as follows:

	Debt Service		Enterprise	
	General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2014	\$ 8,950,000	\$ 3,394,455	\$ 1,110,000	\$ 601,673
2015	6,040,000	3,083,151	1,150,000	565,119
2016	5,510,000	2,896,973	1,160,000	531,968
2017	5,505,000	2,732,182	1,050,000	494,797
2018	5,730,000	2,547,881	1,490,000	459,604
2019 - 2023	27,890,000	9,597,552	5,360,000	1,615,964
2024 - 2028	23,755,000	4,396,774	3,600,000	624,781
2029 - 2032	8,375,000	574,284	1,245,000	90,180
	<u>\$ 91,755,000</u>	<u>\$ 29,223,252</u>	<u>\$ 16,165,000</u>	<u>\$ 4,984,086</u>

	Enterprise	
	Revenue Bonds	
	Principal	Interest
<u>Year ending June 30:</u>		
2014	\$ 270,000	\$ 1,178,335
2015	990,000	1,131,284
2016	1,100,000	1,021,625
2017	1,215,000	900,050
2018	825,000	765,459
2019 - 2023	2,615,000	4,357,650
2024 - 2028	4,285,000	1,082,100
	<u>\$ 11,300,000</u>	<u>\$ 10,436,503</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

Legal debt margin:

As of June 30, 2013, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2011 100% assessed valuation		\$ 2,911,324,449
Plus: Public gas and electric utilities		87,269,980
Plus: Captured tax increment value		74,877,772
Less: Military exemption		<u>(4,063,286)</u>
Total assessed valuation of the property of the City of Bettendorf		<u>\$ 3,069,408,915</u>
Debt limit, 5% of total actual valuation		\$ 153,470,446
Debt applicable to debt limit:		
Debt service general obligation bonds	\$ 91,755,000	
Debt service TIF revenue bonds	11,300,000	
Enterprise general obligation bonds	<u>16,165,000</u>	<u>119,220,000</u>
Legal debt margin		<u><u>\$ 34,250,446</u></u>

Note 5. Interfund Receivables and Payables

Individual interfund receivables and payables balances as of June 30, 2013, were:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General	\$ 275,493	\$ 356,042
Special revenue fund, tax increment financing	-	67,758
Nonmajor governmental funds	298,198	-
Nonmajor enterprise funds	<u>57,844</u>	<u>207,735</u>
Total	<u>\$ 631,535</u>	<u>\$ 631,535</u>

Advances to and from other funds as of June 30, 2013, were as follows:

	Advances to Other Funds	Advances from Other Funds
Major governmental funds:		
General Fund	\$ 158,677	\$ -
Special revenue funds, tax increment financing	-	162,910
Capital projects funds, capital projects reserve	<u>4,233</u>	<u>-</u>
Total	<u>\$ 162,910</u>	<u>\$ 162,910</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The interfund receivable and payables are scheduled to be collected in the subsequent year whereas the interfund advances are not.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 6. Interfund Transfers

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

	Transfers In	Transfers Out
Major governmental funds:		
General	\$ 444,799	\$ 3,760,354
Special revenue fund, tax increment financing	-	1,116,986
Debt service fund, debt service	19,085	199,319
Capital projects fund, capital projects reserve	621,498	100,333
Nonmajor governmental funds	2,945,322	2,401,453
Internal service funds	25,618	-
Major enterprise funds:		
Sewer Utility	-	12,215
QC Waterfront Convention Center	1,182,164	-
Stormwater Utility	224,652	81,870
Other nonmajor enterprise funds	2,209,392	-
Total	\$ 7,672,530	\$ 7,672,530

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 governmental and proprietary 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 5.78 percent of their annual covered salary and the City is required to contribute 8.67 percent of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$852,278, \$771,588 and \$671,003, 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 9.40 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. For the year ended June 30, 2013, the City's contribution rate was 26.12 percent. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2013, 2012 and 2011 were \$1,241,755, \$1,108,398 and \$889,544, 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 fund medical and dental claims. The Risk Management Fund is to report premiums and deductibles for general liability and property claims and out-of-pocket expenses for other types of 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. The City has a \$50,000 deductible under the plan. 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, 2013. The City's contribution to the pool for the year ended June 30, 2013 was \$406,113, which is recorded in the risk financing internal service fund.

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 \$3,000,000 with a \$70,000 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. All outstanding claims are expected to be paid within fiscal year 2013.

The changes in the aggregate liabilities for claims for the years ended June 30, 2013 and 2012 are as follows:

	Employee Health Insurance	
	2013	2012
Claims payable, beginning of year	\$ 295,120	\$ 137,629
Claims recognized	2,879,952	2,840,132
Claim payments	(2,921,961)	(2,682,641)
Claims payable, end of year	<u>\$ 253,111</u>	<u>\$ 295,120</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

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 and their surviving spouses are allowed to remain on the plan through COBRA coverage only. The plan does not issue a stand-alone financial report.

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 2013, the City contributed \$59,293. Retiree and active members receiving benefits have required contributions of \$700.66 per month for single health coverage and \$1,563.87 per month for retiree and spouse coverage.

Other postemployment obligations attributable to governmental activities are generally liquidated by the Employee Health Insurance Internal Service Fund.

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	\$ 244,902
Interest on net OPEB obligation	27,298
Adjustment to annual required contribution	(27,122)
Annual OPEB cost (expense)	<u>245,078</u>
Contributions and payments made	<u>59,293</u>
Increase in net OPEB obligation	185,785
Net OPEB obligation - July 1, 2012	<u>682,462</u>
Net OPEB obligation - June 30, 2013	<u><u>\$ 868,247</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2013 and the two preceding years follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 199,563	21.56%	\$ 516,736
June 30, 2012	213,048	22.21	682,462
June 30, 2013	245,078	24.19	868,247

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

Funded status and funding progress: As of July 1, 2012, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,294,060 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$2,294,060. The covered payroll (annual payroll of active employees covered by the plan) was \$13,684,188 and the ratio of the UAAL to the covered payroll was 16.8 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 multi-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, 2012 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4 percent discount rate, 3 percent per year payroll growth, a 3 percent per year inflation rate and an annual health care cost trend rate of 9 percent initially, grading down to 5 percent in 9 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, 2012 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, 2013, is \$3,596,000.

The City has financial commitments relating to various construction projects that are estimated to be approximately \$5,715,000.

The City had encumbrances in the General Fund, Capital Projects fund and nonmajor governmental funds of \$250,121, \$7,890,996 and \$456,145, respectively.

City of Bettendorf, Iowa

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 provide rates, charges and fees sufficient to pay the cost of operations and maintenance of the Commission and to leave net revenues sufficient to pay the semiannual debt service requirements. The City made payments to the Commission of \$288,451 for the year ended June 30, 2013.

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. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The classifications of fund balances by opinion unit are as follows:

Fund Balances:	General	Tax Increment Financing	Debt Service	Capital Projects Reserve	Nonmajor Governmental	Total
Nonspendable:						
Advances	\$ 158,677	\$ -	\$ -	\$ 4,233	\$ -	\$ 162,910
Inventories	6,797	-	-	-	-	6,797
Loans	12,868	-	-	-	-	12,868
Total nonspendable	178,342	-	-	4,233	-	182,575
Restricted:						
Road use	-	-	-	-	215,074	215,074
Debt service	-	-	2,950,043	-	-	2,950,043
Federal programs	-	-	-	-	79,274	79,274
Economic development	-	-	-	-	38,518	38,518
Police department	2,400	-	-	-	82,563	84,963
Parks department	13,055	-	-	-	124,654	137,709
Library department	107	-	-	-	636,576	636,683
Public works department	371	-	-	-	-	371
Capital improvements and equipment	-	-	-	7,455,439	1,507,709	8,963,148
Total restricted	15,933	-	2,950,043	7,455,439	2,684,368	13,105,783
Assigned:						
Capital improvements and equipment	-	-	-	-	1,068,169	1,068,169
Road use	-	-	-	-	451,928	451,928
Library department	-	-	-	-	43,230	43,230
Parks department	-	-	-	-	6,240	6,240
Police department	-	-	-	-	6,091	6,091
Total assigned	-	-	-	-	1,575,658	1,575,658
Unassigned						
	5,503,804	(162,782)	-	-	-	5,341,022
Total fund balances	\$ 5,698,079	\$ (162,782)	\$ 2,950,043	\$ 7,459,672	\$ 4,260,026	\$ 20,205,038

Notes to Basic Financial Statements

Note 13. Pending Governmental Accounting Standards Board (GASB) Statements

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. 66, *Technical Corrections - 2012*, issued April 2012, will be effective for the City beginning with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases* and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Under Statement No. 68, each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's net pension liability. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 14. Restatement

As a result of the adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the beginning net position was restated. The effect on fiscal year 2012 is as follows:

	Governmental Activities	Business-Type Activities	Sewer Utility	QC Waterfront Convention Center	Stormwater Utility	Other Nonmajor Enterprise
Net position June 30, 2012						
as previously reported	\$ 72,764,968	\$ 43,033,610	\$ 16,249,750	\$ 7,675,724	\$ 3,069,259	\$ 16,538,930
Bond issuance costs previously reported						
as assets	(1,172,224)	(457,489)	(82,114)	(313,601)	(57,612)	(4,162)
Net position June 30, 2012, as restated	\$ 71,592,744	\$ 42,576,121	\$ 16,167,636	\$ 7,362,123	\$ 3,011,647	\$ 16,534,768

City of Bettendorf, Iowa

**Required Supplementary Information
Other Postemployment Benefit Plan**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of 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]
2011	7/1/10	\$ -	\$ 1,371,325	\$ 1,371,325	- %	\$ 12,781,448	10.7%
2012	7/1/10	-	1,527,277	1,527,277	-	13,164,891	11.6
2013	7/1/12	-	2,294,060	2,294,060	-	13,684,188	16.8

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2012.

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: (a) 4 percent discount rate; (b) a health care cost trend rate of 9 percent initially, grading down to 5 percent in 9 years; (c) 3 percent per year payroll growth and (d) an inflation rate of 3 percent per year.
- 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, 2013**

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 22,061,524	\$ -	\$ 22,061,524
Tax increment financing	2,069,141	-	2,069,141
Other City taxes	8,118,650	-	8,118,650
Special assessments	17,238	-	17,238
Licenses and permits	617,653	78,233	695,886
Intergovernmental	4,599,105	730,521	5,329,626
Charges for services	449,433	17,241,787	17,691,220
Use of money and property	13,349	(173,387)	(160,038)
Miscellaneous	609,534	666,079	1,275,613
Total revenues	38,555,627	18,543,233	57,098,860
Expenditures/Expenses:			
Public safety	10,324,281	-	10,324,281
Public works	3,052,325	-	3,052,325
Culture and recreation	3,992,251	-	3,992,251
Community and economic development	2,212,192	-	2,212,192
General government	3,599,612	-	3,599,612
Debt service	13,801,372	-	13,801,372
Capital outlay	12,685,224	-	12,685,224
Business-type	-	23,537,653	23,537,653
Total expenditures/expenses	49,667,257	23,537,653	73,204,910
Excess (deficiency) of revenues over expenditures/expenses	(11,111,630)	(4,994,420)	(16,106,050)
Other financing sources, net	8,080,831	5,418,032	13,498,863
Excess (deficiency) of revenues and other financing sources over expenditures/expenses and other financing uses	(3,030,799)	423,612	(2,607,187)
Balances, beginning of year	23,235,837	45,549,590	68,785,427
Balances, end of year	\$ 20,205,038	\$ 45,973,202	\$ 66,178,240

See Note to Required Supplementary Information.

Budgeted Amounts		Final	Final to Actual
Original			Variance -
\$ 22,110,579	\$ 22,107,379	\$	(45,855)
2,105,610	2,105,610		(36,469)
8,260,039	8,167,850		(49,200)
31,200	24,667		(7,429)
692,810	708,910		(13,024)
5,087,845	5,836,814		(507,188)
16,857,932	17,916,546		(225,326)
869,280	480,460		(640,498)
2,105,157	2,138,922		(863,309)
<u>58,120,452</u>	<u>59,487,158</u>		<u>(2,388,298)</u>
9,868,514	10,464,797		140,516
3,535,874	3,152,697		100,372
4,243,415	4,095,714		103,463
2,197,644	2,253,792		41,600
3,742,448	3,746,719		147,107
9,306,186	13,946,647		145,275
14,699,062	14,579,515		1,894,291
23,247,399	24,332,566		794,913
<u>70,840,542</u>	<u>76,572,447</u>		<u>3,367,537</u>
(12,720,090)	(17,085,289)		979,239
<u>12,270,000</u>	<u>12,988,409</u>		<u>510,454</u>
<u>\$ (450,090)</u>	<u>\$ (4,096,880)</u>	<u>\$</u>	<u>1,489,693</u>



Bettendorf IOWA
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City of Bettendorf, Iowa

**Note to Required Supplementary Information – Budgetary Reporting
Year Ended June 30, 2013**

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 \$5,731,905. The budget amendment was primarily due to increases from the bond premium on sale of bonds, increased charges for services in Sewer Enterprise fund and fees for Internal Service funds. This was offset by increased expenditures largely due to refinancing of bonds, increased Public Safety for fire capital equipment and 2013 Mississippi River Flood costs, reduced costs in Public Works snow removal and increased costs in Business Type for increased fuel costs, employee health insurance and QC Waterfront Convention Center expenses.

