

# COUNTY OF SCOTT, IOWA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Year Ended June 30, 2011**

---

Prepared by

Wesley Rostenbach  
Accounting and Tax Manager  
Office of County Auditor

Craig Hufford  
Financial Management Supervisor  
Office of County Treasurer

Sarah Kautz  
Budget Manager  
Office of County Administrator



# **INTRODUCTORY**



# County of Scott, Iowa

## Table of Contents

---

### Introductory Section

---

|  |        |
|--|--------|
| Table of contents  | i - ii |
| County officials   | iii    |
| Organizational chart   | iv     |
| Certificate of Achievement for Excellence in Financial Reporting | v      |
| Transmittal letter   | vi - x |

---

### Financial Section

---

|   |         |
|---|---------|
| Independent auditors' report  | 1 – 2   |
| Management's discussion and analysis  | 3 – 15  |
| Basic financial statements:   |         |
| Government-wide financial statements:   |         |
| Statement of net assets   | 16 – 17 |
| Statement of activities   | 18 – 19 |
| Fund financial statements:  |         |
| Balance sheet – governmental funds  | 20 – 21 |
| Reconciliation of total governmental fund balances to net assets of governmental activities   | 22      |
| Statement of revenues, expenditures and changes in fund balances – governmental funds   | 23 – 24 |
| Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities                     | 25      |
| Statement of net assets (deficit) – proprietary funds   | 26      |
| Statement of revenues, expenses and changes in net assets (deficit) – proprietary funds   | 27      |
| Statement of cash flows – proprietary funds   | 28      |
| Statement of assets and liabilities – agency funds  | 29      |
| Statement of net assets – discretely presented component units  | 30      |
| Statement of activities – discretely presented component units  | 31 – 32 |
| Notes to basic financial statements   | 33 – 58 |
| Required supplementary information:   |         |
| Other postemployment benefit plan – schedule of funding progress  | 59      |
| Budgetary comparison schedule – all governmental funds  | 60      |
| Note to required supplementary information  | 61      |
| Supplementary information:  |         |
| Nonmajor governmental funds:  |         |
| Combining balance sheet   | 62      |
| Combining statement of revenues, expenditures and changes in fund balances  | 63      |
| Combining statement of net assets – internal service funds  | 64      |
| Combining statement of revenues, expenses, and changes in net assets – internal service funds   | 65      |
| Combining statement of cash flows – internal service funds  | 66      |
| Combining statement of changes in assets and liabilities – all agency funds   | 67 – 71 |
| Combining balance sheet and reconciliation to statement of net assets – discretely presented component units  | 72      |
| Combining statement of revenues, expenditures and changes in fund balances and reconciliation to statement of activities – discretely presented component units | 73 – 74 |
| Combining statement of cash flows – discretely presented component units  | 75      |

# County of Scott, Iowa

## Table of Contents

---

### Statistical Section

---

|  |           |
|--|-----------|
| Statistical section contents   | 76        |
| Net assets by component  | 77 – 78   |
| Changes in net assets  | 79 – 82   |
| Fund balances, governmental funds                                    | 83 – 84   |
| Changes in fund balances, governmental funds                         | 85 – 86   |
| Program revenues by function/program                                 | 87 – 88   |
| Revenues by source, governmental funds                               | 89 – 90   |
| Assessed value and actual value of taxable property                  | 91 – 92   |
| Principal property taxpayers   | 93        |
| Property tax levies and collections                                  | 94        |
| Direct and overlapping property tax rates                            | 95 – 96   |
| Ratios of outstanding debt by type                                   | 97 – 98   |
| Ratios of general bonded debt outstanding                            | 99        |
| Direct and overlapping governmental activities debt                  | 100       |
| Legal debt margin information  | 101 – 102 |
| Demographic and economic statistics                                  | 103       |
| Principals employers   | 104       |
| Full-time equivalent county government employees by function/program | 105 – 106 |
| Operating indicators by function/program                             | 107 – 110 |
| Capital asset statistics by function/program                         | 111 – 112 |

---

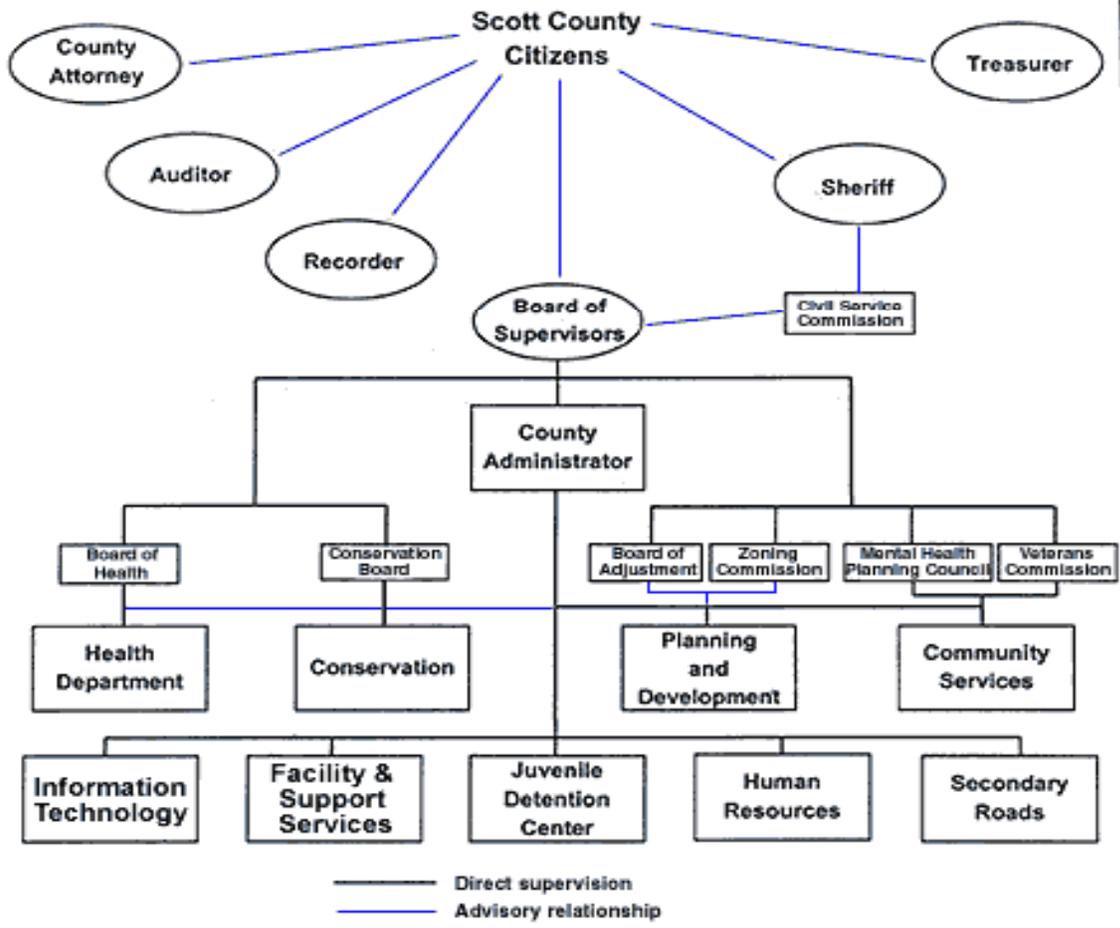
### Compliance Section

---

|  |           |
|--|-----------|
| Schedule of expenditures of federal awards   | 113 – 115 |
| Notes to schedule of expenditures of federal awards  | 116       |
| Summary schedule of prior audit findings   | 117       |
| Independent auditors' 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 | 118 – 119 |
| Independent auditors' report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133      | 120 – 121 |
| Schedule of findings and questioned costs  | 122 – 124 |



# Scott County Government Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Scott  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Enos*

Executive Director



**OFFICE OF THE COUNTY ADMINISTRATOR**

600 West Fourth Street  
Davenport, Iowa 52801-1003

Ph: (563) 326-8702 Fax: (563) 328-3285  
[www.scottcountyiowa.com](http://www.scottcountyiowa.com)  
E-Mail: [admin@scottcountyiowa.com](mailto:admin@scottcountyiowa.com)

---



November 29, 2011

To the Members of the Scott County Board of Supervisors, and Citizens of Scott County:

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011.

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.

Baker Tilly Virchow Krause, LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion of Scott County’s financial statements for the year ended June 30, 2011. 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 Scott County Government***

Scott County, Iowa was incorporated on December 31, 1837. Antoine LeClaire, an early settler of the County, donated the square of land the Scott County Courthouse stands on today. If the County ever abandons the site, the property would revert to the heirs of Antoine LeClaire. The first courthouse was erected on this land during 1840-41 and served for 45 years. The following years to 1874 saw changes and additions to the structure of Scott County government. One of the major changes was in the structure of the governing board. From 1838 until 1850 county commissioners were elected on an annual basis. By 1861 the name Board of Supervisors had been mandated, with 14 supervisors from throughout the county representing the citizens. In 1870 the structure changed again, and only three board supervisors were elected countywide. In 1874, the membership of the board of supervisors increased to its present five officials, all elected at-large.

In 1979 an administrator form of government was adopted, and the Board of Supervisors hired a county administrator. Subsequently, staff and departments have grown in efficiency and capacity to serve citizens. In 1978 the County Home Rule Bill was enacted, granting all powers to counties consistent with state laws and not specifically prohibited by the Iowa General Assembly.

The County provides a full range of services. These services include law enforcement and legal services, physical health and social services, mental health and developmental disabilities services, county environment, planning and zoning, construction and maintenance of secondary roads, education and general administrative services.

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.

The County's discretely presented component units are as follows: Emergency Management Agency, which provides direction for the delivery of the emergency management services and planning, administration, coordination, training and support for local governments and their departments, Emergency Management Agency-Scott Emergency Communication Center (SECC), which provides county-wide consolidated emergency 911 dispatch services; County Library, which provides library services to all cities within Scott County with the exception of the City of Bettendorf, the City of Davenport, and the City of LeClaire; and the Scott County Public Safety Authority, which is the owner of the voter approved jail expansion project.

These component units are discretely presented in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The County Board is a voting member of each of the governing bodies of all component units except for the Scott County Library for which the County Board appoints all the Library Trustees and the Public Safety Authority for which the County Board appoints two commissioners, one jointly appointed with the City of Davenport. The component units are discussed further in Note 1.

The Board is required to adopt a final budget by no later than March 15<sup>th</sup> prior to the beginning of the fiscal year. This annual budget serves as the foundation for Scott County's financial planning and control. The State of Iowa requires the passage of an annual budget of total County operating expenditures by major program service areas (i.e., public safety and legal services, physical health and social services, etc.). Activities of the general fund, special revenue funds, capital projects fund and debt service fund 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 County also maintains administrative budgetary control beyond the State required program service area level at the major object of expenditure basis within each County department.

### ***Local Economy***

Scott County is part of a four county, bi-state, metropolitan area referred to as the Quad-Cities. The counties of Scott (Iowa), Rock Island, Henry and Mercer (Illinois), contain the Davenport-Rock Island-Moline Metropolitan Statistical Area (MSA), with a 2010 U.S. Census Bureau count of 379,690 which is a 1.0% increase over the 2000 census count of 376,019. The U. S. Census Bureau's 2010 population of Scott County was 165,224, which is a 4.1% increase over the 2000 census count of 158,689. That 2010 total is just a 3.25% increase over the 1980 census count for Scott County which was 160,022.

The Quad-Cities has been historically known as an industrial, retail/service and transportation center. In the last thirty years the economy has shifted, showing a decline in the number of manufacturing sector jobs. In 1980, 30% of the area jobs were in manufacturing and 53% in the service sector. In 1990 that had changed to 17% manufacturing, 41% service sector; with 20% classified as trade and 4% mining and construction. In 2000 the split was 16% manufacturing and 46.5% classified as service sector; with 18% classified as trade and 5% mining and construction. In 2010 the split changed only slightly to 12% manufacturing and 50% classified as service sector; with 17% classified as trade and 5% mining and construction. The portion of government sector jobs has remained even at 16% in 1980 and 1990, 14.5% in 2000 and back to 16% in 2010.

The Quad Cities and Scott County have not escaped the impacts of the current national recession. Some of the largest layoffs announced in 2008 and 2009 have been ALCOA 400 jobs, John Deere Davenport Works 305 jobs, Q-C Die Casting closing with the loss of 100 jobs, and Seaford Clothing shutdown with the loss of 330 jobs. Additionally as part of the Base Closure and Realignment Commission (BRAC) process the Rock Island Arsenal, the region's largest employer, will see a net loss of 1,100 civilian jobs by 2011. However in 2010 there have been indications of a turn around, in the second half of that year ALCOA recalled all its laid off workers and added 40 production jobs and in 2011 created 100 new production jobs. Just recently ALCOA announced a planned plant expansion with machinery and equipment that will total \$300 million in investment which will help retain 200 jobs and create an additional 150.

The annual average labor force in the Quad Cities MSA (four county) was 204,440 in 2010 which was a 7% increase from the 191,070 in 2000. The annual average labor force for Scott County was 89,950 in 2010, which was a 4.4% increase over the 2000 annual labor force of 86,140 and a 14.4% increase over the 1990 annual average labor force of 78,660 for the county. In 1980 the unemployment rate for the Quad Cities was 6.7%. In 1983 the unemployment rate for the Quad-Cities MSA hit a high of 14.8%. Scott County's unemployment rate that same year was 10.8%, following a Scott County high the year before in 1982 of 11.2%. In 1990 the unemployment rate for the QCA was 5.0% and Scott County was 4.2%. Those rates dipped to a low of 3.4 % and 2.7% in 1998 but for 2008 rose to 5.2% and 4.2%, respectively. In 2009 they rose to 7.0% for the MSA and 5.6% for Scott County and 2010 they were at 8.4% for the MSA and 6.9% for Scott County, which actually compares favorably with the estimated national figure of 9.6%.

In 2010 the median household income for the MSA was \$48,091 and for Scott County it was \$52,218. The median household income in Scott County rose between 1980 and 2000, from \$20,767 in 1980 to \$29,979 in 1990 and \$42,701 in 2000. That is an increase of 106% over the twenty-year period. The median household income in 2008 in Scott County increased another 22% over the 2000 figure to \$52,013, just a shade under the 2008 U.S. median household income of \$52,029.

New residential construction has slowed significantly in the Quad-Cities MSA and Scott County after very strong years from 1999-2005. The total housing starts for the Quad Cities MSA were 851 in 2006, 688 in 2007, dropping to 421 in 2008, 371 in 2009 and 422 in 2010. The total housing starts for Scott County for those same years were 538 in 2006, 407 in 2007, dropping to 274 in 2008, 231 in 2009 and 304 in 2010. The Scott County figures represented 65% of the total Quad Cities MSA housing starts in 2006, 61% in 2007, 69% in 2008, 66% in 2009 and 72% in 2010.

Even with a slowing housing market the Quad Cities remains one of the most affordable housing markets in the country. The average sales price for homes in the Iowa Quad Cities was \$165,700 in June, 2010. On the Illinois side of the river the average sales price was \$111,200 for that same timeframe. Previously the average sales price for homes in the Iowa Quad Cities was \$126,200 in June, 2000, \$127,300 in June, 2002, 137,600 in June, 2004, \$162,300 in June, 2007 and \$164,300 in June, 2008. On the Illinois side of the river the average sales price was \$90,400 in June, 2000, \$95,600 in June, 2002, \$101,400 in June, 2004, \$112,200 in June, 2007 and \$159,400 in June, 2008. The median home values between 1980 and 1990 in Scott County only increased 3% from \$52,800 to \$54,400. From 1990 to 2000 the median home values in Scott County jumped 70% to \$92,400. From 2000 to 2009 median home values in Scott County jumped another 40% to \$129,300.

With the drastic decline in the national economic indicators slowing, the European Union financial crisis continuing and consumer confidence appearing to remain low it is encouraging that the outlook for the Quad Cities still can be considered somewhat stable, if not improving. Housing prices have not seen a sharp decline in this area mainly because they had not seen significant increases in previous years. There have been some layoffs and production slow-downs at some of the areas largest employers, while others have seen modest increases or have been hiring to replace retiring workers. Although with BRAC the Arsenal will reduce positions over the next six years, current production capacity at the Rock Island Arsenal is increasing. The Local Arsenal Redevelopment Task Force is working to attract new private sector jobs to the Arsenal in the future.

In Davenport, the Quad Cities largest city, there are a number of expansions and new construction that indicate an improving local economy. Seaberg Industries, a 35 year old machining and fabricating company currently located in Rock Island is seeking to combine all their operations under one roof and purchase a 55,400 square foot building in Davenport that will add to their current manufacturing area by 20% and allow for growth and improved management of workflow. Seaberg currently employs 102 full time employees and will be creating an additional 12 positions over three years.

Founded in 1898, Alter Trading, a privately owned, fourth generation company, is one of the largest scrap processors in the United States. Alter Trading is planning a \$1.5 million building expansion at their location in Davenport. In addition they will be adding \$12.8 million worth of new equipment based around the installation of a new non-ferrous metal recovery and separation system.

Fidlar Technologies, a document recording and management company since its founding in 1854 is today a leader in software technology for many local and state governments and does business in 20 different states. Currently located in Rock Island, Fidlar has plans to construct an approximate 12,000 square foot signature facility in the Iowa Research, Commerce and Technology Park in Davenport. The construction of the building is part of a \$2.85 million dollar project that will result in the retention of 45 full time positions paying an average wage of \$68,000 and the creation of 4 full time positions paying an average starting wage of \$40,000.

Construction of the rail extension to the Eastern Iowa Industrial Center (EIIC) in Davenport has begun and will be completed by Summer 2012. This long sought after infrastructure improvement will be a key factor in making the EIIC more competitive in winning business attraction projects in the years to come. Also all funding has been secured for the \$8.25 million City of Davenport Public Transload Facility. The Transload will be located along the north of the Deere Distribution Center in the EIIC. The Transload is currently being engineered and designed while the land necessary is acquired. As will the EIIC rail extension, the Transload will be an important industrial amenity which will assist the City of Davenport, as well as the Quad Cities as a whole, in achieving success in our business attraction efforts.

Economic development efforts for the Quad Cities as a whole continue to try to diversify the economy, while taking advantage of its unique location on major transportation corridors and the tremendous asset of the Mississippi River. The Quad Cities and Scott County is also positioned well for the renewable energy sector as a location for the manufacture, assembly and distribution of wind and solar energy generators. The global, national and regional economic development marketing for the Quad Cities have been led by Quad Cities First, the regional marketing public-private partnership managed by the Chamber of Commerce. The recent consolidation of the two Chambers of Commerce into one Quad Cities wide organization has helped with these regional marketing efforts. Scott County, as always, is part of those efforts.

### ***Long-Term Financial Planning***

Unassigned fund balance in the general fund (18.4% of total general fund expenditures) falls within the policy guidelines set by the Board for budgetary and planning purposes (i.e., minimum of 15 percent of total general fund expenditures). Fiscal year 2011 ended with an increase in the unassigned general fund balance of approximately \$1,629,221. During these challenging economic times, as the county faces cutbacks at the state level, retaining the current level of fund balance is important. The County is continuing to find ways to reduce its costs for providing services through LEAN and other efficiency initiatives. This is very important as the County weathers this recession. We are committed to remain a county with a superior level of service at one of the lowest tax rates in the State of Iowa.

### ***Relevant Financial Policies***

It is Scott County's policy to use its share of riverboat gaming proceeds for capital projects. The County currently uses these funds toward pay as you go remodeling and renovation projects.

### ***Major Initiatives***

This year, the County completed the Juvenile Court Services renovation which moved these services from a leased space back to our Courthouse. The County also purchased an adjacent residential property to continue to provide green space on the grounds of the campus. Also this year, the County purchased (with Scott Emergency Communication Center) a VOIP communication system, completely replacing all county phones. The Board's goal of purchasing an ERP software system continues with the hiring of consultants to facilitate the RFP process.

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Scott County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty-second consecutive year that Scott County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both general 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 meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, Scott County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2010. 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.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staffs of the Auditor's Office, Treasurer's Office and the Administration Office. We wish to express our appreciation to all members of our offices who assisted and contributed to the preparation of this report. We appreciate the assistance and guidance of our independent auditors. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Scott County's finances.

Respectfully submitted,



Bill Fennelly  
County Treasurer



Roxanna Moritz  
County Auditor



Dee F. Bruemmer  
County Administrator

**FINANCIAL**





Baker Tilly Virchow Krause, LLP  
115 S 84<sup>th</sup> St, Ste 400  
Milwaukee, WI 53214-1475  
tel 414 777 5500  
fax 414 777 5555  
bakertilly.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
of the County of Scott, Iowa  
Davenport, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County of Scott's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Scott's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Iowa, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, the County of Scott, Iowa adopted the provisions of Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

To the Board of Supervisors  
of the County of Scott, Iowa

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011 on our consideration of the County of Scott's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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, the budgetary comparison information and the schedule of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Scott's basic financial statements. The combining and individual fund financial statements and schedules, 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. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The "Introductory Section" and "Statistical Section" 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 of the County of Scott, Iowa. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on such information.

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
November 29, 2011

## County of Scott, Iowa

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2011

---

It is an honor to present to you the financial picture of the County of Scott, Iowa. We offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Scott, Iowa for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

#### Financial Highlights

The assets of the County of Scott exceeded its liabilities as of June 30, 2011 and 2010 by \$78,277,888 and \$83,774,736 (net assets), respectively. Of this amount, \$5,834,116 and \$3,013,147, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$5,496,848 during the year ended June 30, 2011 and increased by \$4,400,103 during the year ended June 30, 2010.

As of June 30, 2011, the County of Scott's governmental funds reported combined ending fund balances of \$22,860,191, a decrease of \$2,980,356 in comparison with 2010. Approximately 40 percent of this total amount, \$9,247,282 is available for spending at the government's discretion (unassigned). As of June 30, 2010, the County of Scott's governmental funds reported combined ending fund balances of \$25,840,547, an increase of \$6,221,529 in comparison with 2009. Approximately 70 percent of this total amount, \$18,026,122, is available for spending at the government's discretion (unassigned fund balance).

As of June 30, 2011, unassigned fund balance for the General Fund was \$9,247,282 or 18.4 percent of total General Fund expenditures and \$7,618,061 or 17.8 percent for 2010.

The County of Scott, Iowa's total long-term debt, excluding compensated absences, other postemployment benefits and claims payable, decreased by \$2,950,000 during fiscal year June 30, 2011 and increased by \$8,025,576 during fiscal year June 30, 2010. The decrease in 2011 was attributable to scheduled payments on bonds and capital leases and the increase in 2010 was attributed to the issuance of \$10,445,000 of new bonds offset by scheduled payments on bonds.

#### Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the County of Scott's basic financial statements. The County'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 County of Scott's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County of Scott, Iowa's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

## County of Scott, Iowa

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2011

---

Both of the government-wide financial statements distinguished functions of the County of Scott that are principally supported by taxes (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 County of Scott include public safety and legal services, physical health and social services, mental health, County environment and education, roads and transportation, government services to residents and administration. The business-type activities of the County of Scott include an 18-hole golf course.

The government-wide financial statements include the County of Scott and the following discretely presented component units: Emergency Management Agency, County Library, Public Safety Authority and Scott Emergency Communication Center. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the County.

The government-wide financial statements can be found on pages 16 through 19 of this report.

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 County of Scott, Iowa, 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 County 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 County of Scott, Iowa maintains seven 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, Mental Health/Development Disabilities Fund, Secondary Roads Fund, Capital Projects Fund and Debt Service Fund which are considered to be major funds. Data from the other two 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.

The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

## County of Scott, Iowa

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2011

---

Proprietary funds: The County of Scott maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County of Scott maintains one enterprise fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County of Scott's various functions. The County of Scott maintains two internal service 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 Golf Course Fund, as this fund is considered to be a major fund of the County of Scott.

The basic proprietary fund financial statements can be found on pages 26 through 28 of 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 statement because the resources of those funds are not available to support the County of Scott, Iowa's own programs. The fiduciary funds of the County are considered agency funds. Total assets of the fiduciary funds were \$234,778,857 and \$226,183,991 for the years ended June 30, 2011 and 2010, respectively.

The basic fiduciary fund financial statements can be found on page 29 of this report.

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: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County of Scott, Iowa's budgetary comparison and other postemployment benefit plan schedule of funding progress. This information can be found on pages 59 through 61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements and the required supplementary information.

## County of Scott, Iowa

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2011

#### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's total net assets have decreased from a year ago from \$83,774,736 to \$78,277,888.

Of the County of Scott's net assets, 85 percent reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County of Scott uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The County's net assets invested in capital assets, net of related debt, was \$66,515,247 for 2011 and \$74,845,001 for 2010. Although the County'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.

Table 1 - County of Scott's Net Assets

|   | Governmental Activities |                      | Business-Type Activities |                       | Total County         |                      |
|---|-------------------------|----------------------|--------------------------|-----------------------|----------------------|----------------------|
|   | 2011                    | 2010                 | 2011                     | 2009                  | 2011                 | 2010                 |
| Current and other assets                        | \$ 80,408,152           | \$ 81,404,184        | \$ (3,277,337)           | \$ (2,972,083)        | \$ 77,130,815        | \$ 78,432,101        |
| Capital assets                                  | 97,191,690              | 102,788,724          | 2,225,815                | 2,056,240             | 99,417,505           | 104,844,964          |
| <b>Total assets</b>                             | <b>177,599,842</b>      | <b>184,192,908</b>   | <b>(1,051,522)</b>       | <b>(915,843)</b>      | <b>176,548,320</b>   | <b>183,277,065</b>   |
| Noncurrent liabilities outstanding              | 37,159,020              | 39,833,705           | 328,247                  | 611,802               | 37,487,267           | 40,445,507           |
| Other liabilities                               | 59,894,833              | 58,188,485           | 888,332                  | 868,337               | 60,783,165           | 59,056,822           |
| <b>Total liabilities</b>                        | <b>97,053,853</b>       | <b>98,022,190</b>    | <b>1,216,579</b>         | <b>1,480,139</b>      | <b>98,270,432</b>    | <b>99,502,329</b>    |
| Net assets (deficit):                           |                         |                      |                          |                       |                      |                      |
| Invested in capital assets, net of related debt | 64,874,432              | 73,643,761           | 1,640,815                | 1,201,240             | 66,515,247           | 74,845,001           |
| Restricted                                      | 5,604,117               | 5,592,181            | 324,407                  | 324,407               | 5,928,524            | 5,916,588            |
| Unrestricted (deficit)                          | 10,067,439              | 6,934,776            | (4,233,323)              | (3,921,629)           | 5,834,116            | 3,013,147            |
| <b>Total net assets (deficit)</b>               | <b>\$ 80,545,988</b>    | <b>\$ 86,170,718</b> | <b>\$ (2,268,101)</b>    | <b>\$ (2,395,982)</b> | <b>\$ 78,277,887</b> | <b>\$ 83,774,736</b> |

Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted through enabling legislation for 2011 and 2010 consist of \$2,503,008 and \$2,849,754 for debt service, \$1,221,960 and \$1,499,167 for mental health and \$885,011 and \$370,604 for secondary roads, \$783,546 and \$663,173 for other statutory programs, respectively. An additional \$534,999 and \$533,890 is restricted by external third parties, respectively. The remaining balance of unrestricted net assets, \$5,834,116 for 2011 and \$3,013,147 for 2010, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County of Scott, Iowa is able to report positive balances in all three categories of net assets for governmental activities. The same situation held true for the prior fiscal year.

The County's total net assets decreased by \$5,496,848 during the current fiscal year as compared to an increase of \$4,400,103 in 2010. The governmental-type activities' net assets decreased by \$5,624,729 in 2011 and \$4,508,933 in 2010. The decrease in 2011 was due to a transfer of assets to Scott Emergency Communication Center. The total business-type activities' net assets increased by \$127,881 in 2011 and decreased by \$108,831 in 2010. The increase in 2011 was due to an increase in other operating revenues at the golf course as well as an increase in fixed assets for the golf course.

Table 2 highlights the County's revenues and expenses for the fiscal year ended June 30, 2011 and 2010. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited)  
Year Ended June 30, 2011

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

Table 2 - County of Scott's Changes in Net Assets

|  | Governmental Activities |                      | Business-Type Activities |                       | Total County         |                      |
|--|-------------------------|----------------------|--------------------------|-----------------------|----------------------|----------------------|
|  | 2011                    | 2010                 | 2011                     | 2010                  | 2011                 | 2010                 |
| Revenues:                              |                         |                      |                          |                       |                      |                      |
| Program revenues:                      |                         |                      |                          |                       |                      |                      |
| Charges for services                   | \$ 5,659,774            | \$ 5,015,579         | \$ 1,077,731             | \$ 912,712            | \$ 6,737,505         | \$ 5,928,291         |
| Operating grants and contributions     | 12,882,216              | 11,912,913           | -                        | -                     | 12,882,216           | 11,912,913           |
| Capital grants and contributions       | 2,567,522               | 6,674,252            | -                        | -                     | 2,567,522            | 6,674,252            |
| General revenues:                      |                         |                      |                          |                       |                      |                      |
| Taxes:                                 |                         |                      |                          |                       |                      |                      |
| Property taxes                         | 43,052,682              | 36,228,794           | -                        | -                     | 43,052,682           | 36,228,794           |
| Local option sales tax                 | 3,863,574               | 3,637,825            | -                        | -                     | 3,863,574            | 3,637,825            |
| Gaming                                 | 584,582                 | 676,255              | -                        | -                     | 584,582              | 676,255              |
| Other taxes                            | 68,512                  | 63,470               | -                        | -                     | 68,512               | 63,470               |
| Utility tax replacements               | 1,539,020               | 1,395,383            | -                        | -                     | 1,539,020            | 1,395,383            |
| Penalties, interest and costs on taxes | 791,685                 | 790,006              | -                        | -                     | 791,685              | 790,006              |
| State tax replacement credits          | 4,930,224               | 4,826,563            | -                        | -                     | 4,930,224            | 4,826,563            |
| State shared revenues                  | 2,775,120               | 3,101,887            | -                        | -                     | 2,775,120            | 3,101,887            |
| Payments in lieu of taxes              | 6,782                   | 6,828                | -                        | -                     | 6,782                | 6,828                |
| Investment earnings                    | 228,038                 | 188,207              | -                        | 6                     | 228,038              | 188,213              |
| Miscellaneous                          | 1,102,391               | 868,990              | -                        | -                     | 1,102,391            | 868,990              |
| <b>Total revenues</b>                  | <b>80,052,122</b>       | <b>75,386,952</b>    | <b>1,077,731</b>         | <b>912,718</b>        | <b>81,129,853</b>    | <b>76,299,670</b>    |
| Expenses:                              |                         |                      |                          |                       |                      |                      |
| Public safety and legal services       | 36,474,619              | 27,972,373           | -                        | -                     | 36,474,619           | 27,972,373           |
| Physical health and social services    | 5,695,818               | 6,238,358            | -                        | -                     | 5,695,818            | 6,238,358            |
| Mental health                          | 15,279,397              | 14,484,152           | -                        | -                     | 15,279,397           | 14,484,152           |
| County environment and education       | 5,070,703               | 4,044,619            | -                        | -                     | 5,070,703            | 4,044,619            |
| Roads and transportation               | 7,863,504               | 6,219,535            | -                        | -                     | 7,863,504            | 6,219,535            |
| Government services to residents       | 2,117,384               | 2,167,664            | -                        | -                     | 2,117,384            | 2,167,664            |
| Administration                         | 11,500,872              | 8,294,027            | -                        | -                     | 11,500,872           | 8,294,027            |
| Debt service, interest                 | 1,674,554               | 1,457,291            | -                        | -                     | 1,674,554            | 1,457,291            |
| Golf course                            | -                       | -                    | 949,850                  | 1,021,548             | 949,850              | 1,021,548            |
| <b>Total expenses</b>                  | <b>85,676,851</b>       | <b>70,878,019</b>    | <b>949,850</b>           | <b>1,021,548</b>      | <b>86,626,701</b>    | <b>71,899,567</b>    |
| <b>Increase in net assets</b>          | <b>(5,624,729)</b>      | <b>4,508,933</b>     | <b>127,881</b>           | <b>(108,830)</b>      | <b>(5,496,848)</b>   | <b>4,400,103</b>     |
| Net assets (deficit), beginning        | 86,170,718              | 81,661,785           | (2,395,982)              | (2,287,152)           | 83,774,736           | 79,374,633           |
| Net assets (deficit), ending           | <b>\$ 80,545,989</b>    | <b>\$ 86,170,718</b> | <b>\$ (2,268,101)</b>    | <b>\$ (2,395,982)</b> | <b>\$ 78,277,888</b> | <b>\$ 83,774,736</b> |

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited)  
Year Ended June 30, 2011

Table 3 below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - County of Scott's Governmental Activities

| Programs                            | Total Cost of<br>Services 2011 | Total Cost of<br>Services 2010 | Net (Expense) of<br>Services 2011 | Net (Expense) of<br>Services 2010 |
|-------------------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|
| Public safety and legal services    | \$ 36,474,619                  | \$ 27,972,373                  | \$ (33,870,777)                   | \$ (25,686,638)                   |
| Physical health and social services | 5,695,818                      | 6,238,358                      | (3,246,599)                       | (3,253,764)                       |
| Mental health                       | 15,279,397                     | 14,484,152                     | (7,525,661)                       | (7,514,662)                       |
| County environment and education    | 5,070,703                      | 4,044,619                      | (3,975,907)                       | (2,629,295)                       |
| Roads and transportation            | 7,863,504                      | 6,219,535                      | (5,218,461)                       | 524,805                           |
| Government services to residents    | 2,117,384                      | 2,167,664                      | 539,532                           | 536,486                           |
| Administration                      | 11,500,872                     | 8,294,027                      | (9,998,173)                       | (7,794,916)                       |
| Debt service, interest              | 1,674,554                      | 1,457,291                      | (1,271,293)                       | (1,457,291)                       |
| <b>Total</b>                        | <b>\$ 85,676,851</b>           | <b>\$ 70,878,019</b>           | <b>\$ (64,567,339)</b>            | <b>\$ (47,275,275)</b>            |

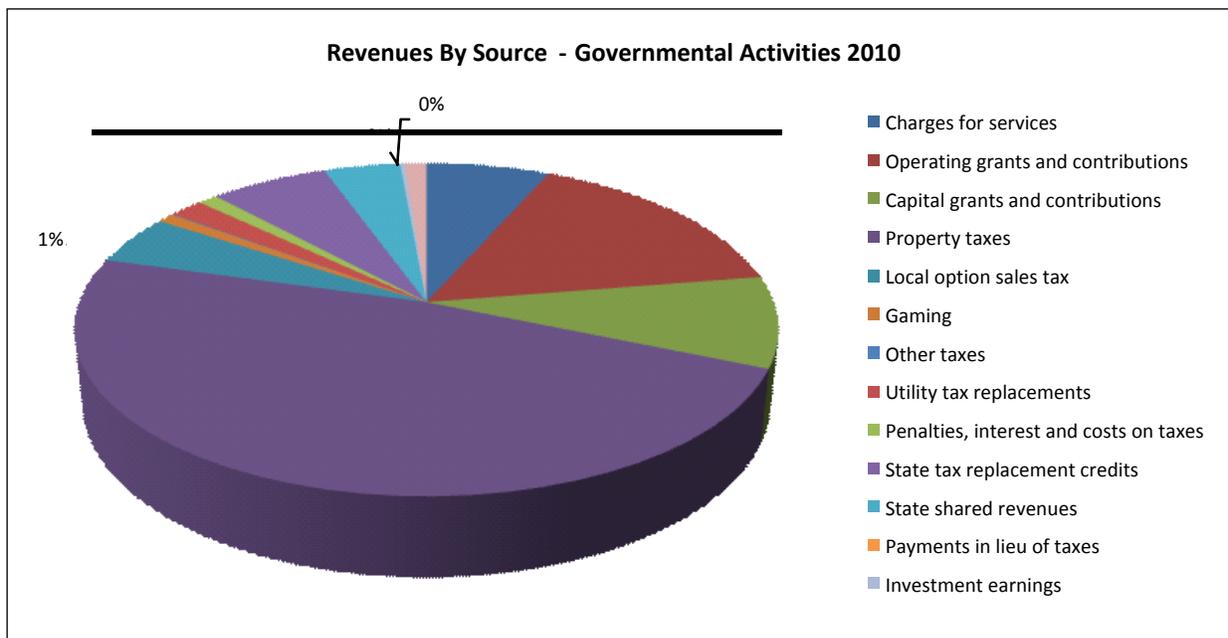
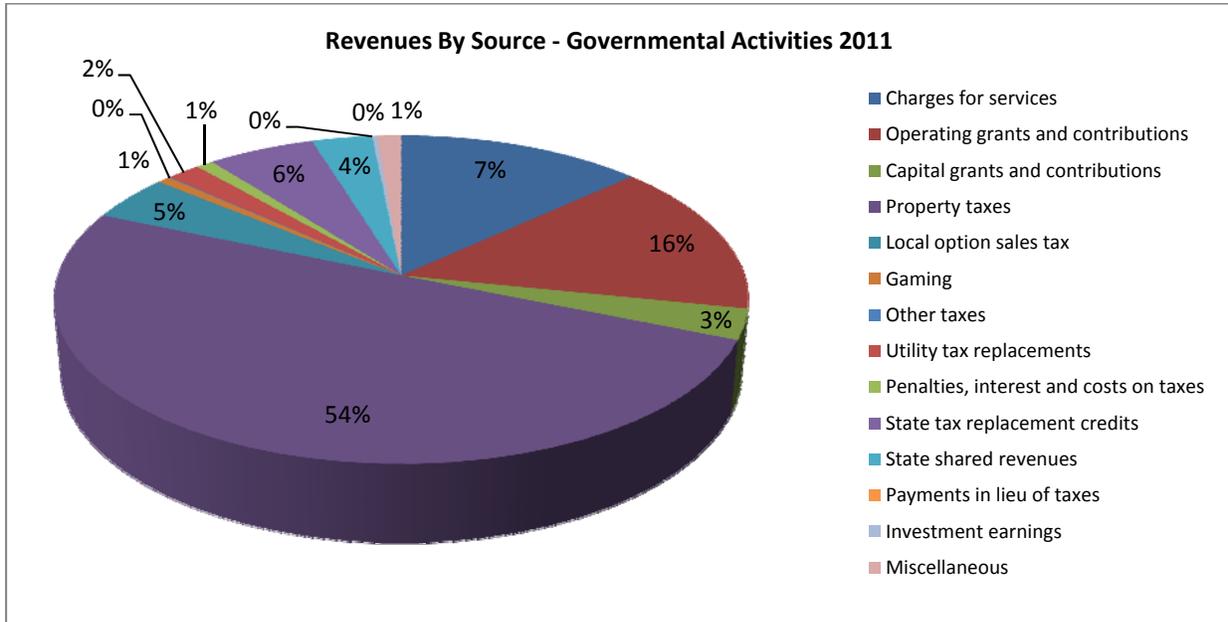
Net cost of services is 75 percent of total cost of services in 2011 and 67 percent in 2010. The County was able to maintain the net cost of services in the current year due to nontax revenues and fees being reviewed and adjusted on an ongoing basis.

