SCOTT COUNTY DECATEGORIZATION PROGRAM

Independent Auditor's Reports
Basic Financial Statements
Supplementary Information
Schedule of Findings

June 30, 2015

SCOTT COUNTY DECATEGORIZATION PROGRAM

Table of Contents

	Schedule	Page
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-7
Government-Wide Financial Statements:		
Statement of Net Position		8
Statement of Activities		9
Governmental Fund Financial Statements:		
Balance Sheet – Governmental Funds		10-11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		12
Notes to Financial Statements		13-19
Required Supplementary Information:		
Schedules of Revenue and Expenditures by Program – Budget to Actual:		
All Funds		20
General Fund		21
ECI Funds		22
Medicaid Fund		23
Notes to Required Supplementary Information – Budgetary Reporting		24
Other Supplementary Information:		
Schedule of Revenue and Expenditures:		
Governmental Funds	1	25
General Fund	2	26
ECI Funds	3	27
Medicaid Funds	4	28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*		29-30
Schedule of Findings		31

GABELMANN & ASSOCIATES, P.C.
Certified Public Accountants

Independent Auditor's Report

The Executive Committee
Scott County Decategorization Program:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scott County Decategorization Program (a Code of Iowa Section 28E Organization), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

630 River Drive, Suite 100, Bettendorf, IA 52722
Phone: 563-441-9000 Fax: 563-441-9002

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Scott County Decategorization Program as of June 30, 2015, and the respective changes in financial position for the year then ended, in accordance with generally accepted accounting principles accepted in the United States of America.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 4 through 7 and 21 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Scott County Decategorization Program's basic financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 on our consideration of Scott County Decategorization Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott County Decategorization Program's internal control over financial reporting and compliance.

Bettendorf, Iowa
December 4, 2015

Gabelmann & Associates, P.C.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Management's Discussion and Analysis

June 30, 2015

Scott County Decategorization Program provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of its financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the Program's financial statements.

2015 Financial Highlights

Revenues of Scott County Decategorization Program's governmental activities increased 1.93%, or approximately $38,100, from the prior fiscal year. Program expenses of Scott County Decategorization Program's governmental activities increased 2.23%, or approximately $44,200, from the prior fiscal year.

Scott County Decategorization Program's net position decreased approximately $13,900, from June 30, 2014 to June 30, 2015.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

> Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Program's financial activities.
>
> Government-Wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Scott County Decategorization Program as a whole and present an overall view of the Program's finances.
>
> Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Scott County Decategorization Program's operations in more detail than the government-wide financial statements by providing information about the most significant funds.
>
> Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
>
> Required Supplementary Information further explains and supports the financial statements by presenting the Schedule of Revenue and Expenditures – Budget to Actual for Scott County Decategorization Program.

Using This Annual Report, continued

Other supplementary Information provides detailed information about the individual funds of Scott County Decategorization Program and information that further explains and supports the financial statements.

Reporting Scott County Decategorization Program's Financial Activities

(1) Government-Wide Financial Statements

The statement of net position and the statement of activities report all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

The statement of activities presents information showing how the Program's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 not result in cash flows until future fiscal periods.

(2) Fund Financial Statements

Governmental funds account for all of the Program's basic services. These focus on how money flows into and out of those funds and the balances at year end that are available for spending. These funds are reported using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The governmental fund financial statements provide a detailed view of the Program's general governmental and special revenue operations. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent by program.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Management's Discussion and Analysis

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in net position.

	June 30, 2015	June 30, 2014
Current assets	$ 945,687	$1,003,808
Liabilities	338,389	382,575
Net assets:		
Restricted	230,019	222,296
Unrestricted	377,279	398,937
Total net position	$ 607,298	$ 621,233

The largest portion of the Program's net position was unrestricted. Unrestricted net position are the part of the net position that can be used to finance day-to-day operations.

