

# **COUNTY OF SCOTT, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2006**

Prepared by:

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Office of County Auditor

Craig Hufford, Financial Management Supervisor  
Office of County Treasurer

Pat Reynolds, Budget Coordinator  
Office of the County Administrator

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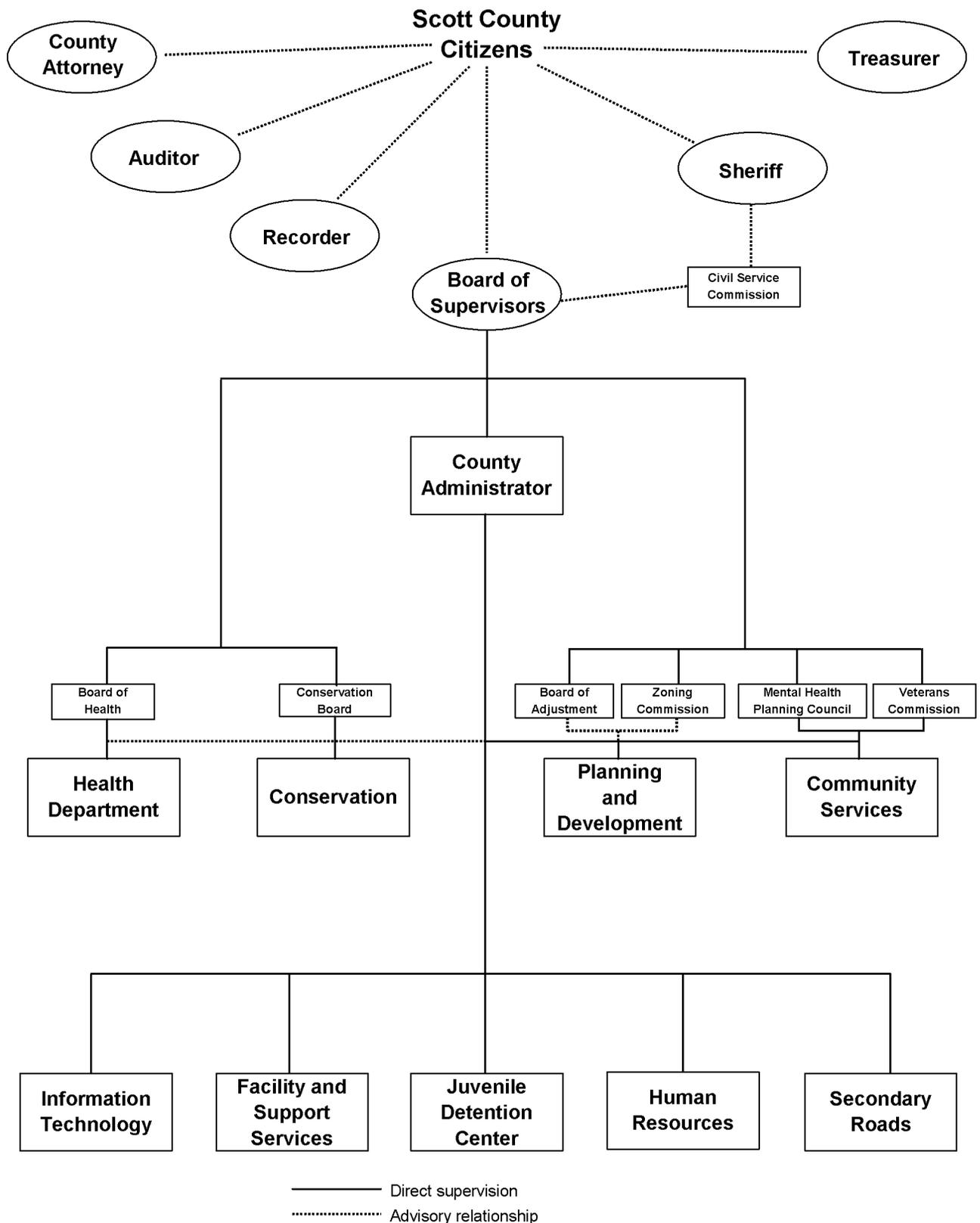
**County of Scott, Iowa**

**County Officials**

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Official Title	Official	Term Expiration Date of Elected Officials
<b>Elected Officials</b>		
Supervisor, Chairperson	Larry Minard	2006
Supervisor	Gregory P. Adamson	2006
Supervisor	Chris Gallin	2006
Supervisor	Jim Hancock	2008
Supervisor	Tom Sunderbruch	2008
Attorney	William E. Davis	2006
Auditor	Karen L. Fitzsimmons	2008
Recorder	Rita Vargas	2006
Sheriff	Dennis Conard	2008
Treasurer	Bill Fennelly	2006
<b>Administration</b>		
County Administrator	C. Ray Wierson	
<b>Department Heads</b>		
Community Services	Lori Elam	
Conservation	Roger Kean	
Facility and Support Services	Dave Donovan	
Health	Lawrence Barker	
Human Resources	Paul Greufe	
Information Technology	Matt Hirst	
Juvenile Detention Center	Scott Hobart	
Planning and Development	Tim Huey	
Secondary Roads	Jon Burgstrum	

# Scott County Government Organizational Chart



————— Direct supervision  
 ..... Advisory relationship

# 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, 2005

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.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

# OFFICE OF THE COUNTY ADMINISTRATOR

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October 20, 2006

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, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion of Scott County's financial statements for the year ended June 30, 2006. 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 complements 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 of supervisors were elected Countywide. In 1874, the membership of the board of supervisors increased to its present five officials, all elected at-large.

Only recently have there been dramatic changes in the actual governing of the County. 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 and education, 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; 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; County Assessor, which is responsible for the operations of the Scott County Assessor's office including the assessment of all properties within Scott County with the exception of the City of Davenport, County Assessor Special, which is responsible to the County Conference Board to perform in-house revaluations for various classes of property; City Assessor, which is responsible for the operations of the City Assessor's office, including assessment of all properties within the City of Davenport; City Assessor Special, which is responsible to the City Conference Board to perform in-house revaluations for various classes of property; and the Scott County Public Safety Authority, which is responsible for the construction of the recently 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 three county, bi-state, metropolitan area referred to as the Quad-Cities. The counties of Scott (Iowa), Rock Island and Henry (Illinois), contain the Davenport-Rock Island-Moline Metropolitan Statistical Area (MSA), with a 2000 U.S. Census Bureau count of 359,062 which is a 2.3 percent increase over the 1990 census count of 350,861. The U. S. Census Bureau's 2000 population of Scott County was 158,689, which is a 5.1 percent increase over the 1990 census count of 150,979. However, that figure is still under the 1980 census count for Scott County which was 160,022 and only 11.2 percent greater than the 1970 census count of 142,687. Woods and Poole Economics project the population of the Quad Cities MSA to reach 378,915 by 2025, an approximate 5.5 percent increase over the above cited year 2000 figure. The same projection expects Scott County's population to grow to 180,370. This would represent an increase in population for the County over that 25 year time period of 13.7 percent.

The Quad-Cities has been historically known as an industrial, retail/service and transportation center. In the last twenty five years, the economy has shifted, showing a decline in the number of manufacturing sector jobs. In 1980, 30 percent of the area jobs were in manufacturing and 53 percent in the service sector. In 1990 that had changed to 18 percent manufacturing and 61 percent service sector. In 2004 the split was 13.5 percent manufacturing and 67 percent classified as service sector. The portion of government sector jobs has remained fairly even at 16.2 percent in 1980, to 16 percent in 1990 and 15 percent in 2004.

The shift in the Quad-Cities area economy towards creation of service sector jobs in the professional, nonprofessional, retail and wholesale sectors of the economy has been significant. From 1990 until 2004, the number of service providing jobs in the QCA increased from 130,100 to 150,100. This is an increase of 15.4 percent which offsets the loss of over 3,800 durable goods manufacturing sector jobs, a 19.5 percent decrease over that same time period. The number of total manufacturing sector jobs was down from 28,900 in 1990 to 24,300 in 2004, a 15.9 percent drop, with a decrease of 9.5 percent in jobs in the nondurable goods manufacturing sector. Construction and mining sector jobs have increased by 1,300 jobs, a 19.4 percent increase from 1990 to 2004.

The annual average labor force in the Quad Cities MSA was 190,217 in 2005, which was a 6 percent increase from the 1990 figure of 179,426. The annual average labor force for Scott County was 85,510 in 2005, which was an 8.7 percent 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 percent. In 1983, the unemployment rate for the Quad-Cities MSA hit a high of 14.8 percent. Scott County's unemployment rate that same year was 10.8 percent, following a Scott County high the year before in 1982 of 11.2 percent. In 1990, the unemployment rate for the QCA was 5.0 percent and Scott County was 4.2 percent. Those rates dipped to a low of 3.4 percent and 2.7 percent in 1998 but have risen slightly to the current rates for 2005 of 4.8 percent and 4.9 percent, respectively.

The median household income in Scott County has risen between 1980 and 2000, from \$20,767 in 1980 to \$29,979 in 1990 and \$42,701 in 2000. That is an increase of 105.6 percent over the twenty-year period. The 2003 per capita personal income for Scott County was 109.1 percent of the statewide average and 98.2 percent of the national average at \$30,924. The per capita personal income for Scott County was \$10,969 in 1980, \$18,757 in 1990 and \$28,158 in 2000.

New residential construction is very strong in the Quad-Cities MSA. Between 1985 and 1987, only 700 single family dwelling units were started in Scott County, with only 925 in the entire Quad Cities MSA over those same three years. 1,546 building permits for new single family dwelling units have been issued in Scott County from 1998 through 2000. Over that same time period, 2,500 new house permits have been issued in the MSA. Between 1998 and 2000, of the new house permits issued in the Quad Cities, 62 percent have been in Scott County. This is an average for Scott County of over 500 permits a year over that three year time period. In 2002, of the 863 new house permits issued in the QCMSA, 583 were issued in Scott County. For 2003, those figures were 801 and 556, respectively. The 2004 figures continued to show an increase in housing starts for Scott County at 608 with a drop for the total MSA to 748. This is an average of 550 new house starts a year for Scott County over the latest three year time period.