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited)  
Year Ended June 30, 2011

Governmental Activities

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2011 and 2010.

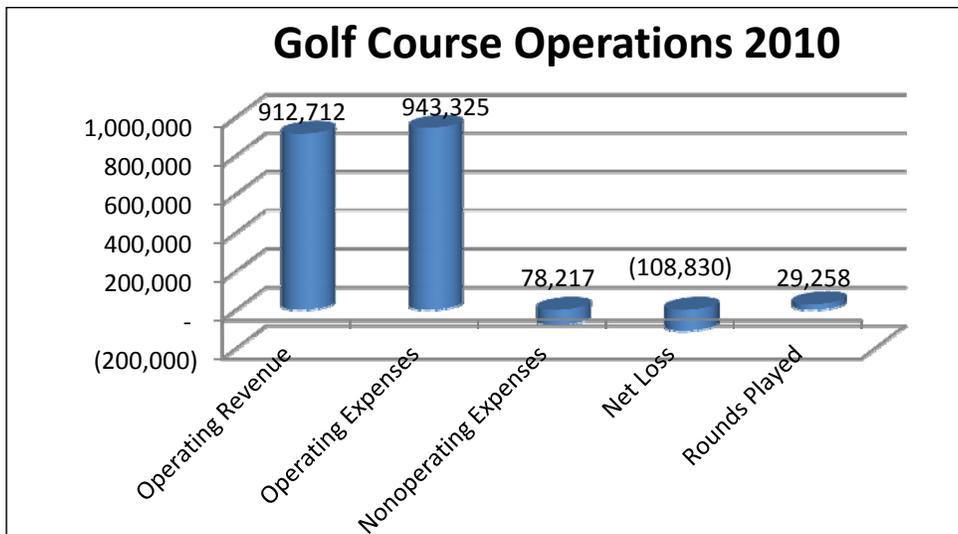
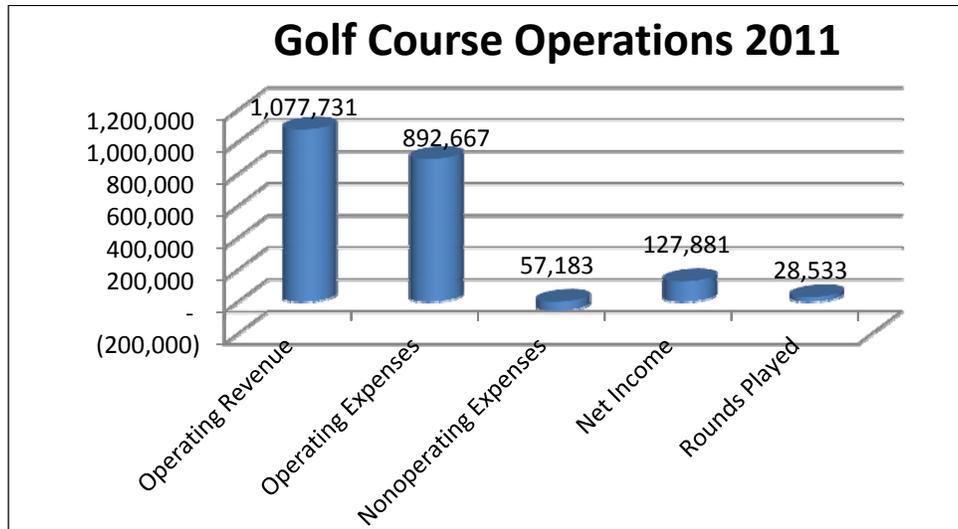


County of Scott, Iowa

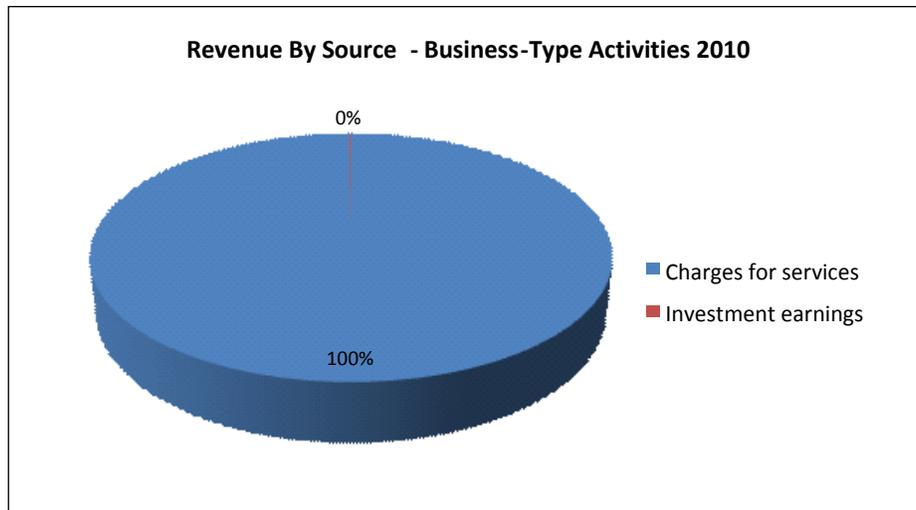
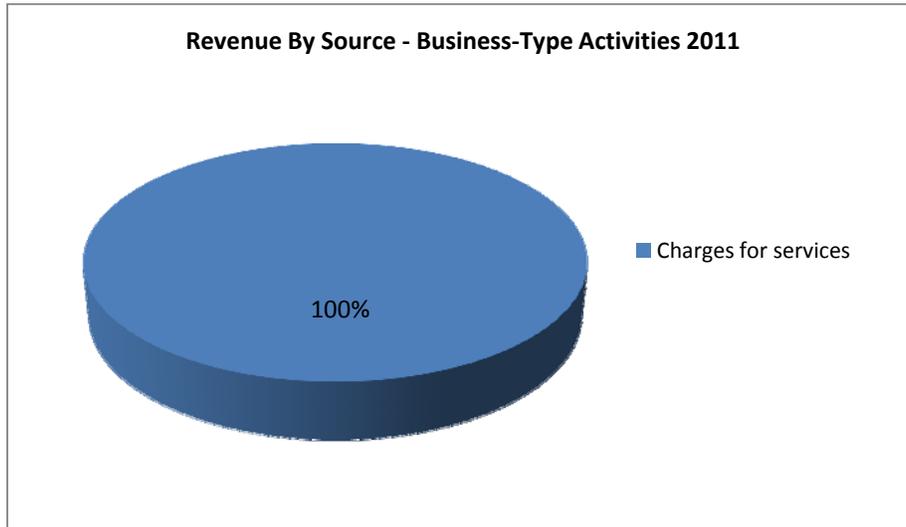
Management's Discussion and Analysis (Unaudited)  
Year Ended June 30, 2011

---

Total business-type activities' revenue for the fiscal years ended June 30, 2011 and 2010 was \$1,077,731 and \$912,718, respectively. All of this revenue was generated for specific business-type activity expenses. The graphs below show a comparison between the business-type activity expenditures and program revenues and operations for Glynn's Creek Golf Course in 2011 and 2010.



The graphs below show the breakdown of revenues by source for the business-type activities in 2011 and 2010.



**Business-type activities:** Business-type activities decreased the County of Scott's net assets by \$108,830 in the government's net assets in fiscal year ended June 30, 2010 compared to an increase of \$127,881 in fiscal year ended June 30, 2011.

## County of Scott, Iowa

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2011

---

#### Financial Analysis of the Government's Funds

As noted earlier, the County of Scott, Iowa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the County of Scott, Iowa's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, spendable 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 the end of the current fiscal year, the County of Scott, Iowa's governmental funds reported combined ending fund balances of \$22,860,191, a decrease of \$2,980,356 in comparison with the prior year fund balance of \$25,840,547. Approximately 40 percent of the 2011 total amount, or \$9,247,282 constitutes unassigned fund balance. Approximately \$7,618,061, or 30 percent, for 2010 constitutes unassigned fund balance. Unassigned fund balance is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$9,247,282 for 2011. The amount unassigned was \$7,618,061 for 2010 while total fund balance reached \$14,878,260 for 2011 and \$12,523,796 for 2010. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to fund expenditures. Unassigned fund balance represents 18 percent of General Fund expenditures for 2011, while the unassigned fund balance represented 18 percent of total General Fund expenditures for 2010, while total fund balance also represents approximately 30 and 29 percent of that same amount for 2011 and 2010, respectively.

The fund balance of the County's General Fund increased by \$2,354,464 during the year ended June 30, 2011. The key factor in this increase was an increase in property tax revenues.

The fund balance of the County's General Fund increased by \$2,431,944 during the year ended June 30, 2010. The key factor in this increase was an increase in property tax revenues.

The Secondary Roads Fund increased \$514,407 in 2011 from \$370,604 in 2010. The increase in fund balance relates to higher than anticipated revenues during the year.

The Capital Projects Fund decreased \$5,124,727 in 2011 from \$8,310,749 in 2010. The decrease in fund balance relates to an increase in capital outlay in 2011.

The Debt Service Fund decreased \$350,368 in 2011 from \$2,908,690 in 2010. The decrease in fund balance relates to the normal principal and interest payments on debt outstanding.

**Proprietary funds:** The County of Scott's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

## County of Scott, Iowa

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2011

#### Budgetary Highlights

Formal and legal budgetary control is based on nonmajor classes of disbursements known as functions, not by fund or fund type. Differences between the original budget and the final amended budget can be summarized as follows:

- The total original revenue budget of \$76,831,356 was increased to \$78,035,144 (an increase of \$1,203,767) mainly due to an expected increase in intergovernmental grant revenue. Actual revenues received were \$77,367,064.
- The total original expenditure budget of \$78,870,615 was increased to \$86,881,123 (an increase of \$8,010,508) mainly for capital projects financed by the remaining funds from a previous year bond issue. Specifically, the additional expenditures relate to emergency equipment. Actual expenditures were \$80,504,629.
- The total original budget for transfers in and out of \$8,128,064 was increased to \$8,796,064 (an increase of \$668,000).

During the year, however, actual expenditures were less than budgeted expenditures. Iowa law requires budget amendments to specific expenditure service areas, i.e., public safety and legal service, to be enacted by the Board of Supervisors no later than May 31 of each fiscal year. Since the County's fiscal year ends on June 30 and since the County's budget is based on the current financial resources measurement focus and the modified accrual basis of accounting, the Board takes a conservative approach when enacting year-end budget amendments. This means the comparison of actual to budgeted amounts will usually show expenditures to be well below budgeted amounts. This is especially true for capital outlay function when projects may roll over to a subsequent fiscal year. The budgeted transfers out are for transfers to capital projects and special revenue funds.

#### Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2011 and 2010, amounts to \$99,417,505 and \$104,844,964 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings and improvements, equipment, infrastructure and construction-in-progress. The total decrease in capital assets for 2011 was 5.2 percent (a 5.4 percent decrease for governmental activities and a 8.2 percent increase for business-type activities). The total decrease in capital assets for 2010 was 6 percent (a 6 percent increase for governmental activities and a 3 percent decrease for business-type activities).

Major capital asset events during the current fiscal year ended June 30, 2011 included emergency equipment for SECC, county-wide VOIP phones, the final portion of Scott County Park pool and aquatic center renovations, major improvements to the Scott County Park St. Anne's Church, the remodel of Juvenile Court Services – which brought this department back to the County campus from a leased facility, as well as technology additions to several courtrooms in the County Courthouse.

Table 4 - County of Scott's Capital Assets

|                                   | Governmental Activities |                       | Business-Type Activities |                     | Total                |                       |
|-----------------------------------|-------------------------|-----------------------|--------------------------|---------------------|----------------------|-----------------------|
|                                   | 2011                    | 2010                  | 2011                     | 2010                | 2011                 | 2010                  |
| Land                              | \$ 4,394,059            | \$ 4,365,740          | \$ 1,556,336             | \$ 1,556,336        | \$ 5,950,395         | \$ 5,922,076          |
| Construction-in-progress          | 4,421,553               | 10,341,643            | -                        | -                   | 4,421,553            | 10,341,643            |
| Buildings                         | 66,695,806              | 66,669,947            | 506,490                  | 506,490             | 67,202,296           | 67,176,437            |
| Improvements other than buildings | 4,946,414               | 4,819,798             | 663,428                  | 663,428             | 5,609,842            | 5,483,226             |
| Infrastructure                    | 88,224,817              | 80,969,658            | 62,374                   | 62,374              | 88,287,191           | 81,032,032            |
| Machinery and equipment           | 16,095,856              | 16,503,803            | 1,223,711                | 1,008,800           | 17,319,567           | 17,512,603            |
| Accumulated depreciation          | (87,586,815)            | (80,881,865)          | (1,786,524)              | (1,741,188)         | (89,373,339)         | (82,623,053)          |
| <b>Total</b>                      | <b>\$ 97,191,690</b>    | <b>\$ 102,788,724</b> | <b>\$ 2,225,815</b>      | <b>\$ 2,056,240</b> | <b>\$ 99,417,505</b> | <b>\$ 104,844,964</b> |

Additional information on the County of Scott's capital assets can be found in Note 7 of this report.

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited)  
Year Ended June 30, 2011

Debt: As of June 30, 2011, the County of Scott, Iowa had general obligation bonds outstanding totaling \$15,660,000, a lease agreement for the jail facility for \$22,410,000 and a purchase contract (business-type activities) outstanding for \$585,000. In the current year, the County governmental activities issued \$0 of new bonds and paid \$2,680,000 in principal and \$1,675,660 in interest on outstanding debt. Business-type activities paid \$270,000 in principal and \$49,919 in interest on outstanding debt in the current year.

Debt: As of June 30, 2010, the County of Scott, Iowa had general obligation bonds outstanding totaling \$17,190,000, a lease agreement for the jail facility for \$23,560,000 and a purchase contract (business-type activities) outstanding for \$855,000. In the current year, the County governmental activities issued \$13,200,000 of new bonds and paid \$4,885,000 in principal and \$1,562,013 in interest on outstanding debt. Business-type activities paid \$289,424 in principal and \$73,597 in interest on outstanding debt in the current year.

Table 5 - County of Scott's Outstanding Debt, June 30

|   | 2011                 | 2010                 | Maturity |
|---|----------------------|----------------------|----------|
| Governmental activities:                                      |                      |                      |          |
| General obligation bonds                                      | \$ 15,660,000        | \$ 17,190,000        | 2029     |
| Lease agreement   | 22,410,000           | 23,560,000           | 2025     |
| Total governmental activities                                 | <u>\$ 38,070,000</u> | <u>\$ 40,750,000</u> |          |
| Business-type activities, purchase contract and capital lease | <u>\$ 585,000</u>    | <u>\$ 855,000</u>    | 2013     |

Additional information about the County's long-term debt can be found in Note 8 to the financial statements.

## County of Scott, Iowa

### Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2011

---

#### Economic Factors and Next Year's Budgets and Rates

- Scott County's urban levy rate remained unchanged for FY12. The rural county levy rate increased by 1.3 percent for the budget year ending June 30, 2012 due to the legal requirement of Road Use Tax (RUT) local effort match. The tax base for the County of Scott increased 4.2 percent over the previous year.
- Health care costs and personnel costs, which make up a significant portion of the County's operating costs, continue to be reasonably controlled and negotiated. The County's move to self funded health insurance has resulted in 24 months of zero increase in County insurance premiums. The County's bargaining units that were up for negotiation were settled for under 2.5% for FY12 and will be renegotiated for FY13.
- The County's revenues are stable but flat and continue to remain at all-time low levels. Scott County has adjusted expenditures to meet flat revenue projections. This has been done through efficiencies such as LEAN programs, as well as the "Wall of Savings." The County may face funding challenges as the State Legislature has passed a Mental Health reform legislation that eliminates County funding for MHDD services in 2013, but continues the County requirement to provide these services. The Legislature is also working toward various property tax reform measures.

All of these factors were considered in preparing the County of Scott, Iowa's budget for the June 30, 2012 fiscal year.

#### Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the County's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Dee F. Bruemmer, County Administrator, Scott County Administrative Center, 600 West 4<sup>th</sup> Street, Davenport, Iowa 52801-1003.

County of Scott, Iowa

Statement of Net Assets  
June 30, 2011

| Assets  | Primary Government         |                             |                       | Component<br>Units   |
|---|----------------------------|-----------------------------|-----------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 |                      |
| <b>Current assets:</b>                              |                            |                             |                       |                      |
| Cash and investments                                | \$ 23,278,663              | \$ 20,185                   | \$ 23,298,848         | \$ 3,784,678         |
| Cash and investments in escrow                      | -                          | 324,407                     | 324,407               | -                    |
| Restricted cash and investments                     | 210,592                    | -                           | 210,592               | -                    |
| Receivables:  |                            |                             |                       |                      |
| Property taxes                                      | 47,955,375                 | -                           | 47,955,375            | -                    |
| Accrued interest                                    | 517,923                    | -                           | 517,923               | -                    |
| Accounts  | 473,186                    | 73,950                      | 547,136               | 14,195               |
| Loans   | 515,000                    | -                           | 515,000               | -                    |
| Due from other governmental agencies                | 1,950,333                  | -                           | 1,950,333             | 6,300                |
| Capital lease receivable from primary<br>government | -                          | -                           | -                     | 1,200,000            |
| Prepays   | 109,106                    | -                           | 109,106               | -                    |
| Inventories   | -                          | 11,127                      | 11,127                | -                    |
| <b>Total current assets</b>                         | <b>75,010,177</b>          | <b>429,669</b>              | <b>75,439,846</b>     | <b>5,005,173</b>     |
| <b>Noncurrent assets:</b>                           |                            |                             |                       |                      |
| Receivables:  |                            |                             |                       |                      |
| Notes   | 113,358                    | -                           | 113,358               | -                    |
| Loans   | 1,370,000                  | -                           | 1,370,000             | -                    |
| Capital lease receivable from primary<br>government | -                          | -                           | -                     | 21,210,000           |
| Internal balances                                   | 3,720,324                  | (3,720,324)                 | -                     | -                    |
| Unamortized bond issuance costs                     | 194,293                    | 13,317                      | 207,610               | 126,179              |
| Capital assets:                                     |                            |                             |                       |                      |
| Not depreciated:                                    |                            |                             |                       |                      |
| Land  | 4,394,059                  | 1,556,336                   | 5,950,395             | 16,600               |
| Construction-in-progress                            | 4,421,553                  | -                           | 4,421,553             | 10,947,315           |
| Depreciated:  |                            |                             |                       |                      |
| Buildings   | 66,695,806                 | 506,490                     | 67,202,296            | 1,297,266            |
| Improvements other than buildings                   | 4,946,414                  | 663,428                     | 5,609,842             | -                    |
| Infrastructure                                      | 88,224,817                 | 62,374                      | 88,287,191            | -                    |
| Machinery and equipment                             | 16,095,856                 | 1,223,711                   | 17,319,567            | 12,766,476           |
| Less accumulated depreciation                       | (87,586,815)               | (1,786,524)                 | (89,373,339)          | (1,059,931)          |
| <b>Total capital assets</b>                         | <b>97,191,690</b>          | <b>2,225,815</b>            | <b>99,417,505</b>     | <b>23,967,726</b>    |
| <b>Total noncurrent assets</b>                      | <b>102,589,665</b>         | <b>(1,481,192)</b>          | <b>101,108,473</b>    | <b>45,303,905</b>    |
| <b>Total assets</b>                                 | <b>\$ 177,599,842</b>      | <b>\$ (1,051,522)</b>       | <b>\$ 176,548,320</b> | <b>\$ 50,309,078</b> |

See Notes to Basic Financial Statements

| Liabilities and Net Assets                                    | Primary Government         |                             |                       | Component<br>Units   |
|---|----------------------------|-----------------------------|-----------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 |                      |
| <b>Liabilities:</b>   |                            |                             |                       |                      |
| Accounts payable  | \$ 5,007,302               | \$ 34,643                   | \$ 5,041,945          | \$ 710,875           |
| Current portion of claims payable                             | 997,562                    | -                           | 997,562               | -                    |
| Accrued liabilities   | 1,309,034                  | 29,244                      | 1,338,278             | 180,920              |
| Interest payable  | 55,314                     | 499,898                     | 555,212               | 115,566              |
| Unearned revenue  | 48,406,949                 | 22,669                      | 48,429,618            | -                    |
| Compensated absences  | 1,338,672                  | 16,878                      | 1,355,550             | 134,143              |
| Current portion of general obligation bonds                   | 1,580,000                  | -                           | 1,580,000             | -                    |
| Current portion of capital lease<br>payable to component unit | 1,200,000                  | -                           | 1,200,000             | -                    |
| Current portion of purchase contract                          | -                          | 285,000                     | 285,000               | -                    |
| Current portion of notes payable                              | -                          | -                           | -                     | 451,240              |
| Current portion of revenue bonds                              | -                          | -                           | -                     | 1,200,000            |
| <b>Total current liabilities</b>                              | <b>59,894,833</b>          | <b>888,332</b>              | <b>60,783,165</b>     | <b>2,792,744</b>     |
| <b>Noncurrent liabilities:</b>                                |                            |                             |                       |                      |
| Claims payable  | 83,287                     | -                           | 83,287                | -                    |
| Compensated absences  | 1,435,557                  | 28,247                      | 1,463,804             | 104,919              |
| Other post employment benefits obligation                     | 294,352                    | -                           | 294,352               | 2,601                |
| General obligation bonds payable, net<br>bond premium         | 14,135,824                 | -                           | 14,135,824            | -                    |
| Capital lease payable to component unit                       | 21,210,000                 | -                           | 21,210,000            | -                    |
| Purchase contract   | -                          | 300,000                     | 300,000               | -                    |
| Note payable, net discount                                    | -                          | -                           | -                     | 10,020,204           |
| Revenue bonds payable, net bond discount                      | -                          | -                           | -                     | 21,030,567           |
| <b>Total noncurrent liabilities</b>                           | <b>37,159,020</b>          | <b>328,247</b>              | <b>37,487,267</b>     | <b>31,158,291</b>    |
| <b>Total liabilities</b>                                      | <b>97,053,853</b>          | <b>1,216,579</b>            | <b>98,270,432</b>     | <b>33,951,035</b>    |
| <b>Net assets (deficit):</b>                                  |                            |                             |                       |                      |
| Invested in capital assets, net of related debt               | 64,874,432                 | 1,640,815                   | 66,515,247            | 14,961,873           |
| Restricted for:   |                            |                             |                       |                      |
| Debt service  | 2,503,008                  | -                           | 2,503,008             | -                    |
| County conservation sewage treatment                          | 210,592                    | -                           | 210,592               | -                    |
| Lease purchase contract                                       | -                          | 324,407                     | 324,407               | -                    |
| Other statutory programs                                      | 783,546                    | -                           | 783,546               | -                    |
| Mental health   | 1,221,960                  | -                           | 1,221,960             | -                    |
| Secondary roads   | 885,011                    | -                           | 885,011               | -                    |
| Capital project, jail expansion                               | -                          | -                           | -                     | 185,539              |
| Unrestricted (deficit)  | 10,067,439                 | (4,233,323)                 | 5,834,116             | 1,210,631            |
| <b>Total net assets (deficit)</b>                             | <b>80,545,989</b>          | <b>(2,268,101)</b>          | <b>78,277,888</b>     | <b>16,358,043</b>    |
| <b>Total liabilities and net assets (deficit)</b>             | <b>\$ 177,599,842</b>      | <b>\$ (1,051,522)</b>       | <b>\$ 176,548,320</b> | <b>\$ 50,309,078</b> |

County of Scott, Iowa

Statement of Activities  
Year Ended June 30, 2011

| Functions / Programs                        | Program Revenues     |                                |                                    |                                  |
|---|----------------------|--------------------------------|------------------------------------|----------------------------------|
|   | Expenses             | Charges for Sales and Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>                   |                      |                                |                                    |                                  |
| Governmental activities:                    |                      |                                |                                    |                                  |
| Public safety and legal services            | \$ 36,474,619        | \$ 1,457,575                   | \$ 1,146,267                       | \$ -                             |
| Physical health and social services         | 5,695,818            | 376,158                        | 2,073,061                          | -                                |
| Mental health                               | 15,279,397           | 50,250                         | 7,703,486                          | -                                |
| County environment and education            | 5,070,703            | 1,017,239                      | 77,557                             | -                                |
| Roads and transportation                    | 7,863,504            | 20,863                         | 56,658                             | 2,567,522                        |
| Government services to residents            | 2,117,384            | 2,469,734                      | 187,182                            | -                                |
| Administration                              | 11,500,872           | 267,955                        | 1,234,744                          | -                                |
| Interest on long-term debt                  | 1,674,554            | -                              | 403,261                            | -                                |
| <b>Total governmental activities</b>        | <b>85,676,851</b>    | <b>5,659,774</b>               | <b>12,882,216</b>                  | <b>2,567,522</b>                 |
| Business-Type activities, golf              | 949,850              | 1,077,731                      | -                                  | -                                |
| <b>Total primary government</b>             | <b>\$ 86,626,701</b> | <b>\$ 6,737,505</b>            | <b>\$ 12,882,216</b>               | <b>\$ 2,567,522</b>              |
| <b>Component Units</b>                      |                      |                                |                                    |                                  |
| Emergency Management Agency                 | \$ 175,236           | \$ 55,666                      | \$ -                               | \$ -                             |
| County Library                              | 1,071,665            | 1,038,191                      | -                                  | -                                |
| Public Safety Authority                     | 996,666              | -                              | -                                  | -                                |
| Scott Emergency Communication Center        | 6,294,313            | -                              | 7,092,023                          | 12,157,681                       |
| <b>Total component units</b>                | <b>\$ 8,537,880</b>  | <b>\$ 1,093,857</b>            | <b>\$ 7,092,023</b>                | <b>\$ 12,157,681</b>             |
| <b>General Revenues</b>                     |                      |                                |                                    |                                  |
| Taxes:                                      |                      |                                |                                    |                                  |
| Property taxes                              |                      |                                |                                    |                                  |
| Local option sales tax                      |                      |                                |                                    |                                  |
| Gaming                                      |                      |                                |                                    |                                  |
| Other taxes                                 |                      |                                |                                    |                                  |
| Utility tax replacements                    |                      |                                |                                    |                                  |
| Penalties, interest and costs on taxes      |                      |                                |                                    |                                  |
| State tax replacement credits, unrestricted |                      |                                |                                    |                                  |
| State shared revenues, unrestricted         |                      |                                |                                    |                                  |
| Payments in lieu of taxes                   |                      |                                |                                    |                                  |
| Investment earnings                         |                      |                                |                                    |                                  |
| Miscellaneous                               |                      |                                |                                    |                                  |
| <b>Total general revenues</b>               |                      |                                |                                    |                                  |
| Changes in net assets                       |                      |                                |                                    |                                  |
| Net assets (deficit), beginning of year     |                      |                                |                                    |                                  |
| Net assets (deficit), end of year           |                      |                                |                                    |                                  |

See Notes to Basic Financial Statements.

| Net (Expense) Revenue and Changes in Net Assets |                          |                 |                 |
|---|--------------------------|-----------------|-----------------|
| Primary Government                              |                          |                 |                 |
| Governmental Activities                         | Business-Type Activities | Total           | Component Units |
| \$ (33,870,777)                                 | \$ -                     | \$ (33,870,777) | \$ -            |
| (3,246,599)                                     | -                        | (3,246,599)     | -               |
| (7,525,661)                                     | -                        | (7,525,661)     | -               |
| (3,975,907)                                     | -                        | (3,975,907)     | -               |
| (5,218,461)                                     | -                        | (5,218,461)     | -               |
| 539,532   | -                        | 539,532         | -               |
| (9,998,173)                                     | -                        | (9,998,173)     | -               |
| (1,271,293)                                     | -                        | (1,271,293)     | -               |
| (64,567,339)                                    | -                        | (64,567,339)    | -               |
| -   | 127,881                  | 127,881         | -               |
| (64,567,339)                                    | 127,881                  | (64,439,458)    | -               |
|   |                          |                 | (119,570)       |
|   |                          |                 | (33,474)        |
|   |                          |                 | (996,666)       |
|   |                          |                 | 12,955,391      |
|   |                          |                 | 11,805,681      |
| 43,052,682                                      | -                        | 43,052,682      | -               |
| 3,863,574                                       | -                        | 3,863,574       | -               |
| 584,582   | -                        | 584,582         | -               |
| 68,512  | -                        | 68,512          | -               |
| 1,539,020                                       | -                        | 1,539,020       | -               |
| 791,685   | -                        | 791,685         | -               |
| 4,930,224                                       | -                        | 4,930,224       | -               |
| 2,775,120                                       | -                        | 2,775,120       | -               |
| 6,782   | -                        | 6,782           | -               |
| 228,038   | -                        | 228,038         | 987,854         |
| 1,102,391                                       | -                        | 1,102,391       | 81,481          |
| 58,942,610                                      | -                        | 58,942,610      | 1,069,335       |
| (5,624,729)                                     | 127,881                  | (5,496,848)     | 12,875,016      |
| 86,170,718                                      | (2,395,982)              | 83,774,736      | 3,483,027       |
| \$ 80,545,989                                   | \$ (2,268,101)           | \$ 78,277,888   | \$ 16,358,043   |

County of Scott, Iowa

Balance Sheet  
 Governmental Funds  
 June 30, 2011

|  | General              | Mental Health/<br>Development<br>Disabilities |
|--|----------------------|---|
| <b>Assets</b>  |                      |   |
| Cash and investments                                   | \$ 12,094,536        | \$ 3,266,601                                  |
| Restricted cash  | 210,592              | -   |
| Receivables, net of allowance for uncollectibles:      |                      |   |
| Property taxes, net of allowance for collection losses | 40,721,469           | 3,262,766                                     |
| Accrued interest                                       | 517,923              | -   |
| Accounts   | 448,999              | 13,929  |
| Loans  | -                    | -   |
| Notes  | 113,358              | -   |
| Advance to other funds                                 | 3,720,324            | -   |
| Prepays  | 109,106              | -   |
| Due from other governmental agencies                   | 1,605,170            | 121,162                                       |
| <b>Total assets</b>                                    | <b>\$ 59,541,477</b> | <b>\$ 6,664,458</b>                           |
| <b>Liabilities and Fund Balances</b>                   |                      |   |
| Liabilities:   |                      |   |
| Accounts payable                                       | \$ 1,448,847         | \$ 2,156,023                                  |
| Claims payable   | 50,771               | -   |
| Accrued liabilities                                    | 1,186,392            | 23,819  |
| Deferred revenue                                       | 41,977,207           | 3,262,656                                     |
| <b>Total liabilities</b>                               | <b>44,663,217</b>    | <b>5,442,498</b>                              |
| Fund balances;   |                      |   |
| Nonspendable   |                      |   |
| Advances   | 3,720,324            | -   |
| Notes receivable                                       | 113,358              | -   |
| Prepays  | 109,106              | -   |
| Restricted   |                      |   |
| Debt Service   | -                    | -   |
| County conservation sewage treatment                   | 210,592              | -   |
| Capital projects                                       | -                    | -   |
| Other statutory programs                               | 783,546              | -   |
| Committed  |                      |   |
| Records management fee                                 | -                    | -   |
| Assigned   |                      |   |
| Mental health/development disabilities                 | -                    | 1,221,960                                     |
| Secondary Roads  | -                    | -   |
| Other capital projects                                 | -                    | -   |
| Rural services   | -                    | -   |
| Claim liabilities                                      | 694,052              | -   |
| Unassigned   | 9,247,282            | -   |
| <b>Total fund balances</b>                             | <b>14,878,260</b>    | <b>1,221,960</b>                              |
| <b>Total liabilities and fund balances</b>             | <b>\$ 59,541,477</b> | <b>\$ 6,664,458</b>                           |

See Notes to Basic Financial Statements

| Secondary Roads     | Capital Projects    | Debt Service        | Nonmajor<br>Governmental Funds | Total                |
|---------------------|---------------------|---------------------|--------------------------------|----------------------|
| \$ 947,320          | \$ 4,388,910        | \$ 673,286          | \$ 130,237                     | \$ 21,500,890        |
| -                   | -                   | -                   | -                              | 210,592              |
| -                   | -                   | 1,356,859           | 2,614,281                      | 47,955,375           |
| -                   | -                   | -                   | -                              | 517,923              |
| -                   | 10,013              | -                   | 245                            | 473,186              |
| -                   | -                   | 1,885,000           | -                              | 1,885,000            |
| -                   | -                   | -                   | -                              | 113,358              |
| -                   | -                   | -                   | -                              | 3,720,324            |
| -                   | -                   | -                   | -                              | 109,106              |
| 223,009             | 992                 | -                   | -                              | 1,950,333            |
| <u>\$ 1,170,329</u> | <u>\$ 4,399,914</u> | <u>\$ 3,915,145</u> | <u>\$ 2,744,763</u>            | <u>\$ 78,436,086</u> |
| \$ 186,495          | \$ 1,213,892        | \$ -                | \$ -                           | \$ 5,005,257         |
| -                   | -                   | -                   | -                              | 50,771               |
| 98,823              | -                   | -                   | -                              | 1,309,034            |
| -                   | -                   | 1,356,823           | 2,614,147                      | 49,210,833           |
| <u>285,318</u>      | <u>1,213,892</u>    | <u>1,356,823</u>    | <u>2,614,147</u>               | <u>55,575,895</u>    |
| -                   | -                   | -                   | -                              | 3,720,324            |
| -                   | -                   | -                   | -                              | 113,358              |
| -                   | -                   | -                   | -                              | 109,106              |
| -                   | -                   | 2,558,322           | -                              | 2,558,322            |
| -                   | -                   | -                   | -                              | 210,592              |
| -                   | 1,712,860           | -                   | -                              | 1,712,860            |
| -                   | -                   | -                   | -                              | 783,546              |
| -                   | -                   | -                   | 72,687                         | 72,687               |
| -                   | -                   | -                   | -                              | 1,221,960            |
| 885,011             | -                   | -                   | -                              | 885,011              |
| -                   | 1,473,162           | -                   | -                              | 1,473,162            |
| -                   | -                   | -                   | 57,929                         | 57,929               |
| -                   | -                   | -                   | -                              | 694,052              |
| -                   | -                   | -                   | -                              | 9,247,282            |
| <u>885,011</u>      | <u>3,186,022</u>    | <u>2,558,322</u>    | <u>130,616</u>                 | <u>22,860,191</u>    |
| <u>\$ 1,170,329</u> | <u>\$ 4,399,914</u> | <u>\$ 3,915,145</u> | <u>\$ 2,744,763</u>            | <u>\$ 78,436,086</u> |



