

**SCOTT COUNTY  
DECATEGORIZATION PROGRAM**

**FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

**JUNE 30, 2009**

# SCOTT COUNTY DECATEGORYIZATION PROGRAM

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**INDEPENDENT AUDITOR'S REPORT**

To the Executive Committee  
Scott County Decategorization Program  
Davenport, Iowa

We have audited the accompanying financial statements of Scott County Decategorization Program, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Scott County Decategorization Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Scott County Decategorization Program, as of June 30, 2009, and the respective results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of Scott County Decategorization Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 6 and 17 through 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Scott County Decategorization Program's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Doyle & Keenan, P.C.*

December 7, 2009

**SCOTT COUNTY DECATEGORYIZATION PROGRAM**  
**Management's Discussion and Analysis**  
**June 30, 2009**

This section of the Program's annual financial report presents our discussion and analysis of the Program's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the Program's financial statements, which follow this section.

**Financial Highlights**

- Fund Balance decreased to \$683,328 - that is a \$6,165 decrease from the prior year.
- Total revenue decreased \$568,726 from the prior fiscal year.
- Total expenditures decreased \$555,285 from the prior fiscal year.

**Overview of the Financial Statements**

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents individual fund statements for each fund.

The basic financial statements include two kinds of statements that present different views of the Program:

- Government-wide financial statements are designed to provide readers with a broad overview of the Program's overall financial status. The government-wide financial statements can be found on pages 8-9.

Government-wide financial statements distinguish functions of the Program 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 (proprietary activities).

- The remaining statements are fund financial statements that focus on individual parts of the Program government, reporting the Program's operations in more detail than the government-wide financial statement.

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Program, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. All of the funds of the Program are governmental funds.

The governmental fund statements tell how general government services were financed. The Program maintains three individual governmental funds. Information is presented separately in the statement of revenue, expenditures and changes in equity for the General, Special Revenue and Medicaid funds, which, except for the Medicaid fund, are considered to be major funds except for the Medicaid fund.

The Program adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for each of the major governmental fund types has been provided on pages 17-20 of this report.

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-15 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 17-20 of this report.

The individual fund financial statements and schedules referred to earlier are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 23-25 of this report.

### **Financial Analysis of the Program as a Whole**

- Fund Balance decreased primarily from planned usage of Medicaid funds net of General funds not utilized this year.
- Revenue decreased due to a reduction in Empowerment School Ready programming.
- Overall disbursements decreased due to a reduction in Empowerment expenditures for School Ready programs.

### **Financial Analysis of the Program's Funds**

- The General fund continues to maintain an adequate balance to leverage cost reimbursement grants. The Empowerment funds maintain appropriate carryover balances. The Medicaid fund continues to have funds available for one time health related projects in Scott County.

### **Budgetary Highlights**

- Revenue variances in the budget are primarily due to underutilization of the Family Team Meeting allocation and utilizing less Empowerment funds than budgeted.
- Expenditures variances in the budget are largely due to underspending in Empowerment and Family Team Meeting programs.

### **Economic Factors and Next Year's Budget**

- Due to the current recession, future funding may decrease in Empowerment and Decategorization programs.
- Continuing Emphasis on Community Planning for Youth Development and Preschool Access.
- Continued increased costs of health insurance benefits could impact affordability.
- Continued collaboration with the Department of Human Services and other community services will occur to maximize community resources.
- Uncertainty exists regarding Decategorization funds in FY 2011 due to time limitations on use of carryover dollars from prior years.

### **Request for Information**

This financial report is designed to provide a general overview of Scott County Decategorization Program 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 Marcy Mendenhall, 600 W. 4<sup>th</sup> Street, Davenport, Iowa 52801.