Even with a strong 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 \$126,200 in June 2000, \$127,300 in June 2002, 137,600 in June 2004 and \$154,300 in June 2005. 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 and \$110,000 in June 2005. The median home values between 1980 and 1990 in Scott County only increased 3 percent from \$52,800 to \$54,400. From 1990 to 2000, the median home values in Scott County jumped 70 percent to \$92,400.

With the apparent improvement of the national economic indicators and the increase in consumer confidence, the immediate outlook for the Quad Cities is positive. There have been some layoffs and production slow downs at some of the areas largest employers, while others have seen modest increases or have been hiring to replace retiring workers. Although the recent BRAC announcement will reduce positions at the Arsenal over the next six years, current production capacity at the Rock Island Arsenal is increasing with the increasing need for vehicle armor and other munitions. The Local Arsenal Redevelopment Task Force is working to attract new private jobs to the Arsenal in the future. Also, with interest and mortgage rates remaining low, building and construction activity is be expected to remain steady. Economic development efforts for the Quad Cities 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. A recent economic development task force recommendation is for the Quad Cities to continue to focus its regional economic development marketing efforts through a strengthened Quad City Development Group. Scott County is on record in supporting those efforts.

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

Unreserved, undesignated fund balance in the General Fund (12 percent of total General Fund expenditures) falls nearly within the policy guidelines set by the Board for budgetary and planning purposes (i.e., minimum of 14 percent of total General Fund expenditures). It is noted that the reserved portion of the General Fund for the advance to the golf course enterprise fund will begin to be paid back in 2013 when the golf course debt retirement is completed.

As a part of Scott County's target issues, the renovation and expansion of the County jail is underway. This \$29.7 million project will be financed through Public Safety Authority revenue bonds. Increased operating costs for this facility projected to be completed in 2008 will be offset by the elimination of inmate housing costs in out of County facilities due to the current facility being at capacity.

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

It is Scott County's policy to use its share of riverboat gaming proceeds for one-time capital projects. The County is currently using these funds toward a pay as you go courthouse renovation project. County funding of new, additional community projects such as Bettendorf's RiversEdge project and Davenport's RiverVision project must come from anticipated increased future gaming revenues.

### ***Major Initiatives***

In addition to the aforementioned jail expansion/renovation project, the County is also beginning to develop a County-wide GIS system. This \$2.5 million project is being financed by essential service general obligation bonds. Scott County created a GIS Strategic Plan in 2003. The development and implementation of this Countywide GIS system is estimated to take three years.

The continued renovation of the Courthouse will be completed on a pay as you go basis over the next several years. This will complete the Space Planning Master Plan developed in the 1990's which moved all nonpublic safety/court offices from the Courthouse to the Administrative Center.

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

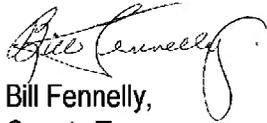
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Scott County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the seventeenth consecutive year that Scott County has received 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 accounting principles generally accepted in the United States of America 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.

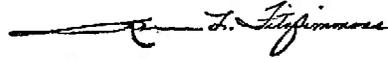
In addition, Scott County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated March 7, 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial 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. Appreciation is also expressed for the excellent assistance received from our independent accountants, McGladrey & Pullen, LLP. 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



Karen L. Fitzsimmons,  
County Auditor



C. Ray Wierson,  
County Administrator

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Supervisors  
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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Scott, Iowa'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.

As explained in Note 17 to the basic financial statements, the County changed its method of accounting for net assets restricted by enabling legislation.

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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2006, on our consideration of the County of Scott, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14, and budgetary comparison information on pages 57 and 58 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
October 20, 2006

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

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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, 2006. 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, 2006 and 2005 by \$78,441,903 and \$73,134,072 (net assets), respectively. Of this amount, \$8,663,332 and \$5,294,941, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$5,307,831 and \$4,419,342 during the years ended June 30, 2006 and 2005, respectively.

As of June 30, 2006, the County of Scott's governmental funds reported combined ending fund balances of \$19,751,641, an increase of \$1,457,868 in comparison with 2005. Approximately 62 percent of this total amount, \$12,257,851, is available for spending at the government's discretion (unreserved undesignated fund balance). As of June 30, 2005, the County of Scott's governmental funds reported combined ending fund balances of \$18,293,773, a decrease of \$592,782 in comparison with 2004. Approximately 60 percent of this total amount, \$10,977,059, is available for spending at the government's discretion (unreserved undesignated fund balance).

As of June 30, 2006, unreserved undesignated fund balance for the General Fund was \$5,479,818 or 14 percent of total General Fund expenditures and \$4,637,761 or 14 percent for 2005.

The County of Scott, Iowa's total long-term debt, excluding compensated absences and claims payable, increased by \$27,130,000 during fiscal year ended June 30, 2006 and decreased \$535,550 (5 percent) during fiscal year ended June 30, 2005. The increase in 2006 was attributed to the lease agreement the County entered into with the Public Safety Authority to lease the new jail facility. The decrease in 2005 was mainly attributable to scheduled debt payments.

#### 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 For Fiscal Year Ended June 30, 2006

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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 eighteen-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, County Assessor, County Assessor Special, City Assessor, City Assessor Special and Public Safety Authority. 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 15 through 18 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, and Secondary Roads Fund, which are considered to be major funds. Data from the other four 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 19 through 24 of this report.

Proprietary funds: The County of Scott maintains one type of proprietary funds: enterprise. 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. 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.

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

The basic proprietary fund financial statements can be found on pages 25 through 27 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 \$188,795,312 and \$179,480,879 for the years ended June 30, 2006 and 2005, respectively.

The basic fiduciary fund financial statements can be found on page 28 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. This information can be found on pages 57 and 58 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.

### 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 increased from a year ago from \$73,134,072 to \$78,441,903.

Of the County of Scott's net assets, 80 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 \$62,493,630 for 2006 and \$58,746,206 for 2005. 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 82,794,563	\$ 56,955,496	\$ (1,507,454)	\$ (1,305,620)	\$ 81,287,109	\$ 55,649,876
Capital assets	75,889,815	67,038,448	2,571,585	2,736,492	78,461,400	69,774,940
<b>Total assets</b>	<b>158,684,378</b>	<b>123,993,944</b>	<b>1,064,131</b>	<b>1,430,872</b>	<b>159,748,509</b>	<b>125,424,816</b>
Noncurrent liabilities outstanding	35,327,410	8,856,455	1,802,020	2,101,636	37,129,430	10,958,091
Other liabilities	43,376,316	40,620,950	800,860	711,703	44,177,176	41,332,653
<b>Total liabilities</b>	<b>78,703,726</b>	<b>49,477,405</b>	<b>2,602,880</b>	<b>2,813,339</b>	<b>81,306,606</b>	<b>52,290,744</b>
Net assets:						
Invested in capital assets, net of related debt	62,017,939	58,403,448	475,691	342,758	62,493,630	58,746,206
Restricted	6,958,345	8,766,820	326,596	326,105	7,284,941	9,092,925
Unrestricted	11,004,368	7,346,271	(2,341,036)	(2,051,330)	8,663,332	5,294,941
<b>Total net assets</b>	<b>\$ 79,980,652</b>	<b>\$ 74,516,539</b>	<b>\$ (1,538,749)</b>	<b>\$ (1,382,467)</b>	<b>\$ 78,441,903</b>	<b>\$ 73,134,072</b>

**County of Scott, Iowa**

**Management's Discussion and Analysis  
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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 consist of \$4,460,937 for debt service, \$855,147 for mental health and \$1,459,411 for secondary roads. An additional \$507,477 is restricted by external third parties. In the current year, the County adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. The effect of the adoption of this Statement was to reclassify \$4,110,109 that was previously classified as unrestricted to restricted net assets. The remaining balance of unrestricted net assets, \$8,663,332 for 2006 and \$5,294,941 for 2005, 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. The same situation held true for the prior fiscal year.

The County's total net assets increased by \$5,307,831 during the current fiscal year as compared to \$4,419,342 in 2005. The governmental-type activities' net assets increased by \$5,464,113 in 2006 and \$4,482,228 in 2005. The total business-type activities' net assets decreased by \$156,282 in 2006 and decreased by \$62,886 in 2005. The decreases in 2005 and 2006 were due to interest payments on the lease of new golf carts with GPS capabilities to increase future rounds of play.