County of Scott, Iowa

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2011**

---

|   |    |                     |                      |
|---|----|---------------------|----------------------|
| Total governmental fund balances  |    | \$                  | 22,860,191           |
| Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds:   |    |                     |                      |
| Land  | \$ | 4,394,059           |                      |
| Construction-in-progress  |    | 4,421,553           |                      |
| Buildings   |    | 66,695,806          |                      |
| Improvements other than buildings   |    | 4,946,414           |                      |
| Infrastructure  |    | 88,224,817          |                      |
| Machinery and equipment   |    | 16,095,856          |                      |
| Accumulated depreciation  |    | <u>(87,586,815)</u> | 97,191,690           |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:  |    |                     |                      |
| Deferred revenues   |    |                     | 803,884              |
| Internal service funds are used by management to charge costs associated with self-insured health insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: |    |                     |                      |
|   |    |                     | 1,388,932            |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:  |    |                     |                      |
| Claims payable  |    | (643,282)           |                      |
| Compensated absences  |    | (2,774,229)         |                      |
| Other post employment benefits obligation   |    | (294,352)           |                      |
| Accrued interest payable  |    | (55,314)            |                      |
| Capital lease payable to component unit   |    | (22,410,000)        |                      |
| Bond issuance costs   |    | 194,293             |                      |
| Bond premium  |    | (55,824)            |                      |
| General obligation bonds payable  |    | <u>(15,660,000)</u> | (41,698,708)         |
| <b>Net assets of governmental activities</b>  |    |                     | <u>\$ 80,545,989</u> |

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2011

|  | General              | Mental Health/<br>Development<br>Disabilities |
|--|----------------------|---|
| Revenues:  |                      |   |
| Property taxes   | \$ 36,371,838        | \$ 3,050,568                                  |
| Local option sales tax                                   | 3,863,574            | -   |
| Other taxes  | 1,375,166            | 114,363                                       |
| Interest and penalties on taxes                          | 791,685              | -   |
| Intergovernmental  | 5,569,419            | 11,682,364                                    |
| Charges for services                                     | 4,901,934            | 50,250  |
| Investment earnings                                      | 203,117              | -   |
| Licenses and permits                                     | 652,664              | -   |
| Rentals and fees   | 188,240              | -   |
| Other  | 654,097              | 46,682  |
| <b>Total revenues</b>                                    | <b>54,571,733</b>    | <b>14,944,228</b>                             |
| Expenditures:  |                      |   |
| Current:   |                      |   |
| Public safety and legal services                         | 26,494,923           | -   |
| Physical health and social services                      | 6,511,764            | -   |
| Mental health  | -                    | 15,221,435                                    |
| County environment and education                         | 3,989,186            | -   |
| Roads and transportation                                 | -                    | -   |
| Government services to residents                         | 2,022,332            | -   |
| Administration   | 9,094,997            | -   |
| Capital outlay   | -                    | -   |
| Debt service   |                      |   |
| Principal  | 1,150,000            | -   |
| Interest and fees  | 968,430              | -   |
| <b>Total Expenditures</b>                                | <b>50,231,633</b>    | <b>15,221,435</b>                             |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>4,340,100</b>     | <b>(277,207)</b>                              |
| Other financing sources (uses):                          |                      |   |
| Transfers in   | 4,412,208            | -   |
| Transfers out  | (6,397,844)          | -   |
| Proceeds from sale of capital assets                     | -                    | -   |
| <b>Total other financing sources (uses)</b>              | <b>(1,985,636)</b>   | <b>-</b>                                      |
| <b>Net change in fund balances</b>                       | <b>2,354,464</b>     | <b>(277,207)</b>                              |
| Fund balances, beginning of year                         | 12,523,796           | 1,499,167                                     |
| Fund balances, end of year                               | <b>\$ 14,878,260</b> | <b>\$ 1,221,960</b>                           |

See Notes to Basic Financial Statements.

| Secondary Roads | Capital Projects | Debt Service | Nonmajor<br>Governmental Funds | Total         |
|-----------------|------------------|--------------|--------------------------------|---------------|
| \$ -            | \$ -             | \$ 1,402,731 | \$ 2,273,419                   | \$ 43,098,556 |
| -               | -                | -            | -                              | 3,863,574     |
| -               | 584,582          | 49,729       | 68,275                         | 2,192,115     |
| -               | -                | -            | -                              | 791,685       |
| 2,822,547       | 10,230           | 434,402      | 76,377                         | 20,595,340    |
| 6,900           | -                | -            | 34,064                         | 4,993,149     |
| -               | 18,355           | -            | 382                            | 221,853       |
| 13,963          | -                | -            | -                              | 666,627       |
| -               | -                | -            | -                              | 188,240       |
| 37,545          | 17,602           | -            | -                              | 755,925       |
| 2,880,955       | 630,769          | 1,886,862    | 2,452,517                      | 77,367,064    |
| -               | -                | -            | -                              | 26,494,923    |
| -               | -                | -            | -                              | 6,511,764     |
| -               | -                | -            | -                              | 15,221,435    |
| -               | -                | -            | 525,910                        | 4,515,096     |
| 4,540,044       | -                | -            | -                              | 4,540,044     |
| -               | -                | -            | -                              | 2,022,332     |
| -               | -                | -            | -                              | 9,094,997     |
| 516,532         | 7,231,845        | -            | -                              | 7,748,377     |
| -               | -                | 1,530,000    | -                              | 2,680,000     |
| -               | -                | 707,230      | -                              | 1,675,660     |
| 5,056,576       | 7,231,845        | 2,237,230    | 525,910                        | 80,504,629    |
| (2,175,621)     | (6,601,076)      | (350,368)    | 1,926,607                      | (3,137,565)   |
| 2,627,019       | 1,394,357        | -            | -                              | 8,433,584     |
| -               | (12,208)         | -            | (2,023,532)                    | (8,433,584)   |
| 63,009          | 94,200           | -            | -                              | 157,209       |
| 2,690,028       | 1,476,349        | -            | (2,023,532)                    | 157,209       |
| 514,407         | (5,124,727)      | (350,368)    | (96,925)                       | (2,980,356)   |
| 370,604         | 8,310,749        | 2,908,690    | 227,541                        | 25,840,547    |
| \$ 885,011      | \$ 3,186,022     | \$ 2,558,322 | \$ 130,616                     | \$ 22,860,191 |



County of Scott, 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, 2011

Net change in fund balances - governmental funds \$ (2,980,356)

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

Governmental funds report capital outlay 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 detail of the amount by which capital outlays exceeded depreciation in the current year:

|  |                    |             |
|--|--------------------|-------------|
| Capital outlay capitalized               |                    | 3,997,575   |
| Capital assets transferred to EMA (SECC) |                    | (4,012,655) |
| Depreciation                             |                    |             |
| Public safety and legal services         | \$ (1,270,787)     |             |
| Physical health and social services      | (19,424)           |             |
| Mental health                            | (50,394)           |             |
| County environment and education         | (658,089)          |             |
| Roads and transportation                 | (3,930,497)        |             |
| Governmental services to residents       | (62,343)           |             |
| Administration                           | <u>(1,254,550)</u> | (7,246,084) |

Net book value of capital assets retired (903,394)

Capital contribution 2,567,522

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (45,875)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities 917,970

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

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 a detail of the net effect of these differences in the treatment of long-term debt and related items:

|  |           |
|--|-----------|
| Repayment of bond principal and capital lease        | 2,680,000 |
| Interest expense                                     | 3,622     |
| Amortization of bond premium and bond issuance costs | (33,006)  |

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 claims payable                               | (129,255)             |
| Change in compensated absences                         | (346,206)             |
| Change in other post employment benefits obligation    | (94,588)              |
| <b>Change in net assets of governmental activities</b> | <u>\$ (5,624,729)</u> |

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Net Assets (Deficit)  
 Proprietary Funds  
 June 30, 2011

|   | Business-Type<br>Activities      | Governmental<br>Activities |
|---|----------------------------------|----------------------------|
|   | Enterprise Fund -<br>Golf Course | Internal<br>Service Funds  |
| <b>Assets</b>                                     |                                  |                            |
| Current assets:                                   |                                  |                            |
| Cash and investments                              | \$ 20,185                        | \$ 1,777,773               |
| Cash and investments in escrow                    | 324,407                          | -                          |
| Receivables, accounts                             | 73,950                           | -                          |
| Inventories                                       | 11,127                           | -                          |
| <b>Total current assets</b>                       | <u>429,669</u>                   | <u>1,777,773</u>           |
| Noncurrent assets:                                |                                  |                            |
| Unamortized bond issuance costs                   | 13,317                           | -                          |
| Capital assets:                                   |                                  |                            |
| Land  | 1,556,336                        | -                          |
| Buildings   | 506,490                          | -                          |
| Improvements other than buildings                 | 663,428                          | -                          |
| Infrastructure                                    | 62,374                           | -                          |
| Machinery and equipment                           | 1,223,711                        | -                          |
| Less accumulated depreciation                     | (1,786,524)                      | -                          |
| <b>Total capital assets</b>                       | <u>2,225,815</u>                 | <u>-</u>                   |
| <b>Total noncurrent assets</b>                    | <u>2,239,132</u>                 | <u>-</u>                   |
| <b>Total assets</b>                               | <u>\$ 2,668,802</u>              | <u>\$ 1,777,773</u>        |
| <b>Liabilities and Net Assets (Deficit)</b>       |                                  |                            |
| Current liabilities:                              |                                  |                            |
| Accounts payable                                  | \$ 34,643                        | \$ 2,045                   |
| Claims payable                                    | -                                | 386,796                    |
| Accrued liabilities                               | 29,244                           | -                          |
| Interest payable                                  | 499,898                          | -                          |
| Unearned revenue                                  | 22,669                           | -                          |
| Compensated absences                              | 16,878                           | -                          |
| Current portion of purchase contract              | 285,000                          | -                          |
| <b>Current total liabilities</b>                  | <u>888,332</u>                   | <u>388,841</u>             |
| Noncurrent liabilities                            |                                  |                            |
| Compensated absences                              | 28,247                           | -                          |
| Advance from other funds                          | 3,720,324                        | -                          |
| Purchase contract, noncurrent portion             | 300,000                          | -                          |
| <b>Total noncurrent liabilities</b>               | <u>4,048,571</u>                 | <u>-</u>                   |
| <b>Total liabilities</b>                          | <u>4,936,903</u>                 | <u>388,841</u>             |
| Net assets (deficit):                             |                                  |                            |
| Invested in capital assets, net of related debt   | 1,640,815                        | -                          |
| Restricted for lease purchase contract            | 324,407                          | -                          |
| Unrestricted (deficit)                            | (4,233,323)                      | 1,388,932                  |
| <b>Total net assets (deficit)</b>                 | <u>(2,268,101)</u>               | <u>1,388,932</u>           |
| <b>Total liabilities and net assets (deficit)</b> | <u>\$ 2,668,802</u>              | <u>\$ 1,777,773</u>        |

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Revenues, Expenses and Changes in Net Assets (Deficit)  
 Proprietary Funds  
 Year Ended June 30, 2011

|   | Business-Type<br>Activities<br><u>Enterprise Fund -<br/>Golf Course</u> | Governmental<br>Activities<br><u>Internal<br/>Service Funds</u> |
|---|---|---|
| Operating revenues:                           |   |   |
| Charges for services                          | \$ 767,537  | \$ 5,633,169  |
| Sales, net of cost of goods sold of \$64,895  | 132,504   | -   |
| Other   | 177,690   | -   |
| <b>Total operating revenues</b>               | <u>1,077,731</u>  | <u>5,633,169</u>  |
| Operating expenses:                           |   |   |
| Personnel                                     | 562,750   | -   |
| Depreciation                                  | 45,336  | -   |
| Claims and administrative charges             | -   | 4,721,384   |
| Other   | 284,581   | -   |
| <b>Total operating expenses</b>               | <u>892,667</u>  | <u>4,721,384</u>  |
| <b>Operating income</b>                       | <u>185,064</u>  | <u>911,785</u>  |
| Nonoperating revenues (expenses):             |   |   |
| Investment earnings                           | -   | 6,185   |
| Interest expense                              | (57,183)  | -   |
| <b>Total nonoperating revenues (expenses)</b> | <u>(57,183)</u>   | <u>6,185</u>  |
| <b>Change in net assets</b>                   | 127,881   | 917,970   |
| Total net assets (deficit), beginning of year | (2,395,982)   | 470,962   |
| Total net assets (deficit), end of year       | <u>\$ (2,268,101)</u>   | <u>\$ 1,388,932</u>   |

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2011

|  | Business-Type<br>Activities<br>Enterprise Fund -<br>Golf Course | Governmental<br>Activities<br>Internal<br>Service Funds |
|--|---|---|
| Cash flows from operating activities:  |   |   |
| Cash received from customers   | \$ 1,120,786  | \$ 5,633,169  |
| Customer deposits paid   | (900)   | -   |
| Cash payments to suppliers for goods and services  | (312,841)   | (4,649,584)   |
| Cash payments to employees for services  | (593,555)   | -   |
| <b>Net cash from operating activities</b>  | <u>213,490</u>  | <u>983,585</u>  |
| Cash flows from capital and related financing activities:  |   |   |
| Payments of purchase contract  | (270,000)   | -   |
| Purchase of capital assets   | (214,911)   | -   |
| Interest paid on purchase contract and capital lease   | (53,009)  | -   |
| <b>Net cash from capital and related financing activities</b>  | <u>(537,920)</u>  | <u>-</u>  |
| Cash flows from noncapital financing activities,<br>advance from other funds   | <u>323,010</u>  | <u>-</u>  |
| Cash flows from investing activities, interest received  | <u>-</u>  | <u>6,185</u>  |
| <b>Net increase in cash and cash equivalents</b>   | (1,420)   | 989,770   |
| Cash and cash equivalents:   |   |   |
| Beginning  | 346,012   | 788,003   |
| Ending   | <u>\$ 344,592</u>   | <u>\$ 1,777,773</u>                                     |
| Reconciliation of operating income to net cash from operating activities:  |   |   |
| Operating income   | \$ 185,064  | \$ 911,785  |
| Adjustments to reconcile operating income to net cash from operating activities:   |   |   |
| Depreciation   | 45,336  | -   |
| Changes in assets and liabilities:   |   |   |
| Receivables  | (21,840)  | -   |
| Inventories  | (4,600)   | -   |
| Accounts payable   | 3,950   | 2,045   |
| Claims payable   | -   | 69,755  |
| Accrued compensation   | 2,897   | -   |
| Compensated absences   | 3,583   | -   |
| Customer deposits  | (900)   | -   |
| <b>Net cash from operating activities</b>  | <u>\$ 213,490</u>   | <u>\$ 983,585</u>                                       |
| Noncash capital and related financing activities, amortization of bond issuance<br>costs and discount on purchase contract | <u>\$ 7,264</u>   | <u>\$ -</u>   |

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2011

---

**Assets**

|                      |           |                    |
|----------------------|-----------|--------------------|
| Cash and investments | \$        | 9,188,014          |
| Receivables:         |           |                    |
| Property taxes       |           | 225,579,079        |
| Accounts             |           | 11,764             |
| <b>Total assets</b>  | <b>\$</b> | <b>234,778,857</b> |

**Liabilities**

|                                    |           |                    |
|------------------------------------|-----------|--------------------|
| Accounts payable                   | \$        | 414,092            |
| Due to other governmental agencies |           | 233,954,171        |
| Due to private individuals         |           | 410,593            |
| <b>Total liabilities</b>           | <b>\$</b> | <b>234,778,857</b> |

See Notes to Basic Financial Statements.



County of Scott, Iowa

Statement of Net Assets  
Discretely Presented Component Units  
June 30, 2011

|  | Emergency<br>Management<br>Agency | County Library      | Public Safety<br>Authority | Scott Emergency<br>Communication<br>Center | Total                |
|--|-----------------------------------|---------------------|----------------------------|--|----------------------|
| <b>Assets</b>                                    |                                   |                     |                            |  |                      |
| Current assets:                                  |                                   |                     |                            |  |                      |
| Cash and investments                             | \$ 192,266                        | \$ 195,102          | \$ 134,876                 | \$ 3,262,434                               | \$ 3,784,678         |
| Receivables:                                     |                                   |                     |                            |  |                      |
| Accounts   | 12,684                            | 1,511               | -                          | -  | 14,195               |
| Due from other governmental agencies             | -                                 | -                   | -                          | 6,300                                      | 6,300                |
| Capital lease receivable from primary government | -                                 | -                   | 1,200,000                  | -  | 1,200,000            |
| <b>Total current assets</b>                      | <b>204,950</b>                    | <b>196,613</b>      | <b>1,334,876</b>           | <b>3,268,734</b>                           | <b>5,005,173</b>     |
| Noncurrent assets:                               |                                   |                     |                            |  |                      |
| Capital lease receivable from primary government | -                                 | -                   | 21,210,000                 | -  | 21,210,000           |
| Bond issuance costs                              | -                                 | -                   | 78,965                     | 47,214                                     | 126,179              |
| Capital assets:                                  |                                   |                     |                            |  |                      |
| Land   | -                                 | 16,600              | -                          | -  | 16,600               |
| Construction in progress                         | -                                 | -                   | -                          | 10,947,315                                 | 10,947,315           |
| Buildings  | -                                 | 1,297,266           | -                          | -  | 1,297,266            |
| Machinery and Equipment                          | 623,067                           | 180,005             | -                          | 11,963,404                                 | 12,766,476           |
| Accumulated depreciation                         | (208,002)                         | (449,276)           | -                          | (402,653)                                  | (1,059,931)          |
| <b>Total capital assets, net</b>                 | <b>415,065</b>                    | <b>1,044,595</b>    | <b>-</b>                   | <b>22,508,066</b>                          | <b>23,967,726</b>    |
| <b>Total noncurrent assets</b>                   | <b>415,065</b>                    | <b>1,044,595</b>    | <b>21,288,965</b>          | <b>22,555,280</b>                          | <b>45,303,905</b>    |
| <b>Total assets</b>                              | <b>\$ 620,015</b>                 | <b>\$ 1,241,208</b> | <b>\$ 22,623,841</b>       | <b>\$ 25,824,014</b>                       | <b>\$ 50,309,078</b> |
| <b>Liabilities and Net Assets</b>                |                                   |                     |                            |  |                      |
| Current liabilities:                             |                                   |                     |                            |  |                      |
| Accounts payable                                 | \$ 779                            | \$ 9,722            | \$ 130,626                 | \$ 569,748                                 | \$ 710,875           |
| Accrued liabilities                              | 3,426                             | 29,293              | -                          | 148,201                                    | 180,920              |
| Interest payable                                 | -                                 | -                   | 77,109                     | 38,457                                     | 115,566              |
| Compensated absences                             | 5,732                             | 30,958              | -                          | 97,453                                     | 134,143              |
| Current portion revenue bonds payable            | -                                 | -                   | 1,200,000                  | -  | 1,200,000            |
| Current portion notes payable                    | -                                 | -                   | -                          | 451,240                                    | 451,240              |
| <b>Total current liabilities</b>                 | <b>9,937</b>                      | <b>69,973</b>       | <b>1,407,735</b>           | <b>1,305,099</b>                           | <b>2,792,744</b>     |
| Noncurrent liabilities:                          |                                   |                     |                            |  |                      |
| Compensated absences                             | 11,664                            | 14,956              | -                          | 78,299                                     | 104,919              |
| Other post employment benefits obligation        | 2,492                             | (3,969)             | -                          | 4,078                                      | 2,601                |
| Revenue bonds payable, net bond discount         | -                                 | -                   | 21,030,567                 | -  | 21,030,567           |
| Notes payable, net discount                      | -                                 | -                   | -                          | 10,020,204                                 | 10,020,204           |
| <b>Total noncurrent liabilities</b>              | <b>14,156</b>                     | <b>10,987</b>       | <b>21,030,567</b>          | <b>10,102,581</b>                          | <b>31,158,291</b>    |
| <b>Total liabilities</b>                         | <b>24,093</b>                     | <b>80,960</b>       | <b>22,438,302</b>          | <b>11,407,680</b>                          | <b>33,951,035</b>    |
| <b>Net Assets:</b>                               |                                   |                     |                            |  |                      |
| Invested in capital assets, net of related debt  | 415,065                           | 1,044,595           | -                          | 13,502,213                                 | 14,961,873           |
| Restricted for capital projects                  | -                                 | -                   | 185,539                    | -  | 185,539              |
| Unrestricted                                     | 180,857                           | 115,653             | -                          | 914,121                                    | 1,210,631            |
| <b>Total net assets</b>                          | <b>595,922</b>                    | <b>1,160,248</b>    | <b>185,539</b>             | <b>14,416,334</b>                          | <b>16,358,043</b>    |
| <b>Total liabilities and net assets</b>          | <b>\$ 620,015</b>                 | <b>\$ 1,241,208</b> | <b>\$ 22,623,841</b>       | <b>\$ 25,824,014</b>                       | <b>\$ 50,309,078</b> |

See Notes to Basic Financial Statements.

County of Scott, Iowa

Combining Statement of Activities  
 Discretely Presented Component Units  
 Year Ended June 30, 2011

|                                      | Expenses            | Program Revenues               |                                    |                                  |
|--------------------------------------|---------------------|--------------------------------|------------------------------------|----------------------------------|
|                                      |                     | Charges for Sales and Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Emergency Management Agency          |                     |                                |                                    |                                  |
| Public safety and legal services     | \$ 175,236          | \$ 55,666                      | \$ -                               | \$ -                             |
| County Library                       |                     |                                |                                    |                                  |
| County environment and education     | 1,071,665           | 1,038,191                      | -                                  | -                                |
| Public Safety Authority              |                     |                                |                                    |                                  |
| Public safety and legal services     | 996,666             | -                              | -                                  | -                                |
| Scott Emergency Communication Center |                     |                                |                                    |                                  |
| Government services to residents     | 6,294,313           | -                              | 7,092,023                          | 12,157,681                       |
| <b>Total component units</b>         | <b>\$ 8,537,880</b> | <b>\$ 1,093,857</b>            | <b>\$ 7,092,023</b>                | <b>\$ 12,157,681</b>             |

**General Revenues**

Interest earnings

Miscellaneous

**Total general revenues**

Changes in net assets

Net assets, beginning of year

Net assets, end of year

See Notes to Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

| Emergency<br>Management<br>Agency | County Library | Public Safety<br>Authority | Scott Emergency<br>Communication<br>Center | Total         |
|-----------------------------------|----------------|----------------------------|--|---------------|
| \$ (119,570)                      | \$ -           | \$ -                       | \$ -                                       | \$ (119,570)  |
| -                                 | (33,474)       | -                          | -  | (33,474)      |
| -                                 | -              | (996,666)                  | -  | (996,666)     |
| -                                 | -              | -                          | 12,955,391                                 | 12,955,391    |
| (119,570)                         | (33,474)       | (996,666)                  | 12,955,391                                 | 11,805,681    |
| -                                 | -              | 968,430                    | 19,424                                     | 987,854       |
| 51,174                            | 8,382          | -                          | 21,925                                     | 81,481        |
| 51,174                            | 8,382          | 968,430                    | 41,349                                     | 1,069,335     |
| (68,396)                          | (25,092)       | (28,236)                   | 12,996,740                                 | 12,875,016    |
| 664,318                           | 1,185,340      | 213,775                    | 1,419,594                                  | 3,483,027     |
| \$ 595,922                        | \$ 1,160,248   | \$ 185,539                 | \$ 14,416,334                              | \$ 16,358,043 |

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

#### **Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies**

##### **Nature of operations:**

The County of Scott, Iowa (The County) is incorporated and operates under the provisions of the Code of Iowa. The County is governed by a County Board and managed by the County Administrator. The powers and duties of the County Administrator are to coordinate and direct all administrative and management functions of the County government not otherwise vested by law in boards or commissions or in other elected officials. The County provides many functions and services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, education and general administrative services. Other activities include the operation of a road department and contracts with a third party to provide mental health services.

##### **Financial reporting entity:**

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the County is financially accountable. The County has also considered all other potential organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the County. Based on these criteria, the County is presented as a primary government and includes the following component units because of their operational significance and relationship with the County. The organizations provide specific benefits to the County. All of the component units have a June 30 year-end and are considered discretely presented component units. Discretely presented component units are as follows:

Emergency Management Agency: The Scott County Emergency Management Commission provides direction for the delivery of the emergency management services of planning, administration, coordination, training and support for local governments and their departments. The Commission coordinates its services in the event of a disaster. The Commission receives its funding from the federal government, public utility companies and voluntary allocations from the participating governments. The Code of Iowa provides for circumstances whereby the Commission can create a potential financial burden or benefit on the County.

County Library: The Scott County Library Board of Trustees provides library services to all the cities within Scott County with the exception of the City of Bettendorf, the City of LaClaire and the City of Davenport. In addition, the Library provides services to the unincorporated residents of Scott County and also to the citizens of the City of Durant through a contractual arrangement. The Trustees annually direct the Board of Supervisors to levy property taxes to the unincorporated area, in addition to providing tax levying amounts to each of the participating cities. The Board of Trustees is appointed by the Board of Supervisors and the Code of Iowa provides for circumstances whereby the Library can create a potential financial burden or benefit on the County.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

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

Public Safety Authority: The Public Safety Authority (PSA) is responsible for the jail expansion project through the issuance of revenue bonds. The jail expansion will provide holding cells and a centralized booking area to the County and the City of Davenport. The Authority entered into a lease with the County to provide the funding necessary for the bond repayment schedule. Although the PSA has a jointly appointed Board by the County and the City of Davenport, it is considered a component unit of the County because it would be misleading to exclude due to the PSA being fiscally dependent on the lease payments from the County, making the County financially accountable for the PSA.

Scott Emergency Communication Center: The Scott Emergency Communication Center (SECC) provides public safety dispatch and communication services for all participating public safety answering points to improve services to the citizens of the County. Although the SECC has a jointly appointed Board by the members, it is considered a component unit of the County due to the Code of Iowa providing for circumstances whereby the SECC can create a potential financial burden or benefit on the County.

None of the individual component units issue separate financial statements.

In addition, the GASB issued Statement No. 39, in May 2002, which sets forth additional criteria to determine whether certain organizations for which the County is not financially accountable should be reported as component units based on the nature and significance of their relationship with the County. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the County, its component units, or its constituents, 2) the County being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the County and 3) the economic resources received or held by an individual organization that the County is entitled to, or has the ability to otherwise access, are significant to the County. Based on these additional criteria, there are no additional organizations which should be included in these basic financial statements.

#### **Basis of presentation:**

The County's basic financial statements consist of government-wide statements including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

Notes To Basic Financial Statements

---

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to functions in the statement of activities. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

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

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

Mental Health/Developmental Disabilities Fund: To account for property taxes, state revenue and other revenue that are restricted or committed to be used to provide mental health and disability services. The Mental Health/Developmental Disabilities Fund is a special revenue fund.

Secondary Roads Fund: To account for state revenue and other revenue that are restricted or committed to be used to maintain and improve the County's roads. The Secondary Roads Fund is a special revenue fund.

Capital Projects Fund: To account for and report financial resources that are restricted, committed or assigned the acquisition of property and equipment or construction of major capital projects not being financed by proprietary funds.

Debt Service Fund: To account for and report financial resources that are restricted, committed or assigned to the servicing of the general long-term debt not financed by a specific source.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

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

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

**Special Revenue Funds:** are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes (other than debt service or capital projects).

*Rural Services Fund:* To account for taxes levied to benefit the rural residents of the County.

*Recorders Management Fees Fund:* To account for one dollar fee collected for each recorded transaction to be used for the purpose of preserving and maintaining public records.

**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. The measurement focus is upon income determination, financial position and cash flows.

*Enterprise Funds:* are used to account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The following is the County's major Enterprise Fund:

*Glynns Creek Golf Course Fund:* is used to account for the operation and maintenance for the County's 18-hole golf course.

*Internal Service fund types:* are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the County, or to other governmental entities, on a cost-reimbursement basis. The County's internal service fund consists of the following:

*Health Insurance Fund:* To account for health insurance provided to the County departments and component units.

*Dental Insurance Fund:* To account for dental insurance provided to the County departments and component units.

**Fiduciary fund types:** Fiduciary fund types are used to account for net assets and changes in net assets. The fiduciary funds of the County are considered agency funds. Agency funds are custodial in nature (assets equal liabilities), follow the accrual basis of accounting and do not involve measurement of results of operations. The County's agency funds consist of the following:

*Agricultural Extension Service Fund, Bangs Eradication Fund, City Taxing Districts Fund, Community College Taxing District Fund, Fire Taxing District Fund, School Taxing District Fund, Township Taxing District Fund and Other Taxing Districts Fund:* To account for the property taxes collected by the County for the Districts.

*City Special Assessments Fund:* To account for the special assessment taxes collected by the County on behalf of the City of Davenport.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

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

County Sheriff Agency Fund: To account for the funds received for court services performed by the Sheriff's department.

Community Services Fund: To account for funds for those individuals who are incapable of managing their own affairs.

County Recorder Agency Fund. Motor Vehicle Tax Fund and Use Tax Fund: To account for fees and taxes collected by the County for the state.

Tax Sale Redemption Fund: To account for the tax sale proceeds collected by the County.

Jail Inmate Fund: To account for receipts from the sale of commissary items to inmates and for funds confiscated upon arrest.

County Assessor Fund: To account for funds held on behalf of the County Conference Board.

County Assessor Special Fund: To account for funds held on behalf of the County Conference Board.

City Assessor Fund: To account for funds held on behalf of the City Conference Board.

City Assessor Special Fund: To account for funds held on behalf of the City Conference Board.

**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 financial statements and the discretely presented component unit financial statements. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services, and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified in May 2010, based on the 2009 assessed valuations. These taxes are due in two installments, on September 30 and March 31, with a 1.5 percent per month penalty for delinquent payment.

The business-type activities and enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

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 County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

#### **Significant accounting policies:**

The significant accounting policies of the County and its discretely presented component units are as follows:

Pooled cash and investment account: Separate bank accounts and investments are not maintained for all County funds, as certain funds maintain their cash and investment balances in a pooled account. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund.

Earnings on the pooled account are allocated to the General Fund unless statutes require otherwise or the Board of Supervisors has authorized otherwise. These respective allocations are made based on the average balances by fund.

Investments: Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

County of Scott, Iowa

Notes To Basic Financial Statements

---

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

Statement of cash flows: For purposes of cash flows, the County considers its pooled cash and investment accounts as cash equivalents since these accounts have the general characteristics of demand deposits. Also, all highly liquid investments, with a maturity of three months or less when purchased, are considered to be cash equivalents.

Inventories: Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are carried at cost, as determined using the first-in, first-out method.

Capital assets: Capital assets, including land, construction-in-progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Infrastructure also includes assets acquired prior to June 30, 1980. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

All reported capital assets except land and construction-in-progress are depreciated.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective

|                                   |                |
|-----------------------------------|----------------|
| Buildings                         | 50 years       |
| Improvements other than buildings | 20 years       |
| Infrastructure                    | 10 - 100 years |
| Machinery and equipment           | 5 - 20 years   |

The County'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 County policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred/unearned revenue: Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

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

Interfund transactions: Transactions from County funds that would be treated as revenues and expenditures or expenses if they involved organizations external to County government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which revenues are to be expended, are separately reported in the respective funds' 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." 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, advances are offset equally by a fund balance nonspendable account which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

For the statement of net assets and statement of activities, interfund balances, advances and transfers within the governmental activities or business-type activities are netted and eliminated.

Compensated absences: Under terms of the County's personnel policy, County employees are granted vacation and sick leave in varying amounts based upon length of employment by the County. Vacation days accumulate up to two times the employee's yearly vacation rate, and total accumulated vacation will be paid upon termination of employment. Sick leave accumulates without limit. Employees hired before July 1, 2000 have an option of being paid 50 percent of all hours above 720 up to a maximum of 1,680 hours or to be paid 25 percent of all hours available up to a maximum of 1,680 hours. Payment should not exceed 480 hours. The option is not selected until retirement. Employees hired after July 1, 2000 are paid 25 percent of all hours available up to a maximum of 1,680. Payment should not exceed 420 hours.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. The governmental fund types report the amount of accumulated unpaid vacation and sick leave, which is considered due, as a result of employee retirements and resignations. The amount of the liability not considered due is not reported in the fund financial statements. However, the entire compensated absence liability is reported in the government-wide financial statements.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

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

Fund equity: In accordance with Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balance as follows:

- **Nonspendable** – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- **Restricted** – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Committed** – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance, resolution, motion) of the County. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County that originally created the commitment.
- **Assigned** – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) the County has adopted a financial policy authorizing the County Administrator to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the reporting period.
- **Unassigned** – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net assets are all other net assets that do not meet the definitions of “restricted” or “invested in capital assets, net of related debt”.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

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

Bond discounts, premiums and issue costs: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond discounts and premiums, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond discounts and premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses while premiums on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Budgetary information: Budgets are prepared using the same accounting basis and practices as are used to account for and prepare financial reports for the funds; thus, budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

The County uses the following procedures when establishing their operational budget:

Prior to January 15, each County Officer and department submits budget estimates for the coming fiscal year to the Director of Budget and Information Processing. The Budget Manager compiles the budget estimates received from the officers and departments. The County Administrator presents them to the County Board prior to the end of January.

- Public hearings are conducted to obtain taxpayer comments.
- Prior to March 15, the budget is legally adopted by resolution of the County Board.
- The budget may be amended by majority approval of the County Board prior to May 31 after public notice has been published.
- Encumbrances are not recognized in the budget and appropriations lapse at year-end.

The legal level of control is at the program expenditure level. These seven classes are: public safety and legal services, physical health and social services, mental health, County environment and education, roads and transportation, governmental services to residents and administration.

In addition, the County Board must appropriate, by resolution, the budgets for each of the different County offices and departments. Emphasis is placed on monitoring budgets at the departmental level by major class of expenditures, rather than by line item expenditure. County management can approve budget shifts within the major classes but not between major classes. During the year, there were two budget amendments adopted in March 2011 and May 2011.

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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**County of Scott, Iowa**

**Notes To Basic Financial Statements**

---

**Note 2. Deficit Net Assets**

The Glynn's Creek Golf Course Enterprise Fund had a net asset deficit of \$2,268,101 as of June 30, 2011. The deficit is expected to be eliminated through future earnings of the golf course.

**Note 3. Deposits and Investments**

As of June 30, 2011, the County's cash and investments were as follows:

|  |                      |
|--|----------------------|
| Cash on hand and deposits with financial institutions  | \$ 23,509,440        |
| Investments  | 324,407              |
| Cash on hand and deposits with financial institutions,<br>discretely presented component units | 3,784,678            |
| Cash on hand and deposits with financial institutions, agency funds                            | 9,188,014            |
|  | <u>\$ 36,806,539</u> |

Interest rate risk: Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the County'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.

As of June 30, 2011, the County did not have any investments subject to interest rate risk.

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 County is authorized by statute to invest in U.S. government and agency obligations, perfected repurchase agreements and commercial paper rated within the two highest prime classifications by at least one of the standard rating services. The County's investment policy does limit them from investing in reverse repurchase agreements, futures and options contracts, inverse floaters, and stripped securities, including principal only and interest only strips.

As of June 30, 2011, the County did not have any investments subject to credit risk.

Custodial credit risk: For deposits, this is the risk that in the event of bank failure, the County'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 County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all County funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2011, the County had \$324,507 investments exposed to custodial credit risk. There were no deposits exposed to custodial credit risk.

County of Scott, Iowa

Notes To Basic Financial Statements

---

**Note 4. Interfund Account Balances**

Advances from and to other funds as of June 30, 2011 were as follows:

|   | Advances To<br>Other Funds | Advances From<br>Other Funds |
|---|----------------------------|------------------------------|
| General Fund                              | \$ 3,720,324               | \$ -                         |
| Glynn's Creek Golf Course Enterprise Fund | -                          | 3,720,324                    |
|   | <u>\$ 3,720,324</u>        | <u>\$ 3,720,324</u>          |

Advances include interfund loans for annual operating costs. Any excess funds generated by the golf course are used to repay this advance. Of the balance reported, \$3,720,324 is considered to be non-current.