City of Bettendorf, Iowa

Balance Sheet - General Fund - By Account
June 30, 2013

	General Account	Riverboat Gaming Account	Downtown Improvements	Total
Assets				
Cash and investments	\$ 4,878,550	\$ 107,399	\$ 59,972	\$ 5,045,921
Property taxes	13,792,706	-	-	13,792,706
Accounts	229,390	61,709	-	291,099
Special assessments	24,512	-	-	24,512
Loans	12,868	-	-	12,868
Accrued interest	12,700	414	540	13,654
Due from other funds	275,493	-	-	275,493
Due from other governments	1,222,748	-	-	1,222,748
Inventories	6,797	-	-	6,797
Advances to other funds	158,677	-	-	158,677
Total assets	\$ 20,614,441	\$ 169,522	\$ 60,512	\$ 20,844,475
Liabilities, Deferred Inflows of Resources and Fund Equity				
Liabilities:				
Accounts payable	\$ 525,235	\$ -	\$ -	\$ 525,235
Accrued liabilities	180,367	-	-	180,367
Refundable deposits	76,807	-	-	76,807
Due to other governments	51,296	-	-	51,296
Due to other funds	298,198	57,844	-	356,042
Total liabilities	1,131,903	57,844	-	1,189,747
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	13,701,432	-	-	13,701,432
Unavailable revenue - local option sales tax	243,000	-	-	243,000
Unavailable revenue - intergovernmental	12,217	-	-	12,217
Total deferred inflows of resources	13,956,649	-	-	13,956,649
Fund Equity:				
Fund balances:				
Nonspendable	178,342	-	-	178,342
Restricted	15,933	-	-	15,933
Unassigned	5,331,614	111,678	60,512	5,503,804
Total fund equity	5,525,889	111,678	60,512	5,698,079
Total liabilities, deferred inflows of resources and fund equity	\$ 20,614,441	\$ 169,522	\$ 60,512	\$ 20,844,475



Bettendorf IOWA
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City of Bettendorf, Iowa

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
General Fund - By Account
Year Ended June 30, 2013**

	General Account	Riverboat Gaming Account	Downtown Improvements
Revenues:			
Property taxes	\$ 13,054,380	\$ -	\$ -
Other taxes	6,238,136	1,582,204	-
Special assessments	17,238	-	-
Licenses and permits	605,281	-	-
Intergovernmental	660,569	-	-
Charges for services	449,433	-	-
Use of money and property	3,603	(3,113)	(7,655)
Miscellaneous	275,954	-	-
Total revenues	21,304,594	1,579,091	(7,655)
Expenditures:			
Current operating:			
Public safety	10,308,979	-	-
Public works	19,996	-	-
Culture and recreation	3,952,334	-	-
Community and economic development	895,987	-	-
General government	3,599,612	-	-
Debt service, bond issuance costs	49,867	-	-
Capital outlay	628,452	-	20,000
Total expenditures	19,455,227	-	20,000
Excess (deficiency) of revenues over expenditures	1,849,367	1,579,091	(27,655)
Other financing sources (uses):			
Proceeds from the sale of capital assets	335	-	-
Transfers in	817,075	-	88,167
Transfers out	(2,655,170)	(1,565,627)	-
Total other financing sources (uses)	(1,837,760)	(1,565,627)	88,167
Net changes in fund balance	11,607	13,464	60,512
Fund balances, beginning of year	5,514,282	98,214	-
Fund balances, end of year	\$ 5,525,889	\$ 111,678	\$ 60,512

Eliminations	Total
\$ -	\$ 13,054,380
-	7,820,340
-	17,238
-	605,281
-	660,569
-	449,433
-	(7,165)
-	275,954
-	<u>22,876,030</u>
-	10,308,979
-	19,996
-	3,952,334
-	895,987
-	3,599,612
-	49,867
-	648,452
-	<u>19,475,227</u>
-	<u>3,400,803</u>
-	335
(460,443)	444,799
460,443	<u>(3,760,354)</u>
-	<u>(3,315,220)</u>
-	85,583
-	5,612,496
\$ -	<u><u>\$ 5,698,079</u></u>

City of Bettendorf, Iowa

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue		
	Road Use Tax	Housing and Urban Development Section 8	Economic Development
Assets			
Cash and investments	\$ 530,628	\$ 38,136	\$ 38,531
Receivables:			
Accounts	-	60	-
Accrued interest	1,298	-	94
Due from other funds	-	-	-
Due from other governments	272,025	-	-
Total assets	\$ 803,951	\$ 38,196	\$ 38,625
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 104,825	\$ 1,653	\$ 107
Accrued liabilities	21,533	157	-
Due to other governments	10,591	29	-
Total liabilities	136,949	1,839	107
Fund Balances:			
Restricted	215,074	36,357	38,518
Assigned	451,928	-	-
Total fund balances	667,002	36,357	38,518
Total liabilities, deferred inflows of resources and fund balances	\$ 803,951	\$ 38,196	\$ 38,625

(Continued)

Special Revenue			Capital Projects		
Police	Library	Park	Vehicle Replacement	Electronic Equipment Replacement	
\$ 132,297	\$ 682,539	\$ 130,576	\$ 980,957	\$ 458,255	
-	-	-	-	-	-
301	1,669	319	2,510	1,134	
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 132,598</u>	<u>\$ 684,208</u>	<u>\$ 130,895</u>	<u>\$ 983,467</u>	<u>\$ 459,389</u>	
\$ 1,026	\$ 4,402	\$ -	\$ -	\$ 39,628	
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,026</u>	<u>4,402</u>	<u>-</u>	<u>-</u>	<u>39,628</u>	
125,480	636,576	124,654	330,499	31,611	
6,092	43,230	6,241	652,968	388,150	
<u>131,572</u>	<u>679,806</u>	<u>130,895</u>	<u>983,467</u>	<u>419,761</u>	
<u>\$ 132,598</u>	<u>\$ 684,208</u>	<u>\$ 130,895</u>	<u>\$ 983,467</u>	<u>\$ 459,389</u>	

City of Bettendorf, Iowa

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2013

	Capital Projects			Total
	CIP/LOT and Interest	GEO Thuenen Overpass	Future Projects	
Assets				
Cash and investments	\$ 122,623	\$ 624,674	\$ 125,318	\$ 3,864,534
Receivables:				
Accounts	-	-	-	60
Accrued interest	308	1,527	-	9,160
Due from other funds	298,198	-	-	298,198
Due from other governments	-	-	-	272,025
Total assets	\$ 421,129	\$ 626,201	\$ 125,318	\$ 4,443,977
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 151,641
Accrued liabilities	-	-	-	21,690
Due to other governments	-	-	-	10,620
Total liabilities	-	-	-	183,951
Fund Balances:				
Restricted	399,488	620,793	125,318	2,684,368
Assigned	21,641	5,408	-	1,575,658
Total fund balances	421,129	626,201	125,318	4,260,026
Total liabilities, deferred inflows of resources and fund balances	\$ 421,129	\$ 626,201	\$ 125,318	\$ 4,443,977



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City of Bettendorf, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013**

	Special Revenue			
	Road Use Tax	Housing and Urban Development Section 8	Economic Development	Police
Revenues:				
Intergovernmental	\$ 3,238,317	\$ 317,764	\$ -	\$ -
Use of money and property	2,242	246	528	1,743
Miscellaneous	32,613	28,300	2,500	23,716
Total revenues	3,273,172	346,310	3,028	25,459
Expenditures:				
Current operating:				
Public safety	-	-	-	15,302
Public works	3,032,329	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	40,531	416,913	516	-
Capital outlay	166,838	-	-	9,585
Total expenditures	3,239,698	416,913	516	24,887
Excess (deficiency) of revenues over expenditures	33,474	(70,603)	2,512	572
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	58,356	-	-	-
Transfers out	-	(1,779)	-	(15,000)
Total other financing sources (uses)	58,356	(1,779)	-	(15,000)
Net changes in fund balance	91,830	(72,382)	2,512	(14,428)
Fund balances, beginning of year	575,172	108,739	36,006	146,000
Fund balances, end of year	\$ 667,002	\$ 36,357	\$ 38,518	\$ 131,572

(Continued)

Special Revenue		Capital Projects	
Library	Park	Vehicle Replacement	Electronic Equipment Replacement
\$ -	\$ -	\$ -	\$ -
11,032	1,681	(32,155)	(13,733)
52,846	61,918	1,545	542
63,878	63,599	(30,610)	(13,191)
-	-	-	-
-	-	-	-
39,917	-	-	-
-	-	-	-
9,330	-	757,826	97,543
49,247	-	757,826	97,543
14,631	63,599	(788,436)	(110,734)
-	-	77,799	-
-	-	962,500	70,000
(205,000)	(52,530)	-	(42,349)
(205,000)	(52,530)	1,040,299	27,651
(190,369)	11,069	251,863	(83,083)
870,175	119,826	731,604	502,844
\$ 679,806	\$ 130,895	\$ 983,467	\$ 419,761

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Capital Projects			Total
	CIP/LOT and Interest	GEO Thuenen Overpass	Future Projects	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 3,556,081
Use of money and property	(5,140)	(18,473)	-	(52,029)
Miscellaneous	-	50,000	-	253,980
Total revenues	(5,140)	31,527	-	3,758,032
Expenditures:				
Current operating:				
Public safety	-	-	-	15,302
Public works	-	-	-	3,032,329
Culture and recreation	-	-	-	39,917
Community and economic development	-	-	-	457,960
Capital outlay	-	60,357	-	1,101,479
Total expenditures	-	60,357	-	4,646,987
Excess (deficiency) of revenues over expenditures	(5,140)	(28,830)	-	(888,955)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	77,799
Transfers in	1,854,466	-	-	2,945,322
Transfers out	(1,934,795)	-	(150,000)	(2,401,453)
Total other financing sources (uses)	(80,329)	-	(150,000)	621,668
Net changes in fund balance	(85,469)	(28,830)	(150,000)	(267,287)
Fund balances, beginning of year	506,598	655,031	275,318	4,527,313
Fund balances, end of year	\$ 421,129	\$ 626,201	\$ 125,318	\$ 4,260,026



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City of Bettendorf, Iowa

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2013

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Assets		
Current assets:		
Cash and investments	\$ 1,165,847	\$ 85,784
Receivables:		
Accounts and unbilled usage	606,837	46,581
Accrued interest	1,803	-
Special assessments	77,617	-
Due from other funds	-	-
Due from other governments	-	-
Total current assets	1,852,104	132,365
Noncurrent assets:		
Capital assets:		
Nondepreciable:		
Land	-	579,370
Construction-in-progress	-	2,200
Depreciable:		
Buildings and structures	-	1,490,637
Equipment and vehicles	2,550,265	1,727,016
Improvements other than buildings	-	1,592,518
Accumulated depreciation	(1,895,849)	(1,503,357)
Net capital assets	654,416	3,888,384
Total noncurrent assets	654,416	3,888,384
Total assets	\$ 2,506,520	\$ 4,020,749

(Continued)

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Riverfront Circulator	Total
\$ 165,295	\$ 83,217	\$ 28,200	\$ 29,247	\$ 1,000	\$ 1,558,590
4,566	6,398	2,882	47,512	36,388	751,164
-	-	-	5	-	1,808
-	-	-	-	-	77,617
-	-	-	57,844	-	57,844
-	-	147,705	-	46,817	194,522
169,861	89,615	178,787	134,608	84,205	2,641,545
840,000	-	-	148,070	-	1,567,440
-	-	-	-	-	2,200
3,511,022	4,180,433	-	5,254,498	-	14,436,590
331,809	102,694	1,947,351	1,728,998	849,028	9,237,161
85,885	8,120	-	229,744	-	1,916,267
(2,287,872)	(1,900,884)	(1,013,384)	(2,525,805)	(423,244)	(11,550,395)
2,480,844	2,390,363	933,967	4,835,505	425,784	15,609,263
2,480,844	2,390,363	933,967	4,835,505	425,784	15,609,263
\$ 2,650,705	\$ 2,479,978	\$ 1,112,754	\$ 4,970,113	\$ 509,989	\$ 18,250,808