	Changes in Net Position for the Year Ended June 30,	
	2015	2014
Revenues:		
State and federal	$2,012,353	$1,943,303
Other	3,798	34,699
Total revenues	2,016,151	1,978,002
Expenditures	2,030,086	1,985,893
Decrease in net position	(13,935)	(7,891)
Net position, beginning of year	621,233	629,124
Net position, end of year	$ 607,298	$ 621,233

The Program's net position decreased $13,935 during the year. Revenues increased $38,149 over the prior year due to an increase in the amount of funding received.

The cost of all governmental activities this year was $2,030,086 compared to $1,985,893 last year. This was also due to the increase in the amount of funding expended.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Management's Discussion and Analysis

The Future of Scott County Decategorization Program

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

- There are concerns that future funding may decrease in ECI funds.

- Decategorization program funds beginning in FY12 were able to carryforward unused funds for two fiscal years allowing programs to be implemented and maintained on a consistent basis as funds can be managed better.

- There continues to be an emphasis on community planning for youth mental health development, preschool access, and home visitation programming.

- Continued collaboration with the Department of Human Services and other community services will occur to maximize community resources.

Contacting the Program's Financial Management

This report is designed to provide readers with a general overview of Scott County Decategorization Program's finances and operating activities. If you have any questions about this report or require additional financial information, contact Molli Nickerson, 600 West Fourth Street, Davenport, Iowa 52801 or by telephone at (563)326-8221.

Molli Nickerson
Decategorization Coordinator

SCOTT COUNTY DECATEGORIZATION PROGRAM

Statement of Net Position

June 30, 2015

Assets:	
Cash and cash equivalents	$ 550,934
Certificates of deposit	269,261
Grants receivable	102,424
Interest receivable	119
Prepaid expenses	22,949
Total assets	945,687
Liabilities:	
Accounts payable	197,071
Accrued expenses	9,773
Unearned revenue	131,545
Total liabilities	338,389
Net position:	
Restricted	230,019
Unrestricted	377,279
Total net position	$ 607,298

See accompanying notes to financial statements.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Statement of Activities

Year Ended June 30, 2015

Revenue:	
State of Iowa, grant revenue	$2,012,353
Other	3,031
Interest	767
Total revenue	2,016,151
Expenditures	2,030,086
Decrease in net position	(13,935)
Net position, beginning of year	621,233
Net position, end of year	$ 607,298

See accompanying notes to financial statements.

Funds

Medicaid Fund	Eliminations	Total
$ 70,511	$ -	$ 550,934
222,646	-	269,261
-	-	102,424
116	-	119
-	-	22,949
-	(167,306)	-
-	(84,739)	-
$ 293,273	$(252,045)	$ 945,687
$ 228	$ -	$ 197,071
-	-	9,773
-	-	131,545
84,739	(252,045)	-
84,967	(252,045)	338,389
-	-	22,949
-	-	(1,236)
208,306	-	208,306
-	-	377,279
208,306	-	607,298
$ 293,273	$(252,045)	$ 945,687

SCOTT COUNTY DECATEGORIZATION PROGRAM

Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2015

		Special Revenue Funds			
		ECI Funds			
	General Fund	School Ready	State Early Childhood	Medicaid Fund	Total
Revenue:					
State of Iowa, grant revenue	$ 338,460	$1,054,154	$ 619,739	$ -	$2,012,353
Other	3,031	-	-	-	3,031
Interest	44	436	81	206	767
Total revenue	341,535	1,054,590	619,820	206	2,016,151
Expenditures	341,480	1,054,590	619,820	14,196	2,030,086
Excess (deficiency) of revenues over (under) expenditures	55	-	-	(13,990)	(13,935)
Fund balance, beginning of year	398,937	-	-	222,296	621,233
Fund balance, end of year	$ 398,992	$ -	$ -	$ 208,306	$ 607,298

See accompanying notes to financial statements.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Financial Statements

June 30, 2015

(1) Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Scott County Decategorization Program

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

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

The Program is governed by a sixteen member board known as the Executive Committee, which is comprised of representatives from Scott County, Iowa government including the Health Department, Community Services and Administration, the Iowa Department of Human Services, the Office of Juvenile Court Services, the Seventh Judicial District, as well as members of the general public.