**Note 5. Interfund Transfers**

The following is a schedule of interfund transfers:

|                                      | Transfers In        | Transfers Out       |
|--------------------------------------|---------------------|---------------------|
| Governmental activities:             |                     |                     |
| Major governmental funds:            |                     |                     |
| General                              | \$ 4,412,208        | \$ 6,397,844        |
| Secondary roads                      | 2,627,019           | -                   |
| Capital projects                     | 1,394,357           | 12,208              |
| Nonmajor governmental funds:         |                     |                     |
| Rural services                       | -                   | 1,971,503           |
| Recorders management fees            | -                   | 52,029              |
| <b>Total governmental activities</b> | <u>\$ 8,433,584</u> | <u>\$ 8,433,584</u> |

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

**Note 6. Note Receivable**

The County issued a note to Greater Davenport Redevelopment Corporation (GDRC) for the purpose of funding operating expenses. During 2008, the County modified the agreement, which increased the principal amount to \$116,175 and decreased the interest rate to 0 percent. The note is due upon the sale or conveyance by GDRC of any lot or parcel at a rate of \$688.75 per acre sold. As of June 30, 2011, the outstanding balance was \$113,358 and there are approximately 165 acres to be sold.

Scott County has entered into a subordination agreement with Wells Fargo in regards to the GDRC note. This subordination agreement states that if GDRC defaults on their loan of \$400,000 with Wells Fargo, the County will be unable to collect the \$113,358 note receivable; therefore, the note receivable has been presented as a noncurrent asset.

County of Scott, Iowa

Notes To Basic Financial Statements

Note 7. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2011:

|  | Balance<br>June 30, 2010 | Additions           | Deletions              | Balance<br>June 30, 2011 |
|--|--------------------------|---------------------|------------------------|--------------------------|
| <b>Governmental Activities</b>   |                          |                     |                        |                          |
| Capital assets not being depreciated   |                          |                     |                        |                          |
| Land   | \$ 4,365,740             | \$ 28,319           | \$ -                   | \$ 4,394,059             |
| Construction in progress   | 10,341,643               | 4,102,136           | (10,022,226)           | 4,421,553                |
| <b>Total Capital Assets Not Being Depreciated</b>                                    | <u>14,707,383</u>        | <u>4,130,455</u>    | <u>(10,022,226)</u>    | <u>8,815,612</u>         |
| Capital assets being depreciated   |                          |                     |                        |                          |
| Buildings  | 66,669,947               | 60,859              | (35,000)               | 66,695,806               |
| Improvements other than buildings  | 4,819,798                | 126,616             | -                      | 4,946,414                |
| Infrastructure   | 80,969,658               | 7,255,159           | -                      | 88,224,817               |
| Machinery and equipment  | 16,503,803               | 1,001,581           | (1,409,528)            | 16,095,856               |
| <b>Total Capital Assets Being Depreciated</b>  | <u>168,963,206</u>       | <u>8,444,215</u>    | <u>(1,444,528)</u>     | <u>175,962,893</u>       |
| Less: accumulated depreciation for   |                          |                     |                        |                          |
| Buildings  | 21,023,103               | 2,340,579           | (9,858)                | 23,353,824               |
| Improvements other than buildings  | 1,198,674                | 271,132             | -                      | 1,469,806                |
| Infrastructure   | 48,021,578               | 3,453,585           | -                      | 51,475,163               |
| Machinery and equipment  | 10,638,510               | 1,180,788           | (531,276)              | 11,288,022               |
| <b>Total Accumulated Depreciation</b>  | <u>80,881,865</u>        | <u>7,246,084</u>    | <u>(541,134)</u>       | <u>87,586,815</u>        |
| <b>Total Capital Assets Being Depreciation</b>                                       | <u>88,081,341</u>        | <u>1,198,131</u>    | <u>(903,394)</u>       | <u>88,376,078</u>        |
| <b>Total Governmental Activities<br/>        Capital Assets, Net of Depreciation</b> | <u>\$ 102,788,724</u>    | <u>\$ 5,328,586</u> | <u>\$ (10,925,620)</u> | <u>\$ 97,191,690</u>     |
| <b>Business-Type Activities</b>  |                          |                     |                        |                          |
| Capital assets not being depreciated   |                          |                     |                        |                          |
| Land   | \$ 1,556,336             | \$ -                | \$ -                   | \$ 1,556,336             |
| Capital assets being depreciated   |                          |                     |                        |                          |
| Buildings  | 506,490                  | -                   | -                      | 506,490                  |
| Improvements other than buildings  | 663,428                  | -                   | -                      | 663,428                  |
| Infrastructure   | 62,374                   | -                   | -                      | 62,374                   |
| Machinery and equipment  | 1,008,800                | 214,911             | -                      | 1,223,711                |
| <b>Total Capital Assets Being Depreciated</b>  | <u>2,241,092</u>         | <u>214,911</u>      | <u>-</u>               | <u>2,456,003</u>         |
| Less: accumulated depreciation for   |                          |                     |                        |                          |
| Buildings  | 175,090                  | 10,130              | -                      | 185,220                  |
| Improvements other than buildings  | 579,653                  | 12,376              | -                      | 592,029                  |
| Infrastructure   | 62,374                   | -                   | -                      | 62,374                   |
| Machinery and equipment  | 924,071                  | 22,830              | -                      | 946,901                  |
| <b>Total Accumulated Depreciation</b>  | <u>1,741,188</u>         | <u>45,336</u>       | <u>-</u>               | <u>1,786,524</u>         |
| <b>Total Capital Assets Being Depreciation</b>                                       | <u>499,904</u>           | <u>169,575</u>      | <u>-</u>               | <u>669,479</u>           |
| <b>Business-Type Activities<br/>        Capital Assets, Net of Depreciation</b>      | <u>\$ 2,056,240</u>      | <u>\$ 169,575</u>   | <u>\$ -</u>            | <u>\$ 2,225,815</u>      |

County of Scott, Iowa

Notes To Basic Financial Statements

**Note 7. Capital Assets (Continued)**

A summary of the changes in capital assets of the discretely presented component units is as follows:

| <b>Discretely Presented Component Units</b>       | Balance<br>June 30, 2010 | Additions           | Deletions             | Balance<br>June 30, 2011 |
|---|--------------------------|---------------------|-----------------------|--------------------------|
| Capital assets not being depreciated              |                          |                     |                       |                          |
| Land  | \$ 16,600                | \$ -                | \$ -                  | \$ 16,600                |
| Construction in progress                          | 5,181,278                | 9,264,713           | (3,498,676)           | 10,947,315               |
| <b>Total Capital Assets Not Being Depreciated</b> | <u>5,197,878</u>         | <u>9,264,713</u>    | <u>(3,498,676)</u>    | <u>10,963,915</u>        |
| Capital assets being depreciated                  |                          |                     |                       |                          |
| Buildings   | 1,297,266                | -                   | -                     | 1,297,266                |
| Machinery and equipment                           | 1,635,474                | 11,131,002          | -                     | 12,766,476               |
| <b>Total Capital Assets Being Depreciated</b>     | <u>2,932,740</u>         | <u>11,131,002</u>   | <u>-</u>              | <u>14,063,742</u>        |
| Less: accumulated depreciation for                |                          |                     |                       |                          |
| Buildings   | 246,821                  | 33,518              | -                     | 280,339                  |
| Machinery and equipment                           | 302,780                  | 476,812             | -                     | 779,592                  |
| <b>Total Accumulated Depreciation</b>             | <u>549,601</u>           | <u>510,330</u>      | <u>-</u>              | <u>1,059,931</u>         |
| <b>Total Capital Assets Being Depreciation</b>    | <u>2,383,139</u>         | <u>10,620,672</u>   | <u>-</u>              | <u>13,003,811</u>        |
| <b>Total Governmental Activities</b>              |                          |                     |                       |                          |
| <b>Capital Assets, Net of Depreciation</b>        | <u>\$ 7,581,017</u>      | <u>\$19,885,385</u> | <u>\$ (3,498,676)</u> | <u>\$ 23,967,726</u>     |

Depreciation expense was charged to the functions of the primary government as follows:

|   |                     |
|---|---------------------|
| Governmental Activities:                                  |                     |
| Public safety and legal services                          | \$ 1,270,787        |
| Physical health and social services                       | 19,424              |
| Mental health   | 50,394              |
| County environment and education                          | 658,089             |
| Roads and transportation                                  | 3,930,497           |
| Governmental services to residents                        | 62,343              |
| Administration  | 1,254,550           |
| <b>Total Governmental Activities Depreciation Expense</b> | <u>\$ 7,246,084</u> |
| Business-Type activities, golf course                     | <u>\$ 45,336</u>    |

County of Scott, Iowa

Notes To Basic Financial Statements

**Note 8. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

|                                       | Balance<br>June 30, 2010 | Additions           | Deletions           | Balance<br>June 30, 2011 | Due Within<br>One Year |
|---------------------------------------|--------------------------|---------------------|---------------------|--------------------------|------------------------|
| <b>Governmental Activities:</b>       |                          |                     |                     |                          |                        |
| General obligation bonds              | \$ 17,190,000            | \$ -                | \$ 1,530,000        | \$ 15,660,000            | \$ 1,580,000           |
| Compensated absences                  | 2,438,080                | 1,647,308           | 1,311,159           | 2,774,229                | 1,338,672              |
| Capital lease                         | 23,560,000               | -                   | 1,150,000           | 22,410,000               | 1,200,000              |
| Claims payable                        | 839,438                  | 5,016,681           | 4,775,270           | 1,080,849                | 997,562                |
| Unamortized debt premium              | 65,720                   | -                   | 9,896               | 55,824                   | -                      |
|                                       | <u>\$ 44,093,238</u>     | <u>\$ 6,663,989</u> | <u>\$ 8,776,325</u> | <u>\$ 41,980,902</u>     | <u>\$ 5,116,234</u>    |
| <b>Business-Type Activities:</b>      |                          |                     |                     |                          |                        |
|                                       | Balance<br>June 30, 2010 | Additions           | Retirements         | Balance<br>June 30, 2010 | Due Within<br>One Year |
| Purchase contract                     | \$ 855,000               | \$ -                | \$ 270,000          | \$ 585,000               | \$ 285,000             |
| Compensated absences                  | 41,543                   | 18,322              | 14,740              | 45,125                   | 16,878                 |
|                                       | <u>\$ 896,543</u>        | <u>\$ 18,322</u>    | <u>\$ 284,740</u>   | <u>\$ 630,125</u>        | <u>\$ 301,878</u>      |
| <b>Discretely Presented Component</b> |                          |                     |                     |                          |                        |
| <b>Units Activities</b>               |                          |                     |                     |                          |                        |
| Revenue bonds                         | \$ 23,560,000            | \$ -                | \$ 1,150,000        | \$ 22,410,000            | \$ 1,200,000           |
| Notes payable                         | 10,987,403               | -                   | 436,240             | 10,551,163               | 451,240                |
| Compensated absences                  | 64,672                   | 213,098             | 38,709              | 239,061                  | 134,143                |
| Unamortized debt discount             | (288,536)                | -                   | (29,384)            | (259,152)                | -                      |
|                                       | <u>\$ 34,323,539</u>     | <u>\$ 213,098</u>   | <u>\$ 1,595,565</u> | <u>\$ 32,941,072</u>     | <u>\$ 1,785,383</u>    |

General obligation bonds outstanding as of June 30, 2011 consist of \$1,885,000 of solid waste refunding bonds with interest rates ranging from 3.6 percent to 3.8 percent, \$1,365,000 of general obligation geographic information systems bonds with interest at rates ranging from 4.0 percent to 4.1 percent, \$10,005,000 of general obligation emergency equipment bonds with interest at rates ranging from 1.5 percent to 5.8 percent, and \$2,405,000 of urban renewal refunding bonds with interest at rates ranging from 2.5 percent to 3.0%

On March 1, 2007, Scott County issued \$3,685,000 in General Obligation County Solid Waste Disposal Refunding Bonds, Series 2007A to refund \$3,645,000 of outstanding Scott Area Solid Waste Management Commission Solid Waste Disposal Revenue Bond, Series 1995. The bonds are due in annual installments of \$280,000 to \$555,000 through 2015 at interest rates from 3.6 percent to 3.8 percent.

On July 13, 2006, the County issued \$2,500,000 in General Obligation Geographic Information System Bonds, Series 2006A. The bonds were issued to finance improvements to the County's Geographic Information System and related costs. The bonds are due in annual installments of \$215,000 to \$290,000 through 2016 at interest rates from 4.0 percent to 4.1 percent.

County of Scott, Iowa

Notes To Basic Financial Statements

**Note 8. Long-Term Debt (Continued)**

On December 17, 2009, the County issued \$10,445,000 in General Obligation Emergency Equipment Bonds, Series 2009A. The bonds were issued to finance the acquisition of emergency equipment and related costs. The bonds are due in annual installments of \$440,000 to \$720,000 through 2029 at interest rates from 1.5 percent to 5.8 percent.

On December 17, 2009, Scott County issued \$2,755,000 in General Obligation Urban Renewal Refunding Bonds, Series 2009B with interest rates ranging from 2.5 percent to 3.0 percent to refund \$2,745,000 of outstanding General Obligation Urban Renewal Bond, Series 2002A, with interest rates ranging from 2.3 percent to 4.6 percent.

The debt service requirements on the bonds outstanding as of June 30, 2011 are as follows:

| <u>Year Ending June 30</u> | <u>Total</u>                | <u>Principal</u>            | <u>Interest</u>            |
|----------------------------|-----------------------------|-----------------------------|----------------------------|
| 2012                       | \$ 2,243,765                | \$ 1,580,000                | \$ 663,765                 |
| 2013                       | 2,241,560                   | 1,625,000                   | 616,560                    |
| 2014                       | 2,250,348                   | 1,685,000                   | 565,348                    |
| 2015                       | 1,946,965                   | 1,440,000                   | 506,965                    |
| 2016                       | 1,651,325                   | 1,195,000                   | 456,325                    |
| 2017-2021                  | 4,812,620                   | 3,025,000                   | 1,787,620                  |
| 2022-2026                  | 4,117,700                   | 3,025,000                   | 1,092,700                  |
| 2027-2029                  | 2,327,030                   | 2,085,000                   | 242,030                    |
| <b>Total</b>               | <b><u>\$ 21,591,313</u></b> | <b><u>\$ 15,660,000</u></b> | <b><u>\$ 5,931,313</u></b> |

On February 13, 2006, the Public Safety Authority, a discretely presented component unit, issued \$29,700,000 Jail Facilities Revenue Bonds, Series 2006. The bonds were issued for the purpose of building a new jail facility. The bonds were issued with interest rates ranging from 3.75 percent to 4.375 percent.

The debt service requirements on the revenue bonds outstanding as of June 30, 2011 are as follows:

| <u>Year Ending June 30</u> | <u>Total</u>                | <u>Principal</u>            | <u>Interest</u>            |
|----------------------------|-----------------------------|-----------------------------|----------------------------|
| 2012                       | \$ 2,125,305                | \$ 1,200,000                | \$ 925,305                 |
| 2013                       | 2,122,305                   | 1,245,000                   | 877,305                    |
| 2014                       | 2,127,505                   | 1,300,000                   | 827,505                    |
| 2015                       | 2,125,505                   | 1,350,000                   | 775,505                    |
| 2016                       | 2,131,505                   | 1,410,000                   | 721,505                    |
| 2017-2021                  | 10,743,631                  | 8,035,000                   | 2,708,631                  |
| 2022-2025                  | 8,738,853                   | 7,870,000                   | 868,853                    |
| <b>Total</b>               | <b><u>\$ 30,114,609</u></b> | <b><u>\$ 22,410,000</u></b> | <b><u>\$ 7,704,609</u></b> |

County of Scott, Iowa

Notes To Basic Financial Statements

---

**Note 8. Long-Term Debt (Continued)**

The County has pledged as security for bonds issued by the Public Safety Authority, a portion of the County's property taxes. The bonds issued by the Public Safety Authority in February 2006 in the amount of \$29,700,000 for the purpose of renovation and construction additions to existing jail facilities are payable through 2025. The County has committed to appropriate each year, from the property taxes, amount sufficient to cover the principal and interest requirements on the Public Safety Authority's debt. The Public Safety Authority has pledged as sole security for the bonds the appropriation from the County. Annual principal and interest payment on the bonds are expected to require 100% of lease payments received. Total principal and interest remaining on the debt is \$30,114,609 with annual requirements ranging from \$2,122,305 to \$2,197,094. Property taxes, from which the appropriations will be made, have been equal to the principal and interest amount owed per year. For the current year, principal and interest paid by the Public Safety Authority and the total property taxes recognized by the County were \$2,118,430 each.

On March 14, 2006, the County entered into a Capital Lease Agreement (the "Agreement") with the Public Safety Authority ("PSA"), to lease the above mentioned jail facility.

The Agreement commenced on March 23, 2006 and terminates on May 26, 2025 (the date at which all rental payments have been made). The rental payments as outlined in the agreement are set at a level to meet the revenue bond principal and interest payments of the PSA. The Agreement further requires the County to pay all trustee fees, maintenance costs, taxes and utility charges of the facility. The County plans to fund its payments with a property tax levy. As of June 30, 2011, the County recognized a liability of \$22,410,000.

A schedule of annual principal and interest payments under this agreement at the end of each year is as follows:

| <u>Year Ending June 30</u> | <u>Total Payment</u>        | <u>Principal</u>            | <u>Interest</u>            |
|----------------------------|-----------------------------|-----------------------------|----------------------------|
| 2012                       | \$ 2,125,305                | \$ 1,200,000                | \$ 925,305                 |
| 2013                       | 2,122,305                   | 1,245,000                   | 877,305                    |
| 2014                       | 2,127,505                   | 1,300,000                   | 827,505                    |
| 2015                       | 2,125,505                   | 1,350,000                   | 775,505                    |
| 2016                       | 2,131,505                   | 1,410,000                   | 721,505                    |
| 2017                       | 2,135,105                   | 1,470,000                   | 665,105                    |
| 2018                       | 2,141,305                   | 1,535,000                   | 606,305                    |
| 2019                       | 2,149,905                   | 1,605,000                   | 544,905                    |
| 2020                       | 2,155,705                   | 1,675,000                   | 480,705                    |
| 2021                       | 2,161,611                   | 1,750,000                   | 411,611                    |
| 2022                       | 2,173,111                   | 1,835,000                   | 338,111                    |
| 2023                       | 2,180,124                   | 1,920,000                   | 260,124                    |
| 2024                       | 2,188,524                   | 2,010,000                   | 178,524                    |
| 2025                       | 2,197,094                   | 2,105,000                   | 92,094                     |
| <b>Total</b>               | <u><u>\$ 30,114,609</u></u> | <u><u>\$ 22,410,000</u></u> | <u><u>\$ 7,704,605</u></u> |

Compensated absences and claims payable attributable to governmental activities are generally liquidated by the General Fund.

**County of Scott, Iowa**

**Notes To Basic Financial Statements**

---

**Note 8. Long-Term Debt (Continued)**

The computation of the County's legal margin as of June 30, 2011 is as follows:

|  |                                 |
|--|---------------------------------|
| 2009 assessed valuation  | \$ 11,705,684,280               |
| Less military exemption  | <u>(18,358,822)</u>             |
| <b>Total assessed value</b>                                      | <b><u>\$ 11,687,325,458</u></b> |
| Debt limit, 5% of assessed valuation (Iowa statutory limitation) | \$ 584,366,273                  |
| Total amount of debt applicable to debt margin                   | <u>(38,070,000)</u>             |
| <b>Legal debt margin</b>   | <b><u>\$ 546,296,273</u></b>    |

In May 1990, the County entered into an agreement to lease certain land of the County to a golf course developer. The agreement, which expires April 30, 2030, required the developer to make a one-time payment to the County of \$10 and to make deposits into various escrow accounts to pay for the construction of the golf course on the leased ground.

Simultaneously, the County entered into a lease purchase contract with the developer for the acquisition of the golf course. This agreement was to provide the financing for the project. The final agreement (as refinanced in 1993) between the County and Boatmen's Trust Company requires the County to make varying semiannual rental payments through May 1, 2013. The terms of the lease purchase contract provide that should the County fail to make an annual appropriation for any year before the beginning of that year in an amount sufficient, together with amounts budgeted to be available for such purpose in the Enterprise Fund, for the scheduled payments coming due during that year, the agreement shall terminate as of the beginning of that year.

The County may at any time during this agreement pay the total prepayment price at which time the land lease is canceled.

A schedule of annual principal and interest payments under this agreement and the prepayment price at the end of each year is as follows:

| Year Ending June 30 | Total                    | Principal                | Interest                | Prepayment Price |
|---------------------|--------------------------|--------------------------|-------------------------|------------------|
| 2012                | \$ 321,270               | \$ 285,000               | \$ 36,270               | \$ 300,000       |
| 2013                | <u>318,600</u>           | <u>300,000</u>           | <u>18,600</u>           | -                |
| <b>Total</b>        | <b><u>\$ 639,870</u></b> | <b><u>\$ 585,000</u></b> | <b><u>\$ 54,870</u></b> |                  |

On November 2, 2009, the City of Davenport issued \$10,125,000 General Obligation Communication Building Bonds, Series 2009C on behalf of the SECC. The bonds were issued for the purpose of building a new communications and emergency operations center. The bonds were issued with interest rates ranging from 2.0 percent to 5.8 percent. The SECC has issued a note payable to the City of Davenport with terms for repayment identical to the bonds.

During 2010, the SECC acquired equipment from the City of Davenport by issuing a note payable with no interest to the City in the amount of \$862,403 payable in equal annual installments from 2011 through 2020.

The debt service requirements on the notes payable outstanding as of June 30, 2011 are as follows:

**County of Scott, Iowa**

**Notes To Basic Financial Statements**

**Note 8. Long-Term Debt (Continued)**

| Year Ending June 30 | City of Davenport SECC Note |                   |             | City of Davenport GO Note |                     |                     |
|---------------------|-----------------------------|-------------------|-------------|---------------------------|---------------------|---------------------|
|                     | Total                       | Principal         | Interest    | Total                     | Principal           | Interest            |
| 2012                | \$ 86,240                   | \$ 86,240         | \$ -        | \$ 826,480                | \$ 365,000          | \$ 461,480          |
| 2013                | 86,240                      | 86,240            | -           | 828,268                   | 375,000             | 453,268             |
| 2014                | 86,240                      | 86,240            | -           | 833,892                   | 390,000             | 443,892             |
| 2015                | 86,240                      | 86,240            | -           | 837,192                   | 405,000             | 432,192             |
| 2016                | 86,240                      | 86,240            | -           | 838,828                   | 420,000             | 418,828             |
| 2017-2021           | 344,963                     | 344,963           | -           | 4,234,255                 | 2,415,000           | 1,819,255           |
| 2022-2026           | -                           | -                 | -           | 4,286,555                 | 3,115,000           | 1,171,555           |
| 2027-2029           | -                           | -                 | -           | 2,556,420                 | 2,290,000           | 266,420             |
| <b>Total</b>        | <b>\$ 776,163</b>           | <b>\$ 776,163</b> | <b>\$ -</b> | <b>\$ 15,241,890</b>      | <b>\$ 9,775,000</b> | <b>\$ 5,466,890</b> |

**Note 9. Retirement System**

The County and its component units contribute to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50 percent of their annual covered salary and the County is required to contribute 6.95 percent of annual covered payroll, except for sheriff deputies, in which case the percentages are 8.94 percent and 8.94 percent, respectively and conservation peace officers, in which case the percentages are 6.64 percent and 9.95 percent, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$1,985,400, \$1,696,095 and \$1,562,197, respectively, equal to the required contributions for each year.

**County of Scott, Iowa**

**Notes To Basic Financial Statements**

---

**Note 10. Other Postemployment Benefits**

Plan description: The County sponsors a single-employer health care plan that provides medical, prescription drugs, dental and vision benefits to all active and retired employees and their eligible dependents. Sheriff's deputies must be a minimum of age 50 with 22 or more years of service to be eligible for retiree benefits. All other employees must be a minimum of age 55 with 20 or more years of service to be eligible for retiree benefits. Eligibility requirements under IPERS is summarized as follows: Normal Retirement -a) General Employees -age 65, any age when age plus years of service equal or exceed 88 with a minimum age of 55, or age 62 with 20 years of service, b) Sheriffs and Deputies -age 55 or age 50 with 22 years of service. 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 County's union contracts. Employees pay all or a portion of the premium in excess of the full single rate premium. The current funding policy of the County is to pay health claims as they occur.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2011, the County contributed \$63,158. Retiree and active members receiving benefits have required monthly contributions of:

|        | Single | Family   |
|--------|--------|----------|
| Health | \$ 457 | \$ 1,254 |
| Dental | 28     | 85       |
| Vision | 6      | 13       |

Annual OPEB cost and net OPEB obligation: The County'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 County's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the County's annual OPEB obligation:

|  |                   |
|--|-------------------|
| Annual required contribution               | \$ 166,216        |
| Interest on net OPEB obligation            | 8,871             |
| Adjustment to annual required contribution | (12,102)          |
| Annual OPEB cost                           | 162,985           |
| Contributions and payments made            | (63,158)          |
| Increase in net OPEB obligation            | 99,827            |
| Net OPEB obligation - beginning of year    | 197,126           |
| Net OPEB obligation - end of year          | <u>\$ 296,953</u> |

County of Scott, Iowa

Notes To Basic Financial Statements

---

**Note 10. Other Postemployment Benefits (Continued)**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for the current year and the preceding year were as follows:

| <u>Year Ending June 30</u> | <u>Annual OPEB<br/>Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|----------------------------|-----------------------------|---|--------------------------------|
| 2009                       | \$ 181,191                  | 44.5%   | \$ 100,648                     |
| 2010                       | 181,561                     | 44.4%   | 197,126                        |
| 2011                       | 162,985                     | 38.8%   | 296,953                        |

Funded status and funding progress: As of January 1, 2011, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$1,473,922 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UML) of \$1,473,922. The covered payroll (annual payroll of active employees covered by the plan) was \$23,130,003 and the ratio of the UML to the covered payroll was 6.4 percent.

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

Actuarial methods and assumptions: Projections of 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 January 1, 2011 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5 percent investment rate of return, salary increases of 3 percent, health care cost trend rates of: 8 percent for year 1, 7 percent for year 2, 6 percent for year 3 and 5 percent for year 4 and beyond; mortality rates using the 2001 CSO Mortality Table, retiree participation rate of 90 percent, an initial spouse participation rate of 50 percent and turnover rates based on Scale T-8 of the Actuary's Pension Handbook. The UML is being amortized as a level dollar amount on an open basis. The amortization of UML is done over a period of 30 years.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

#### **Note 11. Deferred Compensation Plan**

The County (and its component units) offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County (and component unit) employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Effective January 1, 1997, the plan was amended to comply with IRC Section 457(b) which provides for the assets to be placed in trust for the exclusive benefit of participants and their beneficiaries. Under these new requirements, the County is no longer fiduciarily accountable for the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

#### **Note 12. Risk Management and Insurance**

The County is self-insured for general and automobile liability, property and workers' compensation claims. This activity is accounted for within the County's General Fund. Charges were made to the operating funds based upon actual claims, historical claim experience and estimated claims incurred and not yet reported for general and automobile liability, property and worker's compensation. Unemployment claims were charged quarterly to the applicable funds based upon actual claims as assessed by the state. Claim settlement and loss expenses are accrued in the General Fund for the estimated settlement value of general, automobile liability, property and workers' compensation claims reported and unreported arising from incidents during the year except for the long-term portion of such estimated claim settlements which are recorded in the government-wide statements until amounts are due and spendable resources become available to liquidate such liabilities.

Self-insurance is in effect up to a stop loss amount of approximately \$300,000 per claim for general and automobile liability, \$100,000 per claim for property and \$400,000 per claim for workers' compensation. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount with \$9,700,000 maximum coverage on general and automobile liability, \$96,196,270 maximum coverage on property and \$2,000,000 maximum coverage on workers' compensation. Settled claims have not exceeded the commercial coverage in any of the past three years. All claims handling procedures are performed by the County.

During fiscal year 2010, the County became self insured for health care of its employees. On July 1, 2010, the County became self-insured for the dental care of its employees. This activity is accounted for within the County's Internal Service Fund. Charges were made to the operating funds based upon estimated premium equivalency amounts.

Self-insurance is in effect up to a stop loss amount of approximately \$125,000 per claim for health care. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount of 125% of total claims. Settled claims have exceeded the commercial coverage in fiscal year 2011.

As of June 30, 2011, the amount of liabilities recorded for estimated claim settlements for general, automobile, property and workers' compensation liability claims was \$694,052 of which \$50,770 was recorded in the General Fund and \$643,282 was recorded on the government wide statement of net assets. The County has assigned \$694,052 of General Fund balance for payment of future claims liability.

**County of Scott, Iowa**

**Notes To Basic Financial Statements**

---

**Note 12. Risk Management and Insurance (Continued)**

The changes in the aggregate liabilities for general, automobile, property and workers' compensation liability claims for the years ended June 30, 2011 and 2010 are as follows:

|                                      | 2011              | 2010               |
|--------------------------------------|-------------------|--------------------|
| Claims payable, beginning of year    | \$ 522,397        | \$ 589,331         |
| Claims expense and change in reserve | 1,036,718         | 971,377            |
| Claims payments                      | <u>(865,063)</u>  | <u>(1,038,311)</u> |
| Claims payable, end of year          | <u>\$ 694,052</u> | <u>\$ 522,397</u>  |

The changes in the aggregate liabilities for health care and dental claims for the year ended June 30, 2011 is as follows:

|                                      | 2011               | 2010               |
|--------------------------------------|--------------------|--------------------|
| Claims payable, beginning of year    | \$ 317,041         | \$ -               |
| Claims expense and change in reserve | 3,979,963          | 1,320,200          |
| Claims payments                      | <u>(3,910,208)</u> | <u>(1,003,159)</u> |
| Claims payable, end of year          | <u>\$ 386,796</u>  | <u>\$ 317,041</u>  |

The Emergency Management Agency, County Library, and Public Safety Authority and Scott Emergency Communication Center component units of the County have transferred risk by purchasing commercial insurance. Settled claims have not exceeded this coverage in any of the past three fiscal years.

**Note 13. Conduit Debt Obligations**

From time to time, the County has issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the County, the state, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2011, there were two series of revenue bonds outstanding. The aggregate principal balance of the revenue bonds outstanding is \$14,350,000.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

#### **Note 14. Scott Area Solid Waste Management Commission Agreement**

In June 1995, the County issued \$7,100,000 in General Obligation County Solid Waste Disposal Bonds for which the County pledged its full faith and credit and power to levy direct general ad valorem taxes without limit as to rate or amount. On March 1, 2007, Scott County issued \$3,685,000 in General Obligation County Solid Waste Disposal Refunding Bonds, Series 2007A to refund \$3,645,000 of outstanding Scott Area Solid Waste Management Commission Solid Waste Disposal Revenue Bond, Series 1995. The net proceeds were used to call the Series 1995 Bonds. The total amount of the bonds outstanding as of June 30, 2011 is \$1,885,000.

The County loaned the proceeds from the sale of the bonds to 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 Project") pursuant to the Financing Agreement by and between the County and the Commission. To obligate itself under the Financing Agreement, the Commission issued a \$7,100,000 Solid Waste Disposal Revenue Bond to the County pursuant to a resolution dated April 11, 1995. The repayment of the Revenue Bond corresponds to the payment of the Bonds by the County and \$1,885,000 remains outstanding as of June 30, 2011.

Under the terms of the Financing Agreement, dated April 11, 1995, the Commission is obligated to establish rates, charges and fees sufficient to pay the cost of operations and maintenance of the Project and to leave net revenues sufficient to pay the semiannual debt service requirements of the bonds. In the event that net revenues are insufficient to pay 100 percent of the debt service on the bonds, the Commission is obligated to pay the County from other funds it has legally available, including the Reserve Fund, which is equal to the maximum annual debt service requirement on the bonds due in any remaining fiscal year. If the Commission does not have sufficient funds to pay 100 percent of the debt service on the bonds when due, the County is obligated to pay such deficiency from and of its funds legally available. Any amounts which are paid by the County for debt service payments on the bonds must be reimbursed by the Commission out of future net revenues of the Project or other Commission funds which become available.

In the event future net revenues or other Commission funds are insufficient to repay the County, each of the Members of the Commission have obligated itself to repay the County its pro rata share of the deficiency from rates imposed on each property within its jurisdiction. The Financing Agreement may not be terminated so long as the bonds are outstanding.

Financial statements of the Commission may be obtained by contacting Scott Area Solid Waste Commission, 11555 110th Avenue, Davenport, Iowa 52804.

#### **Note 15. Litigation**

The County is a defendant in several claims and lawsuits. In the opinion of the County Attorney and management, the resolution of these matters will not have a material adverse effect on the future financial statements of the County.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

#### **Note 16. Commitments and Contingency**

The County has financial commitments relating to renovation projects that are estimated to be approximately \$4,965,000.

The County has received federal and state grants for specific programs that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

#### **Note 17. Governmental Accounting Standards Board (GASB) Statements**

The County adopted the following statement as of July 1, 2010:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. See Note 1 for additional information regarding fund balance classifications.

## County of Scott, Iowa

### Notes To Basic Financial Statements

---

#### Note 17. Governmental Accounting Standards Board (GASB) Statements (continued)

The Governmental Accounting Standards Board (GASB) has issued the following statement not yet implemented by the County. The Statements which may impact the County are as follows:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the County beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity. It amends Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government. The Statement also clarifies the reporting of equity interests in legally separate organizations.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued December 2010, will be effective for the County beginning with its year ending June 30, 2013. This Statement is intended to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued in June 2011, will be effective for the County beginning with its year ending June 30, 2013. This statement establishes guidance for reporting deferred outflows of resources and deferred inflows of resources, and renames net assets to net position in a statement of financial position.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, issued in June 2011, will be effective for the County beginning with its year ending June 30, 2012. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

The County’s management has not yet determined the effect these GASB statements will have on the County’s future financial statements.

County of Scott, Iowa

Required Supplementary Information  
Other Postemployment Benefit Plan

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Net Assets ( a ) | Actuarial Accrued Liability (AAL) ( b ) | Unfunded AAL ( b-a ) | Funded Ratio ( a/b ) | Covered Payroll ( c ) | UAAL as a Percentage of Covered Payroll [ (b-a) / c ] |
|--------------------------|-------------------------------------|---|----------------------|----------------------|-----------------------|---|
| 1/1/2009                 | \$ -                                | \$1,770,912                             | \$1,770,912          | 0.00%                | \$20,080,910          | 8.82%   |
| 1/1/2011                 | -                                   | 1,473,922                               | 1,473,922            | 0.00%                | 23,130,003            | 6.37%   |

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of January 1, 2011. Additional information follows:

- a. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: 1) 4.5 percent investment rate of return, 2) salary increases of 3 percent, 3) health care cost trend rates of: 8 percent for year 1, 7 percent for year 2, 6 percent for year 3 and 5 percent for year 4 and beyond, 4) mortality rates using the 2001 CSO Mortality Table, 5) retiree participation rate of 90 percent, 6) an initial spouse participation rate of 50 percent and 7) turnover rates based on Scale T-8 of the Actuary's Pension Handbook.
- d. The amortization method is level dollar amount on an open basis.

See Independent Auditors' Report and Note to Required Supplementary Information.