City of Bettendorf, Iowa

Combining Statement of Net Position (Continued)
 Nonmajor Enterprise Funds
 June 30, 2013

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Liabilities and Net Position		
Liabilities:		
Current:		
Accounts payable	\$ 65,812	\$ 186,908
Compensated absences	10,681	4,662
Accrued liabilities	7,795	3,749
Due to other governments	6,335	6,537
Due to other funds	-	-
Interest payable	758	-
Contracts payable	-	-
Unearned revenue	-	-
Current maturities, general obligation bonds	130,000	-
Total current liabilities	221,381	201,856
Noncurrent:		
Compensated absences	29,161	12,727
Other post employment benefits obligation	30,166	7,187
General obligation bonds, net of bond discounts and premiums	267,428	-
Total noncurrent liabilities	326,755	19,914
Total liabilities	548,136	221,770
Net position:		
Net investment in capital assets	256,988	3,888,384
Unrestricted	1,701,396	(89,405)
Total net position	1,958,384	3,798,979
Total liabilities and net position	\$ 2,506,520	\$ 4,020,749

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Riverfront Circulator	Total
\$ 40,107	\$ 106,397	\$ 39,606	\$ 53,844	\$ 9,110	\$ 501,784
5,308	577	10,713	20,121	2,600	54,662
4,772	478	9,185	16,972	2,577	45,528
2,953	6,070	1,542	2,941	422	26,800
-	-	179,230	-	28,505	207,735
-	-	-	2,222	-	2,980
-	-	-	13,925	-	13,925
98,749	-	-	-	-	98,749
-	-	-	60,000	-	190,000
151,889	113,522	240,276	170,025	43,214	1,142,163
14,493	1,574	29,252	54,937	7,099	149,243
2,567	-	38,216	40,089	-	118,225
-	-	-	640,000	-	907,428
17,060	1,574	67,468	735,026	7,099	1,174,896
168,949	115,096	307,744	905,051	50,313	2,317,059
2,480,844	2,390,363	933,967	4,135,505	425,784	14,511,835
912	(25,481)	(128,957)	(70,443)	33,892	1,421,914
2,481,756	2,364,882	805,010	4,065,062	459,676	15,933,749
\$ 2,650,705	\$ 2,479,978	\$ 1,112,754	\$ 4,970,113	\$ 509,989	\$ 18,250,808

City of Bettendorf, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2013**

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Operating revenues:		
Charges for services	\$ 1,929,796	\$ 633,710
Other, primarily concessions	7,389	294,516
Total operating revenues	1,937,185	928,226
Operating expenses:		
Salaries and benefits	794,443	605,593
Supplies and services	939,830	435,028
Depreciation	221,974	205,389
Total operating expenses	1,956,247	1,246,010
Operating (loss)	(19,062)	(317,784)
Nonoperating revenues (expenses):		
Intergovernmental	-	-
Investment earnings (expense)	(33,126)	757
Interest and bond issuance expense	(11,392)	-
Loss on disposal of capital assets	-	-
Amortization	2,476	-
Total nonoperating revenues (expenses)	(42,042)	757
(Loss) before capital grants and contributions and transfers	(61,104)	(317,027)
Capital grants and contributions	-	-
Transfers in	-	261,710
	-	261,710
Changes in net position	(61,104)	(55,317)
Net position, beginning, as restated	2,019,488	3,854,296
Net position, ending	\$ 1,958,384	\$ 3,798,979

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Riverfront Circulator	Total
\$ 631,471	\$ 226,668	\$ 116,326	\$ 883,212	\$ 26,150	\$ 4,447,333
543	5,288	18,105	25,747	150,886	502,474
632,014	231,956	134,431	908,959	177,036	4,949,807
502,949	212,791	717,126	1,277,471	157,013	4,267,386
286,490	155,020	708,248	545,270	176,092	3,245,978
104,820	155,430	193,711	196,714	122,893	1,200,931
894,259	523,241	1,619,085	2,019,455	455,998	8,714,295
(262,245)	(291,285)	(1,484,654)	(1,110,496)	(278,962)	(3,764,488)
-	-	587,559	-	142,962	730,521
1,655	-	-	601	-	(30,113)
-	-	-	(11,179)	-	(22,571)
-	-	-	(105,814)	-	(105,814)
-	-	-	-	-	2,476
1,655	-	587,559	(116,392)	142,962	574,499
(260,590)	(291,285)	(897,095)	(1,226,888)	(136,000)	(3,189,989)
-	-	-	379,578	-	379,578
145,453	148,509	700,011	921,657	32,052	2,209,392
145,453	148,509	700,011	1,301,235	32,052	2,588,970
(115,137)	(142,776)	(197,084)	74,347	(103,948)	(601,019)
2,596,893	2,507,658	1,002,094	3,990,715	563,624	16,534,768
\$ 2,481,756	\$ 2,364,882	\$ 805,010	\$ 4,065,062	\$ 459,676	\$ 15,933,749

City of Bettendorf, Iowa

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 Year Ended June 30, 2013

	Recycling/Solid Waste Management	Palmer Hills Golf Course
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,877,158	\$ 604,139
Receipts from other operating revenue	7,389	294,516
Payments to suppliers	(905,080)	(452,689)
Payments to employees	(789,298)	(607,636)
Net cash provided by (used in) operating activities	190,169	(161,670)
Cash flows from noncapital financing activities:		
Intergovernmental	-	-
Proceeds from interfund accounts	-	-
(Payments of) interfund accounts	-	(50,000)
Transfers in	-	261,710
Net cash provided by noncapital financing activities	-	211,710
Cash flows from capital and related financing activities:		
Purchase of capital assets	-	(333,494)
Capital grants	-	-
Proceeds from bonds	-	-
Payment on debt	(125,000)	-
Interest (paid) on debt	(11,601)	-
Net cash (used in) capital and related financing activities	(136,601)	(333,494)
Cash flows from investing activities, interest received (paid)	(33,614)	1,896
Net increase (decrease) in cash and cash equivalents	19,954	(281,558)
Cash and cash equivalents:		
Beginning	1,145,893	367,342
Ending	\$ 1,165,847	\$ 85,784
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (19,062)	\$ (317,784)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation	221,974	205,389
Change in assets and liabilities:		
Receivables and due from other governments	(52,638)	(29,571)
Prepaid items	-	-
Accounts payable and due to other governments	34,750	(17,661)
Compensated absences and accrued liabilities	(1,517)	(433)
Other post employment benefits obligation	6,662	(1,610)
Unearned revenue	-	-
Net cash provided by (used in) operating activities	\$ 190,169	\$ (161,670)
Schedule of noncash items, capital and related financing activities, acquisition of capital assets through contracts or accounts payable	\$ -	\$ (255,055)

Life Fitness Center	Aquatic Center	Transit	Family Museum of Arts & Science	Riverfront Circulator	Total
\$ 629,151	\$ 224,519	\$ 115,838	\$ 857,038	\$ 26,150	\$ 4,333,993
543	5,288	18,105	25,747	148,165	499,753
(275,723)	(145,839)	(697,150)	(536,033)	(178,097)	(3,190,611)
(501,143)	(212,536)	(714,663)	(1,261,325)	(157,166)	(4,243,767)
(147,172)	(128,568)	(1,277,870)	(914,573)	(160,948)	(2,600,632)
-	-	718,466	72,422	138,853	929,741
-	-	755	-	-	755
-	-	(119,036)	(56,901)	(13,223)	(239,160)
145,453	148,509	700,011	921,657	32,052	2,209,392
145,453	148,509	1,300,196	937,178	157,682	2,900,728
(7,139)	(12,800)	-	(1,126,081)	-	(1,479,514)
-	-	-	379,578	-	379,578
-	-	-	700,000	-	700,000
-	-	-	-	-	(125,000)
-	-	-	(8,957)	-	(20,558)
(7,139)	(12,800)	-	(55,460)	-	(545,494)
1,655	-	-	596	-	(29,467)
(7,203)	7,141	22,326	(32,259)	(3,266)	(274,865)
172,498	76,076	5,874	61,506	4,266	1,833,455
\$ 165,295	\$ 83,217	\$ 28,200	\$ 29,247	\$ 1,000	\$ 1,558,590
\$ (262,245)	\$ (291,285)	\$ (1,484,654)	\$ (1,110,496)	\$ (278,962)	\$ (3,764,488)
104,820	155,430	193,711	196,714	122,893	1,200,931
1,849	(2,149)	(488)	(26,174)	(2,721)	(111,892)
2,592	-	-	2,592	-	5,184
8,175	9,181	11,098	6,645	(2,005)	50,183
1,008	255	(2,637)	7,163	(153)	3,686
798	-	5,100	8,983	-	19,933
(4,169)	-	-	-	-	(4,169)
\$ (147,172)	\$ (128,568)	\$ (1,277,870)	\$ (914,573)	\$ (160,948)	\$ (2,600,632)
\$ -	\$ -	\$ -	\$ (138,473)	\$ -	\$ (393,528)

City of Bettendorf, Iowa

Combining Statement of Net Position
Internal Service Funds
June 30, 2013

Assets	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Current assets:					
Cash and investments	\$ 1,249,280	\$ 705,072	\$ 386,095	\$ 342,543	\$ 2,682,990
Receivables:					
Accounts	-	27,636	-	-	27,636
Accrued interest	2,956	1,846	939	824	6,565
Prepaid items	-	-	-	42,606	42,606
Total current assets	1,252,236	734,554	387,034	385,973	2,759,797
Noncurrent assets:					
Capital assets:					
Nondepreciable, land	-	-	43,609	-	43,609
Depreciable:					
Buildings and structures	-	-	423,461	-	423,461
Equipment and vehicles	-	-	563,794	-	563,794
Accumulated depreciation	-	-	(766,119)	-	(766,119)
Total noncurrent assets	-	-	264,745	-	264,745
Total assets	\$ 1,252,236	\$ 734,554	\$ 651,779	\$ 385,973	\$ 3,024,542
Liabilities and Net Position					
Liabilities:					
Current:					
Accounts payable	\$ 10,533	\$ 43,604	147,013	8,001	\$ 209,151
Claims payable	253,111	-	-	-	253,111
Compensated absences	-	-	7,475	7,935	15,410
Accrued liabilities	-	-	6,717	6,695	13,412
Due to other governments	-	-	1,243	1,239	2,482
Total current liabilities	263,644	43,604	162,448	23,870	493,566
Noncurrent:					
Compensated absences	-	-	20,407	21,667	42,074
Other postemployment benefits obligation	-	-	21,221	16,941	38,162
Total noncurrent liabilities	-	-	41,628	38,608	80,236
Total liabilities	263,644	43,604	204,076	62,478	573,802
Net position:					
Investment in capital assets	-	-	264,745	-	264,745
Unrestricted	988,592	690,950	182,958	323,495	2,185,995
Total net position	988,592	690,950	447,703	323,495	2,450,740
Total liabilities and net position	\$ 1,252,236	\$ 734,554	\$ 651,779	\$ 385,973	\$ 3,024,542

City of Bettendorf, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2013**

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Operating revenues:					
Charges for services	\$ 3,385,596	\$ 802,767	\$ 1,755,803	\$ 650,955	\$ 6,595,121
Other	180	10,368	1,040	17,963	29,551
Total operating revenues	3,385,776	813,135	1,756,843	668,918	6,624,672
Operating expenses:					
Salaries and benefits, primarily claims expense	2,879,952	-	519,366	458,664	3,857,982
Supplies and services	465,830	745,167	1,271,903	224,439	2,707,339
Depreciation	-	-	26,977	-	26,977
Total operating expenses	3,345,782	745,167	1,818,246	683,103	6,592,298
Operating income (loss)	39,994	67,968	(61,403)	(14,185)	32,374
Nonoperating expenses, investment expense	(36,373)	(24,223)	(10,857)	(9,215)	(80,668)
Income (loss) before transfers	3,621	43,745	(72,260)	(23,400)	(48,294)
Transfers in	-	-	-	25,618	25,618
Changes in net position	3,621	43,745	(72,260)	2,218	(22,676)
Total net position, beginning	984,971	647,205	519,963	321,277	2,473,416
Total net position, ending	\$ 988,592	\$ 690,950	\$ 447,703	\$ 323,495	\$ 2,450,740