Table 2 highlights the County's revenues and expenses for the fiscal year ended June 30, 2006 and 2005. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

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	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 5,228,194	\$ 4,865,407	\$ 1,019,793	\$ 1,008,046	\$ 6,247,987	\$ 5,873,453
Operating grants and contributions	9,135,717	8,857,256	-	-	9,135,717	8,857,256
Capital grants and contributions	2,846,478	6,519,732	-	-	2,846,478	6,519,732
General revenues:						
Taxes:						
Property taxes	31,335,227	25,923,952	-	-	31,335,227	25,923,952
Local option sales tax	3,470,318	3,488,462	-	-	3,470,318	3,488,462
Gaming	887,690	904,897	-	-	887,690	904,897
Other taxes	63,287	59,143	-	-	63,287	59,143
Utility tax replacements	1,377,835	1,228,633	-	-	1,377,835	1,228,633
Penalties, interest and costs on taxes	791,859	837,554	-	-	791,859	837,554
State tax replacement credits	5,246,050	5,152,761	-	-	5,246,050	5,152,761
State shared revenues	2,970,800	2,909,524	-	-	2,970,800	2,909,524
Grants and contributions not restricted						
to specific program	241,277	-	-	-	241,277	-
Contribution from solid waste	-	258,703	-	-	-	258,703
Investment earnings	1,381,353	782,291	10,375	3,822	1,391,728	786,113
Miscellaneous	804,554	824,119	-	-	804,554	824,119
<b>Total revenues</b>	<b>65,780,639</b>	<b>62,612,434</b>	<b>1,030,168</b>	<b>1,011,868</b>	<b>66,810,807</b>	<b>63,624,302</b>

County of Scott, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2006

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

	Governmental Activities		Business-Type Activities		Total County	
	2006	2005	2006	2005	2006	2005
Expenses:						
Public safety and legal services	19,231,650	17,378,230	-	-	19,231,650	17,378,230
Physical health and social services	5,543,800	5,433,189	-	-	5,543,800	5,433,189
Mental health	13,430,170	12,689,373	-	-	13,430,170	12,689,373
County environment and education	4,142,926	3,978,818	-	-	4,142,926	3,978,818
Roads and transportation	5,983,682	6,514,158	-	-	5,983,682	6,514,158
Government services to residents	1,945,223	1,853,466	-	-	1,945,223	1,853,466
Administration	9,376,193	9,848,118	-	-	9,376,193	9,848,118
Debt service, interest	662,882	434,854	-	-	662,882	434,854
Golf course	-	-	1,186,450	1,074,754	1,186,450	1,074,754
<b>Total expenses</b>	<b>60,316,526</b>	<b>58,130,206</b>	<b>1,186,450</b>	<b>1,074,754</b>	<b>61,502,976</b>	<b>59,204,960</b>
<b>Increase in net assets</b>	<b>5,464,113</b>	<b>4,482,228</b>	<b>(156,282)</b>	<b>(62,886)</b>	<b>5,307,831</b>	<b>4,419,342</b>
Net assets, beginning	74,516,539	70,034,311	(1,382,467)	(1,319,581)	73,134,072	68,714,730
Net assets, ending	<b>\$ 79,980,652</b>	<b>\$ 74,516,539</b>	<b>\$ (1,538,749)</b>	<b>\$ (1,382,467)</b>	<b>\$ 78,441,903</b>	<b>\$ 73,134,072</b>

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 Services 2006	Total Cost of Services 2005	Net (Expense) of Services 2006	Net (Expense) of Services 2005
Public safety and legal services	\$ 19,231,650	\$ 17,378,230	\$ (16,834,856)	\$ (15,302,041)
Physical health and social services	5,543,800	5,433,189	(3,417,064)	(3,039,382)
Mental health	13,430,170	12,689,373	(7,922,338)	(7,253,939)
County environment and education	4,142,926	3,978,818	(2,945,532)	(2,834,952)
Roads and transportation	5,983,682	6,514,158	(4,040,462)	(533,643)
Government services to residents	1,945,223	1,853,466	1,725,753	851,665
Administration	9,376,193	9,848,118	(9,008,756)	(9,340,665)
Debt service, interest	662,882	434,854	(662,882)	(434,854)
Golf course	1,186,450	1,074,754	(166,657)	(66,708)
<b>Total</b>	<b>\$ 61,502,976</b>	<b>\$ 59,204,960</b>	<b>\$ (43,272,794)</b>	<b>\$ (37,954,519)</b>

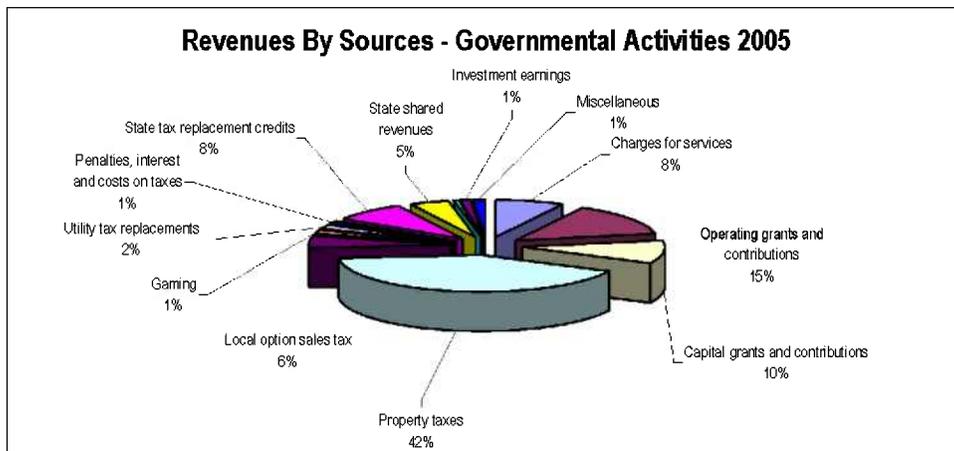
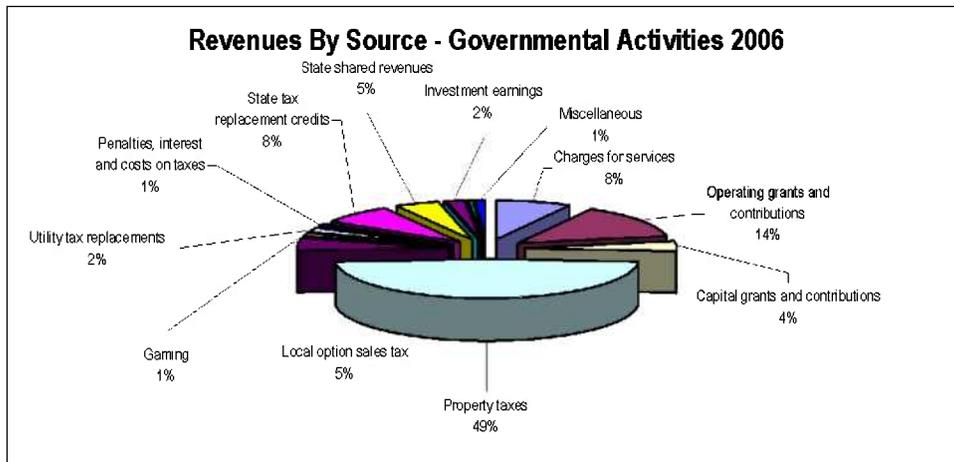
Net cost of services is 70 percent of total cost of services in 2006 as compared to 64 percent for the year ended June 30, 2005. The increase in 2006 relates to the recognition of the lease purchase of the new jail facility. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

County of Scott, Iowa

Management's Discussion and Analysis  
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Governmental Activities

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2006 and 2005.



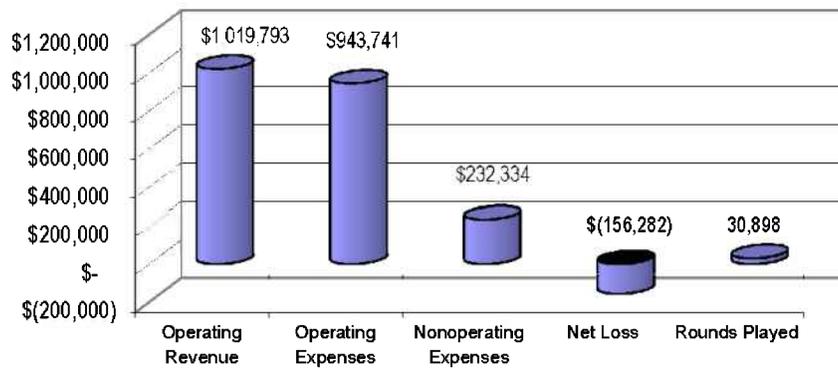
**County of Scott, Iowa**

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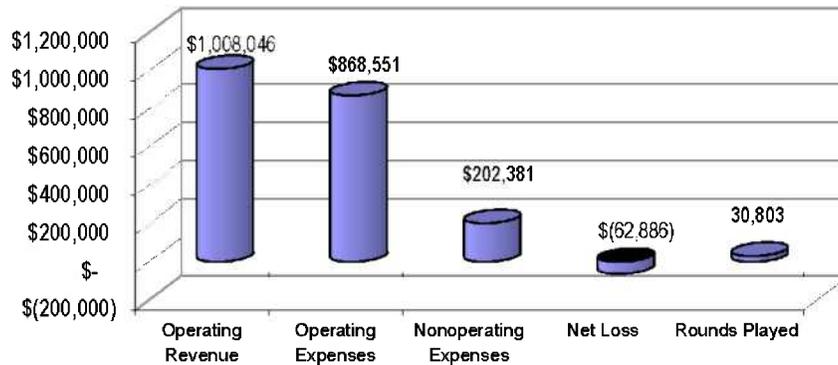
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Total business-type activities' revenue for the fiscal years ended June 30, 2006 and 2005 was \$1,030,168 and \$1,011,868, respectively. All but \$10,375 and \$3,822 of this revenue was generated for specific business-type activity expenses. The graphs below show a comparison between the business-type activity expenditures and program revenues and operations for Glynn's Creek Golf Course in 2006 and 2005.