County of Scott, Iowa

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds  
 Year Ended June 30, 2011

|  | Budget                |                       | Governmental Fund<br>Types Actual | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|-----------------------|-----------------------|-----------------------------------|---|
|  | Original              | Final                 |                                   |   |
| <b>Revenues:</b>   |                       |                       |                                   |   |
| Property taxes   | \$ 43,365,936         | \$ 43,371,665         | \$ 43,098,556                     | \$ (273,109)  |
| Local option sales tax                                       | 3,500,000             | 3,683,574             | 3,863,574                         | 180,000   |
| Other taxes  | 2,239,483             | 2,419,484             | 2,192,115                         | (227,369)   |
| Interest and penalties on taxes                              | 825,000               | 820,000               | 791,685                           | (28,315)  |
| Intergovernmental  | 21,050,501            | 21,840,061            | 20,595,340                        | (1,244,721)   |
| Charges for services   | 4,682,772             | 4,680,744             | 4,993,149                         | 312,405   |
| Investment earnings  | 152,500               | 150,750               | 221,853                           | 71,103  |
| Licenses and permits   | 507,870               | 534,870               | 666,627                           | 131,757   |
| Rentals and fees   | 208,171               | 204,671               | 188,240                           | (16,431)  |
| Other  | 299,123               | 329,325               | 755,925                           | 426,600   |
| <b>Total revenues</b>  | <b>76,831,356</b>     | <b>78,035,144</b>     | <b>77,367,064</b>                 | <b>(668,080)</b>  |
| <b>Expenditures</b>  |                       |                       |                                   |   |
| <b>Current:</b>  |                       |                       |                                   |   |
| Public safety and legal services                             | 27,452,851            | 27,996,343            | 26,494,923                        | 1,501,420   |
| Physical health and social services                          | 6,738,506             | 6,887,057             | 6,511,764                         | 375,293   |
| Mental health  | 15,514,595            | 15,435,417            | 15,221,435                        | 213,982   |
| County environment and education                             | 4,850,337             | 4,850,592             | 4,515,096                         | 335,496   |
| Roads and transportation                                     | 4,721,000             | 5,074,000             | 4,540,044                         | 533,956   |
| Government services to residents                             | 2,043,870             | 2,097,025             | 2,022,332                         | 74,693  |
| Administration   | 9,526,913             | 9,879,600             | 9,094,997                         | 784,603   |
| Capital outlay   | 3,833,658             | 10,305,429            | 7,748,377                         | 2,557,052   |
| Debt service   | 4,188,885             | 4,355,660             | 4,355,660                         | -   |
| <b>Total expenditures</b>                                    | <b>78,870,615</b>     | <b>86,881,123</b>     | <b>80,504,629</b>                 | <b>6,376,494</b>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(2,039,259)</b>    | <b>(8,845,979)</b>    | <b>(3,137,565)</b>                | <b>5,708,414</b>  |
| <b>Other financing sources (uses):</b>                       |                       |                       |                                   |   |
| Transfers in   | 8,128,064             | 8,796,064             | 8,433,584                         | (362,480)   |
| Transfers out  | (8,128,064)           | (8,796,064)           | (8,433,584)                       | 362,480   |
| Proceeds from sale of capital assets                         | 76,500                | 69,000                | 157,209                           | 88,209  |
| <b>Total other financing sources<br/>(uses)</b>              | <b>76,500</b>         | <b>69,000</b>         | <b>157,209</b>                    | <b>88,209</b>   |
| <b>Net change in fund balances</b>                           | <b>\$ (1,962,759)</b> | <b>\$ (8,776,979)</b> | <b>\$ (2,980,356)</b>             | <b>\$ 5,796,623</b>   |

See Independent Auditors' Report and Note to Required Supplementary Information.

**County of Scott, Iowa**

**Note to Required Supplementary Information**

---

**Note 1. Budgetary Comparison Schedule**

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget following required public notice and hearing for all governmental 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 and legal services, physical health and social services, mental health, County environment and education, roads and transportation, government services to residents, administration, capital outlay and debt service. Function expenditures required to be budgeted do not include expenses for the enterprise fund. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments increased budgeted expenditures by \$8,678,508. The budget amendment was primarily due to the issuance of debt and the appropriation of those funds for the related capital projects financed by that debt.

See Independent Auditors' Report.



County of Scott, Iowa

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

|  | Special Revenue     |                                | Total               |
|--|---------------------|--------------------------------|---------------------|
|  | Rural Services Fund | Recorders Management Fees Fund |                     |
| <b>Assets</b>                              |                     |                                |                     |
| Cash and investments                       | \$ 57,795           | \$ 72,442                      | \$ 130,237          |
| Receivables:                               |                     |                                |                     |
| Property taxes                             | 2,614,281           | -                              | 2,614,281           |
| Accounts                                   | -                   | 245                            | 245                 |
| <b>Total assets</b>                        | <b>\$ 2,672,076</b> | <b>\$ 72,687</b>               | <b>\$ 2,744,763</b> |
| <b>Liabilities and Fund Balances</b>       |                     |                                |                     |
| Liabilities, deferred revenue              | \$ 2,614,147        | \$ -                           | \$ 2,614,147        |
| Fund balances                              |                     |                                |                     |
| Committed                                  | -                   | 72,687                         | 72,687              |
| Assigned                                   | 57,929              | -                              | 57,929              |
| <b>Total fund balance</b>                  | <b>57,929</b>       | <b>72,687</b>                  | <b>130,616</b>      |
| <b>Total liabilities and fund balances</b> | <b>\$ 2,672,076</b> | <b>\$ 72,687</b>               | <b>\$ 2,744,763</b> |

County of Scott, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2011

|   | Special Revenue     |                                | Total            |
|---|---------------------|--------------------------------|------------------|
|   | Rural Services Fund | Recorders Management Fees Fund |                  |
| Revenues:   |                     |                                |                  |
| Property taxes  | \$ 2,273,419        | \$ -                           | \$ 2,273,419     |
| Other taxes   | 68,275              | -                              | 68,275           |
| Intergovernmental                                       | 76,377              | -                              | 76,377           |
| Charges for services                                    | -                   | 34,064                         | 34,064           |
| Investment earnings                                     | -                   | 382                            | 382              |
| <b>Total revenues</b>                                   | <b>2,418,071</b>    | <b>34,446</b>                  | <b>2,452,517</b> |
| Expenditures, current, County environment and education | 525,910             | -                              | 525,910          |
| <b>Excess of revenue over expenditures</b>              | <b>1,892,161</b>    | <b>34,446</b>                  | <b>1,926,607</b> |
| Other financing uses, transfers out                     | (1,971,503)         | (52,029)                       | (2,023,532)      |
| <b>Net change in fund balances</b>                      | <b>(79,342)</b>     | <b>(17,583)</b>                | <b>(96,925)</b>  |
| Fund balances, beginning of year                        | 137,271             | 90,270                         | 227,541          |
| Fund balances, end of year                              | \$ 57,929           | \$ 72,687                      | \$ 130,616       |

County of Scott, Iowa

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2011

|   | Internal Service Funds   |                          |                     |
|---|--------------------------|--------------------------|---------------------|
|   | Dental Insurance<br>Fund | Health Insurance<br>Fund | Total               |
| <b>Assets</b>                           |                          |                          |                     |
| Current assets:                         |                          |                          |                     |
| Cash and investments                    | \$ 63,010                | \$ 1,714,763             | \$ 1,777,773        |
| <b>Total assets</b>                     | <b>\$ 63,010</b>         | <b>\$ 1,714,763</b>      | <b>\$ 1,777,773</b> |
| <b>Liabilities and Net Assets</b>       |                          |                          |                     |
| Current liabilities:                    |                          |                          |                     |
| Accounts payable                        | \$ 2,045                 | \$ -                     | \$ 2,045            |
| Claims payable                          | 25,079                   | 361,717                  | 386,796             |
| <b>Total liabilities</b>                | <b>27,124</b>            | <b>361,717</b>           | <b>388,841</b>      |
| Net assets:                             |                          |                          |                     |
| Unrestricted                            | 35,886                   | 1,353,046                | 1,388,932           |
| <b>Total net assets</b>                 | <b>35,886</b>            | <b>1,353,046</b>         | <b>1,388,932</b>    |
| <b>Total liabilities and net assets</b> | <b>\$ 63,010</b>         | <b>\$ 1,714,763</b>      | <b>\$ 1,777,773</b> |

County of Scott, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Assets  
 Internal Service Funds  
 Year Ended June 30, 2011

|                                     | Internal Service Funds   |                          |                  |
|-------------------------------------|--------------------------|--------------------------|------------------|
|                                     | Dental Insurance<br>Fund | Health Insurance<br>Fund | Total            |
| Operating revenues:                 |                          |                          |                  |
| Charges for services                | \$ 362,147               | \$ 5,271,022             | \$ 5,633,169     |
| <b>Total operating revenues</b>     | <b>362,147</b>           | <b>5,271,022</b>         | <b>5,633,169</b> |
| Operating expenses:                 |                          |                          |                  |
| Claims and administrative charges   | 326,505                  | 4,394,879                | 4,721,384        |
| <b>Total operating expenses</b>     | <b>326,505</b>           | <b>4,394,879</b>         | <b>4,721,384</b> |
| <b>Operating income</b>             | <b>35,642</b>            | <b>876,143</b>           | <b>911,785</b>   |
| Nonoperating revenues:              |                          |                          |                  |
| Investment earnings                 | 244                      | 5,941                    | 6,185            |
| <b>Total nonoperating revenues</b>  | <b>244</b>               | <b>5,941</b>             | <b>6,185</b>     |
| <b>Change in net assets</b>         | <b>35,886</b>            | <b>882,084</b>           | <b>917,970</b>   |
| Total net assets, beginning of year | -                        | 470,962                  | 470,962          |
| Total net assets, end of year       | \$ 35,886                | \$ 1,353,046             | \$ 1,388,932     |

County of Scott, Iowa

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2011

|   | Internal Service Funds   |                          |                     |
|---|--------------------------|--------------------------|---------------------|
|   | Dental Insurance<br>Fund | Health Insurance<br>Fund | Total               |
| Cash flows from operating activities:   |                          |                          |                     |
| Cash received from customers  | \$ 362,147               | \$ 5,271,022             | \$ 5,633,169        |
| Cash payments to suppliers for goods and services                                   | (299,381)                | (4,350,203)              | (4,649,584)         |
| <b>Net cash from operating activities</b>   | <u>62,766</u>            | <u>920,819</u>           | <u>983,585</u>      |
| Cash flows from investing activities, interest received                             | 244                      | 5,941                    | 6,185               |
| <b>Net increase in cash and cash equivalents</b>                                    | <u>63,010</u>            | <u>926,760</u>           | <u>989,770</u>      |
| Cash and cash equivalents:  |                          |                          |                     |
| Beginning   | -                        | 788,003                  | 788,003             |
| Ending  | <u>\$ 63,010</u>         | <u>\$ 1,714,763</u>      | <u>\$ 1,777,773</u> |
| Reconciliation of operating income to net cash<br>from operating activities:        |                          |                          |                     |
| Operating income  | \$ 35,642                | \$ 876,143               | \$ 911,785          |
| Adjustments to reconcile operating income to net cash<br>from operating activities: |                          |                          |                     |
| Changes in assets and liabilities:  |                          |                          |                     |
| Accounts payable  | 2,045                    | -                        | 2,045               |
| Claims payable  | 25,079                   | 44,676                   | 69,755              |
| <b>Net cash from operating activities</b>   | <u>\$ 62,766</u>         | <u>\$ 920,819</u>        | <u>\$ 983,585</u>   |

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds  
 Year Ended June 30, 2011

|  | Balance<br>June 30,<br>2010 | Additions             | Deletions             | Balance<br>June 30,<br>2011 |
|--|-----------------------------|-----------------------|-----------------------|-----------------------------|
| <b>Agricultural Extension Service Fund</b>             |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 5,815                    | \$ 448,173            | \$ 448,762            | \$ 5,226                    |
| Receivables, property taxes                            | 450,817                     | 467,356               | 451,707               | 466,466                     |
| <b>Total assets</b>                                    | <b>\$ 456,632</b>           | <b>\$ 915,529</b>     | <b>\$ 900,469</b>     | <b>\$ 471,692</b>           |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 456,632</b>           | <b>\$ 915,529</b>     | <b>\$ 900,469</b>     | <b>\$ 471,692</b>           |
| <b>Bangs Eradication Fund</b>                          |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 9,595                    | \$ 23,055             | \$ 32,413             | \$ 237                      |
| Receivables, property taxes                            | 22,407                      | 21,963                | 22,407                | 21,963                      |
| <b>Total assets</b>                                    | <b>\$ 32,002</b>            | <b>\$ 45,018</b>      | <b>\$ 54,820</b>      | <b>\$ 22,200</b>            |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 32,002</b>            | <b>\$ 45,018</b>      | <b>\$ 54,820</b>      | <b>\$ 22,200</b>            |
| <b>City Taxing Districts Fund</b>                      |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 1,363,986                | \$ 97,174,520         | \$ 97,374,211         | \$ 1,164,295                |
| Receivables, property taxes                            | 97,371,406                  | 101,046,434           | 97,522,615            | 100,895,225                 |
| <b>Total assets</b>                                    | <b>\$ 98,735,392</b>        | <b>\$ 198,220,954</b> | <b>\$ 194,896,826</b> | <b>\$ 102,059,520</b>       |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 98,735,392</b>        | <b>\$ 198,220,954</b> | <b>\$ 194,896,826</b> | <b>\$ 102,059,520</b>       |
| <b>Community College Taxing District Fund</b>          |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 79,110                   | \$ 6,357,596          | \$ 6,362,579          | \$ 74,127                   |
| Receivables, property taxes                            | 6,394,624                   | 7,380,130             | 6,405,617             | 7,369,137                   |
| <b>Total assets</b>                                    | <b>\$ 6,473,734</b>         | <b>\$ 13,737,726</b>  | <b>\$ 12,768,196</b>  | <b>\$ 7,443,264</b>         |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 6,473,734</b>         | <b>\$ 13,737,725</b>  | <b>\$ 12,768,195</b>  | <b>\$ 7,443,264</b>         |
| <b>Fire Taxing District Fund</b>                       |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 4,304                    | \$ 323,448            | \$ 324,332            | \$ 3,420                    |
| Receivables, property taxes                            | 316,276                     | 335,928               | 316,891               | 335,313                     |
| <b>Total assets</b>                                    | <b>\$ 320,580</b>           | <b>\$ 659,376</b>     | <b>\$ 641,223</b>     | <b>\$ 338,733</b>           |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 320,580</b>           | <b>\$ 659,376</b>     | <b>\$ 641,223</b>     | <b>\$ 338,733</b>           |

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds (Continued)  
 Year Ended June 30, 2011

|  | Balance<br>June 30,<br>2010 | Additions             | Deletions             | Balance<br>June 30,<br>2011 |
|--|-----------------------------|-----------------------|-----------------------|-----------------------------|
| <b>School Taxing District Fund</b>                     |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 1,437,657                | \$ 109,424,880        | \$ 109,569,782        | \$ 1,292,755                |
| Receivables, property taxes                            | 110,088,366                 | 114,567,739           | 110,282,170           | 114,373,935                 |
| <b>Total assets</b>                                    | <b>\$ 111,526,023</b>       | <b>\$ 223,992,619</b> | <b>\$ 219,851,952</b> | <b>\$ 115,666,690</b>       |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 111,526,023</b>       | <b>\$ 223,992,619</b> | <b>\$ 219,851,952</b> | <b>\$ 115,666,690</b>       |
| <b>Township Taxing District Fund</b>                   |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 1,991                    | \$ 185,183            | \$ 184,714            | \$ 2,460                    |
| Receivables, property taxes                            | 185,465                     | 198,106               | 185,670               | 197,901                     |
| <b>Total assets</b>                                    | <b>\$ 187,456</b>           | <b>\$ 383,289</b>     | <b>\$ 370,384</b>     | <b>\$ 200,361</b>           |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 187,456</b>           | <b>\$ 383,289</b>     | <b>\$ 370,384</b>     | <b>\$ 200,361</b>           |
| <b>Other Taxing Districts Fund</b>                     |                             |                       |                       |                             |
| <b>Assets</b>  |                             |                       |                       |                             |
| Cash and investments                                   | \$ 80,934                   | \$ 11,367,664         | \$ 11,319,876         | \$ 128,722                  |
| Receivables, property taxes                            | 36,910                      | 112,812               | 111,557               | 38,165                      |
| <b>Total assets</b>                                    | <b>\$ 117,844</b>           | <b>\$ 11,480,476</b>  | <b>\$ 11,431,433</b>  | <b>\$ 166,887</b>           |
| <b>Liabilities</b>                                     |                             |                       |                       |                             |
| Accounts payable                                       | \$ 10,069                   | \$ 32,956             | \$ 30,911             | \$ 12,114                   |
| Due to other governmental agencies                     | 107,775                     | 11,373,849            | 11,326,851            | 154,773                     |
| <b>Total liabilities</b>                               | <b>\$ 117,844</b>           | <b>\$ 11,406,805</b>  | <b>\$ 11,357,762</b>  | <b>\$ 166,887</b>           |
| <b>City Special Assessments Fund</b>                   |                             |                       |                       |                             |
| <b>Assets, cash and investments</b>                    | <b>\$ 530,527</b>           | <b>\$ 2,869,095</b>   | <b>\$ 2,846,223</b>   | <b>\$ 553,399</b>           |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 530,527</b>           | <b>\$ 2,869,095</b>   | <b>\$ 2,846,223</b>   | <b>\$ 553,399</b>           |

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds (Continued)  
 Year Ended June 30, 2011

|  | Balance<br>June 30,<br>2010 | Additions            | Deletions            | Balance<br>June 30,<br>2011 |
|--|-----------------------------|----------------------|----------------------|-----------------------------|
| <b>County Recorder Agency Fund</b>                     |                             |                      |                      |                             |
| <b>Assets</b>  |                             |                      |                      |                             |
| Cash and investments                                   | \$ 156,290                  | \$ 1,312,194         | \$ 1,304,357         | \$ 164,127                  |
| Receivables, accounts                                  | 25,521                      | 1,361,791            | 1,375,548            | 11,764                      |
| <b>Total assets</b>                                    | <b>\$ 181,811</b>           | <b>\$ 2,673,985</b>  | <b>\$ 2,679,905</b>  | <b>\$ 175,891</b>           |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 181,811</b>           | <b>\$ 1,298,151</b>  | <b>\$ 1,304,071</b>  | <b>\$ 175,891</b>           |
| <b>County Sheriff Agency Fund</b>                      |                             |                      |                      |                             |
| <b>Assets</b>  |                             |                      |                      |                             |
| Cash and investments                                   | \$ 265,433                  | \$ 4,527,043         | \$ 4,506,155         | \$ 286,321                  |
| Receivables, accounts                                  | -                           | 32,364               | 32,364               | -                           |
| <b>Total assets</b>                                    | <b>\$ 265,433</b>           | <b>\$ 4,559,407</b>  | <b>\$ 4,538,519</b>  | <b>\$ 286,321</b>           |
| <b>Liabilities, accounts payable</b>                   | <b>\$ 265,433</b>           | <b>\$ 4,559,387</b>  | <b>\$ 4,538,499</b>  | <b>\$ 286,321</b>           |
| <b>Motor Vehicle Tax Fund</b>                          |                             |                      |                      |                             |
| <b>Assets, cash and investments</b>                    | <b>\$ 1,699,391</b>         | <b>\$ 25,163,713</b> | <b>\$ 24,142,030</b> | <b>\$ 2,721,074</b>         |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 1,699,391</b>         | <b>\$ 25,163,713</b> | <b>\$ 24,142,030</b> | <b>\$ 2,721,074</b>         |
| <b>Tax Sale Redemption Fund</b>                        |                             |                      |                      |                             |
| <b>Assets, cash and investments</b>                    | <b>\$ 125,268</b>           | <b>\$ 963,278</b>    | <b>\$ 943,152</b>    | <b>\$ 145,394</b>           |
| <b>Liabilities, due to other governmental agencies</b> | <b>\$ 125,268</b>           | <b>\$ 963,278</b>    | <b>\$ 943,152</b>    | <b>\$ 145,394</b>           |

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds (Continued)  
 Year Ended June 30, 2011

|  | Balance<br>June 30,<br>2010 | Additions           | Deletions           | Balance<br>June 30,<br>2011 |
|--|-----------------------------|---------------------|---------------------|-----------------------------|
| <b>Use Tax Fund</b>                                    |                             |                     |                     |                             |
| <b>Assets, cash and investments</b>                    | \$ 1,674,908                | \$ 13,877,190       | \$ 14,898,908       | \$ 653,190                  |
| <b>Liabilities, due to other governmental agencies</b> | \$ 1,674,908                | \$ 13,877,190       | \$ 14,898,908       | \$ 653,190                  |
| <b>Community Services Fund</b>                         |                             |                     |                     |                             |
| <b>Assets, cash and investments</b>                    | \$ 429,235                  | \$ -                | \$ 115,290          | \$ 313,945                  |
| <b>Liabilities, due to private individuals</b>         | \$ 429,235                  | \$ -                | \$ 115,290          | \$ 313,945                  |
| <b>County Assessor Fund</b>                            |                             |                     |                     |                             |
| <b>Assets</b>  |                             |                     |                     |                             |
| Cash and investments                                   | \$ 484,476                  | \$ 574,303          | \$ 635,425          | \$ 423,354                  |
| Receivables, property taxes                            | 631,009                     | 493,909             | 635,101             | 489,817                     |
| <b>Total assets</b>                                    | <b>\$ 1,115,485</b>         | <b>\$ 1,068,212</b> | <b>\$ 1,270,526</b> | <b>\$ 913,171</b>           |
| <b>Liabilities</b>                                     |                             |                     |                     |                             |
| Accounts payable                                       | \$ 4,716                    | \$ 139,804          | \$ 128,296          | \$ 16,224                   |
| Due to other governmental agencies                     | 1,110,769                   | 1,557,782           | 1,771,604           | \$ 896,947                  |
| <b>Total liabilities</b>                               | <b>\$ 1,115,485</b>         | <b>\$ 1,697,586</b> | <b>\$ 1,899,900</b> | <b>\$ 913,171</b>           |
| <b>County Assessor Special Fund</b>                    |                             |                     |                     |                             |
| <b>Assets</b>  |                             |                     |                     |                             |
| Cash and investments                                   | \$ 532,070                  | \$ 300,252          | \$ 220,730          | \$ 611,592                  |
| Receivables, property taxes                            | 266,296                     | 410,278             | 266,296             | 410,278                     |
| <b>Total assets</b>                                    | <b>\$ 798,366</b>           | <b>\$ 710,530</b>   | <b>\$ 487,026</b>   | <b>\$ 1,021,870</b>         |
| <b>Liabilities</b>                                     |                             |                     |                     |                             |
| Accounts payable                                       | \$ -                        | \$ 220,730          | \$ 220,730          | \$ -                        |
| Due to other governmental agencies                     | 798,366                     | 706,307             | 482,803             | 1,021,870                   |
| <b>Total liabilities</b>                               | <b>\$ 798,366</b>           | <b>\$ 927,037</b>   | <b>\$ 703,533</b>   | <b>\$ 1,021,870</b>         |
| <b>City Assessor Fund</b>                              |                             |                     |                     |                             |
| <b>Assets</b>  |                             |                     |                     |                             |
| Cash and investments                                   | \$ 411,695                  | \$ 625,131          | \$ 740,273          | \$ 296,553                  |
| Receivables, property taxes                            | 574,325                     | 787,256             | 574,540             | 787,041                     |
| <b>Total assets</b>                                    | <b>\$ 986,020</b>           | <b>\$ 1,412,387</b> | <b>\$ 1,314,813</b> | <b>\$ 1,083,594</b>         |
| <b>Liabilities</b>                                     |                             |                     |                     |                             |
| Accounts payable                                       | \$ 35,882                   | \$ 776,422          | \$ 740,273          | \$ 72,031                   |
| Due to other governmental agencies                     | 950,138                     | 1,381,585           | 1,320,160           | 1,011,563                   |
| <b>Total liabilities</b>                               | <b>\$ 986,020</b>           | <b>\$ 2,158,007</b> | <b>\$ 2,060,433</b> | <b>\$ 1,083,594</b>         |

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds (Continued)  
 Year Ended June 30, 2011

|  | Balance<br>June 30,<br>2010 | Additions             | Deletions             | Balance<br>June 30,<br>2011 |
|--|-----------------------------|-----------------------|-----------------------|-----------------------------|
| <b>City Assessor Special Fund</b>              |                             |                       |                       |                             |
| <b>Assets</b>                                  |                             |                       |                       |                             |
| Cash and investments                           | \$ 176,372                  | \$ 264,562            | \$ 189,760            | \$ 251,174                  |
| Receivables, property taxes                    | 301,287                     | 193,839               | 301,288               | 193,838                     |
| <b>Total assets</b>                            | <b>\$ 477,659</b>           | <b>\$ 458,401</b>     | <b>\$ 491,048</b>     | <b>\$ 445,012</b>           |
| <b>Liabilities</b>                             |                             |                       |                       |                             |
| Accounts payable                               | \$ 11,308                   | \$ 205,854            | \$ 189,760            | \$ 27,402                   |
| Due to other governmental agencies             | 466,351                     | 447,081               | 495,822               | 417,610                     |
| <b>Total liabilities</b>                       | <b>\$ 477,659</b>           | <b>\$ 652,935</b>     | <b>\$ 685,582</b>     | <b>\$ 445,012</b>           |
| <b>Jail Inmate Fund</b>                        |                             |                       |                       |                             |
| <b>Assets, cash and investments</b>            |                             |                       |                       |                             |
|  | \$ 50,226                   | \$ 46,422             | \$ -                  | \$ 96,648                   |
| <b>Liabilities, due to private individuals</b> |                             |                       |                       |                             |
|  | \$ 50,226                   | \$ 46,422             | \$ -                  | \$ 96,648                   |
| <b>Total Combined Funds</b>                    |                             |                       |                       |                             |
| <b>Assets</b>                                  |                             |                       |                       |                             |
| Cash and investments                           | \$ 9,519,283                | \$ 275,827,702        | \$ 276,158,972        | \$ 9,188,014                |
| Receivables:                                   |                             |                       |                       |                             |
| Property taxes                                 | 216,639,188                 | 226,015,750           | 217,075,859           | 225,579,079                 |
| Accounts                                       | 25,521                      | 1,394,155             | 1,407,912             | 11,764                      |
| <b>Total Assets</b>                            | <b>\$ 226,183,992</b>       | <b>\$ 503,237,607</b> | <b>\$ 494,642,742</b> | <b>\$ 234,778,857</b>       |
| <b>Liabilities</b>                             |                             |                       |                       |                             |
| Accounts payable                               | \$ 327,408                  | \$ 5,935,153          | \$ 5,848,469          | \$ 414,092                  |
| Due to other governmental agencies             | 225,377,123                 | 497,592,541           | 489,015,493           | 233,954,171                 |
| Due to private individuals                     | 479,461                     | 46,422                | 115,290               | 410,593                     |
| <b>Total Liabilities</b>                       | <b>\$ 226,183,992</b>       | <b>\$ 503,574,117</b> | <b>\$ 494,979,251</b> | <b>\$ 234,778,857</b>       |

County of Scott, Iowa

Combining Balance Sheet and Reconciliation to Statement of Net Assets  
Discretely Presented Component Units  
June 30, 2011

|   | Emergency<br>Management<br>Agency | County<br>Library   | Public Safety<br>Authority | Scott Emergency<br>Communication Center | Total                |
|---|-----------------------------------|---------------------|----------------------------|---|----------------------|
| <b>Assets</b>   |                                   |                     |                            |   |                      |
| Cash and investments  | \$ 192,266                        | \$ 195,102          | \$ 134,876                 | \$ 3,262,434                            | \$ 3,784,678         |
| Receivables:  |                                   |                     |                            |   |                      |
| Accounts  | 12,684                            | 1,511               | -                          | -                                       | 14,195               |
| Due from other governmental agencies  | -                                 | -                   | -                          | 6,300                                   | 6,300                |
| <b>Total assets</b>   | <b>\$ 204,950</b>                 | <b>\$ 196,613</b>   | <b>\$ 134,876</b>          | <b>\$ 3,268,734</b>                     | <b>\$ 3,805,173</b>  |
| <b>Liabilities and Fund Balance</b>   |                                   |                     |                            |   |                      |
| Liabilities:  |                                   |                     |                            |   |                      |
| Accounts payable  | \$ 779                            | \$ 9,722            | \$ 130,626                 | \$ 569,748                              | \$ 710,875           |
| Accrued liabilities   | 3,426                             | 29,293              | -                          | 148,201                                 | 180,920              |
| <b>Total liabilities</b>  | <b>4,205</b>                      | <b>39,015</b>       | <b>130,626</b>             | <b>717,949</b>                          | <b>891,795</b>       |
| Fund balances:  |                                   |                     |                            |   |                      |
| Restricted for capital projects   | -                                 | -                   | -                          | 1,382,337                               | 1,382,337            |
| Unassigned  | 200,745                           | 157,598             | 4,250                      | 1,168,448                               | 1,531,041            |
| <b>Total fund balances</b>  | <b>200,745</b>                    | <b>157,598</b>      | <b>4,250</b>               | <b>2,550,785</b>                        | <b>2,913,378</b>     |
| <b>Total liabilities and fund balances</b>  | <b>\$ 204,950</b>                 | <b>\$ 196,613</b>   | <b>\$ 134,876</b>          | <b>\$ 3,268,734</b>                     | <b>\$ 3,805,173</b>  |
| <b>Reconciliation to statement of net assets</b>  |                                   |                     |                            |   |                      |
| Total component unit fund balances  | \$ 200,745                        | \$ 157,598          | \$ 4,250                   | \$ 2,550,785                            | \$ 2,913,378         |
| Amounts reported for governmental activities in the statement of net assets are different because:                        |                                   |                     |                            |   |                      |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: |                                   |                     |                            |   |                      |
| Capital assets:   |                                   |                     |                            |   |                      |
| Land  | -                                 | 16,600              | -                          | -                                       | 16,600               |
| Construction in progress  | -                                 | -                   | -                          | 10,947,315                              | 10,947,315           |
| Buildings   | -                                 | 1,297,266           | -                          | -                                       | 1,297,266            |
| Machinery and equipment   | 623,067                           | 180,005             | -                          | 11,963,404                              | 12,766,476           |
| Accumulated depreciation  | (208,002)                         | (449,276)           | -                          | (402,653)                               | (1,059,931)          |
| Capital lease receivable from primary government  | -                                 | -                   | 22,410,000                 | -                                       | 22,410,000           |
| Liabilities not due and payable in the current period are not reported in the funds:                                      |                                   |                     |                            |   |                      |
| Compensated absences  | (17,396)                          | (45,914)            | -                          | (175,752)                               | (239,062)            |
| Other post employment benefits obligation   | (2,492)                           | 3,969               | -                          | (4,078)                                 | (2,601)              |
| Revenue bonds payable   | -                                 | -                   | (22,410,000)               | -                                       | (22,410,000)         |
| Notes payable   | -                                 | -                   | -                          | (10,551,163)                            | (10,551,163)         |
| Unamortized bond discount   | -                                 | -                   | 179,433                    | 79,719                                  | 259,152              |
| Accrued interest payable  | -                                 | -                   | (77,109)                   | (38,457)                                | (115,566)            |
| Bond issuance costs   | -                                 | -                   | 78,965                     | 47,214                                  | 126,179              |
| <b>Total net assets</b>   | <b>\$ 595,922</b>                 | <b>\$ 1,160,248</b> | <b>\$ 185,539</b>          | <b>\$ 14,416,334</b>                    | <b>\$ 16,358,043</b> |

County of Scott, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances and Reconciliation  
to Statement of Activities - Discretely Presented Component Units  
Year Ended June 30, 2011

|                                    | Emergency<br>Management<br>Agency | County<br>Library | Public<br>Safety<br>Authority | Scott Emergency<br>Communication<br>Center | Total              |
|------------------------------------|-----------------------------------|-------------------|-------------------------------|--|--------------------|
| <b>Revenues:</b>                   |                                   |                   |                               |  |                    |
| Intergovernmental                  |                                   |                   |                               |  |                    |
| Operating                          | \$ 55,666                         | \$ 1,020,709      | \$ -                          | \$ 7,092,023                               | \$ 8,168,398       |
| Capital                            | -                                 | -                 | -                             | 512,330                                    | 512,330            |
| Charges for services               | -                                 | 17,482            | -                             | -  | 17,482             |
| Investment earnings                | -                                 | -                 | 968,430                       | 19,424                                     | 987,854            |
| Rentals and fees                   | -                                 | -                 | 1,150,000                     | -  | 1,150,000          |
| Other                              | 51,174                            | 8,382             | -                             | 21,925                                     | 81,481             |
| <b>Total revenues</b>              | <b>106,840</b>                    | <b>1,046,573</b>  | <b>2,118,430</b>              | <b>7,645,702</b>                           | <b>10,917,545</b>  |
| <b>Expenditures:</b>               |                                   |                   |                               |  |                    |
| Current:                           |                                   |                   |                               |  |                    |
| Public safety and legal services   | 135,781                           | -                 | -                             | 4,986,589                                  | 5,122,370          |
| County environment and education   | -                                 | 1,019,980         | -                             | -  | 1,019,980          |
| Capital outlay                     | -                                 | -                 | -                             | 5,732,027                                  | 5,732,027          |
| Debt service:                      |                                   |                   |                               |  |                    |
| Principal                          | -                                 | -                 | 1,150,000                     | 350,000                                    | 1,500,000          |
| Interest and fees                  | -                                 | -                 | 968,430                       | 304,512                                    | 1,272,942          |
| <b>Total expenditures</b>          | <b>135,781</b>                    | <b>1,019,980</b>  | <b>2,118,430</b>              | <b>11,373,128</b>                          | <b>14,647,319</b>  |
| <b>Net change in fund balances</b> | <b>(28,941)</b>                   | <b>26,593</b>     | <b>-</b>                      | <b>(3,727,426)</b>                         | <b>(3,729,774)</b> |
| Fund balances, beginning of year   | 229,686                           | 131,005           | 4,250                         | 6,278,211                                  | 6,643,152          |
| Fund balances, end of year         | \$ 200,745                        | \$ 157,598        | \$ 4,250                      | \$ 2,550,785                               | \$ 2,913,378       |

County of Scott, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances and Reconciliation to Statement of Activities - Discretely Presented Component Units (Continued)**  
**Year Ended June 30, 2011**

|  | Emergency<br>Management<br>Agency | County<br>Library  | Public Safety<br>Authority | Scott Emergency<br>Communication<br>Center | Total                |
|--|-----------------------------------|--------------------|----------------------------|--|----------------------|
| <b>Reconciliation to statement of activities,</b>  |                                   |                    |                            |  |                      |
| Net change in fund balances  | \$ (28,941)                       | \$ 26,593          | \$ -                       | \$ (3,727,426)                             | \$ (3,729,774)       |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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 detail of the amount by which capital outlays exceeded depreciation in the current year:</p>   |                                   |                    |                            |  |                      |
| Capital outlay capitalized   | 30,000                            | -                  |                            | 5,221,689                                  | 5,251,689            |
| Depreciation   | (68,490)                          | (39,187)           |                            | (402,654)                                  | (510,331)            |
| Capital contributions  | -                                 | -                  | -                          | 11,645,351                                 | 11,645,351           |
| Rentals and fees   | -                                 | -                  | (1,150,000)                | -  | (1,150,000)          |
| <p>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 the component unit:</p>   |                                   |                    |                            |  |                      |
| Change in compensated absences   | (95)                              | (11,701)           |                            | (162,594)                                  | (174,390)            |
| Change in other post employment benefits obligation  | (870)                             | (797)              |                            | (3,572)                                    | (5,239)              |
| <p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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 a detail of the net effect of these differences in the treatment of long-term debt and related items:</p> |                                   |                    |                            |  |                      |
| Repayment of bond principal  | -                                 | -                  | 1,150,000                  | 436,240                                    | 1,586,240            |
| Interest expense   | -                                 | -                  | -                          | 583  | 583                  |
| Amortization of bond issuance costs and discounts  | -                                 | -                  | (28,236)                   | (10,877)                                   | (39,113)             |
| <b>Changes in net assets of component units</b>  | <b>\$ (68,396)</b>                | <b>\$ (25,092)</b> | <b>\$ (28,236)</b>         | <b>\$ 12,996,740</b>                       | <b>\$ 12,875,016</b> |