City of Bettendorf, Iowa

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2013

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 3,385,596	\$ 815,874	\$ 1,755,803	\$ 651,161	\$ 6,608,434
Receipts from other operating revenue	180	10,368	1,040	17,963	29,551
Payments to suppliers	(455,297)	(770,921)	(1,274,376)	(227,110)	(2,727,704)
Payments to claimants	(2,921,961)	-	-	-	(2,921,961)
Payments to employees	-	-	(515,475)	(447,225)	(962,700)
Net cash provided by (used in) operating activities	8,518	55,321	(33,008)	(5,211)	25,620
Cash flows from noncapital financing activities, transfers in	-	-	-	25,618	25,618
Cash flows from capital and related financing activities, purchase of capital assets	-	-	(12,370)	-	(12,370)
Cash flows from investing activities, interest paid	(37,238)	(24,692)	(10,876)	(9,327)	(82,133)
Net increase (decrease) in cash and cash equivalents	(28,720)	30,629	(56,254)	11,080	(43,265)
Cash and cash equivalents:					
Beginning	1,278,000	674,443	442,349	331,463	2,726,255
Ending	\$ 1,249,280	\$ 705,072	\$ 386,095	\$ 342,543	\$ 2,682,990
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 39,994	\$ 67,968	\$ (61,403)	\$ (14,185)	\$ 32,374
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	26,977	-	26,977
Change in assets and liabilities:					
Receivables and due from other governments	-	13,107	-	206	13,313
Prepaid items	-	-	-	5,617	5,617
Accounts payable and due to other governments	10,533	(25,754)	(2,973)	(2,671)	(20,865)
Claims payable	(42,009)	-	-	-	(42,009)
Compensated absences and accrued liabilities	-	-	(171)	1,268	1,097
Other postemployment benefits obligation	-	-	4,562	4,554	9,116
Net cash provided by (used in) operating activities	\$ 8,518	\$ 55,321	\$ (33,008)	\$ (5,211)	\$ 25,620

City of Bettendorf, Iowa

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2013

	Explorers	Section 125 Plan	Police Property Account	Police Ammo Purchase	Explorers Special Events	Total
Assets						
Cash and investments	\$ 137	\$ 26,959	\$ 7,897	\$ 8,339	\$ 4,460	\$ 47,792
Accounts receivable	819	-	-	-	-	819
Accrued interest receivable	-	-	-	-	11	11
	<u>\$ 956</u>	<u>\$ 26,959</u>	<u>\$ 7,897</u>	<u>\$ 8,339</u>	<u>\$ 4,471</u>	<u>\$ 48,622</u>
Liabilities, accounts payable	<u>\$ 956</u>	<u>\$ 26,959</u>	<u>\$ 7,897</u>	<u>\$ 8,339</u>	<u>\$ 4,471</u>	<u>\$ 48,622</u>

City of Bettendorf, Iowa

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2013**

Explorers	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Assets:				
Cash and investments	\$ 1,575	\$ 1,500	\$ 2,938	\$ 137
Accounts receivable	819	-	-	819
Accrued interest receivable	3	-	3	-
	<u>\$ 2,397</u>	<u>\$ 1,500</u>	<u>\$ 2,941</u>	<u>\$ 956</u>
Liabilities, accounts payable	<u>\$ 2,397</u>	<u>\$ 1,809</u>	<u>\$ 3,250</u>	<u>\$ 956</u>
Section 125 Plan				
Assets, cash and investments	<u>\$ 29,343</u>	<u>\$ 28,881</u>	<u>\$ 31,265</u>	<u>\$ 26,959</u>
Liabilities, accounts payable	<u>\$ 29,343</u>	<u>\$ 18,424</u>	<u>\$ 20,808</u>	<u>\$ 26,959</u>
Police Property Account				
Assets, cash and investments	<u>\$ 16,653</u>	<u>\$ -</u>	<u>\$ 8,756</u>	<u>\$ 7,897</u>
Liabilities, accounts payable	<u>\$ 16,653</u>	<u>\$ -</u>	<u>\$ 8,756</u>	<u>\$ 7,897</u>
Police Ammo Purchase				
Assets, cash and investments	<u>\$ -</u>	<u>\$ 8,655</u>	<u>\$ 316</u>	<u>\$ 8,339</u>
Liabilities, accounts payable	<u>\$ -</u>	<u>\$ 8,942</u>	<u>\$ 603</u>	<u>\$ 8,339</u>

(Continued)

City of Bettendorf, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)
 Agency Funds
 Year Ended June 30, 2013

	Balance June 30, 2012		Increases		Decreases		Balance June 30, 2013
Charity Fundraising							
Assets , cash and investments	\$	400	\$	3,256	\$	3,656	\$ -
Liabilities , accounts payable	\$	400	\$	3,256	\$	3,656	\$ -
Explorers Special Events							
Assets:							
Cash and investments	\$	1,898	\$	3,435	\$	873	\$ 4,460
Accrued interest receivable		4		18		11	11
	\$	1,902	\$	3,453	\$	884	\$ 4,471
Liabilities , accounts payable	\$	1,902	\$	3,439	\$	870	\$ 4,471
Combined Funds							
Assets:							
Cash and investments	\$	49,869	\$	45,727	\$	47,804	\$ 47,792
Accounts receivable		819		-		-	819
Accrued interest receivable		7		18		14	11
	\$	50,695	\$	45,745	\$	47,818	\$ 48,622
Liabilities , accounts payable	\$	50,695	\$	35,870	\$	37,943	\$ 48,622



Bettendorf IOWA
a premier city

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.	91 - 111
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).	112 - 118
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.	119 - 125
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.	126 - 127
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.	128 - 133

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Bettendorf, Iowa

**Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 24,868,920	\$ 32,359,207	\$ 37,919,071	\$ 39,923,572
Restricted	10,406,431	6,124,873	6,221,183	10,260,032
Unrestricted	11,440,524	12,079,106	10,349,190	9,270,579
Total governmental activities net position	\$ 46,715,875	\$ 50,563,186	\$ 54,489,444	\$ 59,454,183
Business-type activities:				
Net investment in capital assets	\$ 26,438,117	\$ 26,983,506	\$ 29,262,706	\$ 30,564,714
Restricted	389,184	175,786	176,219	175,553
Unrestricted	3,518,944	3,621,881	2,967,755	1,071,417
Total business-type activities net position	\$ 30,346,245	\$ 30,781,173	\$ 32,406,680	\$ 31,811,684
Primary government:				
Net investment in capital assets	\$ 51,307,037	\$ 59,342,713	\$ 67,181,777	\$ 70,488,286
Restricted	10,795,615	6,300,659	6,397,402	10,435,585
Unrestricted	14,959,468	15,700,987	13,316,945	10,341,996
Total primary government net position	\$ 77,062,120	\$ 81,344,359	\$ 86,896,124	\$ 91,265,867

							Fiscal Year					
2008		2009		2010		2011		2012		2013		
\$	46,616,013	\$	53,124,355	\$	50,086,105	\$	59,344,680	\$	58,511,165	\$	63,012,236	
	7,158,860		5,920,270		11,423,859		4,103,202		9,140,403		4,734,224	
	13,026,168		9,321,954		8,367,447		7,734,422		5,113,400		5,854,707	
<hr/>												
\$	66,801,041	\$	68,366,579	\$	69,877,411	\$	71,182,304	\$	72,764,968	\$	73,601,167	
<hr/>												
\$	38,279,056	\$	37,323,495	\$	38,063,230	\$	38,450,048	\$	36,793,296	\$	36,205,459	
	166,868		-		-		-		-		-	
	(1,435,388)		1,272,231		2,279,370		2,093,785		6,240,314		6,834,797	
<hr/>												
\$	37,010,536	\$	38,595,726	\$	40,342,600	\$	40,543,833	\$	43,033,610	\$	43,040,256	
<hr/>												
\$	84,895,069	\$	90,447,850	\$	88,149,335	\$	97,794,728	\$	95,304,461	\$	99,217,695	
	7,325,728		5,920,270		11,423,859		4,103,202		9,140,403		4,734,224	
	11,590,780		10,594,185		10,646,817		9,828,207		11,353,714		12,689,504	
<hr/>												
\$	103,811,577	\$	106,962,305	\$	110,220,011	\$	111,726,137	\$	115,798,578	\$	116,641,423	
<hr/>												

City of Bettendorf, Iowa

**Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

	Fiscal Year		
	2004	2005	2006
Expenses:			
Governmental activities:			
Public safety	\$ 7,303,476	\$ 8,034,864	\$ 8,474,260
Public works	5,352,120	6,146,647	5,762,806
Culture and recreation	3,327,610	3,557,691	3,722,405
Community and economic development	1,258,610	3,016,994	1,521,206
General government	3,220,615	3,202,786	3,566,384
Interest and bond issuance costs on long-term debt	2,486,758	2,565,864	2,349,192
Total governmental activities expenses	22,949,189	26,524,846	25,396,253
Business-type activities:			
Sewer utility	2,517,148	2,742,747	2,767,540
Family Museum of Arts & Science	1,718,447	1,958,342	1,725,794
Aquatic Center	392,699	426,330	412,494
Recycling/solid waste management	1,343,683	1,959,654	1,580,939
Palmer Hills Golf Course	870,098	909,314	1,146,586
Life Fitness Center	759,493	777,189	782,242
Stormwater utility	120,494	416,886	783,017
Transit	807,952	1,022,620	1,091,502
QC Waterfront Convention Center	-	-	-
Riverfront Circulator	-	-	-
Total business-type activities expenses	8,530,014	10,213,082	10,290,114
Total primary government expenses	31,479,203	36,737,928	35,686,367
Program revenue:			
Governmental activities:			
Charges for services:			
Public safety	11,092	17,409	18,546
Public works	36,529	3,536	23,382
Culture and recreation	200,574	211,570	209,673
Community and economic development	800,999	735,831	1,037,467
General government	80,081	56,911	105,059
Operating grants and contributions:			
Public safety	247,255	324,501	436,083
Public works	64,488	2,647,908	2,664,831
Culture and recreation	126,257	195,722	159,889
Community and economic development	541,697	725,813	512,395
Capital grants and contributions:			
Public safety	178,858	41,861	-
Public works	2,975,181	2,772,743	1,165,844
Culture and recreation	-	40,000	27,051
Total governmental activities program revenue	5,263,011	7,773,805	6,360,220

(Continued)

		Fiscal Year											
		2007	2008	2009	2010	2011	2012	2013					
\$	9,218,990	\$	9,714,867	\$	9,951,992	\$	10,652,552	\$	10,119,472	\$	10,097,643	\$	10,929,229
	6,209,711		6,480,290		9,997,254		8,613,251		9,722,377		8,118,410		8,623,929
	3,663,690		3,784,862		4,180,037		4,735,415		4,857,215		5,050,752		4,919,241
	1,529,551		2,013,017		2,204,648		2,340,564		2,973,813		2,663,665		2,542,574
	3,440,431		3,498,535		3,706,638		4,284,049		3,699,119		4,004,959		3,958,233
	2,348,925		2,443,655		2,446,577		2,750,859		3,041,880		3,018,316		3,294,252
	26,411,298		27,935,226		32,487,146		33,376,690		34,413,876		32,953,745		34,267,458
	2,906,148		2,927,523		2,979,537		3,195,132		3,331,375		3,421,107		3,653,914
	1,800,585		1,721,249		1,934,671		1,973,712		2,016,226		1,910,145		2,123,336
	426,630		473,972		491,077		476,338		499,827		573,613		521,347
	1,633,478		1,720,851		1,793,971		1,803,620		1,897,813		1,886,757		1,969,461
	1,273,827		1,226,764		1,228,773		1,241,863		1,177,573		1,151,787		1,243,073
	788,259		880,485		861,694		835,180		873,930		862,185		890,368
	672,361		794,675		620,500		764,521		737,989		858,967		970,022
	1,187,029		1,229,554		1,256,562		1,324,093		1,532,212		1,702,699		1,622,843
	64,030		91,705		2,129,540		3,469,416		4,025,930		3,789,859		3,486,068
	694,448		-		-		184,387		423,702		442,905		457,026
	11,446,795		11,066,778		13,296,325		15,268,262		16,516,577		16,600,024		16,937,458
	37,858,093		39,002,004		45,783,471		48,644,952		50,930,453		49,553,769		51,204,916
	21,796		20,457		17,228		24,881		11,881		14,620		31,800
	8,983		37,758		13,343		18,280		29,880		18,041		31,423
	229,243		227,595		242,993		269,497		276,770		307,544		319,376
	616,722		567,023		517,903		613,992		599,360		659,703		701,725
	115,102		87,066		70,116		91,004		154,266		138,567		125,982
	378,140		917,634		326,636		238,659		304,673		332,609		557,885
	2,665,412		2,728,338		2,640,668		2,774,484		3,197,991		3,174,925		3,270,698
	108,257		83,837		72,008		82,794		61,334		41,941		81,495
	711,400		633,852		990,458		643,827		527,199		297,095		410,450
	80,000		103,726		383,794		108,218		100,000		125,000		125,000
	1,323,870		2,315,830		1,228,183		2,130,519		2,232,583		2,466,192		1,253,670
	30,000		20,000		5,000		-		15,000		-		45,000
	6,288,925		7,743,116		6,508,330		6,996,155		7,510,937		7,576,237		6,954,504