**Golf Course Operations 2006**



**Golf Course Operations 2005**

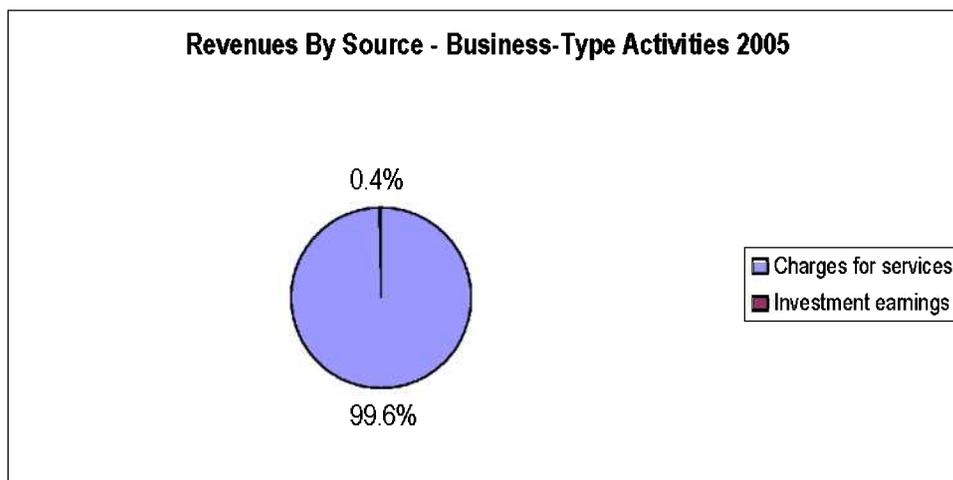
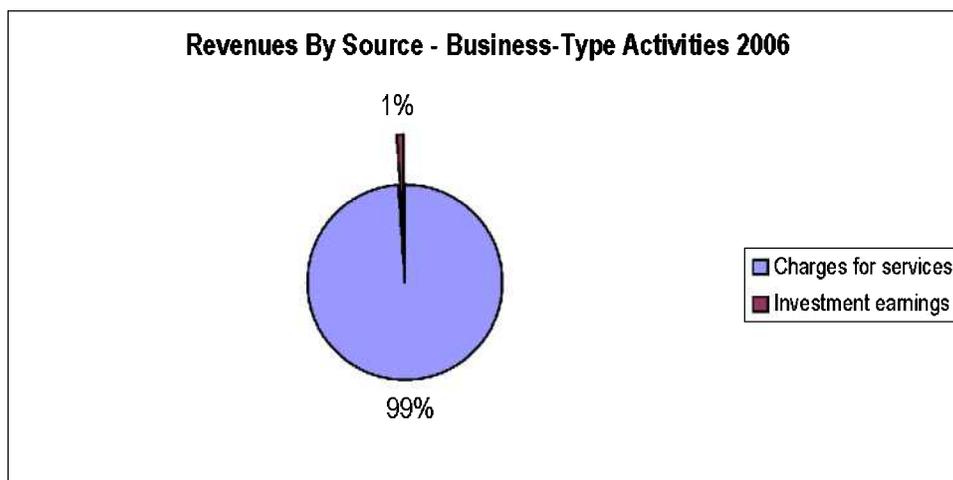


## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

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The graphs below show the breakdown of revenues by source for the business-type activities in 2006 and 2005.



**Business-type activities:** Business-type activities decreased the County of Scott's net assets by \$156,282, accounting for (.02) percent of the decline in the government's net assets in fiscal year ended June 30, 2006 compared to a decrease of \$62,886 and (.09) percent in fiscal year ended June 30, 2005. The Golf Course Fund is responsible for this decrease.

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

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

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As of the end of the current fiscal year, the County of Scott, Iowa's governmental funds reported combined ending fund balances of \$19,751,641, an increase of \$1,457,868 in comparison with the prior year fund balance of \$18,293,773. Approximately 62 percent of the 2006 total amount, \$12,257,851 and \$11,863,748 or 65 percent for 2005 constitutes unreserved fund balance, which is available for spending at the government's discretion. However, approximately 56 percent of this unreserved amount, \$6,778,033 in 2006 and 53 percent \$6,339,298 in 2005, is reported in special revenue funds or capital projects funds. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the unreserved and undesignated fund balance of the General Fund was \$5,479,818 for 2006 and \$4,637,761 for 2005 while total fund balance reached \$8,512,671 for 2006 and \$7,468,271 for 2005. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved/undesignated fund balance and total fund balance to fund expenditures. Unreserved/undesignated fund balance represents 14 percent of total General Fund expenditures for both years, while total fund balance also represents approximately 22 percent of that same amount for both years ended June 30, 2006 and 2005, respectively.

The fund balance of the County's General Fund increased by \$1,044,400 during the year ended June 20, 2006. The key factors in this increase are a planned increase in property tax revenues and unplanned increases in interest income received due to market recoveries, in intergovernmental revenues and in charges for services.

For 2005, the fund balance of the County's General Fund decreased by \$594,357 from 2004. The key factor in this decline was the transfer to the Capital Projects Fund toward various one time projects.

It should be noted the County also experienced an increase in the cost to house inmates in out-of-county facilities due to the current jail being at capacity. These operating budget impacts were managed during the year through the County's biennial Financial Initiatives Program. This is a program that encourages County departments and offices to identify ways to reduce ongoing expenditures or increase nontax revenues. Management of these revenue decreases and expenditure increases illustrates the County's ability to manage the Organization's finances effectively. It is expected the cost to house inmates out-of-County will decrease significantly when the new jail facility is completed.

The Mental Health/Development Disabilities Fund balance decreased to \$855,147 in 2006 from \$1,251,251 in 2005 and decreased from \$1,000,512 in 2004. Revenues are to be used to provide mental health and disability services.

The Secondary Roads Fund decreased \$93,256 in 2006 from \$1,459,411 in 2005 from \$1,974,522 in 2004. The decreases in fund balance relate to planned projects.

**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.

### 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 \$61,152,564 was increased to \$62,590,856 (an increase of \$1,438,291) mainly due to an expected increase in intergovernmental revenues. Actual revenues received were \$63,687,526.

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

- The total original expenditure budget of \$63,532,199 was increased to \$68,004,971 (an increase of \$4,472,772) mainly for expected expenditures in the service areas of public safety and legal services, physical health and social services, government services to residents, administration, and capital projects. Actual expenditures were \$62,325,927.
- The total original budget for transfers in and out of \$8,497,603 was unchanged.

During the year, however, expenditures were less than budgetary 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 of Scott's investment in capital assets for its governmental and business-type activities as of June 30, 2005 and 2004, amounts to \$78,461,400 and \$69,774,940 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings and improvements, equipment, infrastructure and construction-in-progress. The total increase in capital assets for 2006 was 11 percent (a 13 percent increase for governmental activities and a 3 percent decrease for business-type activities) and for 2005 was 7 percent (a 9 percent increase for governmental activities and a 7 percent increase for business-type activities).

Major capital asset events during the current fiscal year ended June 30, 2006 included the Whispering Pines renovation, the beach house addition, the Tremont facility expansion, the Princeton library remodel, HAVA voting equipment, the 4<sup>th</sup> Street Streetscape and the jail facility expansion.

Major capital asset events during the prior fiscal year ended June 30, 2005 included completion of the Scott County Park cabins, West Lake beach house replacement, jail kitchen expansion, resurfacing of old Highway 61, expanded program space at the Tremont minimum Security Center, parking lot expansion at the Administrative Center and various vehicle replacements in the Sheriff's Office and various computer upgrades.

Table 4 - County of Scott's Capital Assets

	Business-Type Activities		Governmental Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,556,336	\$ 1,556,336	\$ 4,365,740	\$ 4,365,740	\$ 5,922,076	\$ 5,922,076
Construction-in-progress	-	-	8,105,023	19,862	8,105,023	19,862
Buildings	506,490	506,490	34,308,128	33,778,294	34,814,618	34,284,784
Improvements other than buildings	663,428	663,428	2,698,765	2,431,002	3,362,193	3,094,430
Infrastructure	62,374	62,374	75,157,979	71,984,393	75,220,353	72,046,767
Machinery and equipment	952,962	970,549	14,190,860	14,426,864	15,143,822	15,397,413
Accumulated depreciation	(1,170,005)	(1,022,685)	(62,936,680)	(59,967,707)	(64,106,685)	(60,990,392)
<b>Total</b>	<b>\$ 2,571,585</b>	<b>\$ 2,736,492</b>	<b>\$ 75,889,815</b>	<b>\$ 67,038,448</b>	<b>\$ 78,461,400</b>	<b>\$ 69,774,940</b>

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006

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

Debt: As of June 30, 2006, the County of Scott, Iowa had general obligation bonds outstanding totaling \$8,000,000, a lease agreement for the jail facility for \$27,765,000 and a purchase contract and capital lease (business-type activities) outstanding totaling \$2,095,894. In the current year, the County governmental activities paid \$2,570,000 in principal and \$655,130 in interest on outstanding debt. Business-type activities paid \$305,104 in principal and \$142,045 in interest on outstanding debt in the current year.

As of June 30, 2005, the County of Scott, Iowa had general obligation bonds outstanding totaling \$8,635,000 and a purchase contract and capital lease (business-type activities) outstanding totaling \$2,393,734. In the current year, the County governmental activities paid \$610,000 in principal and \$436,925 in interest on outstanding debt. Business-type activities paid \$276,239 in principal and \$239,203 in interest on outstanding debt in the current year.

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

	2006	2005	Maturity
Governmental activities:			
General obligation bonds	\$ 8,000,000	\$ 8,635,000	2017
Lease agreement	27,765,000	-	2025
Total governmental activities	<u>\$ 35,765,000</u>	<u>\$ 8,635,000</u>	
Business-type activities, purchase contract and capital lease	<u>\$ 2,095,894</u>	<u>\$ 2,393,734</u>	2013

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

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

- The County of Scott decreased the urban county levy rate by (1.1) percent and decreased the rural county levy rate by (0.8) percent for the budget year ending June 30, 2007 primarily due to an increased tax base and due to controlled health insurance costs.
- The tax base for the County of Scott increased 3.0 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. All of the County's four bargaining unit contracts are currently under multi-year agreements with various expiration dates from four to six years. No units will be in negotiation for the next budget year.
- The jail capacity problem is causing costs for housing inmates in out-of-County facilities to continue to increase. This problem will be resolved in two years when the voter approved jail expansion/renovation project is completed.

All of these factors were considered in preparing the County of Scott, Iowa's budget for the June 30, 2007 fiscal year.