**GOVERNMENT - WIDE  
FINANCIAL STATEMENTS**

**SCOTT COUNTY DECATEGORIZATION PROGRAM**

**Balance Sheet - All Governmental Fund Types**

**June 30, 2009**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$	1,445,127
Grants Receivable		150,812
Interest Receivable		1,146
Prepaid Expenses		<u>22,500</u>
Total Assets	\$	<u><u>1,619,585</u></u>

**LIABILITIES AND EQUITY**

Current Liabilities:

Checks Written in Excess of Bank Balance	\$	111,541
Accounts Payable		361,641
Accrued Expenses		39,221
Unearned Revenue		<u>423,854</u>
Total Liabilities		<u><u>936,257</u></u>

Equity:

Fund Balance - Unreserved		397,878
Fund Balance - Reserved for Medicaid		<u>285,450</u>
Total Equity		<u><u>683,328</u></u>

Total Liabilities and Equity	\$	<u><u>1,619,585</u></u>
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**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Statement of Revenue, Expenditures and Changes in Equity -**  
**All Governmental Fund Types**  
**Year Ended June 30, 2009**

Revenue:	
State of Iowa, Department of Human Services	\$ 467,939
State of Iowa, Bureau of Children, Family and Community Services	2,536,120
Other	1,560
Interest	<u>26,295</u>
 Total Revenue	 3,031,914
 Expenditures	 <u>3,038,079</u>
 Excess of Revenues Over Expenditures	 (6,165)
 Fund Balance - Beginning	 <u>689,493</u>
 Fund Balance - Ending	 <u><u>\$ 683,328</u></u>

**FUND FINANCIAL STATEMENTS**

**SCOTT COUNTY DECATEGORYIZATION PROGRAM**

**Balance Sheet - All Fund Types**

**June 30, 2009**

	<u>General Fund</u>	<u>School Ready Fund</u>	<u>Early Childhood Fund</u>	<u>Medicaid Fund</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ -	\$ 596,141	\$ 509,574	\$ 339,412	\$ -	\$ 1,445,127
Grants Receivable	150,812	-	-	-	-	150,812
Interest Receivable	91	7	-	1,048	-	1,146
Prepaid Expenses	-	-	22,500	-	-	22,500
Due From Empowerment Funds	415,640	-	-	-	(415,640)	-
Due From Medicaid Funds	53,286	-	-	-	(53,286)	-
<b>Total Assets</b>	<b><u>\$ 619,829</u></b>	<b><u>\$ 596,148</u></b>	<b><u>\$ 532,074</u></b>	<b><u>\$ 340,460</u></b>	<b><u>\$ (468,926)</u></b>	<b><u>\$ 1,619,585</u></b>
<b>LIABILITIES AND EQUITY</b>						
Current Liabilities:						
Checks Written in Excess of Bank Balance	\$ 111,541	\$ -	\$ -	\$ -	\$ -	\$ 111,541
Accounts Payable	64,168	231,630	64,119	1,724	-	361,641
Accrued Expenses	39,221	-	-	-	-	39,221
Unearned Revenue	7,021	239,867	176,966	-	-	423,854
Due To General Fund	-	124,651	290,989	53,286	(468,926)	-
<b>Total Liabilities</b>	<b><u>221,951</u></b>	<b><u>596,148</u></b>	<b><u>532,074</u></b>	<b><u>55,010</u></b>	<b><u>(468,926)</u></b>	<b><u>936,257</u></b>
Equity:						
Fund Balance - Unreserved	397,878	-	-	-	-	397,878
Fund Balance - Reserved for Medicaid	-	-	-	285,450	-	285,450
<b>Total Equity</b>	<b><u>397,878</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>285,450</u></b>	<b><u>-</u></b>	<b><u>683,328</u></b>
<b>Total Liabilities and Equity</b>	<b><u>\$ 619,829</u></b>	<b><u>\$ 596,148</u></b>	<b><u>\$ 532,074</u></b>	<b><u>\$ 340,460</u></b>	<b><u>\$ (468,926)</u></b>	<b><u>\$ 1,619,585</u></b>

See Notes to Financial Statements.