County of Scott, Iowa

Combining Statement of Cash Flows  
Discretely Presented Component Units  
Year Ended June 30, 2011

|   | Emergency<br>Management<br>Agency | County Library   | Public Safety<br>Authority | Scott Emergency<br>Communication<br>Center | Total               |
|---|-----------------------------------|------------------|----------------------------|--|---------------------|
| Cash flows from operating activities:   |                                   |                  |                            |  |                     |
| Cash received from customers  | \$ 106,840                        | \$ 1,045,062     | \$ -                       | \$ 7,909,085                               | \$ 9,060,987        |
| Cash payments to suppliers for goods and services                                       | (105,824)                         | (1,017,100)      | -                          | (5,868,344)                                | (6,991,268)         |
| <b>Net cash from operating activities</b>   | <b>1,016</b>                      | <b>27,962</b>    | <b>-</b>                   | <b>2,040,741</b>                           | <b>2,069,719</b>    |
| Cash flows from capital and related financing activities:                               |                                   |                  |                            |  |                     |
| Purchase of capital assets  | (30,000)                          | -                | -                          | (5,221,689)                                | (5,251,689)         |
| Principal paid  | -                                 | -                | (1,150,000)                | (436,240)                                  | (1,586,240)         |
| Interest paid   | -                                 | -                | (968,430)                  | (304,512)                                  | (1,272,942)         |
| Capital grants received   | -                                 | -                | -                          | 512,330                                    | 512,330             |
| Lease payments received   | -                                 | -                | 2,118,430                  | -  | 2,118,430           |
| <b>Net cash from capital and related financing activities</b>                           | <b>(30,000)</b>                   | <b>-</b>         | <b>-</b>                   | <b>(5,450,111)</b>                         | <b>(5,480,111)</b>  |
| Cash flows from investing activities, interest received                                 | -                                 | -                | -                          | 19,424                                     | 19,424              |
| <b>Net increase in cash and cash equivalents</b>  | <b>(28,984)</b>                   | <b>27,962</b>    | <b>-</b>                   | <b>(3,389,946)</b>                         | <b>(3,390,968)</b>  |
| Cash and cash equivalents:  |                                   |                  |                            |  |                     |
| Beginning   | 221,250                           | 167,140          | 134,876                    | 6,652,380                                  | 7,175,646           |
| Ending  | \$ 192,266                        | \$ 195,102       | \$ 134,876                 | \$ 3,262,434                               | \$ 3,784,678        |
| Reconciliation of operating income (loss) to net cash from operating activities:        |                                   |                  |                            |  |                     |
| Operating income (loss)   | \$ (68,396)                       | \$ (25,092)      | \$ -                       | \$ 1,134,441                               | \$ 1,040,953        |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |                                   |                  |                            |  |                     |
| Depreciation  | 68,490                            | 39,187           | -                          | 402,654                                    | 510,331             |
| Changes in assets and liabilities:  |                                   |                  |                            |  |                     |
| Receivables   | -                                 | (1,511)          | -                          | -  | (1,511)             |
| Due from other governmental agencies  | -                                 | -                | -                          | 898,315                                    | 898,315             |
| Accounts payable  | (324)                             | 483              | -                          | (541,122)                                  | (540,963)           |
| Accrued liabilities   | 281                               | 2,396            | -                          | 83,465                                     | 86,142              |
| Unearned revenue  | -                                 | -                | -                          | (103,178)                                  | (103,178)           |
| Compensated absences  | 95                                | 11,702           | -                          | 162,594                                    | 174,391             |
| Other post employment benefits obligation   | 870                               | 797              | -                          | 3,572                                      | 5,239               |
| <b>Net cash from operating activities</b>   | <b>\$ 1,016</b>                   | <b>\$ 27,962</b> | <b>\$ -</b>                | <b>\$ 2,040,741</b>                        | <b>\$ 2,069,719</b> |
| Noncash capital and related financing activities  |                                   |                  |                            |  |                     |
| Amortization of bond issuance costs and discount on long-term debt                      | \$ -                              | \$ -             | \$ 28,237                  | \$ 10,877                                  | \$ 39,114           |
| Capital assets contributed  | \$ -                              | \$ -             | \$ -                       | \$ 11,645,351                              | \$ 11,645,351       |



**STATISTICAL**



# County of Scott, Iowa

## Statistical Section Contents

---

The statistical section of the County'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 County's overall financial health.

| Contents   | Page |
|--|------|
| <b>Financial Trends</b>  | 77   |
| These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.  |      |
| <b>Revenue Capacity</b>  | 89   |
| These schedules contain information to help the reader assess the County's most significant local revenue sources, the property tax (or sales tax).  |      |
| <b>Debt Capacity</b>   | 97   |
| These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.                     |      |
| <b>Demographic and Economic Information</b>  | 103  |
| These schedule offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.  |      |
| <b>Operating Information</b>   | 105  |
| These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. |      |

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

County of Scott, Iowa

**Net Assets by Component**  
**Last Nine Fiscal Years\***  
*(accrual basis of accounting)*  
**(Unaudited)**

|  | Fiscal Year           |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
|  | 2003                  | 2004                  | 2005                  |
| Governmental activities:                         |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 51,390,670         | \$ 53,196,584         | \$ 58,403,448         |
| Restricted for:                                  |                       |                       |                       |
| Debt Service                                     | 5,142,886             | 4,828,092             | 4,486,204             |
| County Conservation Sewage Treatment             | 151,021               | 160,678               | 170,507               |
| Mental health                                    | -                     | -                     | -                     |
| Federal/State                                    | -                     | -                     | -                     |
| Secondary roads                                  | -                     | -                     | -                     |
| Unrestricted                                     | 11,771,985            | 11,848,957            | 11,456,380            |
| <b>Total governmental activities net assets</b>  | <b>\$ 68,456,562</b>  | <b>\$ 70,034,311</b>  | <b>\$ 74,516,539</b>  |
| Business-Type activities                         |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ (50,362)           | \$ 198,958            | \$ 342,758            |
| Restricted for lease purchase contract           | -                     | 324,627               | 326,105               |
| Unrestricted                                     | (1,383,608)           | (1,843,166)           | (2,051,330)           |
| <b>Total business-type activities net assets</b> | <b>\$ (1,433,970)</b> | <b>\$ (1,319,581)</b> | <b>\$ (1,382,467)</b> |
| Primary government:                              |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 51,340,308         | \$ 53,395,542         | \$ 58,746,206         |
| Restricted for:                                  |                       |                       |                       |
| Debt Service                                     | 5,142,886             | 4,828,092             | 4,486,204             |
| County Conservation Sewage Treatment             | 151,021               | 160,678               | 170,507               |
| Lease purchase contract                          | -                     | 324,627               | 326,105               |
| Mental health                                    | -                     | -                     | -                     |
| Other statutory programs                         | -                     | -                     | -                     |
| Secondary roads                                  | -                     | -                     | -                     |
| Unrestricted                                     | 10,388,377            | 10,005,791            | 9,405,050             |
| <b>Total primary government net assets</b>       | <b>\$ 67,022,592</b>  | <b>\$ 68,714,730</b>  | <b>\$ 73,134,072</b>  |

\*GASB Statement No. 34 implemented in fiscal year 2003.

**Source:** County records.

| Fiscal Year          |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
| \$ 62,017,939        | \$ 65,298,164        | \$ 70,527,812        | \$ 70,017,361        | \$ 73,643,761        | \$ 64,874,432        |
| 4,460,937            | 4,152,198            | 3,728,760            | 3,229,346            | 2,849,754            | 2,503,008            |
| 182,850              | 196,692              | 206,674              | 222,551              | 209,483              | 210,592              |
| 855,147              | 396,372              | 572,242              | 1,713,646            | 1,499,167            | 1,221,960            |
| -                    | -                    | -                    | -                    | 663,173              | 783,546              |
| 1,459,411            | 936,185              | 486,405              | 273,409              | 370,604              | 885,011              |
| 11,004,368           | 10,576,072           | 6,065,147            | 6,205,472            | 6,934,776            | 10,067,440           |
| <u>\$ 79,980,652</u> | <u>\$ 81,555,683</u> | <u>\$ 81,587,040</u> | <u>\$ 81,661,785</u> | <u>\$ 86,170,718</u> | <u>\$ 80,545,989</u> |

|                       |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 475,691            | \$ 633,574            | \$ 807,121            | \$ 1,011,730          | \$ 1,201,240          | \$ 1,640,815          |
| 326,596               | 326,831               | 325,166               | 324,400               | 324,407               | 324,407               |
| (2,341,036)           | (2,832,971)           | (3,225,906)           | (3,623,282)           | (3,921,629)           | (4,233,323)           |
| <u>\$ (1,538,749)</u> | <u>\$ (1,872,566)</u> | <u>\$ (2,093,619)</u> | <u>\$ (2,287,152)</u> | <u>\$ (2,395,982)</u> | <u>\$ (2,268,101)</u> |

|                      |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 62,493,630        | \$ 65,931,738        | \$ 71,334,933        | \$ 71,029,091        | \$ 74,845,001        | \$ 66,515,247        |
| 4,460,937            | 4,152,198            | 3,728,760            | 3,229,346            | 2,849,754            | 2,503,008            |
| 182,850              | 196,692              | 206,674              | 222,551              | 209,483              | 210,592              |
| 326,596              | 326,831              | 325,166              | 324,400              | 324,407              | 324,407              |
| 855,147              | 396,372              | 572,242              | 1,713,646            | 1,499,167            | 1,221,960            |
| -                    | -                    | -                    | -                    | 663,173              | 783,546              |
| 1,459,411            | 936,185              | 486,405              | 273,409              | 370,604              | 885,011              |
| 8,663,332            | 7,743,101            | 2,839,241            | 2,582,190            | 3,013,147            | 5,834,117            |
| <u>\$ 78,441,903</u> | <u>\$ 79,683,117</u> | <u>\$ 79,493,421</u> | <u>\$ 79,374,633</u> | <u>\$ 83,774,736</u> | <u>\$ 78,277,888</u> |

County of Scott, Iowa

Changes in Net Assets  
 Last Nine Fiscal Years\*  
 (accrual basis of accounting)  
 (Unaudited)

|   | Fiscal Year            |                        |                        |
|---|------------------------|------------------------|------------------------|
|   | 2003                   | 2004                   | 2005                   |
| Expenses:   |                        |                        |                        |
| Governmental activities:                              |                        |                        |                        |
| Public safety and legal services                      | \$ 14,416,219          | \$ 15,359,610          | \$ 17,378,230          |
| Physical health and social services                   | 5,354,508              | 5,599,865              | 5,433,189              |
| Mental health   | 12,560,244             | 12,464,838             | 12,689,373             |
| County environment and education                      | 4,077,028              | 4,179,381              | 3,978,818              |
| Roads and transportation                              | 5,319,941              | 5,322,321              | 6,514,158              |
| Governmental services to residents                    | 1,728,824              | 1,834,390              | 1,853,466              |
| Administration  | 6,864,076              | 8,182,576              | 9,848,118              |
| Interest on long-term debt                            | 498,341                | 457,073                | 434,854                |
| <b>Total governmental activities expenses</b>         | <b>50,819,181</b>      | <b>53,400,054</b>      | <b>58,130,206</b>      |
| Business-Type activities, golf course                 | 964,728                | 988,195                | 1,074,754              |
| <b>Total government expenses</b>                      | <b>\$ 51,783,909</b>   | <b>\$ 54,388,249</b>   | <b>\$ 59,204,960</b>   |
| Program revenues:                                     |                        |                        |                        |
| Governmental activities                               |                        |                        |                        |
| Public safety and legal services                      | \$ 966,549             | \$ 899,053             | \$ 878,359             |
| Physical health and social services                   | 264,329                | 356,232                | 291,344                |
| Mental health   | 46,259                 | 18,432                 | 40,441                 |
| County environment and education                      | 695,885                | 693,246                | 880,593                |
| Roads and transportation                              | 2,841                  | 32,875                 | 9,241                  |
| Governmental services to residents                    | 2,930,055              | 2,693,220              | 2,501,165              |
| Administration  | 222,833                | 150,904                | 264,264                |
| Operating grants and contributions                    | 5,448,938              | 8,544,625              | 8,857,256              |
| Capital grants and contributions                      | 1,329,326              | 706,004                | 6,519,732              |
| <b>Total governmental activities program revenues</b> | <b>11,907,015</b>      | <b>14,094,591</b>      | <b>20,242,395</b>      |
| Business-Type activities, golf course                 | 1,033,286              | 1,101,788              | 1,008,046              |
| <b>Total government program revenues</b>              | <b>\$ 12,940,301</b>   | <b>\$ 15,196,379</b>   | <b>\$ 21,250,441</b>   |
| Net (expense)/revenue:                                |                        |                        |                        |
| Governmental activities                               | \$ (38,912,166)        | \$ (39,305,463)        | \$ (37,887,811)        |
| Business-Type activities                              | 68,558                 | 113,593                | (66,708)               |
| <b>Total government net expense</b>                   | <b>\$ (38,843,608)</b> | <b>\$ (39,191,870)</b> | <b>\$ (37,954,519)</b> |

(Continued)

| Fiscal Year   |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2006          | 2007          | 2008          | 2009          | 2010          | 2011          |
| \$ 19,231,650 | \$ 20,051,534 | \$ 20,289,680 | \$ 20,925,221 | \$ 27,972,373 | \$ 36,474,619 |
| 5,543,800     | 5,682,835     | 5,956,132     | 6,180,832     | 6,238,358     | 5,695,818     |
| 13,430,170    | 14,308,820    | 15,211,596    | 14,605,242    | 14,484,152    | 15,279,397    |
| 4,142,926     | 4,371,103     | 4,410,086     | 4,882,023     | 4,044,619     | 5,070,703     |
| 5,983,682     | 6,711,217     | 6,712,511     | 7,461,585     | 6,219,535     | 7,863,504     |
| 1,945,223     | 2,074,972     | 2,151,064     | 2,821,526     | 2,167,664     | 2,117,384     |
| 9,376,193     | 9,943,559     | 10,980,111    | 10,135,767    | 8,294,027     | 11,500,872    |
| 662,882       | 1,606,659     | 1,471,972     | 1,393,678     | 1,457,291     | 1,674,554     |
| 60,316,526    | 64,750,699    | 67,183,152    | 68,405,874    | 70,878,019    | 85,676,851    |
| 1,186,450     | 1,223,696     | 1,178,367     | 1,144,254     | 1,021,548     | 949,850       |
| \$ 61,502,976 | \$ 65,974,395 | \$ 68,361,519 | \$ 69,550,128 | \$ 71,899,567 | \$ 86,626,701 |

|               |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 1,101,152  | \$ 1,053,355  | \$ 939,874    | \$ 1,182,577  | \$ 992,171    | \$ 1,457,575  |
| 290,280       | 285,637       | 330,296       | 358,704       | 355,941       | 376,158       |
| 57,465        | 41,070        | 42,261        | 31,633        | 31,902        | 50,250        |
| 943,194       | 889,915       | 920,315       | 891,352       | 988,522       | 1,017,239     |
| 27,646        | 9,943         | 11,268        | 21,109        | 32,893        | 20,863        |
| 2,616,909     | 2,506,821     | 2,382,447     | 2,307,783     | 2,343,094     | 2,469,734     |
| 191,548       | 251,682       | 251,070       | 228,445       | 271,056       | 267,955       |
| 9,135,717     | 9,896,826     | 11,847,705    | 12,233,452    | 11,912,913    | 12,882,216    |
| 2,846,478     | 1,417,942     | 153,469       | 1,184,458     | 6,674,252     | 2,567,522     |
| 17,210,389    | 16,353,191    | 16,878,705    | 18,439,513    | 23,602,744    | 21,109,512    |
| 1,019,793     | 875,270       | 947,487       | 949,445       | 912,712       | 1,077,731     |
| \$ 18,230,182 | \$ 17,228,461 | \$ 17,826,192 | \$ 19,388,958 | \$ 24,515,456 | \$ 22,187,243 |

|                 |                 |                 |                 |                 |                 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ (43,106,137) | \$ (48,397,508) | \$ (50,304,447) | \$ (49,966,361) | \$ (47,275,275) | \$ (64,567,339) |
| (166,657)       | (348,426)       | (230,880)       | (194,809)       | (108,836)       | 127,881         |
| \$ (43,272,794) | \$ (48,745,934) | \$ (50,535,327) | \$ (50,161,170) | \$ (47,384,111) | \$ (64,439,458) |

County of Scott, Iowa

**Changes in Net Assets (Continued)**  
**Last Nine Fiscal Years\***  
*(accrual basis of accounting)*  
**(Unaudited)**

|   | Fiscal Year          |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | 2003                 | 2004                 | 2005                 |
| General revenues and other changes in net assets:           |                      |                      |                      |
| Governmental activities:                                    |                      |                      |                      |
| Taxes:  |                      |                      |                      |
| Property taxes  | \$ 22,780,080        | \$ 24,998,507        | \$ 25,923,952        |
| Local option sales tax                                      | 3,199,382            | 3,393,432            | 3,488,462            |
| Gaming  | 805,667              | 919,864              | 904,897              |
| Other taxes   | 172,113              | 117,731              | 59,143               |
| Utility tax replacements                                    | 1,061,401            | 1,133,932            | 1,228,633            |
| Penalties, interest and costs on taxes                      | 667,318              | 652,959              | 837,554              |
| State tax replacement credits                               | 8,313,347            | 5,435,819            | 5,152,761            |
| Payments in lieu of taxes                                   | 3,659                | -                    | -                    |
| State shared revenues                                       | 2,804,003            | 2,851,114            | 2,909,524            |
| Grants and contributions not restricted to specific purpose | 289,800              | 274,703              | 258,703              |
| Investment earnings   | 518,804              | 367,089              | 782,291              |
| Miscellaneous   | 692,184              | 738,062              | 824,119              |
| (Loss) on the sales of capital assets                       | (35,371)             | -                    | -                    |
| <b>Total governmental activities</b>                        | <b>41,272,387</b>    | <b>40,883,212</b>    | <b>42,370,039</b>    |
| Business-Type activities, investment earnings               | 2,461                | 796                  | 3,822                |
| <b>Total government</b>                                     | <b>\$ 41,274,848</b> | <b>\$ 40,884,008</b> | <b>\$ 42,373,861</b> |
| Change in net assets:                                       |                      |                      |                      |
| Governmental activities                                     | \$ 2,360,221         | \$ 1,577,749         | \$ 4,482,228         |
| Business-Type activities                                    | 71,019               | 114,389              | (62,886)             |
| <b>Total primary government</b>                             | <b>\$ 2,431,240</b>  | <b>\$ 1,692,138</b>  | <b>\$ 4,419,342</b>  |

\*GASB Statement No. 34 implemented in fiscal year 2003.

**Source:** County records.

| Fiscal Year   |               |               |               |               |                |
|---------------|---------------|---------------|---------------|---------------|----------------|
| 2006          | 2007          | 2008          | 2009          | 2010          | 2011           |
| \$ 31,335,227 | \$ 31,995,844 | \$ 33,138,131 | \$ 34,113,141 | \$ 36,228,794 | \$ 43,052,682  |
| 3,470,318     | 3,700,844     | 3,867,941     | 3,602,230     | 3,637,825     | 3,863,574      |
| 887,690       | 789,210       | 815,524       | 748,920       | 676,255       | 584,582        |
| 63,287        | 61,766        | 65,253        | 66,852        | 63,470        | 68,512         |
| 1,377,835     | 1,382,625     | 1,341,669     | 1,348,776     | 1,395,383     | 1,539,020      |
| 791,859       | 782,123       | 731,456       | 847,456       | 790,006       | 791,685        |
| 5,246,050     | 5,243,536     | 5,194,016     | 5,183,554     | 4,826,563     | 4,930,224      |
| -             | 165           | 8,226         | 9,046         | 6,828         | 6,782          |
| 2,970,800     | 2,906,371     | 2,866,918     | 2,743,735     | 3,101,887     | 2,775,120      |
| 241,277       | 188,557       | -             | -             | -             | -              |
| 1,381,353     | 2,140,787     | 1,447,577     | 674,859       | 188,207       | 228,038        |
| 804,554       | 780,711       | 859,093       | 702,537       | 868,990       | 1,102,391      |
| -             | -             | -             | -             | -             | -              |
| 48,570,250    | 49,972,539    | 50,335,804    | 50,041,106    | 51,784,208    | 58,942,610     |
| 10,375        | 14,609        | 9,827         | 1,276         | 6             | -              |
| \$ 48,580,625 | \$ 49,987,148 | \$ 50,345,631 | \$ 50,042,382 | \$ 51,784,214 | \$ 58,942,610  |
| \$ 5,464,113  | \$ 1,575,031  | \$ 31,357     | \$ 74,745     | \$ 4,508,933  | \$ (5,624,729) |
| (156,282)     | (333,817)     | (221,053)     | (193,533)     | (108,830)     | 127,881        |
| \$ 5,307,831  | \$ 1,241,214  | \$ (189,696)  | \$ (118,788)  | \$ 4,400,103  | \$ (5,496,848) |

County of Scott, Iowa

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

|   | 2002                 | 2003                 | 2004                | 2005                 |
|---|----------------------|----------------------|---------------------|----------------------|
| General Fund:                             |                      |                      |                     |                      |
| Reserved:                                 |                      |                      |                     |                      |
| Notes receivable                          | \$ 60,254            | \$ 100,000           | \$ 100,000          | \$ 100,000           |
| Advances                                  | 1,423,314            | 1,423,314            | 1,508,314           | 1,673,314            |
| County conservation sewage treatment      | -                    | 151,021              | 160,678             | 170,507              |
| Other statutory programs                  | -                    | -                    | -                   | -                    |
| Unreserved, designated claim liabilities  | 1,051,977            | 1,116,806            | 805,257             | 886,689              |
| Unreserved, undesignated                  | 6,012,505            | 6,372,309            | 5,488,379           | 4,637,761            |
| Nonspendable:                             |                      |                      |                     |                      |
| Notes receivable                          | -                    | -                    | -                   | -                    |
| Advances                                  | -                    | -                    | -                   | -                    |
| Prepays                                   | -                    | -                    | -                   | -                    |
| Restricted:                               |                      |                      |                     |                      |
| County conservation sewage treatment      | -                    | -                    | -                   | -                    |
| Other statutory programs                  | -                    | -                    | -                   | -                    |
| Assigned:                                 |                      |                      |                     |                      |
| Claim liabilities                         | -                    | -                    | -                   | -                    |
| Unassigned                                | -                    | -                    | -                   | -                    |
| <b>Total general fund</b>                 | <b>\$ 8,548,050</b>  | <b>\$ 9,163,450</b>  | <b>\$ 8,062,628</b> | <b>\$ 7,468,271</b>  |
| All other governmental funds:             |                      |                      |                     |                      |
| Reserved for:                             |                      |                      |                     |                      |
| Debt service                              | \$ 5,426,805         | \$ 5,142,886         | \$ 724,111          | \$ 5,269,337         |
| Unreserved, undesignated reported in:     |                      |                      |                     |                      |
| Special revenue funds:                    |                      |                      |                     |                      |
| Mental health/development disabilities    | 1,218,233            | 1,021,020            | 1,000,512           | 1,251,251            |
| Secondary Roads                           | 561,446              | 2,189,357            | 2,943,900           | 1,552,667            |
| Rural services                            | 83,889               | 2,148,185            | 1,997,741           | 2,191,392            |
| Recorders management fees                 | 192,259              | 259,036              | 93,315              | 117,636              |
| Capital projects funds, capital projects  | 5,916,295            | 1,788,279            | 1,275,218           | 3,426,597            |
| Restricted:                               |                      |                      |                     |                      |
| Debt service                              | -                    | -                    | -                   | -                    |
| Capital projects                          | -                    | -                    | -                   | -                    |
| Committed:                                |                      |                      |                     |                      |
| Records management fee                    | -                    | -                    | -                   | -                    |
| Assigned:                                 |                      |                      |                     |                      |
| Mental health/development disabilities    | -                    | -                    | -                   | -                    |
| Secondary Roads                           | -                    | -                    | -                   | -                    |
| Other capital projects                    | -                    | -                    | -                   | -                    |
| Rural services                            | -                    | -                    | -                   | -                    |
| <b>Total all other governmental funds</b> | <b>\$ 13,398,927</b> | <b>\$ 12,548,763</b> | <b>\$ 8,034,797</b> | <b>\$ 13,808,880</b> |

Source: County records.

\* In 2011, the County implemented GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions* which changed the reporting of the components of fund balance. Retroactive application to years prior to 2011 was not required.

| Fiscal Year         |                     |                     |                      |                      |                      |
|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| 2006                | 2007                | 2008                | 2009                 | 2010                 | 2011 *               |
| \$ 100,000          | \$ 100,000          | \$ 116,175          | \$ 116,175           | \$ 113,358           | \$ -                 |
| 1,863,314           | 2,262,314           | 2,702,314           | 3,207,314            | 3,397,314            | -                    |
| 182,850             | 196,692             | 206,674             | 222,551              | 213,843              | -                    |
| -                   | -                   | -                   | -                    | 663,173              | -                    |
| 886,689             | 1,004,488           | 718,847             | 589,331              | 522,407              | -                    |
| 5,479,818           | 5,301,970           | 5,849,553           | 5,956,480            | 7,613,701            | -                    |
| -                   | -                   | -                   | -                    | -                    | 113,358              |
| -                   | -                   | -                   | -                    | -                    | 3,720,324            |
| -                   | -                   | -                   | -                    | -                    | 109,106              |
| -                   | -                   | -                   | -                    | -                    | 210,592              |
| -                   | -                   | -                   | -                    | -                    | 783,546              |
| -                   | -                   | -                   | -                    | -                    | 694,052              |
| -                   | -                   | -                   | -                    | -                    | 9,247,282            |
| <u>\$ 8,512,671</u> | <u>\$ 8,865,464</u> | <u>\$ 9,593,563</u> | <u>\$ 10,091,851</u> | <u>\$ 12,523,796</u> | <u>\$ 14,878,260</u> |

|                      |                      |                      |                     |                      |                     |
|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| \$ 4,460,937         | \$ 4,152,198         | \$ 3,728,760         | \$ 3,229,346        | \$ 2,908,690         | \$ -                |
| 855,147              | 396,372              | 572,242              | 1,713,646           | 1,499,167            | -                   |
| 1,459,411            | 936,185              | 486,405              | 273,409             | 370,604              | -                   |
| 111,064              | 123,384              | 118,672              | 117,451             | 137,271              | -                   |
| 129,231              | 138,081              | 139,847              | 139,496             | 90,270               | -                   |
| 4,223,180            | 6,945,117            | 5,541,207            | 4,053,819           | 8,310,749            | -                   |
| -                    | -                    | -                    | -                   | -                    | 2,558,322           |
| -                    | -                    | -                    | -                   | -                    | 1,712,860           |
| -                    | -                    | -                    | -                   | -                    | 72,687              |
| -                    | -                    | -                    | -                   | -                    | 1,221,960           |
| -                    | -                    | -                    | -                   | -                    | 885,011             |
| -                    | -                    | -                    | -                   | -                    | 1,473,162           |
| -                    | -                    | -                    | -                   | -                    | 57,929              |
| <u>\$ 11,238,970</u> | <u>\$ 12,691,337</u> | <u>\$ 10,587,133</u> | <u>\$ 9,527,167</u> | <u>\$ 13,316,751</u> | <u>\$ 7,981,931</u> |



| Fiscal Year   |               |               |               |               |               |  |
|---------------|---------------|---------------|---------------|---------------|---------------|--|
| 2006          | 2007          | 2008          | 2009          | 2010          | 2011          |  |
| \$ 31,364,663 | \$ 32,017,310 | \$ 33,120,748 | \$ 34,082,776 | \$ 36,232,900 | \$ 43,098,556 |  |
| 3,382,318     | 3,727,522     | 3,860,101     | 3,691,392     | 3,637,825     | 3,863,574     |  |
| 2,328,812     | 2,233,601     | 2,222,446     | 2,164,548     | 2,135,108     | 2,192,115     |  |
| 791,859       | 782,123       | 731,456       | 847,456       | 790,006       | 791,685       |  |
| 18,596,027    | 18,714,770    | 19,873,049    | 20,369,088    | 19,848,192    | 20,595,340    |  |
| 4,656,145     | 4,521,226     | 4,337,361     | 4,516,303     | 4,490,155     | 4,993,149     |  |
| 1,381,353     | 2,008,067     | 1,447,577     | 674,859       | 186,708       | 221,853       |  |
| 572,049       | 517,197       | 540,170       | 505,300       | 525,427       | 666,627       |  |
| 141,568       | 144,693       | 157,323       | 165,676       | 186,492       | 188,240       |  |
| 569,001       | 636,018       | 701,770       | 536,861       | 642,792       | 598,716       |  |
| 63,783,795    | 65,302,527    | 66,992,001    | 67,554,259    | 68,675,605    | 77,209,855    |  |
| 18,225,493    | 19,330,101    | 19,214,446    | 19,768,037    | 19,942,386    | 26,494,923    |  |
| 5,489,011     | 5,638,002     | 5,915,796     | 6,075,938     | 6,595,222     | 6,511,764     |  |
| 13,416,089    | 14,288,703    | 15,182,707    | 14,560,838    | 14,492,698    | 15,221,435    |  |
| 3,558,603     | 3,845,185     | 4,099,548     | 4,378,787     | 4,197,866     | 4,515,096     |  |
| 3,937,871     | 4,360,061     | 4,493,009     | 4,680,676     | 4,604,129     | 4,540,049     |  |
| 1,866,796     | 1,933,065     | 2,012,787     | 2,134,299     | 2,052,707     | 2,022,332     |  |
| 7,306,402     | 7,555,798     | 8,238,360     | 8,711,784     | 8,342,657     | 9,094,998     |  |
| 5,290,532     | 5,580,379     | 5,832,465     | 4,369,892     | 9,072,467     | 7,748,371     |  |
| 2,570,000     | 1,880,000     | 1,925,000     | 2,065,000     | 2,140,000     | 2,680,000     |  |
| -             | 99,453        | -             | -             | -             | -             |  |
| 665,130       | 1,569,359     | 1,503,745     | 1,398,136     | 1,562,013     | 1,675,660     |  |
| 62,325,927    | 66,080,106    | 68,417,863    | 68,143,387    | 73,002,145    | 80,504,628    |  |
| 1,457,868     | (777,579)     | (1,425,862)   | (589,128)     | (4,326,540)   | (3,294,773)   |  |
| 6,665,376     | 5,107,655     | 8,516,222     | 8,616,899     | 8,007,463     | 8,433,584     |  |
| (6,665,376)   | (5,107,655)   | (8,516,222)   | (8,616,899)   | (8,007,463)   | (8,433,584)   |  |
| -             | 33,394        | 49,757        | 27,450        | 39,705        | 157,209       |  |
| -             | 6,185,000     | -             | -             | 13,200,000    | -             |  |
| -             | -             | -             | -             | (17,392)      | -             |  |
| -             | 9,345         | -             | -             | 70,756        | -             |  |
| -             | (3,645,000)   | -             | -             | (2,745,000)   | -             |  |
| -             | 2,582,739     | 49,757        | 27,450        | 10,548,069    | 157,209       |  |
| 1,457,868     | 1,805,160     | (1,376,105)   | (561,678)     | 6,221,529     | (3,137,564)   |  |
| 18,293,773    | 19,751,641    | 21,556,801    | 20,180,696    | 19,619,018    | 25,840,547    |  |
| -             | -             | -             | -             | -             | -             |  |
| \$ 19,751,641 | \$ 21,556,801 | \$ 20,180,696 | \$ 19,619,018 | \$ 25,840,547 | \$ 22,702,983 |  |

6.01%

5.84%

5.39%

5.39%

5.54%

5.69%

County of Scott, Iowa

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

| Function / Program                                  | Fiscal Year          |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | 2003                 | 2004                 | 2005                 |
| Governmental activities:                            |                      |                      |                      |
| Public safety and legal services                    | \$ 1,510,542         | \$ 1,440,430         | \$ 2,076,189         |
| Physical health and social services                 | 1,995,547            | 2,278,296            | 2,393,807            |
| Mental health                                       | 2,681,440            | 5,019,401            | 5,435,434            |
| County environment and education                    | 1,064,191            | 1,253,269            | 1,143,866            |
| Roads and transportation                            | 1,180,590            | 725,079              | 5,980,515            |
| Governmental services and residents                 | 3,048,029            | 3,041,924            | 2,705,131            |
| Administration                                      | 426,676              | 336,192              | 507,453              |
| Interest on long-term debt                          | -                    | -                    | -                    |
| <b>Total governmental activities</b>                | <b>11,907,015</b>    | <b>14,094,591</b>    | <b>20,242,395</b>    |
| Business-Type activities, Glynn's Creek Golf Course | 1,033,286            | 1,101,788            | 1,008,046            |
| <b>Total government</b>                             | <b>\$ 12,940,301</b> | <b>\$ 15,196,379</b> | <b>\$ 21,250,441</b> |

\*GASB Statement No. 34 implemented in fiscal year 2003

Source: County records.

| Fiscal Year   |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2006          | 2007          | 2008          | 2009          | 2010          | 2011          |
| \$ 2,396,794  | \$ 2,624,858  | \$ 2,087,424  | \$ 3,080,316  | \$ 2,285,735  | \$ 2,603,842  |
| 2,126,736     | 2,114,672     | 2,179,694     | 2,222,418     | 2,984,594     | 2,449,219     |
| 5,507,832     | 6,324,361     | 7,891,347     | 8,163,582     | 6,969,490     | 7,753,736     |
| 1,197,394     | 1,074,486     | 1,306,680     | 1,301,062     | 1,415,324     | 1,094,796     |
| 1,943,220     | 979,629       | 54,786        | 154,581       | 6,744,340     | 2,645,043     |
| 3,670,976     | 2,824,963     | 2,926,459     | 3,063,718     | 2,704,150     | 2,656,916     |
| 367,437       | 410,222       | 432,315       | 453,836       | 499,111       | 1,502,699     |
| -             | -             | -             | -             | -             | 403,261       |
| 17,210,389    | 16,353,191    | 16,878,705    | 18,439,513    | 23,602,744    | 21,109,512    |
| 1,019,793     | 875,270       | 947,487       | 949,445       | 912,712       | 1,077,731     |
| \$ 18,230,182 | \$ 17,228,461 | \$ 17,826,192 | \$ 19,388,958 | \$ 24,515,456 | \$ 22,187,243 |

County of Scott, Iowa

Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| Fiscal Year         | Property      | Local Option<br>Sales Tax | Other Tax    | Interest &<br>Penalties on Taxes | Intergovernmental |
|---------------------|---------------|---------------------------|--------------|----------------------------------|-------------------|
| 2002                | \$ 20,644,047 | \$ 3,195,497              | \$ 1,980,614 | \$ 579,951                       | \$ 15,895,641     |
| 2003                | 25,895,065    | 3,418,462                 | 2,192,673    | 837,554                          | 17,899,516        |
| 2004                | 24,996,346    | 3,403,432                 | 2,171,528    | 652,959                          | 17,181,934        |
| 2005                | 25,895,065    | 3,418,462                 | 2,192,673    | 837,554                          | 17,899,516        |
| 2006                | 31,364,663    | 3,382,318                 | 2,328,812    | 791,859                          | 18,596,027        |
| 2007                | 32,017,310    | 3,727,522                 | 2,233,601    | 782,123                          | 18,714,770        |
| 2008                | 33,120,748    | 3,860,101                 | 2,222,446    | 731,456                          | 19,873,049        |
| 2009                | 34,082,776    | 3,691,392                 | 2,164,548    | 847,456                          | 20,369,088        |
| 2010                | 36,232,900    | 3,637,825                 | 2,135,108    | 790,006                          | 19,848,192        |
| 2011                | 43,098,556    | 3,863,574                 | 2,192,115    | 791,685                          | 20,595,340        |
| Change<br>2002-2011 | 108.77%       | 20.91%                    | 10.68%       | 36.51%                           | 29.57%            |

Source: County records.

---

| Charges for Services | Investment Earnings | Licenses & Permits | Rentals & Fees | Other      | Total         |
|----------------------|---------------------|--------------------|----------------|------------|---------------|
| \$ 4,181,051         | \$ 956,679          | \$ 418,998         | \$ 142,050     | \$ 784,724 | \$ 48,779,252 |
| 4,336,407            | 738,160             | 529,000            | 124,758        | 695,374    | 56,666,969    |
| 4,389,232            | 348,442             | 454,731            | 113,952        | 604,805    | 54,317,361    |
| 4,336,407            | 738,160             | 529,000            | 124,758        | 695,374    | 56,666,969    |
| 4,656,145            | 1,381,353           | 572,049            | 141,568        | 569,001    | 63,783,795    |
| 4,521,226            | 2,008,067           | 517,197            | 144,693        | 636,018    | 65,302,527    |
| 4,337,361            | 1,447,577           | 540,170            | 157,323        | 701,770    | 66,992,001    |
| 4,516,303            | 674,859             | 505,300            | 165,676        | 536,861    | 67,554,259    |
| 4,490,155            | 186,708             | 525,427            | 186,492        | 642,792    | 68,675,605    |
| 4,993,149            | 221,853             | 666,627            | 188,240        | 755,925    | 77,367,064    |
| 19.42%               | -76.81%             | 59.10%             | 32.52%         | -3.67%     | 58.61%        |

County of Scott, Iowa

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

| Fiscal<br>Year<br>Ended<br>June 30 | Real Property    |                  | Personal Property |                | Utilities      |                |
|------------------------------------|------------------|------------------|-------------------|----------------|----------------|----------------|
|                                    | Taxable Value    | Assessed Value   | Taxable Value     | Assessed Value | Taxable Value  | Assessed Value |
| 2002                               | \$ 4,494,546,377 | \$ 6,542,552,088 | \$ 128,389,476    | \$ 128,389,476 | \$ 373,127,833 | \$ 373,127,833 |
| 2003                               | 4,697,380,131    | 7,262,052,360    | 55,912,460        | 55,912,460     | 376,912,988    | 376,928,465    |
| 2004                               | 4,812,295,795    | 7,645,182,637    | 5,356,152         | 5,356,152      | 402,785,799    | 403,680,208    |
| 2005                               | 5,087,898,264    | 8,391,908,858    | -                 | -              | 416,619,162    | 416,632,167    |
| 2006                               | 5,299,824,281    | 8,858,213,729    | -                 | -              | 405,323,627    | 405,323,627    |
| 2007                               | 5,636,684,084    | 9,304,359,638    | -                 | -              | 242,007,768    | 287,536,004    |
| 2008                               | 5,782,600,890    | 9,629,908,628    | -                 | -              | 236,556,404    | 311,762,064    |
| 2009                               | 6,175,708,574    | 10,870,184,903   | -                 | -              | 244,749,886    | 300,708,935    |
| 2010                               | 6,239,157,174    | 10,946,041,950   | -                 | -              | 407,227,695    | 491,195,351    |
| 2011                               | 6,408,604,034    | 11,185,801,070   | -                 | -              | 382,244,194    | 501,524,388    |

Source: Auditor's Office

Note 1: Property is assessed at actual value; therefore, the assessed values are equal to the actual value.