**County of Scott, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2006**

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**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 C. Ray Wierson, 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, 2006

Assets	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash and investments	\$ 21,338,600	\$ 10,483	\$ 21,349,083	\$ 1,557,842
Cash and investments in escrow	-	326,596	326,596	-
Restricted cash and investments	182,850	-	182,850	23,555,724
Receivables:				
Property taxes	34,650,060	-	34,650,060	1,749,614
Accrued interest	556,349	-	556,349	93,052
Accounts	194,859	13,113	207,972	-
Due from other governmental agencies	2,015,407	-	2,015,407	820
Capital lease receivable from primary government	-	-	-	995,000
Inventories	-	5,668	5,668	-
<b>Total current assets</b>	<b>58,938,125</b>	<b>355,860</b>	<b>59,293,985</b>	<b>27,952,052</b>
Noncurrent assets:				
Receivables, notes	100,000	-	100,000	-
Capital lease receivable from primary government	-	-	-	26,770,000
Internal balances	1,863,314	(1,863,314)	-	-
Bond issuance costs	-	-	-	131,738
Bond discounts	-	-	-	301,551
Deferred item	21,893,124	-	21,893,124	-
Capital assets:				
Not depreciated:				
Land	4,365,740	1,556,336	5,922,076	16,600
Construction-in-progress	8,105,023	-	8,105,023	-
Depreciated:				
Buildings	34,308,128	506,490	34,814,618	1,297,266
Improvements other than buildings	2,698,765	663,428	3,362,193	-
Infrastructure	75,157,979	62,374	75,220,353	-
Machinery and equipment	14,190,860	952,962	15,143,822	354,176
Less accumulated depreciation	(62,936,680)	(1,170,005)	(64,106,685)	(400,494)
<b>Total capital assets</b>	<b>75,889,815</b>	<b>2,571,585</b>	<b>78,461,400</b>	<b>1,267,548</b>
<b>Total noncurrent assets</b>	<b>99,746,253</b>	<b>708,271</b>	<b>100,454,524</b>	<b>28,470,837</b>
<b>Total assets</b>	<b>\$ 158,684,378</b>	<b>\$ 1,064,131</b>	<b>\$ 159,748,509</b>	<b>\$ 56,422,889</b>

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities:				
Accounts payable	\$ 4,619,184	\$ 41,601	\$ 4,660,785	\$ 2,035,876
Current portion of claims payable	239,017	-	239,017	-
Accrued liabilities	817,941	18,430	836,371	35,748
Interest payable	32,092	401,484	433,576	93,843
Unearned revenue	34,829,592	14,162	34,843,754	1,742,596
Compensated absences	1,173,490	12,195	1,185,685	88,314
Current portion of general obligation bonds	670,000	-	670,000	-
Current portion of capital lease payable to component unit	995,000	-	995,000	-
Current portion of purchase contract	-	210,000	210,000	-
Current portion of capital leases	-	102,988	102,988	-
Current portion of revenue bonds	-	-	-	995,000
<b>Total current liabilities</b>	<b>43,376,316</b>	<b>800,860</b>	<b>44,177,176</b>	<b>4,991,377</b>
Noncurrent liabilities:				
Claims payable	485,278	-	485,278	-
Compensated absences	742,132	19,114	761,246	53,493
Unearned revenue	-	-	-	21,893,124
General obligation bonds payable	7,330,000	-	7,330,000	-
Capital lease payable to component unit	26,770,000	-	26,770,000	-
Purchase contract	-	1,515,367	1,515,367	-
Capital leases	-	267,539	267,539	-
Revenue bonds payable	-	-	-	26,770,000
<b>Total noncurrent liabilities</b>	<b>35,327,410</b>	<b>1,802,020</b>	<b>37,129,430</b>	<b>48,716,617</b>
<b>Total liabilities</b>	<b>78,703,726</b>	<b>2,602,880</b>	<b>81,306,606</b>	<b>53,707,994</b>
Net assets:				
Invested in capital assets, net of related debt	62,017,939	475,691	62,493,630	1,267,548
Restricted for:				
Debt service	4,460,937	-	4,460,937	26,760
County conservation sewage treatment	182,850	-	182,850	-
Lease purchase contract	-	326,596	326,596	-
Mental health	855,147	-	855,147	-
Secondary roads	1,459,411	-	1,459,411	-
Capital project, jail expansion	-	-	-	215,818
Unrestricted	11,004,368	(2,341,036)	8,663,332	1,204,769
<b>Total net assets</b>	<b>79,980,652</b>	<b>(1,538,749)</b>	<b>78,441,903</b>	<b>2,714,895</b>
<b>Total liabilities and net assets</b>	<b>\$ 158,684,378</b>	<b>\$ 1,064,131</b>	<b>\$ 159,748,509</b>	<b>\$ 56,422,889</b>

County of Scott, Iowa

Statement of Activities  
Year Ended June 30, 2006

Functions/ Programs	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Public safety and legal services	\$ 19,231,650	\$ 1,101,152	\$ 1,150,997	\$ 144,645
Physical health and social services	5,543,800	290,280	1,811,126	25,330
Mental health	13,430,170	57,465	5,450,367	-
County environment and education	4,142,926	943,194	40,793	213,407
Roads and transportation	5,983,682	27,646	162,656	1,752,918
Government services to residents	1,945,223	2,616,909	343,889	710,178
Administration	9,376,193	191,548	175,889	-
Interest on long-term debt	662,882	-	-	-
<b>Total governmental activities</b>	<b>60,316,526</b>	<b>5,228,194</b>	<b>9,135,717</b>	<b>2,846,478</b>
Business-type activities, golf	1,186,450	1,019,793	-	-
<b>Total primary government</b>	<b>\$ 61,502,976</b>	<b>\$ 6,247,987</b>	<b>\$ 9,135,717</b>	<b>\$ 2,846,478</b>
<b>Component Units</b>	<b>\$ 3,226,062</b>	<b>\$ 15,398</b>	<b>\$ 1,115,314</b>	<b>\$ -</b>

**General Revenues**

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

Grants and contributions not restricted to specific programs

Investment 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				
Primary Government				Component Units
Governmental Activities	Business-Type Activities	Total		
\$ (16,834,856)	\$ -	\$ (16,834,856)		\$ -
(3,417,064)	-	(3,417,064)		-
(7,922,338)	-	(7,922,338)		-
(2,945,532)	-	(2,945,532)		-
(4,040,462)	-	(4,040,462)		-
1,725,753	-	1,725,753		-
(9,008,756)	-	(9,008,756)		-
(662,882)	-	(662,882)		-
(43,106,137)	-	(43,106,137)		-
-	(166,657)	(166,657)		-
(43,106,137)	(166,657)	(43,272,794)		-
-	-	-		(2,095,350)
31,335,227	-	31,335,227		1,408,042
3,470,318	-	3,470,318		-
887,690	-	887,690		-
63,287	-	63,287		64,895
1,377,835	-	1,377,835		-
791,859	-	791,859		-
5,246,050	-	5,246,050		-
2,970,800	-	2,970,800		-
241,277	-	241,277		-
1,381,353	10,375	1,391,728		597,944
804,554	-	804,554		82,571
48,570,250	10,375	48,580,625		2,153,452
5,464,113	(156,282)	5,307,831		58,102
74,516,539	(1,382,467)	73,134,072		2,656,793
\$ 79,980,652	\$ (1,538,749)	\$ 78,441,903		\$ 2,714,895

County of Scott, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2006

Assets	Primary Government	
	General	Mental Health/ Development Disabilities
Cash and investments	\$ 7,500,020	\$ 3,079,884
Restricted cash	182,850	-
Receivables, net of allowance for uncollectibles:		
Property taxes, net of allowance for collection losses of \$126,142	28,425,067	3,318,849
Accrued interest	556,349	-
Accounts	189,564	5,295
Notes	100,000	-
Advance to other funds	1,863,314	-
Due from other governmental agencies	1,497,241	48,796
<b>Total assets</b>	<b>\$ 40,314,405</b>	<b>\$ 6,452,824</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 1,557,461	\$ 2,265,123
Claims payable	31,971	-
Accrued liabilities	757,110	14,871
Deferred revenue	29,416,772	3,317,683
Compensated absences	38,420	-
<b>Total liabilities</b>	<b>31,801,734</b>	<b>5,597,677</b>
Fund balances:		
Reserved for:		
Notes receivable	100,000	-
Advances	1,863,314	-
Debt service	-	-
County conservation sewage treatment	182,850	-
Unreserved, designated, claim liabilities	886,689	-
Unreserved, undesignated, reported in:		
General Fund	5,479,818	-
Special revenue funds	-	855,147
Capital Projects Fund	-	-
<b>Total fund balances</b>	<b>8,512,671</b>	<b>855,147</b>
<b>Total liabilities and fund balances</b>	<b>\$ 40,314,405</b>	<b>\$ 6,452,824</b>

See Notes to Basic Financial Statements.