**SCOTT COUNTY DECATORIZATION PROGRAM**  
**Statement of Revenue, Expenditures and Changes in Equity - All Fund Types**  
**Year Ended June 30, 2009**

	General Fund	School Ready Fund	Early Childhood Fund	Medicaid Fund	Total
Revenue:					
State of Iowa, Department of Human Services	\$ 467,939	\$ -	\$ -	\$ -	\$ 467,939
State of Iowa, Bureau of Children, Family and Community Services	-	1,797,820	738,300	-	2,536,120
Other	1,560	-	-	-	1,560
Interest	1,220	11,833	8,194	5,048	26,295
Total Revenue	470,719	1,809,653	746,494	5,048	3,031,914
Expenditures	469,489	1,809,653	746,494	12,443	3,038,079
Excess of Revenues Over (Under) Expenditures	1,230	-	-	(7,395)	(6,165)
Fund Balance - Beginning	396,648	-	-	292,845	689,493
Fund Balance - Ending	\$ 397,878	\$ -	\$ -	\$ 285,450	\$ 683,328

See Notes to Financial Statements.

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Notes to Financial Statements**

**Note 1. Nature of the Organization and Significant Accounting Policies**

Scott County Decategorization Program - Scott County Decategorization Program (“Decategorization” or “Program”) serves as a focal point for collaborative community planning to achieve better outcomes for children 0 - 21. Goals are advanced employing key strategies that rely upon effective service coordination, strong public/private partnerships, and braided funding strategies designed to ensure a continuum of health, education, and family support services. Primary funding streams include annual state and federal child welfare and juvenile justice allocations.

Scott County Decategorization Program provides a formal public entity for ongoing community assessment and implementation of collaborative strategies designed to link children and families to existing services, identify gaps in services, and assist in the development of new programs that will strengthen community capacity to respond to the area’s at-risk population.

Scott County Decategorization Program is governed by a ten member board known as the Executive Committee, which is comprised of representatives from Scott County government including the Health Department, Community Services and Administration as well as the four school districts in Scott County, the Iowa Department of Human Services, the Office of Juvenile Court Services and the Seventh Judicial District.

Scott County Community Empowerment Board - The goal of Scott County Community Empowerment Board (“Empowerment”) is to improve the well being of young children 0 - 5 and their families, reduce barriers to community efforts and improve the efficiency and effectiveness of local education, health and human services programs. Empowerment is funded with federal and state block grants.

An autonomous board with a minimum of fifteen citizens from Scott County governs Empowerment. The Empowerment board is comprised of representatives from county government including the directors of the Departments of Health and Community Services and the County Administrator. Also serving on the board are the regional administrator from the Iowa Department of Human Services, a Superintendent from one of four school districts in Scott County, four members representing business and labor, four members at-large, one member from the faith community, and three members who are the parents of young children.

Scott County Community Empowerment Board is required to designate a public entity as fiscal agent to administer grant funds, pursuant to Iowa Code Chapter 28.7. Scott County, Iowa was the previous fiscal agent for the Board, and Empowerment was reported as an agency fund on the county’s financial statements. Effective in fiscal year June 30, 2001, Scott County Decategorization Program was designated as the fiscal agent of Empowerment.

Reporting Entity - The financial statements of the Program consist of two types of funds, general and special revenue. The activity of Scott County Decategorization Program is reported in the general fund. The Scott County Community Empowerment Board and the Medicaid Fund are considered special revenue funds. The accounts of the Program are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts.

Basis of Presentation - The financial statements of Scott County Decategorization Program have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Program utilizes the accrual method of accounting. Under this method, revenues are recorded when earned and expenditures are recorded when incurred.

Accounting 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Notes to Financial Statements**

**Note 1. Nature of the Organization and Significant Accounting Policies (Continued)**

Subsequent Events - In accordance with Statement of Financial Accounting Standards (SFAS) No. 165, *Subsequent Events*, in preparing these financial statements, the Program has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, the date the financial statements were available to be issued.

Cash and Cash Equivalents - The Program includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Grants Receivable - The Program believes that all grants receivable as of June 30, 2009 are fully collectible; therefore, no allowance for doubtful accounts is recorded.

Prepaid Expenses - Empowerment has an advance funding for a childcare assistance program for the Early Childhood Program. The amount of the advance paid by June 30, 2009 is shown as prepaid expenses.