City of Bettendorf, Iowa

Changes In Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2004	2005	2006
Business-type activities:			
Charges for services:			
Sewer utility	\$ 2,274,583	\$ 2,414,522	\$ 2,491,731
Family Museum of Arts & Science	583,961	560,972	516,211
Aquatic Center	193,670	174,104	167,157
Recycling/solid waste management	412,341	1,151,110	1,355,684
Palmer Hills Golf Course	678,770	718,869	738,340
Life Fitness Center	711,827	570,620	368,153
Stormwater utility	440,008	562,248	579,144
Transit	35,112	40,169	56,656
QC Waterfront Convention Center	-	-	-
Riverfront Circulator	-	-	-
Operating grants and contributions:			
Family Museum of Arts & Science	58,244	135,978	149,273
Stormwater utility	-	-	-
Transit	249,631	306,544	268,686
QC Waterfront Convention Center	-	-	-
Riverfront Circulator	-	-	-
Capital grants and contributions:			
Sewer utility	1,479,351	888,281	465,967
Family Museum of Arts & Science	-	-	-
Aquatic Center	-	-	-
Palmer Hills Golf Course	-	-	300,000
Stormwater utility	-	-	310,645
Transit	591,794	50,639	-
QC Waterfront Convention Center	-	-	-
Educational Center	-	-	250,000
Riverfront Circulator	-	-	-
Total business-type activities program revenues	7,709,292	7,574,056	8,017,647
Total primary government program revenues	12,972,303	15,347,861	14,377,867
Net (expense) revenue:			
Governmental activities	(176,861,787)	(18,751,041)	(19,036,033)
Business-type activities	(820,722)	(2,639,026)	(2,272,467)
Total primary government net expense	(177,682,509)	(21,390,067)	(21,308,500)
General revenues and other changes in net position:			
Governmental activities:			
Taxes:			
Property taxes	13,277,584	14,552,874	15,375,604
Tax increment financing taxes	2,096,938	1,684,641	1,853,383
Local option sales taxes	3,780,399	3,865,352	3,968,600
Other taxes	1,513,867	1,516,246	1,557,262
Gaming tax	2,619,144	2,233,864	2,121,774
Road use tax	2,273,158	-	-
Franchise tax	352,434	321,427	345,734
State replacement tax credits	20,431	19,550	22,335
State shared revenues, unrestricted	40,995	41,903	34,604
Investment earnings	469,300	657,905	826,908
Gain (loss) on sale of capital assets	-	-	-
Miscellaneous	772,707	395,137	352,050
Transfers	(3,424,925)	(2,690,547)	(3,495,963)
Total governmental activities	23,792,032	22,598,352	22,962,291

(Continued)

							Fiscal Year						
2007		2008		2009		2010		2011		2012		2013	
\$	2,410,029	\$	2,422,381	\$	2,526,562	\$	2,532,985	\$	2,557,175	\$	2,826,626	\$	3,022,433
	572,603		615,898		643,992		650,093		709,016		757,003		883,212
	187,471		211,302		247,681		206,771		242,962		285,448		226,668
	1,420,297		1,591,716		1,652,843		1,727,398		1,793,407		1,851,851		1,929,796
	740,103		686,948		707,031		698,607		678,634		583,287		633,710
	524,665		555,851		564,126		569,750		604,013		624,097		631,471
	593,041		619,328		781,391		795,609		805,521		841,178		986,391
	61,037		64,270		68,655		73,000		87,822		109,321		116,326
	-		-		414,380		1,569,542		2,148,027		1,903,511		2,268,742
	-		-		-		12,162		26,477		29,223		26,150
	225,500		133,098		175,937		77,037		106,124		85,335		25,745
	-		-		2,000		-		-		-		-
	555,512		417,756		402,282		421,642		447,848		754,807		587,559
	-		-		963,453		674,212		702,369		736,036		128,552
	-		-		-		57,645		128,764		142,730		142,962
	-		121,832		507,934		299,097		257,321		627,175		704,148
	-		-		-		-		-		172,422		379,578
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		81,221		315,489		177,398		171,548		442,117		582,447
	-		12,500		-		793,166		510,904		-		-
	138,040		4,486,960		355,450		125,100		225,048		200,908		214,068
	200,000		-		-		-		-		-		-
	-		-		-		836,808		-		-		-
	7,628,298		12,021,061		10,329,206		12,298,022		12,202,980		12,973,075		13,489,958
	13,917,223		19,764,177		16,837,536		12,298,022		19,713,917		20,549,312		20,444,462
	(20,122,373)		(20,192,110)		(25,978,816)		(26,380,535)		(26,902,939)		(25,377,508)		(27,312,954)
	(3,818,497)		954,283		(2,967,119)		(2,970,240)		(4,313,597)		(3,626,949)		(3,447,500)
	(23,940,870)		(19,237,827)		(28,945,935)		(29,350,775)		(31,216,536)		(29,004,457)		(30,760,454)
	15,619,789		16,795,048		18,408,444		19,299,744		19,813,742		20,783,927		22,230,452
	1,962,103		3,172,985		3,377,334		3,499,290		3,097,551		2,318,400		2,069,141
	4,206,449		4,259,072		4,184,906		4,120,192		4,282,026		4,723,721		4,654,166
	1,440,620		1,573,298		1,533,961		1,550,364		1,519,082		1,494,993		1,531,730
	1,963,498		2,076,120		1,912,972		1,684,304		1,658,400		1,608,845		1,582,204
	-		-		-		-		-		-		-
	366,272		392,338		368,246		374,172		379,885		374,108		368,550
	22,350		23,080		23,805		23,492		22,599		22,471		27,692
	45,081		51,018		52,352		57,449		56,641		55,985		55,721
	1,398,304		1,451,101		1,133,258		747,599		472,319		487,267		(67,319)
	-		21,163		1,726		-		46,183		35,581		381,276
	511,323		775,171		398,325		621,627		729,975		539,840		9,887
	(2,448,677)		(3,051,426)		(3,850,975)		(4,086,866)		(3,870,571)		(5,484,966)		(3,522,123)
	25,087,112		27,538,968		27,544,354		27,891,367		28,207,832		26,960,172		29,321,377

City of Bettendorf, Iowa

Changes In Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2004	2005	2006
Business-type activities:			
Investment earnings	32,562	180,534	216,631
Gain (loss) on sale of capital assets	-	4,000	-
Miscellaneous	228,469	198,873	185,380
Transfers	3,424,925	2,690,547	3,495,963
Total business-type activities	3,685,956	3,073,954	3,897,974
Total primary government	\$ 27,477,988	\$ 25,672,306	\$ 26,860,265
Changes in net position:			
Governmental activities	6,105,854	3,847,311	3,926,258
Business-type activities	2,865,234	434,928	1,625,507
Total primary government	\$ 8,971,088	\$ 4,282,239	\$ 5,551,765

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
423,184	280,128	351,216	187,973	111,539	117,586	(92,719)
-	-	-	-	-	-	-
351,640	382,633	350,118	442,275	532,720	514,174	482,231
2,448,677	3,051,426	3,850,975	4,086,866	3,870,571	5,484,966	3,522,123
3,223,501	3,714,187	4,552,309	4,717,114	4,514,830	6,116,726	3,911,635
\$ 28,310,613	\$ 31,253,155	\$ 32,096,663	\$ 4,717,114	\$ 32,722,662	\$ 33,076,898	\$ 33,233,012
4,964,739	7,346,858	1,565,538	1,510,832	1,304,893	1,582,664	2,008,423
(594,996)	4,668,470	1,585,190	1,746,874	201,233	2,489,777	464,135
\$ 4,369,743	\$ 12,015,328	\$ 3,150,728	\$ 3,257,706	\$ 1,506,126	\$ 4,072,441	\$ 2,472,558

City of Bettendorf, Iowa

Program Revenues By Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Program/Functions	Program Revenues		
	Fiscal Year		
	2004		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 11,092	\$ 247,255	\$ 178,858
Public works	36,529	64,488	2,975,181
Culture and recreation	200,574	126,257	-
Community and economic development	800,999	541,697	-
General government	80,081	-	-
Interest on long-term debt	-	-	-
Total governmental activities	1,129,275	979,697	3,154,039
Business-type activities:			
Sewer utility	2,274,583	-	1,479,351
Family Museum of Arts & Science	583,961	58,244	-
Aquatic Center	193,670	-	-
Recycling/solid waste management	412,341	-	-
Palmer Hills Golf Course	678,770	-	-
Life Fitness Center	711,827	-	-
Stormwater utility	440,008	-	-
Transit	35,112	249,631	591,794
Educational Center	-	-	-
Downtown Event Center	-	-	-
Riverfront Circulator	-	-	-
Total business-type activities	5,330,272	307,875	2,071,145
Total primary government	\$ 6,459,547	\$ 1,287,572	\$ 5,225,184

(Continued)

Program Revenues			Program Revenues		
Fiscal Year			Fiscal Year		
2005			2006		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
\$ 17,409	\$ 324,501	\$ 41,861	\$ 18,546	\$ 436,083	\$ -
3,536	2,647,908	2,772,743	23,382	2,664,831	1,165,844
211,570	195,722	40,000	209,673	159,889	27,051
735,831	725,813	-	1,037,467	512,395	-
56,911	-	-	105,059	-	-
-	-	-	-	-	-
1,025,257	3,893,944	2,854,604	1,394,127	3,773,198	1,192,895
2,414,522	-	888,281	2,491,731	-	465,967
560,972	135,978	-	516,211	149,273	-
174,104	-	-	167,157	-	-
1,151,110	-	-	1,355,684	-	-
718,869	-	-	738,340	-	300,000
570,620	-	-	368,153	-	310,645
562,248	-	-	579,144	-	-
40,169	306,544	50,639	56,656	268,686	-
-	-	-	-	-	250,000
-	-	-	-	-	-
-	-	-	-	-	-
6,192,614	442,522	938,920	6,273,076	417,959	1,326,612
\$ 7,217,871	\$ 4,336,466	\$ 3,793,524	\$ 7,667,203	\$ 4,191,157	\$ 2,519,507

City of Bettendorf, Iowa

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

Program/Functions	Program Revenues		
	Fiscal Year		
	2007		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 21,796	\$ 378,140	\$ 80,000
Public works	8,983	2,665,412	1,323,870
Culture and recreation	229,243	108,257	30,000
Community and economic development	616,722	711,400	-
General government	115,102	-	-
Interest on long-term debt	-	-	-
Total governmental activities	991,846	3,863,209	1,433,870
Business-type activities:			
Sewer utility	2,410,029	-	-
Family Museum of Arts & Science	572,603	225,500	-
Aquatic Center	187,471	-	-
Recycling/solid waste management	1,420,297	-	-
Palmer Hills Golf Course	740,103	-	-
Life Fitness Center	524,665	-	-
Stormwater utility	593,041	-	-
Transit	61,037	555,512	-
Educational Center	-	-	138,040
Downtown Event Center	-	-	200,000
Riverfront Circulator	-	-	-
Total business-type activities	6,509,246	781,012	338,040
Total primary government	\$ 7,501,092	\$ 4,644,221	\$ 1,771,910

Program Revenues					
Fiscal Year					
2008			2009		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
\$ 20,457	\$ 917,634	\$ 103,726	\$ 17,228	\$ 326,636	\$ 383,794
37,758	2,728,338	2,315,830	13,343	2,640,668	1,228,183
227,595	83,837	20,000	242,993	72,008	5,000
567,023	633,852	-	517,903	990,458	-
87,066	-	-	70,116	-	-
-	-	-	-	-	-
939,899	4,363,661	2,439,556	861,583	4,029,770	1,616,977
2,422,381	-	121,832	2,526,562	-	507,934
615,898	133,098	-	643,992	175,937	-
211,302	-	-	247,681	-	-
1,591,716	-	-	1,652,843	-	-
686,948	-	-	707,031	-	-
555,851	-	-	564,126	-	-
619,328	-	81,221	781,391	2,000	315,489
64,270	417,756	12,500	68,655	402,282	-
-	-	-	-	-	-
-	-	4,486,960	414,380	963,453	355,450
-	-	-	-	-	-
6,767,694	550,854	4,702,513	7,606,661	1,543,672	1,178,873
\$ 7,707,593	\$ 4,914,515	\$ 7,142,069	\$ 8,468,244	\$ 5,573,442	\$ 2,795,850