Primary Government

Secondary Roads	Nonmajor Governmental Funds	Total
\$ 1,122,374	\$ 9,636,322	\$ 21,338,600
-	-	182,850
-	2,906,144	34,650,060
-	-	556,349
-	-	194,859
-	-	100,000
-	-	1,863,314
466,263	3,107	2,015,407
<u>\$ 1,588,637</u>	<u>\$ 12,545,573</u>	<u>\$ 60,901,439</u>
\$ 83,266	\$ 713,334	\$ 4,619,184
-	-	31,971
45,960	-	817,941
-	2,907,827	35,642,282
-	-	38,420
<u>129,226</u>	<u>3,621,161</u>	<u>41,149,798</u>
-	-	100,000
-	-	1,863,314
-	4,460,937	4,460,937
-	-	182,850
-	-	886,689
-	-	5,479,818
1,459,411	240,295	2,554,853
-	4,223,180	4,223,180
<u>1,459,411</u>	<u>8,924,412</u>	<u>19,751,641</u>
<u>\$ 1,588,637</u>	<u>\$ 12,545,573</u>	<u>\$ 60,901,439</u>

County of Scott, Iowa

Reconciliation of Total Governmental Fund Balances - Primary Government  
to Net Assets of Governmental Activities  
June 30, 2006

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Total governmental fund balances	\$ 19,751,641
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds:	
Land	4,365,740
Construction-in-progress	8,105,023
Buildings	34,308,128
Improvements other than buildings	2,698,765
Infrastructure	75,157,979
Machinery and equipment	14,190,860
Accumulated depreciation	<u>(62,936,680)</u>
	<u>75,889,815</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Deferred revenues	<u>812,690</u>
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	(692,324)
Compensated absences	(1,877,202)
Accrued interest payable	(32,092)
Capital lease payable to component unit	(27,765,000)
Deferred item, uncompleted construction on capital lease	21,893,124
General obligation bonds payable	<u>(8,000,000)</u>
	<u>(16,473,494)</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 79,980,652</u></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, 2006

	Primary Government	
	General	Mental Health/ Development Disabilities
Revenues:		
Property taxes	\$ 25,661,121	\$ 3,065,348
Local option sales tax	3,382,318	-
Other taxes	1,197,118	141,648
Interest and penalties on taxes	791,859	-
Intergovernmental	4,280,638	9,733,992
Charges for services	4,532,112	57,465
Investment earnings	1,333,235	-
Licenses and permits	568,744	-
Rentals and fees	141,568	-
Other	486,255	21,532
<b>Total revenues</b>	<b>42,374,968</b>	<b>13,019,985</b>
Expenditures:		
Current:		
Public safety and legal services	18,225,493	-
Physical health and social services	5,489,011	-
Mental health	-	13,416,089
County environment and education	3,122,891	-
Roads and transportation	-	-
Government services to residents	1,866,796	-
Administration	7,306,402	-
Capital outlay	-	-
Debt service:		
Principal	1,935,000	-
Interest	253,055	-
<b>Total expenditures</b>	<b>38,198,648</b>	<b>13,416,089</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>4,176,320</b>	<b>(396,104)</b>
Other financing sources (uses):		
Transfers in	1,200,000	-
Transfers out	(4,331,920)	-
<b>Total other financing sources (uses)</b>	<b>(3,131,920)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,044,400</b>	<b>(396,104)</b>
Fund balances, beginning of year	7,468,271	1,251,251
Fund balances, end of year	\$ 8,512,671	\$ 855,147

See Notes to Basic Financial Statements.

Primary Government

Secondary Roads Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 2,638,194	\$ 31,364,663
-	-	3,382,318
-	990,046	2,328,812
-	-	791,859
3,133,457	1,447,940	18,596,027
24,341	42,227	4,656,145
-	48,118	1,381,353
3,305	-	572,049
-	-	141,568
13,608	47,606	569,001
<u>3,174,711</u>	<u>5,214,131</u>	<u>63,783,795</u>
-	-	18,225,493
-	-	5,489,011
-	-	13,416,089
-	435,712	3,558,603
3,937,871	-	3,937,871
-	-	1,866,796
-	-	7,306,402
1,558,752	3,731,780	5,290,532
-	635,000	2,570,000
-	412,075	665,130
<u>5,496,623</u>	<u>5,214,567</u>	<u>62,325,927</u>
<u>(2,321,912)</u>	<u>(436)</u>	<u>1,457,868</u>
2,228,656	3,236,720	6,665,376
-	(2,333,456)	(6,665,376)
<u>2,228,656</u>	<u>903,264</u>	<u>-</u>
(93,256)	902,828	1,457,868
1,552,667	8,021,584	18,293,773
<u>\$ 1,459,411</u>	<u>\$ 8,924,412</u>	<u>\$ 19,751,641</u>

County of Scott, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Primary Government  
Year Ended June 30, 2006**

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Net change in fund balances - governmental funds \$ 1,457,868

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		4,750,280
Capital assets contributed		1,752,918
Depreciation:		
Public safety and legal services	\$ (635,271)	
Physical health and social services	(21,636)	
Mental health	(12,919)	
County environment and education	(385,637)	
Roads and transportation	(2,364,087)	
Governmental services to residents	(66,596)	
Administration	(1,391,217)	(4,877,363)
Loss on sales of capital assets		(581,344)
Capital assets from capital lease		7,806,876
Change in deferred item		(7,806,876)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 243,926

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		2,570,000
Interest expense		2,248

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		194,365
Change in compensated absences		(48,785)
		145,580

**Change in net assets of governmental activities \$ 5,464,113**

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See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Net Assets (Deficit)  
Enterprise Fund  
June 30, 2006

	Golf Course
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 10,483
Cash and investments in escrow	326,596
Receivables, accounts	13,113
Inventories	5,668
<b>Total current assets</b>	355,860
Noncurrent assets:	
Capital assets:	
Land	1,556,336
Buildings	506,490
Improvements other than buildings	663,428
Infrastructure	62,374
Machinery and equipment	952,962
Less accumulated depreciation	(1,170,005)
<b>Total noncurrent assets</b>	2,571,585
<b>Total assets</b>	\$ 2,927,445
<b>Liabilities and Net Assets (Deficit)</b>	
Current liabilities:	
Accounts payable	\$ 41,601
Accrued liabilities	18,430
Interest payable	401,484
Deferred revenue	14,162
Compensated absences	12,195
Current portion of purchase contract	210,000
Current portion of capital lease	102,988
<b>Total current liabilities</b>	800,860
Noncurrent liabilities:	
Compensated absences	19,114
Advance from other funds	1,863,314
Purchase contract, noncurrent portion	1,515,367
Capital lease, noncurrent	267,539
<b>Total noncurrent liabilities</b>	3,665,334
<b>Total liabilities</b>	4,466,194
Net assets (deficit):	
Invested in capital assets, net of related debt	475,691
Restricted for lease purchase contract	326,596
Unrestricted (deficit)	(2,341,036)
<b>Total net assets (deficit)</b>	(1,538,749)
<b>Total liabilities and net assets (deficit)</b>	\$ 2,927,445

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Revenues, Expenses and Changes in Net Assets (Deficit)  
Enterprise Fund  
Year Ended June 30, 2006

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	<u>Golf Course</u>
Operating revenues:	
Charges for services	\$ 899,457
Sales, net of cost of goods sold of \$83,815	119,355
Other	981
<b>Total operating revenues</b>	<u>1,019,793</u>
Operating expenses:	
Personnel	519,056
Depreciation	174,487
Other	250,198
<b>Total operating expenses</b>	<u>943,741</u>
<b>Operating income</b>	<u>76,052</u>
Nonoperating revenues (expense):	
Loss on the sale of capital assets	(2,977)
Investment earnings	10,375
Interest expense	(239,732)
<b>Total nonoperating revenues (expenses)</b>	<u>(232,334)</u>
<b>Change in net assets</b>	(156,282)
Total net assets (deficit), beginning of year	(1,382,467)
Total net assets (deficit), end of year	<u>\$ (1,538,749)</u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Cash Flows  
Enterprise Fund  
Year Ended June 30, 2006

	Golf Course
Cash flows from operating activities:	
Cash received from customers	\$ 1,113,677
Cash payments to acquire goods for resale	(80,722)
Cash payments to suppliers for goods and services	(241,226)
Cash payments to employees for services	(533,200)
<b>Net cash provided by operating activities</b>	258,529
Cash flows from capital and related financing activities:	
Payments of purchase contract	(200,000)
Payments on capital lease	(105,104)
Purchase of capital assets	(12,557)
Interest paid on purchase contract and capital lease	(142,045)
<b>Net cash (used in) capital and related financing activities</b>	(459,706)
Cash flows from noncapital financing activities, advance from other funds	190,000
Cash flows from investing activities, interest received	10,375
<b>Net (decrease) in cash and cash equivalents</b>	(802)
Cash and cash equivalents:	
Beginning	337,881
Ending	\$ 337,079
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 76,052
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	174,487
(Increase) decrease in:	
Receivables	7,939
Inventories	3,093
Increase (decrease) in:	
Accounts payable	8,972
Accrued compensation	(19,351)
Compensated absences	5,207
Deferred revenue	2,130
<b>Net cash provided by operating activities</b>	\$ 258,529
Noncash capital and related financing activities, amortization of bond issuance costs and discount on purchase contract	\$ 7,263

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Assets and Liabilities  
Agency Funds  
June 30, 2006

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**Assets**

Cash and investments	\$	7,312,863
Receivables, property taxes		181,482,449
<b>Total assets</b>	<b>\$</b>	<b>188,795,312</b>

**Liabilities**

Accounts payable	\$	186,730
Due to other governmental agencies		187,914,128
Due to private individuals		694,454
<b>Total liabilities</b>	<b>\$</b>	<b>188,795,312</b>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Net Assets  
Discretely Presented Component Units  
June 30, 2006