Unearned Revenue - Certain funding sources have advanced funds to Decategorization and Empowerment for future use. When these funds are spent for the appropriate programs, the funds will be earned and will be recognized as revenue.

Medicaid Funds - Scott County transferred funds to Scott County Decategorization Program in June 2000. Scott County had collected these funds from Medicaid for services provided. These funds are available for disbursement to other agencies in future periods.

Income Taxes - Scott County Decategorization Program is organized as an Intergovernmental Agreement under Chapter 28E of the Code of Iowa. The Program is exempt from federal income taxes as a political subdivision.

Government-Wide Financial Statements - The government-wide financial statements report information on all of the activities of the Program, which are primarily supported by state and federal allocations and grants.

Fund Financial Statements - The fund financial statements are provided for each governmental fund to provide more detail than the government-wide statements.

**Note 2. Concentration of Credit Risk**

The Program maintains its cash balances in several financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC). Amounts above the insured balance in Iowa banks are protected by the State of Iowa under Chapter 12C of the Code of Iowa.

**Note 3. Grants Receivable**

Grants receivable consist of the following at June 30, 2009:

State of Iowa:

Department of Human Services	\$ 147,032
Juvenile Protection Association	<u>3,780</u>
Total Grants Receivable	\$ <u><u>150,812</u></u>

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Notes to Financial Statements**

**Note 4. Fiscal Management**

Accounting and personnel services for Scott County Decategorization Program are contracted from Bi-State Regional Commission under a fiscal management agreement. Scott County Decategorization Program is the fiscal agent for the Scott County Community Empowerment Board.

Salaries and related fringe benefit costs of \$381,360 and accounting and administrative fees of \$32,312 were incurred by Scott County Decategorization Program during the year ended June 30, 2009. At June 30, 2009, Scott County Decategorization Program owed Bi-State Regional Commission \$56,813 for the reimbursement of personnel costs, administrative and accounting fees, including Empowerment and Medicaid.

Salaries and related fringe benefit costs of \$163,923 and \$2,021 were incurred by Empowerment and Medicaid, respectively, and \$22,582 by Empowerment in accounting fees during the year ended June 30, 2009. At June 30, 2009, Empowerment and Medicaid owed Scott County Decategorization Program \$415,640 and \$53,286, respectively, for personnel costs, administrative and accounting fees, and payments of contractual services and other expenses.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Statement of Revenue and Expenditures by Program -**  
**Budget to Actual - All Funds**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

	Actual	Budget	Variance Favorable (Unfavorable)
Revenue:			
State of Iowa, Department of Human Services	\$ 467,939	\$ 569,501	\$ (101,562)
State of Iowa, Bureau of Children, Family and Community Services	2,536,120	2,815,250	(279,130)
Other	1,560	-	1,560
Interest	26,295	14,417	11,878
<b>Total Revenue</b>	<b>3,031,914</b>	<b>3,399,168</b>	<b>(367,254)</b>
Expenditures:			
Contractual Services	2,387,190	2,630,002	242,812
Payroll Costs:			
Salaries	288,681	309,304	20,623
Fringe Benefits	158,775	170,117	11,342
<b>Total Payroll Costs</b>	<b>447,456</b>	<b>479,421</b>	<b>31,965</b>
Administration:			
Financial Services	49,365	56,155	6,790
Professional Fees	13,050	19,000	5,950
Travel and Meetings	18,577	32,600	14,023
Equipment	-	3,300	3,300
Reference Materials	-	250	250
Emergency Needs	1,550	-	(1,550)
Office Expenditures	8,951	12,699	3,748
Recruitment	733	2,150	1,417
Membership and Dues	155	500	345
Insurance	3,890	5,370	1,480
<b>Total Administration</b>	<b>96,271</b>	<b>132,024</b>	<b>35,753</b>
Other Expenditures:			
Community Capacity Building:			
Salaries	34,388	33,445	(943)
Fringe Benefits	18,913	18,395	(518)
Financial Services	5,220	5,700	480
Travel and Meetings	177	621	444
Office Expenditures	-	539	539
Family Day Care Inspection:			
Salaries	30,031	31,870	1,839
Fringe Benefits	16,517	17,529	1,012
Financial Services	310	-	(310)
Travel and Meetings	1,230	1,211	(19)
Office Expenditures	376	750	374
<b>Total Other Expenditures</b>	<b>107,162</b>	<b>110,060</b>	<b>2,898</b>
<b>Total Expenditures</b>	<b>3,038,079</b>	<b>3,351,507</b>	<b>313,428</b>
Excess of Revenue Over (Under) Expenditures	\$ (6,165)	\$ 47,661	\$ (53,826)