Scott County Early Childhood Iowa Board

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

The Scott County Decategorization Program has a fiscal agent agreement to participate in the ECI Local Area. The Scott County ECI Board consists of a minimum of fifteen members. The Scott County ECI Board shall be composed of persons who have specific experience and knowledge related to one or more area of the following: Health, Education, Human Services, Early Care, Business, Faith, Scott County Decategorization, Parent, Grandparent, or guardian of a child from zero through age five. The remainder of members would be citizen members who are not an elected official or a paid staff member of an agency whose services fall under the plan or purview of the community board either directly or indirectly.

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Nature of Organization, continued

Scott County Early Childhood Iowa Board, continued

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

Summary of Significant Accounting Policies

(a) Reporting Entity

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

(b) Basis of Presentation

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

(c) Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(d) Subsequent Events

In accordance with the Subsequent Events Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, in preparing these financial statements, the Program has evaluated events and transactions for potential recognition or disclosure through December 4, 2015, the date the financial statements were available to be issued.

(e) Cash and Cash Equivalents

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

(f) Certificates of Deposit

The program includes all certificates of deposit regardless of original maturity to be certificates of deposits.

(g) Grants Receivable

Grants receivable are from programs offered by the Program. Management believes that all grants receivable as of June 30, 2015 are fully collectible; therefore, no allowance for doubtful accounts is recorded.

(h) Net Position and Fund Balances

The Statement of Net Position presents the Program's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(i) Net Position and Fund Balances, continued

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding category. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

In the government fund financial statements, fund balances are classified as follows:

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

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

Unassigned – All amounts not included in other spendable classifications.

When an expenditure is incurred which can be paid using either restricted or unrestricted resources, the Program's policy is generally to first apply the expenditure toward restricted fund balance and then to unassigned fund balances.

(j) Unearned Revenue and Revenue Recognition

Grants from government, state, and local agencies are accounted for as exchange transactions whereby the revenue is recognized as funds are expended for approved program expenditures, as established by the government, state, and local agencies.

(k) Medicaid Funds

Scott County transferred funds to the Program in June 2000. Scott County had collected these funds from Medicaid and the funds are available for disbursement to other agencies in future periods.

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(l) Income Taxes

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

(m) Major Funds

The Program reports the following major governmental funds:

The General Fund is the Program's primary operating fund. It accounts for all financial resources of the Scott County Decategorization Program, except those required to be accounted for in another fund.

The ECI Funds are School Ready and Early Childhood, which are used to account for the activity of the related programs.

The Medicaid Fund is made up of activity from funds disbursed to other agencies.

(2) Concentration of Credit Risk

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

The majority of the revenue received is under contract from the Iowa Department of Human Services, the Iowa Department of Management and the Iowa Department of Education.

Revenue from major sources for the year ended June 30, 2015, and the related grants receivable, as of the end of the year, are as follows:

	Revenue	Grants Receivable
State of Iowa:		
Department of Human Services	$ 297,389	$ 92,287
Department of Management, Early Childhood Iowa Board	1,673,892	-

(3) Grants Receivable

Grants receivable consist of the following at June 30, 2015:

State of Iowa, Department of Human Services	$ 92,287
Seventh Judicial District Juvenile Justice System	10,137
Other	-
	$102,424

(4) Fiscal Management

Accounting services for the Program are contracted from Bi-State Regional Commission under a fiscal management agreement.

Under this fiscal management agreement, the General Fund incurred salaries and related fringe benefits costs of $239,655 and accounting and administrative fees of $42,438 for the year ended June 30, 2015. At June 30, 2015, the General Fund owed Bi-State Regional Commission $23,629 for the reimbursement of personnel costs, administrative and accounting fees.