Assets	Emergency Management Agency	County Library	County Assessor	County Assessor Special
<b>Current assets:</b>				
Cash and investments	\$ 221,098	\$ 317,917	\$ 324,390	\$ 384,014
Restricted cash and investments	-	-	-	-
Receivables:				
Property taxes	-	-	607,260	144,643
Accrued interest	-	-	-	-
Due from other governmental agencies	820	-	-	-
Capital lease receivable from primary government	-	-	-	-
<b>Total current assets</b>	<b>221,918</b>	<b>317,917</b>	<b>931,650</b>	<b>528,657</b>
<b>Noncurrent assets:</b>				
Capital lease receivable from primary government	-	-	-	-
Bond issuance costs	-	-	-	-
Bond discounts	-	-	-	-
Capital assets:				
Land	-	16,600	-	-
Buildings	-	1,297,266	-	-
Machinery and equipment	42,045	201,670	-	-
Accumulated depreciation	(42,045)	(273,724)	-	-
<b>Total capital assets, net</b>	<b>-</b>	<b>1,241,812</b>	<b>-</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>-</b>	<b>1,241,812</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 221,918</b>	<b>\$ 1,559,729</b>	<b>\$ 931,650</b>	<b>\$ 528,657</b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 1,331	\$ 53,022	\$ 4,674	\$ 40,022
Accrued liabilities	2,096	18,286	15,366	-
Interest payable	-	-	-	-
Unearned revenue	-	-	606,155	144,624
Compensated absences	3,152	15,011	22,932	-
Current portion revenue bonds payable	-	-	-	-
<b>Total current liabilities</b>	<b>6,579</b>	<b>86,319</b>	<b>649,127</b>	<b>184,646</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	7,499	-	45,994	-
Unearned revenue	-	-	-	-
Revenue bonds payable	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>7,499</b>	<b>-</b>	<b>45,994</b>	<b>-</b>
<b>Total liabilities</b>	<b>14,078</b>	<b>86,319</b>	<b>695,121</b>	<b>184,646</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	-	1,241,812	-	-
Restricted for:				
Debt service	-	-	-	-
Capital project, jail expansion	-	-	-	-
Unrestricted	207,840	231,598	236,529	344,011
<b>Total net assets</b>	<b>207,840</b>	<b>1,473,410</b>	<b>236,529</b>	<b>344,011</b>
<b>Total liabilities and net assets</b>	<b>\$ 221,918</b>	<b>\$ 1,559,729</b>	<b>\$ 931,650</b>	<b>\$ 528,657</b>

See Notes to Basic Financial Statements.

City Assessor	City Assessor Special	Public Safety Authority	Total
\$ 223,739	\$ 84,109	\$ 2,575	\$ 1,557,842
-	-	23,555,724	23,555,724
756,992	240,719	-	1,749,614
-	-	93,052	93,052
-	-	-	820
-	-	995,000	995,000
980,731	324,828	24,646,351	27,952,052
-	-	26,770,000	26,770,000
-	-	131,738	131,738
-	-	301,551	301,551
-	-	-	16,600
-	-	-	1,297,266
110,461	-	-	354,176
(84,725)	-	-	(400,494)
25,736	-	-	1,267,548
25,736	-	27,203,289	28,470,837
\$ 1,006,467	\$ 324,828	\$ 51,849,640	\$ 56,422,889
\$ 63,921	\$ 17,811	\$ 1,855,095	\$ 2,035,876
-	-	-	35,748
-	-	93,843	93,843
751,222	240,595	-	1,742,596
47,219	-	-	88,314
-	-	995,000	995,000
862,362	258,406	2,943,938	4,991,377
-	-	-	53,493
-	-	21,893,124	21,893,124
-	-	26,770,000	26,770,000
-	-	48,663,124	48,716,617
862,362	258,406	51,607,062	53,707,994
25,736	-	-	1,267,548
-	-	26,760	26,760
-	-	215,818	215,818
118,369	66,422	-	1,204,769
144,105	66,422	242,578	2,714,895
\$ 1,006,467	\$ 324,828	\$ 51,849,640	\$ 56,422,889

County of Scott, Iowa

Statement of Activities  
Discretely Presented Component Units  
Year Ended June 30, 2006

	Program Revenues			
	Expenses	Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Emergency Management Agency</b>				
Public safety and legal services	\$ 209,686	\$ -	\$ 152,922	\$ -
<b>County Library</b>				
County environment and education	1,004,047	13,631	915,669	-
<b>County Assessor</b>				
Government services to residents	528,306	1,767	18,982	-
<b>County Assessor Special</b>				
Government services to residents	127,075	-	4,239	-
<b>City Assessor</b>				
Government services to residents	762,710	-	17,586	-
<b>City Assessor Special</b>				
Government services to residents	238,872	-	5,916	-
<b>Public Safety Authority</b>				
Public safety and legal services	355,366	-	-	-
<b>Total component units</b>	<b>\$ 3,226,062</b>	<b>\$ 15,398</b>	<b>\$ 1,115,314</b>	<b>\$ -</b>

**General Revenues**

Taxes:

Property taxes

Other taxes

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 Management Agency	County Library	County Assessor	County Assessor Special	City Assessor	City Assessor Special	Public Safety Authority	Total
\$ (56,764)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (56,764)
-	(74,747)	-	-	-	-	-	(74,747)
-	-	(507,557)	-	-	-	-	(507,557)
-	-	-	(122,836)	-	-	-	(122,836)
-	-	-	-	(745,124)	-	-	(745,124)
-	-	-	-	-	(232,956)	-	(232,956)
-	-	-	-	-	-	(355,366)	(355,366)
(56,764)	(74,747)	(507,557)	(122,836)	(745,124)	(232,956)	(355,366)	(2,095,350)
-	-	519,836	116,290	577,696	194,220	-	1,408,042
-	-	20,937	4,676	29,394	9,888	-	64,895
-	-	-	-	-	-	597,944	597,944
77,739	1,286	879	-	2,667	-	-	82,571
77,739	1,286	541,652	120,966	609,757	204,108	597,944	2,153,452
20,975	(73,461)	34,095	(1,870)	(135,367)	(28,848)	242,578	58,102
186,865	1,546,871	202,434	345,881	279,472	95,270	-	2,656,793
\$ 207,840	\$ 1,473,410	\$ 236,529	\$ 344,011	\$ 144,105	\$ 66,422	\$ 242,578	\$ 2,714,895

## County of Scott, Iowa

### Notes to Basic Financial Statements

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#### **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. 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.

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 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.

County Assessor: The County Conference Board is responsible for the operations of the Scott County Assessor's Office, including the assessment of all properties within Scott County with the exception of the City of Davenport. The County Conference Board is a separate tax certifying body. The County Assessor's Office provides services to the County, all incorporated cities in the County, except the City of Davenport, and school districts in the County.

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

County Assessor Special: The County Assessor Special is responsible to the City Conference Board to perform in-house revaluations for various classes of property. The Code of Iowa requires the County to be custodian of funds for the County Assessor Special and account for all transactions within the books and records of the County. The County Assessor Special is included as a component unit of the County based on the significance of this relationship.

City Assessor: The City Conference Board is responsible for the operations of the City Assessor's Office, including the assessment of all properties within the City of Davenport. The City Conference Board is a separate tax certifying body. The Code of Iowa requires the County to be custodian of funds for the City Assessor and accounts for all transactions of the City Assessor in the books and records of the County. The City Assessor is included as a component unit of the County based on the significance of this relationship.

City Assessor Special: The City Assessor Special is also responsible to the City Conference Board to perform in-house revaluations for various classes of property. The Code of Iowa requires the County to be custodian of funds for the City Assessor Special and accounts for all transactions within the books and records of the County. The City Assessor Special is included as a component unit of the County based on the significance of this relationship.

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 of Scott, Iowa and the City of Davenport, it is considered a component unit of the County due to the PSA being fiscally dependent on the County of Scott, Iowa, making the County of Scott, Iowa financially accountable for the PSA.

Complete financial statements of the individual component units can be obtained from their respective administrative offices or from the office of the County Administrator in the Scott County Administrative Center, 600 West 4<sup>th</sup> Street, Davenport, Iowa.

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.

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

**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.

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. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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

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 required to be accounted for in another fund.

Mental Health/Developmental Disabilities Fund: To account for state revenues allocated to the County to be used to provide mental health and disability services. The Mental Health/Developmental Disabilities Fund is a special revenue fund.

Notes to Basic Financial Statements

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

Secondary Roads Fund: To account for state revenue allocated to the County to be used to maintain and improve the County's roads. The Secondary Roads Fund is presented as a major fund for public interest purposes.

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 (other than certain capital projects that are legally restricted to expenditures for specific 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.

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

**Capital Projects Fund**: To account for the acquisition of property and equipment or construction of major capital projects not being financed by proprietary funds.

**Proprietary fund types**: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. 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.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the County has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following is the County's major Enterprise Fund:

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

Notes to Basic Financial Statements

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

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

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.

Original Bond Issue Escrow Fund: To account for monies held in escrow.

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.

**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. 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.

**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 March 2005, based on the 2004 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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:**

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.

Notes to Basic Financial Statements

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**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: 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 assets. The estimated useful lives for each capital assets type are as follows:

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.

Unearned revenue: Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as unearned revenue. In addition, the portion of the lease between the County and its component unit, the Public Safety Authority, for which construction has not been completed, is accounted for as unearned revenue in the Public Safety Authority.

Notes to Basic Financial Statements

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

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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 reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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.

Fund equity: Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represents tentative management plans that are subject to change.

Notes to Basic Financial Statements

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

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. Net assets restricted through enabling legislation consists of \$4,460,937 for debt service, \$855,147 for mental health and \$1,459,411 for secondary roads. In the current year, the County adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. The effect of the adoption of this Statement was to reclassify \$4,110,109 that was previously classified as unrestricted to restricted net assets.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Bond discounts 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, 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts received 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 Director of Budget and Information Processing compiles the budget estimates received from the officers and departments and presents them to the County Board prior to January 20.

- 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.

County of Scott, Iowa

Notes to Basic Financial Statements

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

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 January and May 2005.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. Deficit Net Assets**

The Enterprise Fund, Glynn's Creek Golf Course, had a net asset deficit of \$1,538,749 as of June 30, 2006. The deficit is expected to be eliminated through future earnings of the golf course.