City of Bettendorf, Iowa

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

Program/Functions	Program Revenues		
	Fiscal Year		
	2010		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 24,881	\$ 238,659	\$ 108,218
Public works	18,280	2,774,484	2,130,519
Culture and recreation	269,497	82,794	-
Community and economic development	613,992	643,827	-
General government	91,004	-	-
Interest on long-term debt	-	-	-
Total governmental activities	1,017,654	3,739,764	2,238,737
Business-type activities:			
Sewer utility	2,532,985	-	299,097
Family Museum of Arts & Science	650,093	77,037	-
Aquatic Center	206,771	-	-
Recycling/solid waste management	1,727,398	-	-
Palmer Hills Golf Course	698,607	-	-
Life Fitness Center	569,750	-	-
Stormwater utility	795,609	-	177,398
Transit	73,000	421,642	793,166
Educational Center	-	-	-
Downtown Event Center	1,569,542	674,212	125,100
Riverfront Circulator	12,162	57,645	836,808
Total business-type activities	8,835,917	1,230,536	2,231,569
Total primary government	\$ 9,853,571	\$ 4,970,300	\$ 4,470,306

Program Revenues			Program Revenues		
Fiscal Year			Fiscal Year		
2011			2012		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
\$ 11,881	\$ 304,673	\$ 100,000	\$ 14,620	\$ 332,609	\$ 125,000
29,880	3,197,991	2,232,583	18,041	3,174,925	2,466,192
276,770	61,334	15,000	307,544	41,941	-
599,360	527,199	-	659,703	297,095	-
154,266	-	-	138,567	-	-
-	-	-	-	-	-
1,072,157	4,091,197	2,347,583	1,138,475	3,846,570	2,591,192
2,557,175	-	257,321	2,826,626	-	627,175
709,016	106,124	-	757,003	85,335	172,422
242,962	-	-	285,448	-	-
1,793,407	-	-	1,851,851	-	-
678,634	-	-	583,287	-	-
604,013	-	-	624,097	-	-
805,521	-	171,548	841,178	-	442,117
87,822	447,848	510,904	109,321	754,807	-
-	-	-	-	-	-
2,148,027	702,369	225,048	1,903,511	736,036	200,908
26,477	128,764	-	29,223	142,730	-
9,653,054	1,385,105	1,164,821	9,811,545	1,718,908	1,442,622
\$ 10,725,211	\$ 5,476,302	\$ 3,512,404	\$ 10,950,020	\$ 5,565,478	\$ 4,033,814

City of Bettendorf, Iowa

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

Program/Functions	Program Revenues		
	Fiscal Year		
	2013		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 31,800	\$ 557,885	\$ 125,000
Public works	31,423	3,270,698	1,253,670
Culture and recreation	319,376	81,495	45,000
Community and economic development	701,725	410,450	-
General government	125,982	-	-
Interest on long-term debt	-	-	-
Total governmental activities	1,210,306	4,320,528	1,423,670
Business-type activities:			
Sewer utility	3,022,433	-	704,148
Family Museum of Arts & Science	883,212	25,745	379,578
Aquatic Center	226,668	-	-
Recycling/solid waste management	1,929,796	-	-
Palmer Hills Golf Course	633,710	-	-
Life Fitness Center	631,471	-	-
Stormwater utility	986,391	-	582,447
Transit	116,326	587,559	-
Educational Center	-	-	-
Downtown Event Center	2,268,742	128,552	214,068
Riverfront Circulator	26,150	142,962	-
Total business-type activities	10,724,899	884,818	1,880,241
Total primary government	\$ 11,935,205	\$ 5,205,346	\$ 3,303,911



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			
	2004	2005	2006	2007
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	82,006	64,882	47,989	69,408
Unreserved	4,445,838	4,749,446	4,780,972	4,908,122
Total General Fund	\$ 4,527,844	\$ 4,814,328	\$ 4,828,961	\$ 4,977,530
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	7,147,989	2,068,938	2,888,698	4,267,649
Unreserved, reported in:				
Special revenue funds	3,379,138	3,027,598	2,780,057	3,182,157
Debt service funds	1,905,881	1,605,452	1,202,569	4,658,472
Capital projects funds	7,718,078	9,437,438	7,712,234	6,431,017
Total all other government funds	\$ 20,151,086	\$ 16,139,426	\$ 14,583,558	\$ 18,539,295

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in Fiscal Year 2011

							Fiscal Year					
2008		2009		2010		2011		2012		2013		
\$	-	\$	-	\$	-	\$	187,937	\$	195,598	\$	178,342	
	-		-		-		13,014		254,286		15,933	
	-		-		-		-		-		-	
	-		-		-		85,692		98,214		-	
	-		-		-		5,157,680		5,064,398		5,503,804	
	242,784		210,290		218,796		-		-		-	
	4,857,574		5,030,470		5,048,259		-		-		-	
\$	5,100,358	\$	5,240,760	\$	5,267,055	\$	5,444,323	\$	5,612,496	\$	5,698,079	
\$	-	\$	-	\$	-	\$	153,325	\$	4,233	\$	4,233	
	-		-		-		10,915,683		16,189,550		13,089,850	
	-		-		-		-		-		-	
	-		-		-		1,523,617		1,571,182		1,575,658	
	-		-		-		(2,212,680)		(141,624)		(162,782)	
	8,817,132		10,591,791		10,448,066		-		-		-	
	1,903,418		1,280,112		1,625,616		-		-		-	
	724,672		806,085		8,105,135		-		-		-	
	9,184,841		2,754,153		(2,671,608)		-		-		-	
\$	20,630,063	\$	15,432,141	\$	17,507,209	\$	10,379,945	\$	17,623,341	\$	14,506,959	

City of Bettendorf, Iowa

Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Property taxes	\$ 13,084,732	\$ 14,631,169	\$ 15,383,115	\$ 15,648,364
Tax increment financing taxes	-	1,684,641	1,853,383	1,962,103
Other taxes	9,665,583	7,564,060	7,511,852	7,995,246
Special assessments	25,975	5,388	19,947	6,761
Licenses and permits	621,466	636,202	865,209	542,182
Intergovernmental	3,973,556	4,039,000	3,952,501	5,019,945
Charges for services	401,753	326,756	394,575	327,801
Use of money and property	444,476	619,366	761,546	1,274,705
Miscellaneous	976,223	787,742	729,844	703,696
Total revenues	29,193,764	30,294,324	31,471,972	33,480,803
Expenditures:				
Current operating:				
Community protection	*	*	*	*
Human development	*	*	*	*
Home and community development	*	*	*	*
Policy and administration	*	*	*	*
Public safety	6,914,003	7,487,118	7,895,689	8,194,904
Public works	2,557,007	2,660,482	2,727,337	2,627,335
Culture and recreation	2,965,014	3,153,672	3,300,346	3,187,458
Community and economic development	1,218,663	1,412,845	1,258,141	1,443,565
General government	2,790,248	2,798,173	3,106,289	3,104,868
Debt service:				
Principal	7,006,601	9,037,165	5,089,158	5,524,216
Interest	2,486,386	2,567,015	2,331,935	2,315,370
Bond issuance costs	47,771	33,780	37,456	251,346
Expenditures in capital outlay not capitalized	-	-	1,093,385	1,298,676
Capitalized capital outlay	6,199,642	6,835,946	7,253,947	8,368,929
Total expenditures	32,185,335	35,986,196	34,093,683	36,316,667
Excess of revenues (under) expenditures	(2,991,571)	(5,691,872)	(2,621,711)	(2,835,864)
Other financing sources (uses):				
Issuance of long-term debt	8,104,050	4,590,000	4,580,000	15,155,000
Payment to bond escrow agent	-	-	-	(6,275,000)
Premiums	-	-	3,190	76,667
Discounts	(45,681)	(32,066)	(44,519)	-
Proceeds from sale of capital assets	-	306,120	90,972	224,110
Transfers in	5,700,841	6,617,725	6,925,915	7,681,976
Transfers out	(9,225,766)	(9,515,083)	(10,475,082)	(9,922,583)
Total other financing sources (uses)	4,533,444	1,966,696	1,080,476	6,940,170
Net changes in fund balance	\$ 1,541,873	\$ (3,725,176)	\$ (1,541,235)	\$ 4,104,306
Debt service as a percentage of noncapital expenditures	36.7%	39.9%	27.6%	28.1%

							Fiscal Year					
2008		2009		2010		2011		2012		2013		
\$	16,763,147	\$	18,384,425	\$	19,267,371	\$	19,829,519	\$	20,786,732	\$	22,061,524	
	3,172,985		3,377,334		3,499,290		3,097,551		2,318,400		2,069,141	
	8,416,881		7,999,085		7,732,033		7,936,429		8,062,631		8,118,650	
	9,505		12,163		15,577		28,273		17,128		17,238	
	497,123		397,701		583,037		527,768		585,562		617,653	
	5,343,234		4,833,515		5,498,796		5,954,268		5,193,810		4,599,105	
	346,205		381,603		328,038		361,850		397,219		449,433	
	1,317,230		1,034,978		646,585		432,853		436,294		13,349	
	1,000,499		644,219		917,078		924,404		674,736		609,534	
	36,866,809		37,065,023		38,487,805		39,092,915		38,472,512		38,555,627	
	*		*		*		*		*		-	
	*		*		*		*		*		-	
	*		*		*		*		*		-	
	*		*		*		*		*		-	
	9,029,275		9,171,879		9,804,915		9,472,492		9,555,788		10,324,281	
	3,288,166		4,195,342		3,387,878		3,506,350		3,136,111		3,052,325	
	3,311,645		3,578,409		3,759,768		3,825,678		4,035,446		3,992,251	
	1,921,626		2,033,310		2,153,192		2,691,227		2,273,367		2,212,192	
	3,138,414		3,300,052		3,435,015		3,336,470		3,503,278		3,599,612	
	5,615,000		6,020,400		5,488,100		14,629,300		5,975,900		10,370,000	
	2,318,366		2,384,362		2,687,193		2,998,380		3,006,807		3,294,692	
	86,604		119,213		287,556		183,039		335,423		136,680	
	870,795		3,359,508		2,853,555		3,482,715		2,033,986		-	
	8,818,626		17,839,544		20,355,433		14,657,435		11,820,698		12,685,224	
	38,398,517		52,002,019		54,212,605		58,783,086		45,676,804		49,667,257	
	(1,531,708)		(14,936,996)		(15,724,800)		(19,690,171)		(7,204,292)		(11,111,630)	
	10,540,000		13,700,000		21,580,000		16,030,000		18,570,000		10,685,000	
	(3,821,388)		-		-		-		-		-	
	130,466		33,339		279,613		555,193		1,527,246		846,913	
	-		-		-		-		-		-	
	28,652		37,112		2,982		57,553		35,581		96,659	
	8,607,299		8,191,217		9,499,107		5,931,971		6,310,667		4,030,704	
	(11,739,725)		(12,082,192)		(13,535,539)		(9,834,542)		(11,827,633)		(7,578,445)	
	3,745,304		9,879,476		17,826,163		12,740,175		14,615,861		8,080,831	
\$	2,213,596	\$	(5,057,520)	\$	2,101,363	\$	(6,949,996)	\$	7,411,569	\$	(3,030,799)	
	26.8%		24.6%		24.1%		39.9%		26.5%		35.0%	

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
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
2010	19,267,371	781,543	4,123,192	734,285	3,499,290
2011	19,829,519	803,119	4,379,063	707,751	3,097,551
2012	20,786,732	738,376	4,584,685	748,281	2,318,399
2013	22,061,524	782,972	4,636,166	740,971	2,069,141
Change 2004-2013	68.61%	-3.84%	22.60%	7.28%	-1.33%

Source: City records.