Salaries and related fringe benefits costs of $65,060 and $5,702 were incurred by ECI and Medicaid, respectively, and $25,295 by ECI in accounting fees during the year ended June 30, 2015. At June 30, 2015, ECI and Medicaid owed the General Fund $167,306 and $84,739 respectively, for personnel costs, administrative and accounting fees, and payments of contractual services and other expenses.

(5) Early Childhood Iowa Local Area

The Scott County Decategorization Program acts as fiscal agent for the Early Childhood Iowa Local Area, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the Scott County Decategorization Program's financial statements. The following financial data is for the year ended June 30, 2015:

(5) Early Childhood Iowa Local Area, continued

	Early Childhood Iowa Local Area		
	School Ready Fund	State Early Childhood Fund	Total
Additions:			
State of Iowa grants:			
Early childhood	$ -	$ 610,675	$ 610,675
Family support and parent education	600,199	-	600,199
Preschool support for low income families	263,531	-	263,531
Quality improvement	64,148	-	64,148
Allocation for administration	30,716	-	30,716
Other grant programs	66,473	-	66,473
Total state of Iowa grants	1,025,067	610,675	1,635,742
Interest	436	82	518
Total additions	1,025,503	610,757	1,636,260
Deductions:			
Program services:			
Early childhood	-	589,290	589,290
Family support and parent education	625,349	-	625,349
Preschool support for low income families	269,007	-	269,007
Quality improvement	60,307	-	60,307
Other program services	69,213	-	69,213
Total program services	1,023,876	589,290	1,613,166
Administration	30,714	30,530	61,244
Total deductions	1,054,590	619,820	1,674,410
Net change	(29,087)	(9,063)	(38,150)
Balances (unearned revenue) – beginning of year	135,679	22,615	158,294
Balances (unearned revenue) – end of year	$ 106,592	$ 13,552	$ 120,144

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program
Budget to Actual – All Funds

Required Supplementary Information

Year Ended June 30, 2015

	Actual	Budget	Variance
Revenue:			
State of Iowa, grant revenue	$ 2,012,353	$ 2,118,569	$(106,216)
Other	3,031	17,285	(14,254)
Interest	767	-	767
Total revenue	2,016,151	2,135,854	(119,703)
Expenditures:			
Contractual services	1,617,047	1,714,203	97,156
Payroll costs:			
Salaries	236,978	246,280	9,302
Fringe benefits	73,438	76,887	3,449
Total payroll costs	310,416	323,167	12,751
Administration:			
Financial services	67,733	59,735	(7,998)
Professional fees	12,402	7,790	(4,612)
Travel and meetings	13,163	16,903	3,740
Equipment	-	750	750
Reference materials	-	250	250
Office expenditures	5,794	6,650	856
Membership and dues	121	900	779
Insurance	3,410	5,506	2,096
Total administration	102,623	98,484	(4,139)
Total expenditures	2,030,086	2,135,854	105,768
Deficiency of revenue under expenditures	$(13,935)	$ -	$(13,935)

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program
Budget to Actual – General Fund

Required Supplementary Information

Year Ended June 30, 2015

	Actual	Budget	Variance
Revenue:			
State of Iowa, grant revenue	$ 338,460	$ 343,209	$(4,749)
Other	3,031	3,000	31
Interest	44	-	44
Total revenue	341,535	346,209	(4,674)
Expenditures:			
Contractual services	39,175	30,505	(8,670)
Payroll costs:			
Salaries	184,562	192,374	7,812
Fringe benefits	55,093	58,021	2,928
Total payroll costs	239,655	250,395	10,740
Administration:			
Financial services	42,438	38,335	(4,103)
Professional fees	3,305	3,290	(15)
Travel and meetings	11,663	14,853	3,190
Equipment	-	500	500
Reference materials	-	250	250
Emergency needs	-	-	-
Office expenditures	4,171	4,636	465
Membership and dues	98	400	302
Insurance	975	3,045	2,070
Total administration	62,650	65,309	2,659
Total expenditures	341,480	346,209	4,729
Excess of revenue over expenditures	$ 55	$ -	$ 55