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Statement of Revenue and Expenditures by Program -**  
**Budget to Actual - General Fund**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Revenue:			
State of Iowa, Division of Criminal			
State of Iowa, Department of Human Services	\$ 467,939	\$ 569,501	\$ (101,562)
Other	1,560	-	1,560
Interest	1,220	-	1,220
	<u>470,719</u>	<u>569,501</u>	<u>(98,782)</u>
Total Revenue			
Expenditures:			
Contractual Services	<u>24,665</u>	<u>12,788</u>	<u>(11,877)</u>
Payroll Costs:			
Salaries	246,039	266,632	20,593
Fringe Benefits	<u>135,322</u>	<u>146,648</u>	<u>11,326</u>
Total Payroll Costs	<u>381,361</u>	<u>413,280</u>	<u>31,919</u>
Administration:			
Financial Services	32,313	39,155	6,842
Professional Fees	5,245	11,000	5,755
Travel and Meetings	14,387	27,616	13,229
Equipment	-	2,500	2,500
Reference Materials	-	250	250
Emergency Needs	1,550	-	(1,550)
Office Expenditures	6,868	9,942	3,074
Recruitment	733	2,150	1,417
Membership and Dues	60	250	190
Insurance	2,307	2,909	602
Total Administration	<u>63,463</u>	<u>95,772</u>	<u>32,309</u>
Total Expenditures	<u>469,489</u>	<u>521,840</u>	<u>52,351</u>
Excess of Revenue Over (Under) Expenditures	<u>\$ 1,230</u>	<u>\$ 47,661</u>	<u>\$ (46,431)</u>

**SCOTT COUNTY DECATEGORYIZATION PROGRAM**  
**Statement of Revenue and Expenditures by Program -**  
**Budget to Actual - Scott County Community Empowerment Board Funds**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

	School Ready Actual	Early Childhood Actual	Total Empowerment Funds Actual	Budget	Variance Favorable (Unfavorable)
<b>Revenue:</b>					
State of Iowa, Bureau of Children, Family and Community Services	\$ 1,797,820	\$ 738,300	\$ 2,536,120	\$ 2,815,250	\$ (279,130)
Interest	11,833	8,194	20,027	-	20,027
<b>Total Revenue</b>	<b>1,809,653</b>	<b>746,494</b>	<b>2,556,147</b>	<b>2,815,250</b>	<b>(259,103)</b>
<b>Expenditures:</b>					
Contractual Services	1,720,220	632,793	2,353,013	2,609,214	256,201
<b>Payroll Costs:</b>					
Salaries	28,399	12,939	41,338	39,177	(2,161)
Fringe Benefits	15,619	7,117	22,736	21,547	(1,189)
<b>Total Payroll Costs</b>	<b>44,018</b>	<b>20,056</b>	<b>64,074</b>	<b>60,724</b>	<b>(3,350)</b>
<b>Administration:</b>					
Financial Services	11,715	5,337	17,052	17,000	(52)
Professional Fees	5,362	2,443	7,805	8,000	195
Travel and Meetings	2,254	1,026	3,280	3,984	704
Equipment	-	-	-	800	800
Office Expenditures	1,431	652	2,083	2,757	674
Membership and Dues	65	30	95	250	155
Insurance	1,088	495	1,583	2,461	878
<b>Total Administration</b>	<b>21,915</b>	<b>9,983</b>	<b>31,898</b>	<b>35,252</b>	<b>3,354</b>
<b>Other Expenditures:</b>					
<b>Community Capacity Building:</b>					
Salaries	13,655	20,733	34,388	33,445	(943)
Fringe Benefits	7,510	11,403	18,913	18,395	(518)
Financial Services	2,226	2,994	5,220	5,700	480
Travel and Meetings	109	68	177	621	444
Office Expenditures	-	-	-	539	539
<b>Family Day Care Inspection:</b>					
Salaries	-	30,031	30,031	31,870	1,839
Fringe Benefits	-	16,517	16,517	17,529	1,012
Financial Services	-	310	310	-	(310)
Travel and Meetings	-	1,230	1,230	1,211	(19)
Office Expenditures	-	376	376	750	374
Recruitment	-	-	-	-	-
<b>Total Other Expenditures</b>	<b>23,500</b>	<b>83,662</b>	<b>107,162</b>	<b>110,060</b>	<b>2,898</b>
<b>Total Expenditures</b>	<b>1,809,653</b>	<b>746,494</b>	<b>2,556,147</b>	<b>2,815,250</b>	<b>259,103</b>
<b>Excess of Revenue Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Statement of Revenue and Expenditures by Program -**  
**Budget to Actual - Medicaid Fund**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