Note 2: Tax rates are per \$1,000 of assessed value.

---

| Total            |                  | Ratio<br>Taxable<br>to<br>Assessed Value | Tax<br>Increment<br>Financing<br>District Values | County Urban Rate |
|------------------|------------------|--|--|-------------------|
| Taxable Value    | Assessed Value   |  |  |                   |
| \$ 4,996,063,686 | \$ 7,044,069,397 | 70.9%                                    | \$ 218,666,744                                   | \$ 4.16           |
| 5,130,205,579    | 7,694,893,285    | 66.7%                                    | 226,164,092                                      | 4.18              |
| 5,220,437,746    | 8,054,218,997    | 64.8%                                    | 232,697,034                                      | 4.48              |
| 5,504,517,426    | 8,808,541,025    | 62.5%                                    | 213,970,420                                      | 4.81              |
| 5,705,147,908    | 9,263,537,356    | 61.6%                                    | 235,146,048                                      | 4.75              |
| 5,878,691,852    | 9,591,895,642    | 61.3%                                    | 235,149,590                                      | 5.57              |
| 6,019,157,294    | 9,941,670,692    | 60.5%                                    | 301,116,369                                      | 5.51              |
| 6,420,458,460    | 11,170,893,838   | 57.5%                                    | 330,175,178                                      | 5.34              |
| 6,646,384,869    | 11,437,237,301   | 58.1%                                    | 369,081,487                                      | 5.48              |
| 6,790,848,228    | 11,687,325,458   | 58.1%                                    | 371,369,162                                      | 6.38              |

County of Scott, Iowa

**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
*(in thousands of dollars)*  
**(Unaudited)**

| Taxpayer                    | 2002                   |      |   |
|-----------------------------|------------------------|------|---|
|                             | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value |
| MidAmerican Energy          | \$ 220,409,567         | 1    | 4.39%   |
| Aluminum Company of America | 118,406,074            | 2    | 2.36%   |
| SDG Macerich Properties     | 65,105,400             | 3    | 1.30%   |
| Davenport Water Company     | 51,746,558             | 4    | 1.03%   |
| Isle of Capri               | 39,792,199             | 5    | 0.79%   |
| Genventures                 | 31,582,712             | 6    | 0.63%   |
| Qwest Communications        | 29,689,560             | 7    | 0.59%   |
| Northern Border Pipeline Co | 26,727,776             | 8    | 0.53%   |
| Lafarge Corporation         | 23,234,916             | 9    | 0.46%   |
| Petersen Properties LC      | 20,894,352             | 10   | 0.42%   |
| <b>Total</b>                | <b>\$ 627,589,114</b>  |      | <b>12.50%</b>                                     |

| Taxpayer                      | 2011                   |      |   |
|-------------------------------|------------------------|------|---|
|                               | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value |
| MidAmerican Energy            | \$ 326,959,565         | 1    | 4.92%   |
| Isle of Capri                 | 85,002,320             | 2    | 1.28%   |
| SDG Macerich Properties       | 63,972,785             | 3    | 0.96%   |
| Iowa American Water Company   | 55,894,471             | 4    | 0.84%   |
| ALCOA                         | 40,858,880             | 5    | 0.61%   |
| Qwest Corp                    | 29,780,024             | 6    | 0.45%   |
| Northern Border Pipeline      | 25,364,152             | 7    | 0.38%   |
| Gulf Investments              | 24,522,800             | 8    | 0.37%   |
| Deere & Company               | 22,600,000             | 9    | 0.34%   |
| Davenport-Durler Family Trust | 20,554,200             | 10   | 0.31%   |
| <b>Total</b>                  | <b>\$ 695,509,197</b>  |      | <b>10.46%</b>                                     |

Source: County records

County of Scott, Iowa

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

| Fiscal Year Ended June 30 | Property Taxes Levied for the Fiscal Year | Property Taxes Collected Within the Fiscal Year of the Levy |                    | Property Tax Collections In Subsequent Years | Property Tax Total Collections to Date |                    |
|---------------------------|---|---|--------------------|--|--|--------------------|
|                           |   | Amount  | Percentage of Levy |  | Amount                                 | Percentage of Levy |
| 2002                      | \$ 152,133,150                            | \$ 151,191,798  | 99.38              | \$ 75,947                                    | \$ 151,267,745                         | 99.43              |
| 2003                      | 164,344,090                               | 163,141,398   | 99.27              | 38,060                                       | 163,179,458                            | 99.29              |
| 2004                      | 170,396,572                               | 168,156,252   | 98.69              | 618,183                                      | 168,774,435                            | 99.05              |
| 2005                      | 181,497,890                               | 179,753,240   | 99.04              | 1,664,237                                    | 181,417,477                            | 99.96              |
| 2006                      | 194,032,266                               | 193,001,228   | 99.47              | 195,545                                      | 193,196,773                            | 99.57              |
| 2007                      | 202,141,914                               | 200,878,707   | 99.38              | (20,856)                                     | 200,857,851                            | 99.36              |
| 2008                      | 210,294,826                               | 209,445,543   | 99.60              | 131,295                                      | 209,576,838                            | 99.66              |
| 2009                      | 223,092,062                               | 221,671,064   | 99.36              | 205,504                                      | 221,876,568                            | 99.46              |
| 2010                      | 234,648,806                               | 233,278,412   | 99.42              | 93,197                                       | 233,371,609                            | 99.46              |
| 2011                      | 247,987,832                               | 246,709,768   | 99.48              | 357,380                                      | 247,067,148                            | 99.63              |

Source: County records

**County of Scott, Iowa**

**Direct and Overlapping Property Tax Rates  
Last Ten Years  
(rate per \$1,000 of assessed value)  
(Unaudited)**

|                         | 2002       | 2003       | 2004       | 2005       |
|-------------------------|------------|------------|------------|------------|
| County direct rates:    |            |            |            |            |
| Scott County Urban Rate | \$ 4.18290 | \$ 4.48067 | \$ 4.80887 | \$ 4.75497 |
| Scott County Rural Rate | 7.23474    | 7.49188    | 7.71192    | 7.84647    |
| Total direct rates      | 11.41764   | 11.97255   | 12.52079   | 12.60144   |
| City and town rates:    |            |            |            |            |
| Bettendorf              | 11.45555   | 11.85000   | 11.85000   | 12.34932   |
| Blue Grass              | 11.56925   | 12.43356   | 12.48463   | 11.51524   |
| Buffalo                 | 6.99999    | 7.00203    | 7.65547    | 8.09999    |
| Davenport               | 14.60301   | 14.63000   | 14.96445   | 15.24000   |
| Dixon                   | 8.09975    | 8.09986    | 8.09977    | 8.10000    |
| Donahue                 | 5.20471    | 5.15138    | 7.96293    | 7.36868    |
| Durant                  | 12.19810   | 12.17088   | 12.17088   | 14.20315   |
| Eldridge                | 6.37553    | 6.37555    | 6.64799    | 6.64795    |
| LeClaire                | 14.69771   | 14.69660   | 14.69660   | 14.69639   |
| Long Grove              | 7.87004    | 7.89977    | 8.10000    | 8.10000    |
| Maysville               | 4.76008    | 4.85690    | 5.16066    | 5.16083    |
| McCausland              | 7.64697    | 7.91705    | 7.91704    | 8.10000    |
| New Liberty             | 1.52958    | 1.52478    | 2.22375    | 2.99975    |
| Panorama Park           | 6.13308    | 6.27994    | 6.29016    | 6.25158    |
| Princeton               | 9.30742    | 9.30739    | 9.22504    | 8.81288    |
| Riverdale               | 2.29648    | 2.29649    | 2.30970    | 2.30949    |
| Walcott                 | 10.00001   | 9.50001    | 9.50000    | 9.75001    |
| School District Rates:  |            |            |            |            |
| Bennett Schools         | 11.62167   | 11.85225   | 12.43900   | 12.85967   |
| Bettendorf Schools      | 14.56220   | 15.78768   | 15.77779   | 15.46630   |
| Davenport Schools       | 15.46758   | 16.96204   | 17.07873   | 17.09591   |
| Durant Schools          | 12.18444   | 12.24493   | 12.04676   | 12.21711   |
| North Scott Schools     | 15.66165   | 15.32122   | 14.99307   | 15.03382   |
| Pleasant Valley Schools | 13.45953   | 13.45042   | 13.45835   | 13.46470   |
| Area IX CC              | 0.60382    | 0.62633    | 0.61738    | 0.59216    |
| Other:                  |            |            |            |            |
| Scott County Assessor   | 0.31830    | 0.33124    | 0.33119    | 0.27124    |
| Davenport City Assessor | 0.33488    | 0.37656    | 0.31521    | 0.27648    |
| Ag. Extension - BANGS   | 0.06790    | 0.06248    | 0.06721    | 0.06939    |

Source: County records - Auditor's Office.

Year Taxes are Payable

| 2006       | 2007       | 2008       | 2009       | 2010       | 2011       |
|------------|------------|------------|------------|------------|------------|
| \$ 5.56513 | \$ 5.51106 | \$ 5.54040 | \$ 5.33791 | \$ 5.47607 | \$ 6.37607 |
| 8.60445    | 8.52602    | 8.62666    | 8.35745    | 8.49561    | 9.39561    |
| 14.16958   | 14.03708   | 14.16706   | 13.69536   | 13.97168   | 15.77168   |
|            |            |            |            |            |            |
| 12.34952   | 12.60000   | 12.95000   | 12.85000   | 12.85000   | 12.60000   |
| 11.43975   | 11.58668   | 11.65760   | 11.07291   | 10.98600   | 11.18972   |
| 8.09998    | 8.10000    | 8.10000    | 8.09999    | 8.17628    | 8.17540    |
| 15.24000   | 15.56702   | 15.57515   | 15.57584   | 15.58000   | 15.53000   |
| 8.10000    | 8.10000    | 8.10000    | 8.10000    | 8.10000    | 8.10000    |
| 5.42517    | 5.43321    | 5.43025    | 5.96370    | 5.96079    | 7.21883    |
| 15.56204   | 15.56204   | 15.56203   | 15.56203   | 14.95411   | 15.70846   |
| 6.64795    | 6.64800    | 6.64797    | 6.64880    | 6.64916    | 6.74852    |
| 14.69637   | 14.69636   | 14.69188   | 14.69998   | 16.08173   | 16.00434   |
| 8.10000    | 8.39529    | 8.10000    | 9.76863    | 11.15854   | 11.03125   |
| 5.16097    | 5.16094    | 5.16095    | 5.16100    | 5.16094    | 5.16962    |
| 8.10000    | 8.10000    | 8.10000    | 8.10000    | 8.10000    | 9.25982    |
| 2.90011    | 3.57028    | 3.349.15   | 2.93849    | 2.92797    | 3.96650    |
| 6.50590    | 6.76329    | 6.74595    | 5.64940    | 5.55117    | 5.56196    |
| 9.02314    | 8.97804    | 8.93821    | 8.94763    | 9.58243    | 9.58242    |
| 2.93819    | 2.50485    | 2.50485    | 2.70103    | 2.70103    | 3.37602    |
| 9.75001    | 9.75000    | 10.00000   | 10.00000   | 10.00000   | 9.99999    |
|            |            |            |            |            |            |
| 11.78130   | 11.62880   | 10.72766   | 11.01374   | 11.25066   | 11.23830   |
| 14.69042   | 15.00216   | 15.00025   | 14.84626   | 14.85367   | 15.00820   |
| 17.09734   | 17.10760   | 17.10610   | 17.08731   | 17.09334   | 17.11276   |
| 12.62186   | 11.96178   | 12.37027   | 12.60365   | 13.34659   | 11.84246   |
| 15.12320   | 15.17814   | 15.11048   | 14.76476   | 14.51584   | 14.75964   |
| 13.66430   | 13.86154   | 13.99385   | 13.98720   | 13.99319   | 14.74116   |
| 0.59269    | 0.61277    | 0.60785    | 0.60635    | 0.87714    | 0.92444    |
|            |            |            |            |            |            |
| 0.27404    | 0.29563    | 0.28899    | 0.28870    | 0.33733    | 0.28465    |
| 0.26045    | 0.29672    | 0.30964    | 0.27680    | 0.25789    | 0.23892    |
| 0.06973    | 0.07034    | 0.07079    | 0.06892    | 0.06845    | 0.06946    |

**County of Scott, Iowa**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(dollars in thousands, except per capita)  
(Unaudited)**

| Fiscal Year | Governmental Activities     |               | Business-Type Activities |                   |
|-------------|-----------------------------|---------------|--------------------------|-------------------|
|             | General Obligation<br>Bonds | Capital Lease | Capital Lease            | Purchase Contract |
| 2002        | \$ 10,435                   | \$ -          | \$ -                     | \$ -              |
| 2003        | 9,825                       | -             | -                        | 2,361             |
| 2004        | 9,245                       | -             | 218                      | 2,101             |
| 2005        | 8,635                       | -             | 476                      | 1,918             |
| 2006        | 8,000                       | 27,765        | 370                      | 1,725             |
| 2007        | 9,655                       | 26,770        | 266                      | 1,523             |
| 2008        | 8,760                       | 25,740        | 156                      | 1,304             |
| 2009        | 7,765                       | 24,670        | 39                       | 1,075             |
| 2010        | 17,190                      | 23,560        | -                        | 855               |
| 2011        | 15,660                      | 22,410        | -                        | 585               |

\*Calculation made using population and personal income figures from Demographics and Economics Statistics Table.

Source: County records.

N/A - Not Available

---

|    | Total<br>Government | Percentage of<br>Personal Income* | Per Capita* |
|----|---------------------|-----------------------------------|-------------|
| \$ | 11,711              | 0.24                              | \$ 73.81    |
|    | 43,117              | 0.87                              | 268.50      |
|    | 38,851              | 0.73                              | 241.48      |
|    | 39,860              | N/A                               | 248.91      |
|    | 71,809              | N/A                               | 446.02      |
|    | 41,399              | N/A                               | 252.69      |
|    | 39,099              | N/A                               | 237.47      |
|    | 33,549              | N/A                               | 202.77      |
|    | 41,605              | N/A                               | 249.65      |
|    | 38,655              | N/A                               | 230.89      |

County of Scott, Iowa

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

---

| Fiscal Year | General Bonded Debt<br>Outstanding |            | Percent of Debt to<br>Assessed Value | Per Capita* |
|-------------|------------------------------------|------------|--------------------------------------|-------------|
|             | General Obligation Bonds           |            |                                      |             |
| 2002        | \$                                 | 10,435,000 | 0.15                                 | \$ 65.77    |
| 2003        |                                    | 9,825,000  | 0.13                                 | 61.18       |
| 2004        |                                    | 9,245,000  | 0.12                                 | 57.46       |
| 2005        |                                    | 8,635,000  | 0.10                                 | 53.92       |
| 2006        |                                    | 8,000,000  | 0.09                                 | 49.69       |
| 2007        |                                    | 9,655,000  | 0.10                                 | 58.93       |
| 2008        |                                    | 8,760,000  | 0.09                                 | 53.20       |
| 2009        |                                    | 7,765,000  | 0.07                                 | 46.93       |
| 2010        |                                    | 17,190,000 | 0.15%                                | 103.15      |
| 2011        |                                    | 15,660,000 | 0.13%                                | 93.54       |

\*Calculated using population figure from Demographics and Economics Statistics Table.

Source: County records.

County of Scott, Iowa

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2011  
(Unaudited)**

| Governmental Unit                         | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|------------------|---------------------------------|-------------------------------------|
| Scott County                              | \$ 15,660,000    | 100.00%                         | \$ 15,660,000                       |
| School Districts:                         |                  |                                 |                                     |
| Bettendorf Community                      | -                | 100.00%                         | -                                   |
| Durant Community                          | 1,866,850        | 23.71%                          | 442,630                             |
| North Scott Community                     | -                | 100.00%                         | -                                   |
| Wheatland Community                       | 993,750          | 8.24%                           | 81,885                              |
| Eastern Iowa Community College            | 69,525,000       | 59.48%                          | 41,353,470                          |
| <b>Subtotal, School Districts</b>         |                  |                                 | <b>41,877,985</b>                   |
| Cities:                                   |                  |                                 |                                     |
| Bettendorf                                | 106,010,000      | 100.00%                         | 106,010,000                         |
| Blue Grass                                | 2,464,440        | 100.00%                         | 2,464,440                           |
| Buffalo                                   | 245,000          | 100.00%                         | 245,000                             |
| Davenport                                 | 177,080,000      | 100.00%                         | 177,080,000                         |
| Donahue                                   | 200,000          | 100.00%                         | 200,000                             |
| Durant                                    | 2,470,000        | 3.73%                           | 92,131                              |
| Eldridge                                  | 4,585,000        | 100.00%                         | 4,585,000                           |
| LeClaire                                  | 19,622,095       | 100.00%                         | 19,622,095                          |
| Long Grove                                | 962,000          | 100.00%                         | 962,000                             |
| Maysville                                 | 312,000          | 100.00%                         | 312,000                             |
| McCausland                                | 18,911           | 100.00%                         | 18,911                              |
| New Liberty                               | 275,738          | 100.00%                         | 275,738                             |
| Princeton                                 | 805,000          | 100.00%                         | 805,000                             |
| Walcott                                   | 4,325,000        | 100.00%                         | 4,325,000                           |
| <b>Subtotal, Cities</b>                   |                  |                                 | <b>316,997,315</b>                  |
| <b>Total direct and overlapping debt:</b> |                  |                                 | <b>\$ 374,535,300</b>               |

Source: County records

Outstanding debt amounts are obtained directly from the debt issuing entity. The percentage of overlapping debt attributed to Scott County is based on the percentage of the entity's total taxable valuation that lies within Scott County.

County of Scott, Iowa

Legal Debt Margin Information  
As of June 30, 2011  
(Unaudited)

---

|   | 2002           | 2003           | 2004           | 2005           |
|---|----------------|----------------|----------------|----------------|
| Debt limit  | \$ 352,203,470 | \$ 363,102,618 | \$ 392,500,605 | \$ 428,112,694 |
| Total net debt applicable to limit  | 10,435,000     | 9,825,000      | 9,245,000      | 8,635,000      |
| Legal debt margin   | \$ 341,768,470 | \$ 353,277,618 | \$ 383,255,605 | \$ 419,477,694 |
| <b>Total net debt applicable to the limit<br/>as a percentage of debt limit</b> | 3.05%          | 2.78%          | 2.41%          | 2.06%          |

Source: County records.

Legal Debt Margin Calculation for Fiscal Year 2011

|                                   |                          |
|-----------------------------------|--------------------------|
| Assessed value                    | <u>\$ 11,687,325,458</u> |
| Debt limit (5% of assessed value) | <u>\$ 584,366,273</u>    |
| Debt applicable to limit:         |                          |
| General obligation bonds          | 15,660,000               |
| Capital lease                     | <u>22,410,000</u>        |
| Total net applicable to limit     | <u>38,070,000</u>        |
| Legal debt margin                 | <u>\$ 546,296,273</u>    |

|    | 2006        | 2007           | 2008           | 2009           | 2010           | 2011           |
|----|-------------|----------------|----------------|----------------|----------------|----------------|
| \$ | 451,734,795 | \$ 479,594,782 | \$ 497,083,535 | \$ 558,544,692 | \$ 571,861,865 | \$ 584,366,273 |
|    | 35,765,000  | 36,425,000     | 34,500,000     | 32,435,000     | 40,750,000     | 38,070,000     |
| \$ | 415,969,795 | \$ 443,169,782 | \$ 462,583,535 | \$ 526,109,692 | \$ 531,111,865 | \$ 546,296,273 |
|    | 8.60%       | 8.22%          | 7.46%          | 6.17%          | 7.67%          | 6.97%          |

**County of Scott, Iowa**

**Demographic and Economic Statistics  
Last Ten Calendar Years  
(Unaudited)**

| Year | Population <sup>1</sup> | Personal Income<br>(000's) <sup>2</sup> | Per Capita Personal<br>Income <sup>2</sup> | Farm<br>Proprietors <sup>3</sup> | School<br>Enrollment <sup>4</sup> | Unemployment<br>Rate <sup>5</sup> |
|------|-------------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
| 2002 | 158,668                 | \$ 4,855,622                            | \$ 30,599                                  | 750                              | 27,436                            | 4.6                               |
| 2003 | 160,582                 | 4,945,087                               | 31,131                                     | 740                              | 27,328                            | 4.7                               |
| 2004 | 160,889                 | 5,360,743                               | 33,628                                     | 740                              | 27,264                            | 5.0                               |
| 2005 | 160,141                 | 5,613,427                               | 35,036                                     | 730                              | 27,216                            | 4.5                               |
| 2006 | 160,998                 | 5,974,647                               | 36,950                                     | 730                              | 27,126                            | 3.8                               |
| 2007 | 163,835                 | N/A                                     | 37,067                                     | 850                              | 27,316                            | 3.8                               |
| 2008 | 164,650                 | N/A                                     | 39,209                                     | 850                              | N/A                               | 3.9                               |
| 2009 | 165,453                 | N/A                                     | 38,670                                     | 850                              | 27,033                            | 5.9                               |
| 2010 | 166,650                 | N/A                                     | N/A  | N/A                              | 26,934                            | 7.5                               |
| 2011 | 167,416                 | N/A                                     | N/A  | N/A                              | 27,134                            | 6.9                               |

<sup>1</sup>Source: Iowa Data Center/Woods & Poole

<sup>2</sup>Source: U.S. Department of Commerce, Bureau of Economic Analysis

<sup>3</sup>Source: Iowa Department of Agriculture website "nass.usda.gov"

<sup>4</sup>Source: Iowa Department of Education

<sup>5</sup>Source: Iowa Workforce Development, 2011 Data Average Through September.

Note: Historical figures may be adjusted from prior publications due to re-benchmarking according to the various methodologies used by the individual sources.

N/A - Not Available

**County of Scott, Iowa**

**Principal Employers  
Current Year and Ten Years Ago  
(Unaudited)**

| Employer                            | 2001      |      |  |
|-------------------------------------|-----------|------|--|
|                                     | Employees | Rank | Percentage of Total<br>County Employment |
| Genesis Medical Center              | 3,000     | 1    | 3.6%                                     |
| ALCOA                               | 2,600     | 2    | 3.2%                                     |
| Davenport Community School District | 1000+     | 3    | N/A                                      |
| Scott Community College             | 1000+     | 4    | N/A                                      |
| Kraft Foods (Oscar Mayer)           | 1,890     | 5    | 2.0%                                     |
| Deere & Company (Davenport Works)   | 950       | 6    | N/A                                      |
| Mid American Energy                 | 987       | 7    | N/A                                      |
| City of Davenport                   | N/A       | 8    | N/A                                      |
| APAC Customer Service               | 500       | 9    | 1.0%                                     |
| Von Maur                            | 435       | 10   | 0.7%                                     |

| Employer                            | 2011      |      |  |
|-------------------------------------|-----------|------|--|
|                                     | Employees | Rank | Percentage of Total<br>County Employment |
| Genesis Medical Center              | 3,850     | 1    | 4.5%                                     |
| Davenport Community School District | 1,950     | 2    | 2.3%                                     |
| ALCOA                               | 1,900     | 3    | 2.2%                                     |
| Kraft Foods (Oscar Mayer)           | 1,500     | 4    | 1.8%                                     |
| City of Davenport                   | 980       | 5    | 1.2%                                     |
| Isle of Capri                       | 925       | 6    | 1.1%                                     |
| APAC Customer Service               | 900       | 7    | 1.1%                                     |
| Mid American Energy                 | 780       | 9    | 0.9%                                     |
| Rythym City Casino                  | 750       | 10   | 0.9%                                     |
| St Ambrose University               | 670       | 11   | 0.8%                                     |

Sources: Responses from individual organizations, compiled by Bi-State Regional Commission

Note: Data provided is derived from multiple sources with varying levels of accuracy.

**County of Scott, Iowa**

**Full-Time Equivalent County Government Employees by Function/Program**

**Last Ten Fiscal Years**

**(Unaudited)**

| Function / Program   | 2002          | 2003          | 2004          | 2005          |
|--|---------------|---------------|---------------|---------------|
| Public safety and legal services:                                  |               |               |               |               |
| Attorney   | 31.00         | 30.63         | 30.63         | 30.63         |
| Health   | 2.90          | 2.30          | 4.90          | 4.90          |
| Juvenile Court Services  | 12.40         | 15.20         | 15.20         | 14.20         |
| Sheriff  | 140.70        | 141.70        | 154.15        | 159.65        |
| Physical health and social services:                               |               |               |               |               |
| Community Services   | 9.70          | 9.20          | 9.20          | 8.70          |
| Health   | 30.75         | 31.85         | 31.25         | 32.25         |
| Mental Health, Mental Retardation<br>& Developmental Disabilities: |               |               |               |               |
| Community Services   | 3.55          | 3.80          | 3.80          | 3.80          |
| County Environment and Education                                   |               |               |               |               |
| Conservation   | 40.60         | 40.60         | 40.60         | 41.60         |
| Planning & Development   | 4.33          | 4.33          | 4.08          | 4.08          |
| Roads and Transportation   |               |               |               |               |
| Secondary Roads  | 33.40         | 33.40         | 35.15         | 35.15         |
| Governmental services to residents:                                |               |               |               |               |
| Auditor  | 6.00          | 6.00          | 6.00          | 6.00          |
| Recorder   | 13.00         | 13.00         | 13.00         | 12.00         |
| Treasurer  | 14.70         | 14.20         | 14.20         | 14.20         |
| Administration:  |               |               |               |               |
| Administration   | 3.70          | 3.70          | 3.70          | 3.10          |
| Auditor  | 9.40          | 9.40          | 9.40          | 9.40          |
| Facility & Support Services  | 23.74         | 23.74         | 23.74         | 24.19         |
| Human Resources  | 7.50          | 7.50          | 7.50          | 4.50          |
| Information Technology   | 10.00         | 10.00         | 10.00         | 10.00         |
| Non-Departmental   | -             | -             | -             | -             |
| Supervisors, Board of  | 5.00          | 5.00          | 5.00          | 5.00          |
| Treasurer  | 13.90         | 14.40         | 14.40         | 14.40         |
| <b>Total</b>   | <b>416.27</b> | <b>419.95</b> | <b>435.90</b> | <b>437.75</b> |

Source: Scott County Year-End Actual Revenue and Expenditure Reports

| Fiscal Year |        |        |        |        |        |
|-------------|--------|--------|--------|--------|--------|
| 2006        | 2007   | 2008   | 2009   | 2010   | 2011   |
| 30.75       | 30.75  | 31.00  | 30.00  | 31.00  | 31.00  |
| 7.30        | 8.30   | 8.30   | 11.15  | 11.15  | 11.15  |
| 14.20       | 14.20  | 14.20  | 14.20  | 14.20  | 14.20  |
| 166.10      | 164.10 | 166.10 | 166.35 | 167.35 | 167.35 |
| 8.70        | 8.70   | 8.70   | 8.70   | 7.70   | 7.70   |
| 31.85       | 29.85  | 30.85  | 31.85  | 31.85  | 31.85  |
| 3.80        | 3.80   | 3.80   | 3.80   | 3.80   | 3.80   |
| 41.60       | 41.60  | 41.60  | 41.60  | 41.60  | 41.60  |
| 4.08        | 4.08   | 4.08   | 4.08   | 4.08   | 4.08   |
| 35.15       | 35.15  | 35.15  | 35.15  | 35.15  | 35.15  |
| 6.00        | 6.00   | 6.00   | 6.00   | 5.00   | 5.00   |
| 12.00       | 11.50  | 11.50  | 11.50  | 11.50  | 11.50  |
| 14.20       | 14.20  | 14.20  | 12.20  | 12.20  | 12.20  |
| 3.10        | 3.10   | 3.10   | 3.50   | 3.50   | 3.50   |
| 9.40        | 9.90   | 9.90   | 9.40   | 9.40   | 9.40   |
| 24.19       | 28.69  | 28.69  | 29.04  | 30.04  | 31.04  |
| 4.50        | 4.50   | 4.50   | 4.50   | 4.50   | 4.50   |
| 11.00       | 11.00  | 11.00  | 12.00  | 12.00  | 15.00  |
| -           | -      | -      | -      | -      | -      |
| 5.00        | 5.00   | 5.00   | 5.00   | 5.00   | 5.00   |
| 14.40       | 14.40  | 14.40  | 15.40  | 15.40  | 15.40  |
| 447.32      | 448.82 | 452.07 | 455.42 | 456.42 | 460.42 |

**County of Scott, Iowa**

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

| <u>Function / Program</u>                       | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|---|-------------|-------------|-------------|
| <b>Public Safety and Legal Services</b>         |             |             |             |
| Attorney:                                       |             |             |             |
| # of felonies/aggravated field cases filed      | 4,322       | 4,152       | 4,641       |
| Sheriff:  |             |             |             |
| # of civil papers served                        | 14,311      | 14,973      | 15,069      |
| # of jail bookings                              | 7,780       | 8,257       | 9,343       |
| # of traffic citations written                  | 2,714       | 1,882       | 4,003       |
| # of 9-1-1 calls                                | 10,867      | 11,830      | 12,088      |
| <b>Physical Health and Social Services</b>      |             |             |             |
| Community Services:                             |             |             |             |
| # of applications for general assistance        | 6,506       | 7,354       | 7,822       |
| # of applications approved for general assist   | 2,750       | 3,025       | 4,133       |
| # of requests for veteran services              | 682         | 911         | 1,026       |
| # of invol commit filed for substance abuse     | 184         | 244         | 213         |
| Health Department:                              |             |             |             |
| # of health related inmate contacts within jail | 2,583       | 2,762       | 2,520       |
| # of comm disease requiring investigation       | 157         | 153         | 234         |
| # of environmental health inspections conducted | 3,986       | 3,806       | 3,124       |
| <b>Mental Health, HR &amp; DD</b>               |             |             |             |
| Community Services:                             |             |             |             |
| # of invol commit filed for mental health       | 237         | 263         | 218         |
| # of persons with MH/CMI served                 | 3,221       | 3,667       | 3,777       |
| # of persons with MR/DD served                  | 493         | 502         | 529         |
| # of protective payee cases                     | 426         | 441         | 430         |
| <b>County Environment and Education</b>         |             |             |             |
| Conservation:                                   |             |             |             |
| # of camp sites available                       | 738         | 738         | 788         |
| # of rounds of golf course                      | 34,004      | 33,316      | 33,012      |
| Planning & Development:                         |             |             |             |
| # of building permits issued                    | 664         | 550         | 653         |
| <b>Roads and Transportation:</b>                |             |             |             |
| Secondary Roads:                                |             |             |             |
| # of miles of road paved                        | 168         | 168         | 175         |
| # of bridges/culverts repaired/replaced         | 99          | 100         | 98          |

(Continued)

Source: County records - Year-end Indicator Report

| Fiscal Year |        |        |        |        |        |        |
|-------------|--------|--------|--------|--------|--------|--------|
| 2005        | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
| 4,832       | 5,077  | 4,845  | 4,814  | 4,752  | 4,782  | 4,664  |
| 15,620      | 14,764 | 14,479 | 14,879 | 14,002 | 13,491 | 11,284 |
| 9,876       | 10,859 | 11,658 | 9,747  | 9,011  | 8,245  | 8,283  |
| 3,114       | 3,502  | 2,068  | 2,233  | 2,802  | 2,678  | 4,028  |
| 11,767      | 11,088 | 11,580 | 13,002 | 12,442 | 10,672 | N/A    |
| 6,575       | 6,446  | 6,524  | 7,544  | 8,105  | 8,907  | 7,294  |
| 3,490       | 3,354  | 3,569  | 3,797  | 3,829  | 4,660  | 4,065  |
| 1,055       | 1,613  | 814    | 982    | 880    | 1,204  | 1,134  |
| 241         | 289    | 340    | 260    | 210    | 214    | 246    |
| 4,509       | 3,795  | 3,979  | 5,434  | 10,617 | 10,817 | 12,618 |
| 122         | 302    | 369    | 285    | 360    | 338    | 442    |
| 3,955       | 3,987  | 4,363  | 4,464  | 4,198  | 4,389  | 4,141  |
| 322         | 304    | 338    | 335    | 361    | 312    | 450    |
| 4,115       | 4,015  | 4,136  | 4,078  | 1,537  | 1,505  | 1,516  |
| 518         | 560    | 572    | 570    | 384    | 380    | 409    |
| 434         | 398    | 401    | 390    | 367    | 339    | 384    |
| 788         | 788    | 788    | 788    | 788    | 788    | 788    |
| 30,803      | 30,898 | 27,196 | 27,765 | 28,549 | 29,258 | 28,553 |
| 613         | 691    | 622    | 603    | 643    | 583    | 728    |
| 176         | 176    | 176    | 176    | 183    | 183    | 183    |
| 102         | 104    | 140    | 213    | 79     | 94     | 89     |

County of Scott, Iowa

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

| <u>Function / Program</u>  | 2002    | 2003    | 2004    | 2005    |
|--|---------|---------|---------|---------|
| <b>Governmental Services to Residents</b>  |         |         |         |         |
| Auditor:   |         |         |         |         |
| # of elections   | 26      | 6       | 24      | 6       |
| # of registered voters   | 110,557 | 97,139  | 104,462 | 111,806 |
| Recorder:  |         |         |         |         |
| # of real estate transactions recorded   | 57,177  | 68,404  | 59,384  | 49,447  |
| # of vital statistics registered/issued  | 22,393  | 22,302  | 21,770  | 20,315  |
| # of passport applications accepted  | 389     | 427     | 641     | 531     |
| # of conservation privileges issued  | 2,524   | 2,379   | 1,282   | 1,235   |
| # of conservation licenses - ATV/Snow<br>boat reg, titles and liens and privileges<br>issued | 5,212   | 13,946  | 5,587   | 13,642  |
| Treasurer:   |         |         |         |         |
| # of titles issued   | 67,330  | 67,729  | 72,522  | 75,405  |
| <b>Administration</b>  |         |         |         |         |
| Auditor:   |         |         |         |         |
| # of real estate transactions processed  | 8,108   | 8,791   | 9,357   | 8,829   |
| Facility & Support Service:  |         |         |         |         |
| # of service calls   | 3,273   | 4,524   | 5,010   | 5,810   |
| # of purchase requisitions received  | 1,890   | 1,014   | 739     | 733     |
| # of pieces of outgoing mail   | 548,028 | 562,476 | 524,775 | 550,631 |
| # of files imaged  | 59,063  | 80,120  | 109,450 | 273,526 |
| Information Technology:  |         |         |         |         |
| # of network users   | 415     | 424     | 566     | 652     |
| # of 3rd party applications maintained   | 90      | 62      | 108     | 47      |
| Treasurer:   |         |         |         |         |
| # of prop tax/spec assessment statutes issued  | 166,932 | 162,190 | 183,741 | 184,685 |
| # of tax certifications issued   | 1,613   | 2,003   | 23      | 3,284   |

| Fiscal Year |         |         |         |         |         |
|-------------|---------|---------|---------|---------|---------|
| 2006        | 2007    | 2008    | 2009    | 2010    | 2011    |
| 26          | 11      | 27      | 5       | 26      | 3       |
| 114,507     | 115,457 | 116,570 | 118,641 | 120,962 | 123,115 |
| 48,297      | 43,976  | 40,493  | 40,010  | 37,856  | 38,493  |
| 20,207      | 21,830  | 20,726  | 20,196  | 20,450  | 20,776  |
| 788         | 1,564   | 1,430   | 1,134   | 1,280   | 1,151   |
| 808         | 797     | N/A     | N/A     | N/A     | N/A     |
| 6,098       | 13,498  | 6,505   | 4,291   | 14,612  | 5,852   |
| 76,517      | 64,468  | 60,342  | 66,597  | 67,777  | 71,883  |
| 8,859       | 8,414   | 7,728   | 6,689   | 7,303   | 6,663   |
| 4,608       | 4,586   | 4,408   | 4,579   | 3,045   | 2,197   |
| 849         | 864     | 1,113   | 1,011   | N/A     | N/A     |
| 524,752     | 547,591 | 491,571 | 534,148 | 479,814 | 446,405 |
| 327,979     | 887,629 | 746,690 | 899,403 | 792,379 | 698,680 |
| 686         | 805     | 851     | 899     | 929     | 1,094   |
| 52          | 54      | 54      | 55      | 61      | 67      |
| 180,196     | 186,423 | 176,450 | 181,657 | 191,493 | 198,053 |
| 1,834       | 1,974   | 2,116   | 2,592   | 2,151   | 1,691   |

**County of Scott, Iowa**

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

---

| <u>Function / Program</u>            | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|--------------------------------------|-------------|-------------|-------------|
| Public safety and legal services:    |             |             |             |
| Sheriff:                             |             |             |             |
| # of patrol cars                     | 48          | 53          | 48          |
| Physical health and social services: |             |             |             |
| Health Department                    |             |             |             |
| # of vehicles                        | 15          | 15          | 16          |
| County environment and education:    |             |             |             |
| Conservation                         |             |             |             |
| # of acres managed                   | 2,795       | 2,795       | 2,795       |
| Planning and Development             |             |             |             |
| # of vehicles                        | 2           | 2           | 2           |
| Roads and transportation:            |             |             |             |
| Secondary Roads                      |             |             |             |
| # of vehicles                        | 61          | 61          | 61          |
| # of buildings                       | 10          | 10          | 10          |
| Administration:                      |             |             |             |
| Facility and Support Services        |             |             |             |
| # of vehicles                        | 4           | 5           | 5           |
| # of buildings maintained            | 11          | 11          | 12          |
| Non-Departmental (Risk Management)   |             |             |             |
| # of vehicles                        | 1           | 1           | 1           |

Source: County records - Vehicle Report & FSS and Conservation Offices.