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program
Budget to Actual – ECI Funds

Required Supplementary Information

Year Ended June 30, 2015

	School Ready Actual	State Early Childhood Actual	Total ECI Funds Actual	Budget	Variance
Revenue:					
State of Iowa, grant revenue	$ 1,054,154	$ 619,739	$ 1,673,893	$ 1,775,360	$(101,467)
Other	-	-	-	-	-
Interest	436	81	517	-	517
Total revenue	1,054,590	619,820	1,674,410	1,775,360	(100,950)
Expenditures:					
Contractual services	980,087	589,290	1,569,377	1,675,399	106,022
Payroll costs:					
Salaries	40,338	7,855	48,193	49,471	1,278
Fringe benefits	14,118	2,749	16,867	17,315	448
Total payroll costs	54,456	10,604	65,060	66,786	1,726
Administration:					
Financial services	12,685	12,610	25,295	21,400	(3,895)
Professional fees	4,563	4,535	9,098	4,500	(4,598)
Travel and meetings	752	747	1,499	2,050	551
Office expenditures	814	809	1,623	2,014	391
Membership and dues	12	11	23	500	477
Insurance	1,221	1,214	2,435	2,461	26
Equipment	-	-	-	250	250
Total administration	20,047	19,926	39,973	33,175	(6,798)
Total expenditures	1,054,590	619,820	1,674,410	1,775,360	100,950
Excess of revenue over expenditures	$ -	$ -	$ -	$ -	$ -

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program
Budget to Actual – Medicaid Fund

Required Supplementary Information

Year Ended June 30, 2015

	Actual	Budget	Variance
Revenue:			
Other	$ -	$ 14,285	$(14,285)
Interest	206	-	206
Total revenue	206	14,285	(14,079)
Expenditures:			
Contractual services	8,494	8,299	(195)
Payroll costs:			
Salaries	4,224	4,435	211
Fringe benefits	1,478	1,551	73
Total payroll costs	5,702	5,986	284
Total expenditures	14,196	14,285	89
Deficiency of revenue under expenditures	$(13,990)	$ -	$(13,990)

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Required Supplementary Information-
Budgetary Reporting

Year Ended June 30, 2015

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41.

In accordance with the Code of Iowa, Chapter 28E.5, the Program annually adopts a budget on the accrual basis following a prescribed form. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 1

Schedule of Revenue and Expenditures – Governmental Funds

Year Ended June 30, 2015

	General Fund	ECI Funds	Medicaid Funds	Total Governmental Fund Types
Revenue:				
State of Iowa, grant revenue	$ 338,460	$ 1,673,893	$ -	$ 2,012,353
Other	3,031	-	-	3,031
Interest	44	517	206	767
Total revenue	341,535	1,674,410	206	2,016,151
Expenditures:				
Contractual services	39,175	1,569,377	8,494	1,617,046
Payroll costs:				
Salaries	184,562	48,193	4,224	236,979
Fringe benefits	55,093	16,867	1,478	73,438
Total payroll costs	239,655	65,060	5,702	310,417
Administration:				
Financial services	42,438	25,295	-	67,733
Professional fees	3,305	9,098	-	12,403
Travel and meetings	11,663	1,499	-	13,162
Office expenditures	4,171	1,623	-	5,794
Membership and dues	98	23	-	121
Insurance	975	2,435	-	3,410
Total administration	62,650	39,973	-	102,623
Total expenditures	341,480	1,674,410	14,196	2,030,086
Excess (deficiency) of revenue over (under) expenditures	$ 55	$ -	$(13,990)	$(13,935)

See accompanying independent auditor's report.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 2