	Actual	Budget	Variance Favorable (Unfavorable)
Revenue:			
Interest	\$ 5,048	\$ 14,417	\$ (9,369)
Expenditures:			
Contractual Services	9,512	8,000	(1,512)
Payroll Costs:			
Salaries	1,304	3,495	2,191
Fringe Benefits	717	1,922	1,205
Total Payroll Costs	2,021	5,417	3,396
Administration:			
Travel and Meetings	910	1,000	90
Total Expenditures	12,443	14,417	1,974
Excess of Revenue Over Expenditures	\$ (7,395)	\$ -	\$ (7,395)

**OPTIONAL  
SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITOR'S REPORT ON THE OPTIONAL SUPPLEMENTARY INFORMATION**

To the Executive Committee  
Scott County Decategorization Program  
Davenport, Iowa

Our report on our audit of the basic financial statements of Scott County Decategorization Program for the year ended June 30, 2009, appears on page 4. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The optional supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Doyle & Keenan, P.C.*

December 7, 2009

**SCOTT COUNTY DECATORIZATION PROGRAM**  
**Schedule of Revenue and Expenditures by Program - General Fund**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

	Case Aides	Decategorization Coordination and Support	DHS Community Partners	DHS Family Team Meeting	DHS Drug Counseling	Other Programs	Total General Fund
<b>Revenue:</b>							
State of Iowa, Department of Human Services	\$ 41,183	\$ 284,303	\$ 19,933	\$ 111,841	\$ 10,679	\$ -	\$ 467,939
Other	-	-	-	-	-	1,560	1,560
Interest	-	-	-	-	-	1,220	1,220
<b>Total Revenue</b>	<b>41,183</b>	<b>284,303</b>	<b>19,933</b>	<b>111,841</b>	<b>10,679</b>	<b>2,780</b>	<b>470,719</b>
<b>Expenditures:</b>							
Contractual Services	-	1,447	19,933	-	3,285	-	24,665
<b>Payroll Costs</b>							
Salaries	26,570	148,359	-	66,547	4,563	-	246,039
Fringe Benefits	14,613	81,598	-	36,601	2,510	-	135,322
<b>Total Payroll Costs</b>	<b>41,183</b>	<b>229,957</b>	<b>-</b>	<b>103,148</b>	<b>7,073</b>	<b>-</b>	<b>381,361</b>
<b>Administration:</b>							
Financial Services	-	31,014	-	1,299	-	-	32,313
Professional Fees	-	5,245	-	-	-	-	5,245
Travel and Meetings	-	8,501	-	5,886	-	-	14,387
Emergency Needs	-	-	-	-	-	1,550	1,550
Office Expenditures	-	5,772	-	775	321	-	6,868
Recruitment	-	-	-	733	-	-	733
Membership and Dues	-	60	-	-	-	-	60
Insurance	-	2,307	-	-	-	-	2,307
<b>Total Administration</b>	<b>-</b>	<b>52,899</b>	<b>-</b>	<b>8,693</b>	<b>321</b>	<b>1,550</b>	<b>63,463</b>
<b>Total Expenditures</b>	<b>41,183</b>	<b>284,303</b>	<b>19,933</b>	<b>111,841</b>	<b>10,679</b>	<b>1,550</b>	<b>469,489</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,230</b>	<b>\$ 1,230</b>