Mobile Home Tax	Gaming Tax	Cable Franchise Tax	Total
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
13,072	1,684,304	374,172	30,477,229
8,211	1,658,400	379,885	30,863,499
8,337	1,608,845	374,108	31,167,463
7,787	1,582,204	368,550	32,249,315
-13.18%	-30.40%	15.45%	39.79%

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
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	-
2010	2,199,236,152	441,241,852	16,391,700	-
2011	2,255,170,983	443,808,680	21,782,851	-
2012	2,295,440,702	466,519,335	26,141,962	-
2013	2,388,725,104	474,596,546	32,025,838	-

Source: Scott County Auditor

(1) Excludes TIF increment, gas and electric utilities and military exemptions. Includes agricultural land of \$6,407,620

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
17,670,824	5,878,051	1,828,491,626		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
14,034,322	4,727,390	2,675,631,416	2.56%	12.60000	1,474,385,310	55.10
14,232,920	6,407,620	2,741,403,054	5.08%	12.60000	1,535,809,491	56.02
14,671,227	6,382,570	2,809,155,796	7.67%	12.55000	1,620,307,396	57.68
15,976,961	7,248,670	2,918,573,119	11.87%	12.55000	1,733,928,823	59.41%

City of Bettendorf, Iowa

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Tax Year Levied	City Direct Rates				
	General Fund	Employee Benefits	Insurance	Debt Service	Total Direct
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
2010	5.71631	1.54366	0.34003	5.00000	12.60000
2011	5.49661	1.78467	0.31872	5.00000	12.60000
2012	7.55000	-	-	5.00000	12.55000
2013	7.55000	-	-	5.00000	12.55000

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

Overlapping Rates

Bettendorf School District	Scott County	County Assessor	Area IX	Other	Total Levy
15.77779	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
15.00820	6.37607	0.28465	0.92444	0.06946	35.26282
15.00244	6.37759	0.28110	1.01724	0.06891	35.34728
15.00292	6.30156	0.28081	0.91511	0.06865	35.11905
14.54629	6.23534	0.27996	0.92043	0.06890	34.60092

City of Bettendorf, Iowa

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

Taxpayer	2013			2004		
	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	2.91	\$ 39,284,652	1	2.15
Inland Western Bett Duck Creek	13,772,290	2	0.47	6,186,735	7	0.34
CMS/Chateau Knoll	13,327,650	3	0.46	13,118,049	2	0.72
Haversian Canal Systems LLP	13,173,640	4	0.45			
First Equity Mngmt LC	11,434,230	5	0.39			
Olympic Steel Iowa, Inc.	9,227,420	6	0.32	5,844,090	9	0.32
Bettendorf Regency Apartments LC	8,701,290	7	0.30	7,616,163	5	0.42
Art Mortgage Borrower Propco	7,927,580	8	0.27			
HD Development of Maryland	6,765,910	9	0.23			
TP Funding Company LLC	6,337,540	10	0.22			
Green Bridge Co.				6,300,675	6	0.34
Quad City Lodging Partners, LLC				5,866,206	8	0.32
Genventures, Inc.				7,937,661	4	0.43
Americold Real Estate LP				8,813,036	3	0.48
GMS Realty Co.				5,543,183	10	0.30
Total	\$ 175,669,870		6.02	\$ 106,510,450		5.83
Total assessed value	\$ 2,918,573,119			\$ 1,828,491,626		

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
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
2010	2008	19,466,344	19,259,546	98.94
2011	2009	19,860,334	19,814,066	99.77
2012	2010	20,787,360	20,772,796	99.93%
2013	2011	22,095,379	22,060,321	99.84%

Source: City records

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

Information not available by levy year.

Delinquent Tax Collections	Total Collections to Date	
	Amount	Percentage of Levy
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
7,825	19,267,371	98.98
15,453	19,829,519	99.84
13,936	20,786,732	100.00
1,203	22,061,524	99.85%

City of Bettendorf, Iowa

Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt			Net General Bonded Debt	Percentage of Actual Taxable Value of Property
	Governmental Activities General Obligation Bonds	Business Type Activities General Obligation Bonds	Less Amount Available in Debt Service		
2004	47,484,239	9,960,761	6,391,734	\$ 51,053,266	4.69
2005	43,737,074	6,672,926	1,605,452	\$ 48,804,548	4.19
2006	43,972,916	8,432,084	1,202,568	\$ 51,202,432	4.16
2007	48,128,700	7,756,300	4,658,472	\$ 51,226,528	4.19
2008	50,208,700	12,151,300	724,672	\$ 61,635,328	4.89
2009	59,213,300	11,296,700	806,085	\$ 69,703,915	4.96
2010	76,265,200	13,739,800	8,105,133	\$ 81,899,867	5.55
2011	78,845,900	14,654,100	607,182	\$ 92,892,818	6.05
2012	93,826,249	15,990,813	7,306,137	\$ 102,510,925	6.16
2013	94,820,315	16,464,164	2,950,043	\$ 108,334,436	6.25

Source: City records

* Information not available

Debt Per Capita	Other Governmental	Business Type	Total Primary Government	Percentage of Personal Income	Per Capita
	Activities	Activities			
	Debt Revenue Bonds	Debt Revenue Bonds			
1,632	6,565,000	1,260,000	\$ 58,878,266	11.95	\$ 1,965
1,560	5,865,000	1,010,000	\$ 55,679,548	10.09	\$ 1,725
1,637	5,120,000	740,000	\$ 57,062,432	9.61	\$ 1,754
1,638	4,320,000	460,000	\$ 56,006,528	9.37	\$ 1,826
1,971	3,465,000	180,000	\$ 65,280,328	9.49	\$ 1,987
2,229	2,140,000	13,565,000	\$ 85,408,915	12.62	\$ 2,596
2,466	1,180,000	13,055,000	\$ 96,134,867	14.33	\$ 3,138
2,797	-	12,510,000	\$ 105,402,818	13.68	\$ 3,191
3,005	-	11,925,000	\$ 114,435,925	*	\$ 3,665
3,261	-	11,300,000	\$ 119,634,436	*	\$ 3,690

City of Bettendorf, Iowa

**Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2013
(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	\$ -	0.00%	\$ -
School District, North Scott	-	0.00%	-
School District, Pleasant Valley	1,200,000	68.93%	827,160
Scott County	14,080,000	24.35%	3,428,480
Eastern Iowa Community College	67,765,000	14.48%	9,812,372
	<u>83,045,000</u>		<u>14,068,012</u>
City of Bettendorf	94,820,315	100.00%	94,820,315
	<u>\$ 177,865,315</u>		<u>\$ 108,888,327</u>

Source: Scott County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.



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City of Bettendorf, Iowa

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
100% assessed valuation	\$ 2,011,187,049	\$ 2,024,482,166	\$ 2,169,267,269	\$ 2,228,991,261
Plus: Public gas and electric utilities	58,058,849	57,805,090	60,744,311	65,453,665
Plus: Captured tax increment value	73,275,607	60,265,733	66,666,168	69,956,005
Less: Military exemption	(4,517,028)	(4,517,028)	(4,457,764)	(4,397,572)
Total assessed valuation of the property of the City of Bettendorf	<u>\$ 2,138,004,477</u>	<u>\$ 2,138,035,961</u>	<u>\$ 2,292,219,984</u>	<u>\$ 2,360,003,359</u>
Debt limit, 5% of total actual valuation	\$ 106,900,224	\$ 106,901,798	\$ 114,610,999	\$ 118,000,168
Debt applicable to debt limit:				
Debt service general obligation bonds	47,484,239	43,737,074	43,972,916	48,128,700
Debt service TIF revenue bonds	6,565,000	5,865,000	5,120,000	4,320,000
Enterprise general obligation bonds	9,960,761	6,672,926	8,432,085	7,756,300
	<u>64,010,000</u>	<u>56,275,000</u>	<u>57,525,001</u>	<u>60,205,000</u>
Legal debt margin	<u>\$ 42,890,224</u>	<u>\$ 50,626,798</u>	<u>\$ 57,085,998</u>	<u>\$ 57,795,168</u>

* Information not available

Source: City records

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 2,307,506,214	\$ 2,604,249,920	\$ 2,670,904,026	\$ 2,734,995,434	\$ 2,802,773,226	\$ 2,911,324,449	
70,778,591	71,650,075	80,870,681	82,943,113	85,204,466	87,269,980	
113,012,248	122,409,826	125,373,346	109,976,871	82,751,531	74,877,772	
(4,389,236)	(4,306,822)	(4,245,706)	(4,197,554)	(4,148,478)	(4,063,286)	
\$ 2,486,907,817	\$ 2,794,002,999	\$ 2,872,902,347	\$ 2,923,717,864	\$ 2,966,580,745	\$ 3,069,408,915	
\$ 124,345,391	\$ 139,700,150	\$ 143,645,117	\$ 146,185,893	\$ 148,329,037	\$ 153,470,446	
50,208,700	59,213,300	76,265,200	78,845,900	91,440,000	91,755,000	
3,465,000	15,705,000	14,235,000	12,510,000	11,925,000	11,300,000	
12,151,300	11,296,700	13,739,800	14,654,100	15,680,000	16,165,000	
65,825,000	86,215,000	104,240,000	106,010,000	119,045,000	119,220,000	
\$ 58,520,391	\$ 53,485,150	\$ 39,405,117	\$ 40,175,893	\$ 29,284,037	\$ 34,250,446	

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	
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
2010	2,571,232	2,003,140	568,092	-	-	-
2011	2,596,567	2,011,581	584,986	-	-	-
2012	2,861,243	2,027,202	834,041	-	-	-
2013	2,977,498	2,015,705	961,793	-	-	-

Source: City records

Tax Increment Financing Bonds

Tax		Debt Service		Coverage
Increment		Principal	Interest	
Financing Revenue				
\$ 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
2,246,183		1,470,000	1,145,235	2,615,235
3,140,542		1,725,000	1,012,430	2,209,449
2,329,649		585,000	866,259	1,451,259
2,080,391		625,000	823,467	1,448,467

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		
2004	31,275	5,463,012	34,544	1,342	60,956,350	5,000	3.3
2005	31,275	5,675,918	35,800	1,298	67,539,589	4,896	3.4
2006	31,275	6,062,478	37,986	1,488	105,551,442	4,822	2.8
2007	31,275	6,472,814	40,436	1,179	60,087,091	4,955	3.3
2008	31,275	6,953,445	42,969	1,328	102,484,540	4,962	3.6
2009	31,275	6,832,527	41,768	1,143	45,307,916	4,975	6.0
2010	33,217	7,272,593	43,874	1,128	36,350,429	5,101	5.5
2011	33,217	7,748,606	46,372	1,667	22,771,605	5,194	5.5
2012	33,217	*	*	1,236	67,240,197	5,152	5.3
2013	33,217	*	*	1,171	71,143,183	5,221	4.6

Sources:

(1) Thousands of dollars. Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce - Scott County

(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	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Aluminum Company of America	2,300	1	2.76%	2,100	1	2.56%
Isle of Capri (formerly Lady Luck Casino)	923	2	1.11%	1,000	2	1.22%
Bettendorf Community School District	596	3	0.72%	590	3	0.72%
Pleasant Valley School District	502	4	0.60%			
Eastern Iowa Community College District	402	5	0.48%	404	5	0.49%
Sivyer Steel	400	6	0.48%	250	8	0.31%
HyVee Food Stores	375	7	0.45%	425	4	0.52%
City of Bettendorf	311	8	0.37%	393	6	0.48%
Genesis	315	9	0.38%			
Trinity	212	10	0.25%			
Mississippi Bend Area Education Agency				352	7	0.43%
The Lodge, Inc. (formerly Jumer's Castle Lodge)				200	9	0.24%
The Schebler Co.				150	10	0.18%
Total	6,336		7.61%	5,864		7.16%

Total County Employment as of 6/30/2013: 83,310

Total County Employment in 2004: 81,910

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)**

<u>Fund Type/Function</u>	Full-Time Equivalent Employees for Fiscal Year Beginning July 1			
	2013	2012	2011	2010
General Fund:				
Administration	1.84	1.84	1.84	1.83
Community & Economic Development	10.00	10.50	9.50	9.50
Elected officials	13.00	13.00	13.00	13.00
Fire department	27.50	26.50	26.50	26.50
Finance	6.22	6.22	6.22	6.21
Human resources	1.88	1.88	1.88	1.80
Library	32.04	32.15	32.02	31.67
Legal	1.11	1.11	1.11	1.08
Police	55.33	55.74	55.64	63.06
Parks and recreation	8.60	8.80	8.80	8.80
Public works	6.34	6.12	6.42	6.42
Special revenue funds:				
Administration	0.15	0.15	0.15	0.15
Community development	2.00	2.50	1.50	1.50
Economic development	-	-	1.00	1.00
Finance	0.33	0.34	0.34	0.34
Human resources	0.10	0.10	0.10	0.10
Legal	0.01	0.01	0.01	0.01
Parks and recreation	-	-	-	-
Public works	23.14	23.24	23.24	23.24
Enterprise funds:				
Administration	0.01	0.01	0.01	0.03
Finance	1.42	1.42	1.42	1.44
Human resources	0.02	0.02	0.02	0.10
Legal	0.03	0.03	0.03	0.06
Museum	17.81	17.33	17.70	17.60
Parks and recreation	7.77	8.53	10.53	10.67
Public works	36.49	37.58	37.52	35.08
Internal service funds:				
Finance	4.02	4.02	4.02	4.02
Legal	-	-	-	-
Public works	6.40	6.16	6.16	6.16
Total	263.56	265.30	266.68	271.37
Budget book personnel summary				
Officials	13.00	13.00	13.00	13.00
Administration	4.00	4.00	4.00	4.00
Legal	1.15	1.15	1.15	1.15
Finance	12.00	12.00	12.00	12.00
Community & Economic Development	12.00	13.00	12.00	12.00
Public works	72.35	72.10	73.34	70.90
Police	55.34	55.74	55.64	63.06
Fire	27.50	26.50	26.50	26.50
Library	32.04	32.15	32.02	31.67
Museum	17.81	18.33	17.70	17.60
Parks	16.37	17.33	19.33	19.47
Total	263.56	265.30	266.68	271.35