Schedule of Revenue and Expenditures – General Fund

Year Ended June 30, 2015

	Case Aides	Decategorization Coordination and Support	DHS Community Partners	Other Programs	Total General Fund
Revenue:					
State of Iowa, grant revenue	$ 41,070	$279,186	$ 18,204	$ -	$338,460
Other	-	-	-	3,031	3,031
Interest	-	-	-	44	44
Total revenue	41,070	279,186	18,204	3,075	341,535
Expenditures:					
Contractual services	78	32,215	4,679	2,203	39,175
Payroll costs:					
Salaries	30,365	141,184	12,465	548	184,562
Fringe benefits	10,627	43,214	1,060	192	55,093
Total payroll costs	40,992	184,398	13,525	740	239,655
Administration:					
Financial services	-	42,438	-	-	42,438
Professional fees	-	3,305	-	-	3,305
Travel and meetings	-	11,586	-	77	11,663
Office expenditures	-	4,171	-	-	4,171
Membership dues	-	98	-	-	98
Insurance	-	975	-	-	975
Total administration	-	62,573	-	77	62,650
Total expenditures	41,070	279,186	18,204	3,020	341,480
Excess of revenue over expenditures	$ -	$ -	$ -	$ 55	$ 55

See accompanying independent auditor's report.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 3

Schedule of Revenue and Expenditures – ECI Funds

Year Ended June 30, 2015

	School Ready	State Early Childhood	Total ECI Funds
Revenue:			
State of Iowa, grant revenue	$1,054,154	$ 619,739	$1,673,893
Other	-	-	-
Interest	436	81	517
Total revenue	1,054,590	619,820	1,674,410
Expenditures:			
Contractual services	980,087	589,290	1,569,377
Payroll costs:			
Salaries	40,338	7,855	48,193
Fringe benefits	14,118	2,749	16,867
Total payroll costs	54,456	10,604	65,060
Administration:			
Financial services	12,685	12,610	25,295
Professional fees	4,563	4,535	9,098
Travel and meetings	752	747	1,499
Office expenditures	814	809	1,623
Membership and dues	12	11	23
Insurance	1,221	1,214	2,435
Total administration	20,047	19,926	39,973
Total expenditures	1,054,590	619,820	1,674,410
Excess of revenue over expenditures	$ -	$ -	$ -

See accompanying independent auditor's report.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 4

Schedule of Revenue and Expenditures – Medicaid Funds

Year Ended June 30, 2015

	Administration	Enhancement	Total Medicaid Funds
Revenue:			
Interest	$ 206	$ -	$ 206
Expenditures:			
Contractual services	-	8,494	8,494
Payroll costs:			
Salaries	4,224	-	4,224
Fringe benefits	1,478	-	1,478
Total payroll costs	5,702	-	5,702
Total expenditures	5,702	8,494	14,196
Deficiency of revenue under expenditures	$(5,496)	$(8,494)	$(13,990)

See accompanying independent auditor's report.

GABELMANN & ASSOCIATES, P.C.
Certified Public Accountants

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

The Executive Committee
Scott County Decategorization Program:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund and the remaining aggregate fund information of Scott County Decategorization Program, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 4, 2015.

Internal Control Over Financial Reporting

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

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

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

630 River Drive, Suite 100, Bettendorf, IA 52722
Phone: 563-441-9000 Fax: 563-441-9002

Compliance and Other Matters

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

Purpose of this Report

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

Bettendorf, Iowa
December 4, 2015

Gabelmann + Associates, P.C.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Findings

Year ended June 30, 2015

Part I: Summary of Independent Auditor's Results

Financial Statements

(a) An unmodified opinion was issued on the financial statements.

(b) The audit did not disclose any material weaknesses in internal control over financial reporting.

(c) The audit did not disclose any significant deficiencies in internal control over financial reporting.

(d) The audit did not disclose any noncompliance which is material to the financial statements.

(e) Scott County Decategorization Program was not required to have an audit in accordance with the Office of Management and Budget Circular A-133.

Part II: Findings Related to Internal Control Over Financial Reporting

None.

Part III: Findings Related to Compliance and Other Matters

None.

Part IV: Summary of Prior Findings

None.