**SCOTT COUNTY DECATORIZATION PROGRAM**  
**Schedule of Revenue and Expenditures -**  
**Scott County Community Empowerment Board Funds**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

	<u>School Ready</u>	<u>Early Childhood</u>	<u>Total Empowerment Funds</u>
Revenue:			
State of Iowa, Bureau of Children, Family and Community Services	\$ 1,797,820	\$ 738,300	\$ 2,536,120
Interest	<u>11,833</u>	<u>8,194</u>	<u>20,027</u>
Total Revenue	<u>1,809,653</u>	<u>746,494</u>	<u>2,556,147</u>
Expenditures:			
Contractual Services	<u>1,720,220</u>	<u>632,793</u>	<u>2,353,013</u>
Payroll Costs:			
Salaries	28,399	12,939	41,338
Fringe Benefits	<u>15,619</u>	<u>7,117</u>	<u>22,736</u>
Total Payroll Costs	<u>44,018</u>	<u>20,056</u>	<u>64,074</u>
Administration:			
Financial Services	11,715	5,337	17,052
Professional Fees	5,362	2,443	7,805
Travel and Meetings	2,254	1,026	3,280
Office Expenditures	1,431	652	2,083
Membership and Dues	65	30	95
Insurance	<u>1,088</u>	<u>495</u>	<u>1,583</u>
Total Administration	<u>21,915</u>	<u>9,983</u>	<u>31,898</u>
Other Expenditures:			
Community Capacity Building:			
Salaries	13,655	20,733	34,388
Fringe Benefits	7,510	11,403	18,913
Financial Services	2,226	2,994	5,220
Travel and Meetings	109	68	177
Family Day Care Inspection:			
Salaries	-	30,031	30,031
Fringe Benefits	-	16,517	16,517
Financial Services	-	310	310
Travel and Meetings	-	1,230	1,230
Office Expenditures	-	376	376
Total Other Expenditures	<u>23,500</u>	<u>83,662</u>	<u>107,162</u>
Total Expenditures	<u>1,809,653</u>	<u>746,494</u>	<u>2,556,147</u>
Excess of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Schedule of Revenue and Expenditures -**  
**Medicaid Fund**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

	<u>Administration</u>	<u>Enhancement</u>	<u>Total</u>
Revenue:			
Interest	\$ -	\$ 5,048	\$ 5,048
Expenditures:			
Contractual Services	<u>9,512</u>	<u>-</u>	<u>9,512</u>
Payroll Costs:			
Salaries	-	1,304	1,304
Fringe Benefits	<u>-</u>	<u>717</u>	<u>717</u>
Total Payroll Costs	<u>-</u>	<u>2,021</u>	<u>2,021</u>
Administration:			
Travel and Meetings	<u>-</u>	<u>910</u>	<u>910</u>
Total Expenditures	<u>9,512</u>	<u>2,931</u>	<u>12,443</u>
Excess of Revenue Over (Under) Expenditures	<u>\$ (9,512)</u>	<u>\$ 2,117</u>	<u>\$ (7,395)</u>