**Liabilities**, due to other governmental agencies

---

| Fiscal Year |       |       |       |       |       |       |
|-------------|-------|-------|-------|-------|-------|-------|
| 2005        | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
| 62          | 54    | 54    | 55    | 42    | 45    | 46    |
| 18          | 13    | 13    | 13    | 13    | 13    | 13    |
| 2,795       | 2,795 | 2,795 | 2,795 | 2,795 | 2,795 | 2,795 |
| 2           | 2     | 2     | 2     | 2     | 2     | 2     |
| 61          | 61    | 61    | 61    | 61    | 61    | 61    |
| 10          | 10    | 10    | 10    | 10    | 10    | 10    |
| 4           | 6     | 6     | 5     | 5     | 5     | 6     |
| 12          | 12    | 12    | 12    | 12    | 12    | 11    |
| 1           | 6     | 6     | 1     | 1     | 1     | 1     |



# **COMPLIANCE**



County of Scott, Iowa

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

| Federal Grantor/Pass-Through Grantor/Program Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Identifying<br>Number | Federal<br>Expenditures |
|--|---------------------------|--|-------------------------|
| <b>U.S. Department of Agriculture</b>  |                           |  |                         |
| <b>Child Nutrition Cluster</b>   |                           |  |                         |
| <i>(Passed through the Iowa Department of Human Services)</i>  |                           |  |                         |
| National School Lunch Program  | 10.555                    | N/A  | \$ 14,158               |
| <i>(Passed through Iowa Department of Public Health)</i>   |                           |  |                         |
| Summer Food Health Inspection Grant  | 10.559                    | 94610  | 900                     |
| <b>Total Child Nutrition Cluster</b>   |                           |  | <u>15,058</u>           |
| <i>(Passed through Iowa Department of Public Health)</i>   |                           |  |                         |
| Breastfeeding Peer Counseling  | 10.557                    | 5880AO94   | 11,389                  |
| Breastfeeding Peer Counseling  | 10.557                    | 5881AO94   | 22,137                  |
| Special Supplemental Nutrition Programs for Woman,<br>Infants, and Children (WIC)                      | 10.557                    | 5880AO36   | 143,902                 |
| Special Supplemental Nutrition Programs for Woman,<br>Infants, and Children (WIC)                      | 10.557                    | 5881AO36   | 642,946                 |
|  |                           |  | <u>820,374</u>          |
| <i>(Passed through Iowa Department of Human Services)</i>  |                           |  |                         |
| Food Stamps  | 10.561                    | N/A  | <u>86,448</u>           |
| <i>(Passed through Iowa Department of Agriculture and Land Stewardship)</i>                            |                           |  |                         |
| Iowa Farmers' Market Nutrition Program   | 10.572                    | N/A  | <u>430</u>              |
| <b>Total U.S. Department of Agriculture</b>  |                           |  | <u>922,310</u>          |
| <b>U.S. Department of Housing and Urban Development</b>  |                           |  |                         |
| <i>(Passed through the City of Davenport)</i>  |                           |  |                         |
| Davenport MILES Program  | 14.900                    | IALHB0349-07                                       | <u>5,953</u>            |
| <b>U.S. Department of Justice</b>  |                           |  |                         |
| <i>(Passed through the Governor's Alliance on Substance Abuse)</i>                                     |                           |  |                         |
| State Criminal Alien Assistance Program  | 16.606                    | 2008-AP-BX-0714                                    | 8,346                   |
| 2008 State Criminal Alien Assistance Program   | 16.606                    | 2008-AP-BX-0942                                    | 8,558                   |
|  |                           |  | <u>16,904</u>           |
| <i>(Direct Program)</i>  |                           |  |                         |
| Bulletproof Vest Program   | 16.607                    | OMB1121-0235                                       | <u>850</u>              |
| <i>(Direct Program)</i>  |                           |  |                         |
| Public Safety Partnership and Community Policing Grants<br>COPS Technology Grant                       | 16.710                    | 2008-CK-WX-0276                                    | 32,469                  |
| <i>(Passed through the Governor's Alliance on Substance Abuse)</i>                                     |                           |  |                         |
| Public Safety Partnership and Community Policing Grants<br>Methamphetamine Drug Hot Spot Grant Program | 16.710                    | 09-Hotspots/Interdiction-15                        | 23,337                  |
| <i>(Passed through the Office of Community Oriented Policing Services)</i>                             |                           |  |                         |
| Public Safety Partnership and Community Policing Grants<br>COPS 2007 Technology Program Grant          | 16.710                    | 2007-CK-WX-00                                      | 409,152                 |
| COPS in School   | 16.710                    | 2008-CK-WX-00                                      | 75,511                  |
|  |                           |  | <u>540,469</u>          |
| <b>JAG Program Cluster</b>   |                           |  |                         |
| <i>(Direct Program)</i>  |                           |  |                         |
| Edward Byrne Memorial Justice Assistance Grant Program   | 16.738                    | 2009-DJ-BX-0943                                    | 120,882                 |
| ARRA - Edward Byrne Memorial Justice Assistance<br>Grant (JAG) Program                                 | 16.804                    | 2009-SB-B9-0549                                    | 765,146                 |
| <i>(Passed through the Governor's Alliance on Substance Abuse)</i>                                     |                           |  |                         |
| ARRA - Edward Byrne Memorial Justice Assistance<br>Grant (JAG) Program                                 | 16.803                    | 09JAG/ARRA-4269B                                   | 136,000                 |
| <b>Total JAG Program Cluster</b>   |                           |  | <u>1,022,028</u>        |
| <i>(Passed through State of Iowa Department of Justice, Crime Victim<br/>Assistance Division)</i>      |                           |  |                         |
| Stop Violence Against Women  | 16.588                    | VW-11-17   | <u>36,500</u>           |
| <b>Total U.S. Department of Justice</b>  |                           |  | <u>1,616,751</u>        |

(Continued)

County of Scott, Iowa

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2011**

| Federal Grantor/Pass-Through Grantor/Program Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| <b>U.S. Department of Transportation</b>  |                           |  |                         |
| National Highway Traffic Safety Administration<br>(Passed through Iowa Department of Public Safety-Governor's<br>Traffic Safety Division) |                           |  |                         |
| State and Community Highway Safety  | 20.600                    | PAP 10-410, Task 69                                | \$ 11,014               |
| State and Community Highway Safety  | 20.600                    | PAP 11-410, Task 69                                | 51,634                  |
|   |                           |  | <u>62,648</u>           |
| <b>U.S. Department of Energy</b>  |                           |  |                         |
| (Direct Program)  |                           |  |                         |
| ARRA - Energy Efficiency and Conservation Block Grant   | 81.128                    | DOE-SC0003387                                      | <u>53,171</u>           |
| <b>U.S. Department of Health and Human Services</b>   |                           |  |                         |
| (Passed through the Iowa Department of Health)  |                           |  |                         |
| Childhood Lead Poisoning Prevention   | 93.197                    | 5880LP04   | <u>17,799</u>           |
| Immunization Program  |                           |  |                         |
| I-4 Project   | 93.268                    | 5880I468   | 35,387                  |
| I-4 Project   | 93.268                    | 5881I468   | 42,197                  |
|   |                           |  | <u>77,584</u>           |
| Maternal and Child Health Services Block Grant to the States  |                           |  |                         |
| Child Health Grant  | 93.994                    | 5880MH21   | 10,759                  |
| Maternal Health Grant   | 93.994                    | 5880MH21   | 3,907                   |
| Dental Health Grant   | 93.994                    | 5880MH21   | 3,153                   |
| Child Health Grant  | 93.994                    | 5881MH21   | 43,112                  |
| Dental Health Grant   | 93.994                    | 5881MH21   | 2,773                   |
|   |                           |  | <u>63,704</u>           |
| Public Health Emergency Preparedness Grant  | 93.069                    | 8200   | 27,344                  |
| Public Health Emergency Preparedness Grant  | 93.069                    | 5881BT82   | 53,447                  |
| Regional Public Health Emergency Preparedness and Response  | 93.069                    | 5880BT206  | 87                      |
| Regional Public Health Emergency Preparedness   | 93.069                    | 5881BT12   | 547                     |
| Public Health Emergency Response  | 93.069                    | 5881BT382  | 95,343                  |
|   |                           |  | <u>176,768</u>          |
| Centers for Disease Control and Prevention_Investigations<br>and Technical Assistance   |                           |  |                         |
| Local Bioterrorism Grant  | 93.283                    | 8209   | 471                     |
| WISEWOMEN Cardiovascular Program  | 93.283                    | 5881NB21   | 85,460                  |
| Mosquito Surveillance Project   | 93.283                    | MOU-2011-ELC09                                     | 840                     |
| Mosquito Surveillance Project   | 93.283                    | MOU-2012-ELC09                                     | 280                     |
|   |                           |  | <u>87,051</u>           |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs   |                           |  |                         |
| Directly Observed Therapy   | 93.116                    | MOU-2011-TB06                                      | <u>6,419</u>            |
| <b>Total passed through Iowa Department of Health</b>   |                           |  | <u>429,325</u>          |

(Continued)

County of Scott, Iowa

**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2011**

| Federal Grantor/Pass-Through Grantor/Program Title                          | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| <b>U.S. Department of Health and Human Services (continued)</b>             |                           |  |                         |
| <i>(Passed through Iowa Department of Human Services)</i>                   |                           |  |                         |
| Refugee and Entrant Assistance  | 93.566                    | N/A  | \$ 66                   |
| Child Care Development Fund   | 93.596                    | N/A  | 20,947                  |
| Foster Care Title IV-E  | 93.658                    | N/A  | 34,337                  |
| Adoption  | 93.659                    | N/A  | 8,335                   |
| Expansion Title XXI   | 93.767                    | N/A  | 392                     |
| Scott County Empowerment Agreement (DECAT)                                  | 93.575                    | N/A  | 82,391                  |
| Medical Assistance (Title XIX)  | 93.778                    | N/A  | 82,965                  |
| SSBG -Indirect  | 93.667                    | N/A  | 29,440                  |
| SSBG -Direct  | 93.667                    | N/A  | 726,189                 |
|   |                           |  | <u>755,629</u>          |
| <b>Total passed through Iowa Department of Human Services</b>               |                           |  | <u>985,062</u>          |
| <i>(Passed through Iowa Secretary of State)</i>                             |                           |  |                         |
| Voting Access for Individuals with Disabilities                             | 93.617                    | 082-11   | 6,192                   |
| <b>Total U.S. Dept of Health and Human Services</b>                         |                           |  | <u>1,420,579</u>        |
| <b>Corporation for National and Community Service</b>                       |                           |  |                         |
| <i>(Passed through Linn County Conservation)</i>                            |                           |  |                         |
| Eastern Iowa Conservation Alliance Americorps Program                       | 94.006                    | 06ACHIA0010006                                     | 7,452                   |
| <b>U.S. Department of Homeland Security</b>                                 |                           |  |                         |
| <b>Homeland Security Cluster</b>  |                           |  |                         |
| <i>(Passed through Iowa Homeland Security &amp; Emergency Mgt Division)</i> |                           |  |                         |
| FY 2008 Law Enforcement Terrorism Prevention Program                        | 97.067                    | FY2008-GE-T8-2008-016                              | 163,263                 |
| FY 2009 Law Enforcement Terrorism Prevention Program                        | 97.067                    | 2009-SS-T9-0034-12A                                | 93,236                  |
| FY 2009 Law Enforcement Terrorism Prevention Program                        | 97.067                    | 2009-SS-T9-0034-12                                 | 34,063                  |
| <b>Total Homeland Security Cluster</b>                                      |                           |  | <u>290,562</u>          |
| <i>(Passed through the Iowa Disaster Services Division)</i>                 |                           |  |                         |
| EMA - State and Local Assistance Grant                                      | 97.042                    | N/A  | 17,666                  |
| Hazard Mitigation Grant Program   | 97.039                    | DR 1763  | 30,592                  |
| <b>Total US Department of Homeland Security</b>                             |                           |  | <u>338,820</u>          |
| <b>Total expenditures of federal awards</b>                                 |                           |  | <u>\$ 4,427,684</u>     |

See Notes to Schedule of Expenditures of Federal Awards.

## County of Scott, Iowa

### Notes to Schedule of Expenditures of Federal Awards

---

#### Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Scott, Iowa and its discretely presented component units and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States and Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in the 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 County has done everything necessary to establish its right to revenue. For government funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

#### Note 3. Pass-Through Funding

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

| Program Title  | Federal CFDA<br>Number | Amount Provided<br>to Subrecipient |
|--|------------------------|------------------------------------|
| Special Supplemental Nutrition Programs for<br>Woman, Infants and Children (WIC) | 10.557                 | \$ 779,933                         |
| Breastfeeding Peer Counseling  | 10.557                 | 33,526                             |
| Iowa Farmers' Market Nutrition Program   | 10.572                 | 430                                |
| COPS in School   | 16.710                 | 75,511                             |
| Methamphetamine Drug Hot Spot Grant Program                                      | 16.710                 | 19,557                             |
| Edward Byrne Memorial Justice Assistance Grant Program                           | 16.738                 | 64,686                             |
| ARRA - Edward Byrne Memorial Justice Assistance<br>Grant (JAG) Program           | 16.804                 | 300,000                            |
| ARRA - Energy Efficiency and Conservation Block Grant                            | 81.128                 | 53,171                             |
| Directly Observed Therapy  | 93.116                 | 6,419                              |
| Childhood Lead Poisoning Prevention  | 93.197                 | 1,200                              |
| I-4 Project  | 93.268                 | 56,250                             |
| WISEWOMEN Cardiovascular Program   | 93.283                 | 85,460                             |
| Maternal and Child Health Grant  | 93.994                 | 22,299                             |
| Hazard Mitigation Grant Program  | 97.039                 | 30,592                             |
| 2008 Law Enforcement Terrorism Prevention Program                                | 97.067                 | 36,251                             |
| 2009 Law Enforcement Terrorism Prevention Program                                | 97.067                 | 33,094                             |
|  |                        | <u>\$ 1,598,379</u>                |

**County of Scott, Iowa**

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2011**

---

| Finding   | Status |
|---|--------|
| There were no findings relative to federal awards reported in the County of Scott's single audit report for the year ended June 30, 2010. |        |





Baker Tilly Virchow Krause, LLP  
115 S 84<sup>th</sup> St, Ste 400  
Milwaukee, WI 53214-1475  
tel 414 777 5500  
fax 414 777 5555  
bakertilly.com

INDEPENDENT AUDITORS' 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 Board of Supervisors  
County of Scott, Iowa  
Davenport, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Iowa as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. Our report was modified due to the implementation of Governmental Accounting Standards Board Statement No. 54. 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***

Management of the County of Scott is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Scott's internal control over financial reporting as a basis for designing our auditing procedures 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 County of Scott's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Scott's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses; and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. This material weakness is item 2011-01.

To the Board of Supervisors  
County of Scott, Iowa

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County of Scott'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*.

Comments involving statutory and other legal matters about the County of Scott's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County of Scott. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

We noted certain matters that we reported to management of the County of Scott in a separate letter dated November 29, 2011.

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

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

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
November 29, 2011



Baker Tilly Virchow Krause, LLP  
115 S 84<sup>th</sup> St, Ste 400  
Milwaukee, WI 53214-1475  
tel 414 777 5500  
fax 414 777 5555  
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Supervisors  
County of Scott, Iowa  
Davenport, Iowa

**Compliance**

We have audited the County of Scott, Iowa's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Scott's major federal programs for the year ended June 30, 2011. The County of Scott's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Scott's management. Our responsibility is to express an opinion on the County of Scott'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 the County of Scott'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 of the County of Scott's compliance with those requirements.

In our opinion, the County of Scott, Iowa complied, in all material respects, with the 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, 2011.

To the Board of Supervisors  
County of Scott, Iowa

***Internal Control Over Compliance***

Management of the County of Scott is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Scott's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 County of Scott'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.

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 deficiencies, 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 Board of Supervisors, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
November 29, 2011

County of Scott, Iowa

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

---

Section I: Summary of Auditors' Results

Financial Statements

|   |                   |                            |
|---|-------------------|----------------------------|
| Type of auditor's report issued                       | Unqualified       |                            |
| Internal control over financial reporting             |                   |                            |
| Material weakness(es) identified?                     | <u>  X  </u> yes  | <u>      </u> no           |
| Significant deficiency(s) identified?                 | <u>      </u> yes | <u>  X  </u> none reported |
| Noncompliance material to financial statements noted? | <u>      </u> yes | <u>  X  </u> no            |

Federal Awards

|   |                   |                            |
|---|-------------------|----------------------------|
| Internal control over major programs  |                   |                            |
| Material weakness(es) identified?   | <u>      </u> yes | <u>  X  </u> no            |
| Significant deficiency(s) identified?   | <u>      </u> yes | <u>  X  </u> 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 Circular A-133, Section .510(a)? | <u>      </u> yes | <u>  X  </u> no            |
| Auditee qualified as low-risk auditee?  | <u>      </u> yes | <u>  X  </u> no            |

Identification of major federal programs

**CFDA NUMBER(S)**  
10.557

16.738 / 16.803 / 16.804  
93.667

**Name of Federal Program or Cluster**  
Special Supplemental Nutrition Programs for Woman, Infants, and Children (WIC)  
Justice Assistance Grant Program Cluster  
Social Service Block Grant

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

(Continued)

Schedule of Findings and Questioned Costs(Continued)  
For the Year Ended June 30, 2011

---

**Section II: Financial Statement Findings Required to be Reported in Accordance with Governmental Auditing Standards**

**Finding No. 2011-01 Internal Control over Financial Reporting**

|                       |   |
|-----------------------|---|
| Criteria              | Statement on Auditing Standards No. 115 requires communication of significant deficiencies and material weaknesses in the year end reporting process. Management should be capable of preparing a complete set of yearend financial statements for the auditor to review and test.  |
| Condition             | Management prepared the fund financial statements, the management's discussion and analysis, required supplementary information, supplementary information and statistical section of the report; however the government wide financial statements, related reconciliations of the fund statements to the government-wide financial statements and the notes to the basic financial statements were prepared by the auditors. |
| Effect                | Year end financial information provided to management may not be presented in accordance with generally accepted accounting principles.   |
| Recommendation        | Management should evaluate if the benefits achieved by resolving this internal control deficiency warrants the additional cost to educate and train the finance staff to achieve the goal of having its external financial statements prepared by the County personnel.   |
| Management's Response | Management is committed to review and evaluate the facts and circumstances related to the preparation of the County's financial statements and will determine appropriate actions to mitigate the present control weakness.   |

**Section III: Federal Awards Findings and Questioned Costs**

There were no findings or questioned costs in 2011.

(Continued)

**County of Scott, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2011**

---

**Section IV: Other Findings Related to Required Statutory Reporting**

11-IV-A Certified Budget

Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.

11-IV-B Questionable expenditures

No expenditures were noted that may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979.

11-IV-C Travel Expense

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

11-IV-D Business Transactions

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

11-IV-E Bond Coverage

Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

11-IV-F Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not.

11-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 County's investment policy were noted.

11-IV-H Resource Enhancement and Protection Certification

The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with Subsections (b)(2) and (b)(3).

11-IV-I Capital Lease Purchase Agreements

No lease purchase agreements were entered into the current year by the County.

11-IV-J County Extension Office

The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.



# **COUNTY OF SCOTT, IOWA**

REPORT ON INTERNAL CONTROL  
(Including Memorandum on Accounting Procedures,  
Internal Controls and Other Matters)

June 30, 2011

COUNTY OF SCOTT, IOWA

TABLE OF CONTENTS

|  | <u>Page No.</u> |
|--|-----------------|
| Internal Control Over Financial Reporting                | 1               |
| Comments and Recommendations                             | 2               |
| Civil Checking Account Review                            | 2               |
| Civil Checking Bank Reconciliation                       | 2               |
| Time Card Balance Report                                 | 2               |
| Status of Prior Year Comments and Recommendations        | 3               |
| Informational Points                                     | 4               |
| Two Way Communication Regarding your Audit               | 4               |
| Actuarial Studies  | 6               |
| Departmental Controls                                    | 7               |
| Required Communications to Those Charged With Governance | 8               |
| Closing  | 11              |
| Summary of Uncorrected Financial Statement Misstatements |                 |
| Management Representation Letter                         |                 |



Baker Tilly Virchow Krause,  
LLP  
115 S 84<sup>th</sup> St, Ste 400  
Milwaukee, WI 53214-1475  
tel 414 777 5500  
fax 414 777 5555  
bakertilly.com

To the County Board of Supervisors  
County of Scott, Iowa  
Davenport, Iowa

In planning and performing our audit of the financial statements of the County of Scott, Iowa (the "County") as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion of the effectiveness of its internal control.

Our consideration of the County's internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the County's internal control to be a material weakness:

- > Internal control over financial reporting

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

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
November 29, 2011

---

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

---

In theory, a properly designed system of internal controls consists of enough people, with sufficient training, to process and record monthly transactions, as well as prepares a complete set of annual financial statements.

The definition of a material weakness in internal control includes consideration of the yearend financial reporting process including the preparation of financial statements. In order for the county to avoid this type of material weakness, the system of internal controls would need to be able to accomplish the following:

1. Be capable of preparing a complete set of yearend financial statements for the auditor to review and test. This includes drafting the individual fund statements, making conversion entries, drafting the government-wide statements, and preparing footnote disclosures. Your staff would need to be capable of presenting the auditor with a set of complete financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. Management prepared the fund financial statements, the management's discussion and analysis, required supplementary information, supplementary information and statistical section of the report; however the government-wide financial statements, related reconciliations of the fund statements to the government-wide financial statements and the notes to the basic financial statements were prepared by the auditors.

It should be noted that management's preparation of the aforementioned sections of the report showed improvement over the previous year. We recognize that management is striving to prepare the entire report and will achieve that goal.

This high level of internal control over financial reporting can be a difficult task for governments to achieve. As compared to large private companies, most governments operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare the year end entries and financial statements. As this is the case with the County, we are now required to inform you that this is a material weakness in your internal controls.

---

## **COMMENTS AND RECOMMENDATIONS**

---

### **Civil Checking Account Review (2011)**

Checks are written daily from the Sheriff's Office Civil Checking account. There is a process in place for the review of the disbursements made from this account. However, there is no evidence documenting that this review is taking place. Without documentation, it is not possible to determine if the review has actually been performed. We recommend that a process be considered, where the reviewer would sign or initial a check register or a similar listing of the checks, documenting that they have reviewed and approved the transactions.

### **Civil Checking Bank Reconciliation (2011)**

During our audit of the County Sheriff Civil Checking bank account reconciliation, we noted that this account does not reconcile to the general ledger balance. We recommend that during the process of reconciling this account, the balance is compared to the amount recorded in the general ledger and any identified differences should be addressed in a timely fashion, to ensure that the amounts are in agreement.

### **Time Card Balance Report (2011)**

Our test of payroll transactions identified one time card balance report from the Facility and Support Services Department that was not signed by the authorized person. We recommend that County management review this process and ensure that these reports are properly signed by the required individuals.

---

**COMMENTS AND RECOMMENDATIONS** (continued)

---

***Status of Prior Year Comments and Recommendations***

1. Cash Reconciliation (Per 6/30/10 Letter) – This point is still valid.
2. Outstanding Checks (Per 6/30/10 Letter) – This point has been addressed.
3. Documentation of Internal Controls (Per 6/30/10 Letter) – This point has been addressed.
4. Approval of Journal Entries (Per 6/30/10 Letter) – This point is still valid.
5. Computer Controls (Per 6/30/10 Letter)
  - a) Implementation of a formal change management process – This point has been addressed.
  - b) Passwords – This point is still valid.
  - c) Implementation of a formal process to modify employee access – This point has been addressed.
  - d) Review of user access by management – This point is still valid.
  - e) Security of the server room – This point has been addressed.

---

## INFORMATIONAL POINTS

---

### *TWO WAY COMMUNICATION REGARDING YOUR AUDIT*

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
  - > Identify types of potential misstatements.
  - > Consider factors that affect the risks of material misstatement.
  - > Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with Government Auditing Standards, our report will contain the following restriction: "This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties."

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.
- d. We address the significant risks of material noncompliance, whether due to fraud or error, through our detailed audit procedures.
- e. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material noncompliance related to the federal awards whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of the federal awards and to determine whether they have been implemented. We will use such knowledge to:
  - > Identify types of potential noncompliance.
  - > Consider factors that affect the risks of material noncompliance.
  - > Design tests of controls, when applicable, and other audit procedures.

---

**INFORMATIONAL POINTS** (continued)

---

***TWO WAY COMMUNICATION REGARDING YOUR AUDIT*** (continued)

Our audit will be performed in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with OMB Circular A-133, our report will contain the following restriction: "This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, federal awarding agencies and pass-through entities and it not intended to be, and should not be, used by anyone other than these specified parties."

- f. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for reporting material noncompliance while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the entity's federal awards. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material noncompliance, whether caused by error fraud, is detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the Board of Supervisors has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the County concerning:

- a. The County's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary audit work during the months of May-June, and sometimes early July. Our final fieldwork is scheduled during October to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our audit procedures at our office and may issue drafts of our report for your review.

---

**INFORMATIONAL POINTS** (continued)

---

***TWO WAY COMMUNICATION REGARDING YOUR AUDIT*** (continued)

Final copies of our report and other communications are issued after approval by your staff. This is typically 4-6 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

***ACTUARIAL STUDIES***

In 2009, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. As part of implementing this standard, the District is required to obtain an actuarial study of the respective plan. This study is to be updated periodically based on the following table:

| <u>Plan</u> | <u>Update Required</u> | <u>Last Study Performed</u> | <u>New Study Required</u> |
|-------------|------------------------|-----------------------------|---------------------------|
| Healthcare  | Every 2 years          | January 1, 2011             | January 1, 2013           |

This study should be performed more frequently if the County makes significant changes to the benefits or may be performed more frequently if the County deems necessary. The County should establish a plan to have this study updated in accordance with the table above.

---

## **INFORMATIONAL POINTS** (continued)

---

### ***DEPARTMENTAL CONTROLS***

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the County. This is in keeping with our goal to provide an audit opinion which states that the financial statements of the County are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the County are supported by smaller systems which are decentralized, and reside within a department or location. In many cases, those systems are as simple as handling cash collections and remitting those collections to the county treasurer. In other cases, the department may send invoices or statements of amounts due, and track collections of those amounts in a standalone accounts receivable system.

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it may be more difficult to provide for proper segregation of duties. Therefore, fewer people involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. Since there is now more emphasis on internal controls and management's responsibilities, we believe it is appropriate to make sure that you are informed about the possibility that a lack of segregation of duties that may occur at departments or locations that handle cash or do miscellaneous billing. The County has a number of decentralized departments and / or locations that may fit this situation.

As auditors, we are required to focus on the financial statements at a highly summarized level and our audit procedures support our opinion on those financial statements. While we do evaluate internal controls at some decentralized departments each year, departments or locations that handle relatively smaller amounts of money are not the primary focus of our audit. It is not unusual to have a lack of segregation of duties within some of these decentralized departments and, therefore, the opportunity for loss is higher there than in centralized functions that have more controls.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe that is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within the County departments. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place. As always, the costs of controls and staffing must be weighed against the perceived benefits of safeguarding your assets.

Without adding staff or splitting up the duties, your own day-to-day contact and knowledge of the operation are also important mitigating factors.

---

## **REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE**

---

### ***Our Responsibility under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standard and OMB Circular A-133***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and OMB Circular A-133. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the Board of Supervisors of their responsibilities.

We also considered 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

We have issued a separate document which contains the results of our audit procedures to comply with OMB Circular A-133.

### ***Other Information in Documents Containing Audited Financial Statements***

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

---

**REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE** (continued)

---

***Planned Scope and Timing of the Audit***

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated December 17, 2010.

***Qualitative Aspect of Significant Accounting Practices******Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. As described in Note 17 to the financial statements, the County changed accounting policies related to fund balance reporting and governmental fund type definitions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. We noted no transactions entered into by the County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

***Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the financial statements were:

- > Management's estimate of the depreciable lives and salvage value of capital assets is based on historical experience with similar capital assets.
- > Management's estimate of the incurred but not reported (IBNR) health care and dental related claims is based on historical expenses and historical claims.
- > Management's estimate of the incurred but not reported (IBNR) risk management related claims is based on historical expenses and historical claims.
- > Management's estimate of the other post employment benefit plan actuarial accrued liabilities which impacts the annual required contributions are based upon several key assumptions that are set by management with the assistance of an independent third party actuary. These key assumptions include anticipated investment rate of return, health care cost trends, projected salary increases, mortality and certain cost amortization periods.

We have evaluated the key factors and assumptions used in developing the aforementioned estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

---

**REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE** (continued)

---

***Qualitative Aspect of Significant Accounting Practices*** (continued)***Financial Statement Disclosures***

The disclosures in the financial statements are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Audit Adjustments***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

A summary of uncorrected financial statement misstatements is attached. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, we prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets" and the "Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter. This letter is attached.

---

**REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE** (continued)

---

***Independence***

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the County that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the County for the year ended June 30, 2011, Baker Tilly Virchow Krause, LLP hereby confirms in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants, that we are, in our professional judgment, independent with respect to the County and provided no services to the County other than services provided in connection with the audit of the current year's financial statements and the following non-audit services which in our judgment do not impair our independence:

- > Financial statement preparation

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

---

**CLOSING**

---

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by your personnel during the audit. The level of cooperation extended to us allows us to perform an efficient and effective audit for the County. We will be pleased to respond to any questions you have about the forgoing. We appreciate the opportunity to be of service to the County.

**SCOTT COUNTY**  
 SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

June 30, 2011

|  | Financial Statements Effect -<br>Increase (Decrease) to Financial Statement Total |                      |                   |                                    | Change in<br>Net Assets/<br>Fund Balances |
|--|---|----------------------|-------------------|------------------------------------|---|
|  | Total<br>Assets   | Total<br>Liabilities | Total<br>Revenues | Total<br>Expenses/<br>Expenditures |   |
| Governmental Activities                | -   | -                    | -                 | -                                  | -   |
| Business-Type Activities               | -   | -                    | -                 | -                                  | -   |
| Discretely Presented Component Units   | -   | -                    | -                 | -                                  | -   |
| General Fund                           | -   | -                    | -                 | -                                  | -   |
| Mental Health/Development Disabilities | -   | 22,231               | -                 | 22,231                             | (22,231)                                  |
| Secondary Roads                        | -   | -                    | -                 | (4,738)                            | 4,738                                     |
| Capital Projects                       | -   | -                    | -                 | -                                  | -   |
| Debt Service                           | -   | -                    | -                 | -                                  | -   |
| Golf Course                            | -   | -                    | -                 | -                                  | -   |
| Remaining Funds                        | (16,945)  | (16,945)             | -                 | -                                  | -   |

## OFFICE OF THE COUNTY ADMINISTRATOR

600 West Fourth Street  
Davenport, Iowa 52801-1003

Office: (563) 326-8702  
Fax: (563) 328-3285  
www.scottcountyiowa.com



November 29, 2011

Baker Tilly Virchow Krause, LLP  
115 S 84th Street, Suite 400  
Milwaukee, WI 53214-1475

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the County of Scott, Iowa as of June 30, 2011 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all –
  - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Minutes of the meetings of the Board of Supervisors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
11. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
12. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
13. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the County is contingently liable.
  - c. All accounting estimates that could be material to the financial statements including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no –
  - a. Violations or possible violations of budget ordinances, provisions of contracts and grant agreements, laws or regulations including those pertaining to adopting and amending budgets, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.

- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
  - d. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
  - e. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
  - e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
16. The County of Scott has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  17. The County of Scott has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
  18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
  19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
  20. The financial statements properly classify all funds and activities.
  21. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
  22. Components of net assets (invested in capital assets, net of related debt; restricted; and unrestricted) and fund equity amounts are properly classified and, if applicable, approved.
  23. Provisions for uncollectible receivables have been properly identified and recorded.
  24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
  25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
  26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
  27. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
  28. The County of Scott has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
  29. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

30. We have appropriately disclosed the County of Scott's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy. We have also disclosed our policy regarding how restricted and unrestricted fund balance is used when an expenditure is incurred for which both restricted and unrestricted fund balance is available, including the spending hierarchy for committed, assigned, and unassigned amounts.
31. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
32. We acknowledge our responsibility for presenting the combining and individual fund financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe combining and individual fund financial statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
33. We assume responsibility for, and agree with, the findings of specialists in evaluating the county's other post employment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
34. In regards to the nonattest services performed by you listed below, we have 1) made all management decisions and performed all management functions; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
  - a. Financial statement preparation
35. With respect to federal award programs –
  - a. We are responsible for complying and have complied with the requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* including requirements relating to preparation of the schedule of expenditures of federal awards.
  - b. We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
  - c. We acknowledge our responsibility for presenting the schedule of expenditures of

federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

- d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133.
- e. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to the programs and related activities subject to the governmental audit requirements.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied in all material respects with the compliance requirements, including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.
- j. We have disclosed to you all know noncompliance with the applicable compliance requirements subsequent to the period covered by the auditors' report.
- k. We are not aware of any instances of noncompliance with the applicable compliance requirements that occurred subsequent to the period covered by the auditors' report.
- l. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, if any, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- m. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation agreements, and internal or external monitoring that directly relate to the objectives of the compliance audit, if any, including findings received and corrective actions taken up to the date of the auditors' report.
- n. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and*

*Tribal Governments, and OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.*

- o. We have disclosed to you our interpretation of compliance requirements that are subject to varying interpretations, if any.
- p. We have charged costs to federal awards in accordance with applicable cost principles.
- q. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.
- u. We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditors' reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements to ensure that subrecipients have taken the appropriate and timely corrective action on findings.
- v. We have considered the results of subrecipient audits and made any necessary adjustments to our books and records.
- w. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- x. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- y. We are responsible for preparing and implementing a corrective action plan for each audit finding.
- z. We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organization relating to noncompliance at the service organizations.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Sincerely,

County of Scott

Signed: 

Dee Bruemmer, County Administrator

Signed: Craig Hufford  
Craig Hufford, Financial Management Supervisor

Signed: Wes Rostenbach  
Wes Rostenbach, Accounting and Tax Manager

Signed: Sarah E Kautz  
Sarah Kautz, Budget Manager