Source: City of Bettendorf Budget Books

Full-Time Equivalent Employees for Fiscal Year Beginning July 1

2009	2008	2007	2006	2005	2004
1.82	1.82	1.78	1.77	1.92	1.82
9.50	9.50	9.50	8.50	8.50	8.30
13.00	13.00	13.00	13.00	13.00	13.00
23.50	23.50	20.50	20.50	20.50	19.50
5.17	5.17	5.17	4.80	4.80	3.98
1.81	1.80	1.80	1.80	1.77	1.77
30.91	30.91	30.91	29.63	29.63	29.63
1.08	1.08	1.07	1.07	1.05	1.15
62.84	62.62	62.62	62.60	61.10	62.10
9.49	9.20	9.59	13.50	13.50	13.50
6.46	6.37	6.28	12.61	12.61	6.01
0.15	0.15	0.20	0.20	0.05	0.05
1.50	2.50	2.50	2.20	2.20	2.40
1.00	1.00	1.00	1.00	1.00	1.00
0.34	0.35	0.35	0.36	0.36	0.37
0.10	0.10	0.10	0.10	0.10	0.10
0.01	0.01	0.02	0.02	0.02	0.02
-	-	-	-	-	0.54
22.44	22.44	22.95	22.95	22.95	27.11
0.03	0.03	0.03	0.03	0.03	0.03
1.48	1.46	1.46	1.59	1.59	1.65
0.09	0.10	0.10	0.10	0.13	0.13
0.05	0.06	0.05	0.05	0.07	0.07
16.85	16.98	16.98	18.94	18.94	18.94
10.02	10.31	9.92	44.46	44.46	43.92
34.74	34.23	32.87	31.19	31.19	33.63
4.02	5.02	5.02	5.00	5.00	5.00
-	-	0.01	0.01	0.01	0.01
6.16	5.16	6.35	6.25	6.25	6.25
264.56	264.87	262.13	304.23	302.73	301.98
13.00	13.00	13.00	13.00	13.00	13.00
4.00	4.00	4.01	4.00	4.00	3.90
1.15	1.15	1.15	1.15	1.15	1.25
11.00	12.00	12.00	11.75	11.75	11.00
12.00	13.00	13.00	11.70	11.70	11.70
69.80	68.20	68.45	73.00	73.00	73.00
62.84	62.62	62.62	62.60	61.10	62.10
23.50	23.50	20.50	20.50	20.50	19.50
30.91	30.91	30.91	29.63	29.63	29.63
16.85	16.98	16.98	18.94	18.94	18.94
19.51	19.51	19.51	57.96	57.96	57.96
264.56	264.87	262.13	304.23	302.73	301.98

City of Bettendorf, Iowa

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

Function/Program	Fiscal Year			
	03/04	04/05	05/06	06/07
Police:				
Calls for service	40,000	40,000	37,015	40,136
# of Group A offenses	2,032	2,100	1,801	1,771
# of Group B offenses	855	855	882	1,033
Traffic citations	5,900	6,000	8,640	11,380
Fire:				
Fire call volume	608	741	606	544
EMS call volume	1,795	1,520	1,611	1,631
Property loss	\$ 25,600,000	\$ 500,000	\$ 894,288	\$ 4,913,775
Building safety:				
Total building permits	3,300	3,300	4,112	3,306
Total revenue generated by permits	\$ 445,000	\$ 417,000	\$ 785,142	\$ 463,714
Library:				
Number of materials circulated	450,000	524,487	563,732	559,109
Number of registered borrowers	23,280	21,866	24,221	21,177
Public Works:				
Garbage collected (ton)	7,900	8,334	7,410	7,857
Recycle collected (ton)	2,880	2,680	2,671	2,661
Miles of streets maintained	180	187	195	195
Number of traffic signals	265	270	290	290
Miles of sanitary sewers maintained	158	162	174	178
Parks and Recreation:				
Recreation program attendance	143,790	152,976	128,350	135,486
Aquatics program attendance	58,447	46,086	42,240	41,424
Golf rounds played	32,859	32,750	34,812	32,209
Fitness Center memberships sold	2,039	1,393	1,495	1,658
Acres maintained	563	563	580	585

Source: City records

* Information not available.

Fiscal Year						
07/08	08/09	09/10	10/11	11/12	12/13	
39,505	40,962	35,683	29,114	25,643	24,616	
1,830	1,836	1,151	1,127	970	768	
468	466	470	235	173	148	
8,847	5,999	5,576	4,624	4,330	4,563	
823	526	953	922	1,099	1,061	
1,831	1,653	1,896	1,904	1,973	2,166	
\$ 475,685	\$ 500,000	\$ 411,365	\$ 1,314,530	\$ 927,990	\$ 274,906	
3,291	3,200	2,817	1,667	3,554	3,301	
\$ 461,722	\$ 359,784	\$ 533,574	\$ 504,038	\$ 558,859	\$ 576,135	
560,000	552,686	605,325	602,775	620,206	624,484	
21,000	22,264	20,375	22,608	22,936	23,000	
7,769	9,055	9,305	9,100	7,950	8,196	
2,668	2,676	2,320	2,496	2,321	2,140	
220	221	221	221	223	223	
320	345	345	345	345	345	
178	179	179	179	180	180	
135,500	87,404	86,218	88,006	76,626	*	
47,799	56,606	40,312	46,531	58,879	48,852	
30,026	30,066	29,519	28,490	27,384	25,417	
1,687	1,725	1,923	1,822	1,874	1,862	
585	585	585	585	585	585	

City of Bettendorf, Iowa

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Police:				
Stations	1	1	1	1
Squad cars	14	14	18	18
Fire, fire stations	4	4	4	4
Refuse collection:				
Collection trucks	11	11	12	12
Streets (miles)	187	195	195	220
Traffic signals	265	270	290	290
Parks and recreation:				
Acreage	563	563	580	585
Parks	21	21	21	21
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	16	16	16	16
Picnic shelters	6	6	6	6
Community centers	1	1	1	1
Library:				
Facilities	1	1	1	1
Volumes	450,000	524,487	150,242	153,000
Wastewater:				
Sanitary sewers (miles)	158	162	174	178
Storm sewers (miles)				

Source: City records

Fiscal Year						
2008	2009	2010	2011	2012	2013	
1	1	1	1	1	1	1
18	18	18	18	18	18	19
4	4	4	4	4	4	4
12	13	13	13	13	13	13
221	221	221	221	223	223	223
320	345	345	345	345	345	345
585	585	585	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
153,000	153,000	175,000	201,699	195,075	195,075	200,000
178	179	179	179	180	180	180



Bettendorf IOWA
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City of Bettendorf, Iowa

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

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	\$ <u>317,764</u>
U.S. Department of Transportation			
Direct Program, Urban Mass Transit			
Formula Grants:			
Federal Transit - Formula Grants	IA-90-X363-00	20.507	2,062
Federal Transit - Formula Grants	IA-90-X386-00	20.507	<u>397,438</u>
			<u>399,500</u>
Passed through Iowa Department of Public Safety:			
State and Community Highway Safety Police Traffic Services	13-04, Task 05	20.600	39,380
State and Community Highway Safety Police Traffic Services	12-04, Task 01	20.600	<u>11,726</u>
			<u>51,106</u>
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	HDP-0587(626)--71-82	20.205	29,580
Highway Planning and Construction	EDP-0587(628)-7Y-82	20.205	36,692
Highway Planning and Construction	STP-U-0587(630)-70-82	20.205	<u>56,493</u>
			<u>122,765</u>
Urban Mass Transit, Riverfront Circulator	95-X003-587-09	20.507	142,963
Capital Assistance Program for Elderly Persons and Persons with Disabilities	16-X001-587-08	20.513	<u>21,839</u>
			<u>287,567</u>
			<u>738,173</u>
Total U.S. Department of Transportation			
U.S. Department of Justice			
Passed through the Scott County Attorney's office:			
AXE Grant	10JAG-43056	16.738	31,978
AUV Grant	2010- DJ-BX-0797	16.738	<u>31,423</u>
			<u>63,401</u>
ATK Grant	2009-SB-B9-05-49	16.804	14,429
Bulletproof Vest Program	N/A	16.607	<u>3,152</u>
			<u>80,982</u>
Total U.S. Department of Justice			
Executive Office of the President			
Passed through Quad City Metropolitan Enforcement Group,			
HIDTA Overtime Reimbursement	G11MW0002A	95.001	<u>3,446</u>
Department of Homeland Security			
Direct Program, Port Security Grant	EMW2011PU00210	97.056	<u>236,551</u>
US Department of Energy,			
Passed thru State of Iowa,			
ARRA - City of Bettendorf Heating Upgrades	SEP 11-48930	81.041	<u>12,853</u>
			<u>\$ 1,389,769</u>
Total federal expenditures			<u>\$ 1,389,769</u>

See Notes to Schedule of Expenditures of Federal Awards.



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City of Bettendorf, Iowa

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

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, 2013. 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. In addition, for governmental funds, revenue from federal awards is recognized when it also becomes both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Total by Program

The total for the Federal Transit Grant CFDA No. 20.507 is \$542,463.

City of Bettendorf, Iowa

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013**

Finding	Status	Corrective Action Plan or Other Explanation
Instances of Noncompliance in Administering Federal Awards		
12-III-A The City incorrectly reported restricted net assets, unrestricted net assets and cash/investments on two of the monthly financial reports to HUD.	Corrected	
Other Findings Related to Required Statutory Reporting		
12-IV-F The City did not publish a summary of all receipts received monthly.	Uncorrected	See finding and corrective action plan at 13-IV-F.
12-IV-J The Tax Increment Financing Fund had a deficit fund balance of \$141,624 as of June 30, 2012.	Uncorrected	See finding and corrective action plan at 13-IV-J.



**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bettendorf, Iowa, (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2013. The City's June 30, 2012 financial statements have been restated due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

The City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Davenport, Iowa
December 17, 2013



Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Davenport, Iowa
December 17, 2013

City of Bettendorf, Iowa

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None Reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.507	Federal Transit - Formula Grants

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, 2013

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

A. Internal Control

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls in Administering Federal Awards

None reported

B. Instances of Noncompliance

None reported

IV. Other Findings Related to Required Statutory Reporting

13-IV-A Certified Budget

No expenditures exceeded the amended certified budget amounts.

13-IV-B Questionable Disbursements

No questionable disbursements were noted.

13-IV-C Travel Expense

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

13-IV-D Business Transactions

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

13-IV-E Bond Coverage

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

(Continued)

City of Bettendorf, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013**

13-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 each month during the year, but did not publish the receipts within 15 days of the council meeting for all 12 of the meeting dates tested.

Recommendation: The City should publish a summary of all receipts received monthly within the required 15 days after the Council meeting.

Response and Corrective Action Plan: Effective October 12, 2012, the City began publishing the schedule of receipts on a monthly basis.

13-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.

13-IV-H Revenue Notes

No instances of noncompliance with the revenue note provisions were noted.

13-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.

13-IV-J Deficit Balances

Finding: The Tax Increment Financing Fund has a deficit fund balance of \$162,782 as of June 30, 2013.

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.

13-IV-K Competitive Bid or Quote Procedures

No instances of noncompliance with the required competitive bid or quote procedures were noted.

City of Bettendorf, Iowa

**Corrective Action Plan
Year Ended June 30, 2013**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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Other Findings Related to Required Statutory Reporting

13-IV-F	The City did not publish a summary of all receipts received monthly within 15 days after the Council meetings.	See corrective action plan at 13-IV-F.	June 2014	Carol Barnes Finance Director
13-IV-J	The Tax Increment Financing Fund has a deficit balance of \$162,782 as of June 30, 2013.	See corrective action plan at 13-IV-J.	June 2014	Carol Barnes Finance Director



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

In planning and performing our audit of the financial statements of The City of Bettendorf, Iowa (the City) as of and for the year June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be 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 competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Certain deficiencies in internal control 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 deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Cash Collections:

From other departments: Many of the departments have the same employee collect, reconcile and deposit cash receipts. The compensating control is the reconciliation 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.

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 want 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.

Community Development: There are two employees who receive cash as it comes into the permit department. The two employees prepare the permit and enter the cash receipt. One of the two employees also prepares the deposit and reconciles the cash receipts to the information entered into the accounting system. The compensating control in place is that a separate employee, at City Hall, reconciles the money received from Community Development to the bank statements. We want to stress the importance of this compensating control in place to mitigate the lack of segregation of duties over this revenue cycle.

Retainage:

The City records retainage based off of the invoiced amounts at year end which are entered into the system and not reviewed by appropriate personnel at the City. In the current year a retainage payable amount was not removed after it was paid. An adjustment was subsequently made by the City to properly remove this amount in the financial statements. We recommend the City review the retainage payable account periodically to determine all amounts included are proper.

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

McGladrey LLP

Davenport, Iowa
December 17, 2013