**SINGLE AUDIT SECTION**

**SCOTT COUNTY DECATEGORYIZATION PROGRAM**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**  
**See Auditor's Report**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant / Contract Number</u>	<u>Program Award Amount</u>	<u>Revenues/ Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>					
Pass Through Program From State of Iowa					
Promoting Safe and Stable Families	93.556	DCFS-08-040	\$ 15,000	\$ 9,338	\$ 9,338
Promoting Safe and Stable Families	93.556	DCFS-08-040	20,000	5,612	5,612
Total CFDA # 93.556			<u>35,000</u>	<u>14,950</u>	<u>14,950</u>
Child Care and Development Block Grant *	93.575	Early Childhood	<u>606,519</u>	<u>738,300</u>	<u>738,300</u>
Total U.S. Department of Health and Human Services			<u>641,519</u>	<u>753,250</u>	<u>753,250</u>
Total Federal Expenditures of Federal Awards			<u>\$ 641,519</u>	<u>\$ 753,250</u>	<u>\$ 753,250</u>

**Note 1. Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of Scott County Decategorization Program and Scott County Community Empowerment Board and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

\* Denotes Major Program

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Executive Committee  
Scott County Decategorization Program  
Davenport, Iowa

We have audited the financial statements of Scott County Decategorization Program as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Program's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Program's financial statements that is more than inconsequential will not be prevented or detected by the Program's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Scott County Decategorization Program in a separate letter dated December 7, 2009.

This report is intended solely for the information and use of the Executive Committee, management, others within the Program and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Doyle & Keenan, P.C.*

December 7, 2009

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Executive Committee  
Scott County Decategorization Program  
Davenport, Iowa

Compliance

We have audited the compliance of Scott County Decategorization Program with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Scott County Decategorization Program's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Scott County Decategorization Program's management. Our responsibility is to express an opinion on Scott County Decategorization Program's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and 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 Scott County Decategorization Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Scott County Decategorization Program's compliance with those requirements.

In our opinion, Scott County Decategorization Program complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Scott County Decategorization Program is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Scott County Decategorization Program's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scott County Decategorization Program's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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

This report is intended solely for the information and use of the Executive Committee, management, others within the Program, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Doyle + Keenan, P.C.*

December 7, 2009

**SCOTT COUNTY DECATEGORY PROGRAM**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major programs:

Material weaknesses identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

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

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.575	Child Care and Development Block Grant

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

Auditee qualified as a low-risk auditee?  Yes  No

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**SCOTT COUNTY DECATEGORIZATION PROGRAM**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2009**

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

December 7, 2009

Executive Committee  
Scott County Decategorization Program  
Davenport, Iowa

In planning and performing our audit of the financial statements of Scott County Decategorization Program as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Scott County Decategorization Program's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 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 and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant, as defined above.

Following is a description of a matter that we determined did not constitute a significant deficiency or material weakness, but is an opportunity for strengthening internal controls and improving operating efficiency:

#### **Segregation of Duties**

As you are aware, a limited number of people perform most of the accounting and financial control duties in the Program. As a result, many of those aspects of internal accounting control, which rely upon an adequate segregation of duties, are for all practical purposes missing in the Program. We recognize that the Program is not large enough to make the employment of additional persons for the purpose of segregating duties practicable from a financial standpoint but we wanted to call the situation to your attention. Keeping in mind the limited number of employees to which duties can be assigned; we believe that it is important for management and Executive Committee members to have continuing close supervision over the operations and procedures of the Program.

The supervision and periodic review procedures currently in place help mitigate the lack of proper segregation of duties and should be continued. These procedures include:

- Receipt of unopened bank statements by an individual independent of the general ledger function and review of contents for propriety.
- Disbursements are presented with supporting documentation and require dual manual signatures for all checks.

- Periodic review of the bank reconciliations by someone independent of the responsibility for their preparation and periodically by an individual of the Board.

In addition, we recommend the Program consider the merits of performing the following additional control procedures:

- Periodic review of manual journal entries.

The following comment and suggestion relates to matters that came to our attention in connection with the performance of our audit engagement. This item is offered for your information and/or consideration as part of the ongoing process of modifying and improving the Program's practices and procedures:

- While performing our audit procedures we noted that some bank balances have consistently large balances and bear little or no interest. We recommend transferring these funds to higher interest-bearing accounts to increase the return on your assets.

We will review the status of this comment during our next audit engagement. We have already discussed this comment with various Program personnel, and we will be pleased to discuss it in further detail at your convenience.

Sincerely,



Doyle & Keenan, P.C.