**Note 3. Deposits and Investments**

As of June 30, 2006, the County's cash and investments were as follows:

Cash on hand and deposits with financial institutions	\$ 16,964,995
Investments	4,893,534
Cash on hand and deposits with financial institutions, discretely presented component units	1,557,842
Investments, discretely presented component units	23,555,724
Cash on hand and deposits with financial institutions, Agency Funds	7,312,863
	<u>\$ 54,284,958</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, 2006, the County had the following investments:

Investments	Maturities	Fair Value
Scott Area Solid Waste Commission Revenue Bond	06/01/2015	\$ 4,025,000
Wells Fargo Advantage Government Money Market Fund	19 days	23,555,724
FNMA Discount Note	07/24/2006	541,838
Fidelity Treasury Money Market Fund	30 days	326,696
		<u>\$ 28,449,258</u>

**County of Scott, Iowa**

**Notes to Basic Financial Statements**

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**Note 3. Deposits and Investments (Continued)**

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, 2006, the County's investments were rated as follows:

Investment Type	Moody's Investor Services	Standard & Poor's
Scott Area Solid Waste Commission Revenue Bond	A1	Not Rated
Wells Fargo Advantage Government Money Market Fund	Aaa	AAA
FNMA Discount Note	Aaa	AAA
Fidelity Treasury Money Market Fund	Aaa	AAAm

Concentration of credit risk: The County's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. However, the County's policy limits them from investing in prime bankers' acceptances or commercial paper of more than 10 percent of the investment portfolio and more than 5 percent of the investment portfolio with a single issuer. In addition, no more than 5 percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. Investments in any one issuer that represent more than 5 percent or more of the County's investments (money market funds are excluded from this) are as follows:

Issuer	Investment Type	Fair Value
Scott County Solid Waste Commission	Revenue Bond	\$ 4,025,000

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, 2006, the County had no deposits or investments exposed to custodial credit risk.

## County of Scott, Iowa

### Notes to Basic Financial Statements

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#### Note 4. Interfund Account Balances

Advances from and to other funds as of June 30, 2006 were as follows:

	Advances To	Advances From
Major governmental fund, General	\$ 1,863,314	\$ -
Business-type activity, Glynn's Creek Golf Course	-	1,863,314
	<u>\$ 1,863,314</u>	<u>\$ 1,863,314</u>

Any excess funds generated by the golf course are used to repay interest on this advance.

#### Note 5. Interfund Transfers

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

	Transfers In	Transfers Out
Governmental activities:		
Major governmental funds:		
General	\$ 1,200,000	\$ 4,331,920
Secondary roads	2,228,656	-
Nonmajor governmental funds:		
Rural services	-	1,640,529
Recorders management fees	-	35,725
Capital projects	3,236,720	657,202
<b>Total governmental activities</b>	<u>\$ 6,665,376</u>	<u>\$ 6,665,376</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. The note was originally due in one annual installment on June 30, 2006; during 2006, the County agreed to extend the payment date to June 30, 2007. The note includes 4 percent interest. As of June 30, 2006, the outstanding balance was \$100,000.

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 \$100,000 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, 2006:

<b>Governmental Activities</b>	2005 Balance	Additions	Deletions	2006 Balance
Capital assets not depreciated:				
Land	\$ 4,365,740	\$ -	\$ -	\$ 4,365,740
Construction-in-progress	19,862	8,105,023	(19,862)	8,105,023
<b>Total capital assets not being depreciated</b>	<b>4,385,602</b>	<b>8,105,023</b>	<b>(19,862)</b>	<b>12,470,763</b>
Capital assets being depreciated:				
Buildings	33,778,294	727,150	(197,316)	34,308,128
Improvements other than buildings	2,431,002	267,763	-	2,698,765
Infrastructure	71,984,393	3,173,586	-	75,157,979
Machinery and equipment	14,426,864	2,056,414	(2,292,418)	14,190,860
<b>Total capital assets being depreciated</b>	<b>122,620,553</b>	<b>6,224,913</b>	<b>(2,489,734)</b>	<b>126,355,732</b>
Less accumulated depreciation for:				
Buildings	13,934,913	1,369,887	(86,069)	15,218,731
Improvements other than buildings	398,825	140,775	-	539,600
Infrastructure	36,933,517	1,957,940	-	38,891,457
Machinery and equipment	8,700,452	1,408,761	(1,822,321)	8,286,892
<b>Total accumulated depreciation</b>	<b>59,967,707</b>	<b>4,877,363</b>	<b>(1,908,390)</b>	<b>62,936,680</b>
<b>Total capital assets being depreciated, net</b>	<b>62,652,846</b>	<b>1,347,550</b>	<b>(581,344)</b>	<b>63,419,052</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 67,038,448</b>	<b>\$ 9,452,573</b>	<b>\$ (601,206)</b>	<b>\$ 75,889,815</b>
<b>Business-Type Activities</b>	<b>2005 Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>2006 Balance</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	970,549	12,557	(30,144)	952,962
<b>Total capital assets being depreciated</b>	<b>2,202,841</b>	<b>12,557</b>	<b>(30,144)</b>	<b>2,185,254</b>
Less accumulated depreciation for:				
Buildings	124,440	10,130	-	134,570
Improvements other than buildings	517,773	12,376	-	530,149
Infrastructure	62,374	-	-	62,374
Machinery and equipment	318,098	151,981	(27,167)	442,912
<b>Total accumulated depreciation</b>	<b>1,022,685</b>	<b>174,487</b>	<b>(27,167)</b>	<b>1,170,005</b>
<b>Total capital assets being depreciated, net</b>	<b>1,180,156</b>	<b>(161,930)</b>	<b>(2,977)</b>	<b>1,015,249</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 2,736,492</b>	<b>\$ (161,930)</b>	<b>\$ (2,977)</b>	<b>\$ 2,571,585</b>

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>	2005 Balance	Additions	Deletions	2006 Balance
Capital assets not being depreciated:				
Land	\$ 16,600	\$ -	\$ -	\$ 16,600
Construction-in-progress	398,707	7,417,401	(7,816,108)	-
<b>Total capital assets not being depreciated</b>	<b>415,307</b>	<b>7,417,401</b>	<b>(7,816,108)</b>	<b>16,600</b>
Capital assets being depreciated:				
Buildings	1,202,595	94,671	-	1,297,266
Machinery and equipment	328,617	25,559	-	354,176
<b>Total capital assets being depreciated</b>	<b>1,531,212</b>	<b>120,230</b>	<b>-</b>	<b>1,651,442</b>
Less accumulated depreciation for:				
Buildings	84,748	27,997	-	112,745
Machinery and equipment	268,776	18,973	-	287,749
<b>Total accumulated depreciation</b>	<b>353,524</b>	<b>46,970</b>	<b>-</b>	<b>400,494</b>
<b>Total capital assets being depreciated, net</b>	<b>1,177,688</b>	<b>73,260</b>	<b>-</b>	<b>1,250,948</b>
<b>Component units capital assets, net</b>	<b>\$ 1,592,995</b>	<b>\$ 7,490,661</b>	<b>\$ (7,816,108)</b>	<b>\$ 1,267,548</b>

As of June 30, 2006, the discretely presented component unit, Public Safety Authority, transferred \$7,806,876 of construction-in-progress related to the capital lease agreement between the County and the Public Safety Authority to Governmental Activities.

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

Governmental activities:	
Public safety and legal services	\$ 635,271
Physical health and social services	21,636
Mental health	12,919
County environment and education	385,637
Roads and transportation	2,364,087
Governmental services to residents	66,596
Administration	1,391,217
<b>Total depreciation expense, governmental activities</b>	<b>\$ 4,877,363</b>
Business-type activities, golf course	\$ 174,487

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, 2006:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 8,635,000	\$ -	\$ 635,000	\$ 8,000,000	\$ 670,000
Compensated absences	1,838,198	1,212,494	1,135,070	1,915,622	1,173,490
Capital lease	-	29,700,000	1,935,000	27,765,000	995,000
Claims payable	891,240	244,193	411,138	724,295	239,017
	<u>\$ 11,364,438</u>	<u>\$ 31,156,687</u>	<u>\$ 4,116,208</u>	<u>\$ 38,404,917</u>	<u>\$ 3,077,507</u>
<b>Business-Type Activities:</b>					
Capital lease	\$ 475,631	\$ -	\$ 105,104	\$ 370,527	\$ 102,988
Purchase contract	1,918,103	-	192,736	1,725,367	210,000
Compensated absences	26,102	17,402	12,195	31,309	12,195
	<u>\$ 2,419,836</u>	<u>\$ 17,402</u>	<u>\$ 310,035</u>	<u>\$ 2,127,203</u>	<u>\$ 325,183</u>
<b>Discretely Presented Component</b>					
<b>Units Activities:</b>					
Revenue bonds	\$ -	\$ 29,700,000	\$ 1,935,000	\$ 27,765,000	\$ 995,000
Compensated absences	140,811	12,257	11,261	141,807	88,314
	<u>\$ 140,811</u>	<u>\$ 29,712,257</u>	<u>\$ 1,946,261</u>	<u>\$ 27,906,807</u>	<u>\$ 1,083,314</u>

General obligation bonds outstanding as of June 30, 2006 consist of \$4,025,000 of solid waste disposal bonds with interest at rates ranging from 5.0 percent to 5.7 percent and \$3,975,000 of general obligation urban renewal bonds with interest at rates ranging from 2.3 percent to 4.6 percent.

The debt service requirements on the bonds outstanding as of June 30, 2006 are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 670,000	\$ 385,105	\$ 1,055,105
2008	700,000	355,775	1,055,775
2009	735,000	323,925	1,058,925
2010	770,000	289,432	1,059,432
2011	815,000	252,445	1,067,445
2012-2016	3,860,000	621,450	4,481,450
2017	450,000	20,700	470,700
<b>Total</b>	<u>\$ 8,000,000</u>	<u>\$ 2,248,832</u>	<u>\$ 10,248,832</u>

County of Scott, Iowa

Notes to Basic Financial Statements

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

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 bonds outstanding as of June 30, 2006 are as follows:

<u>Year Ending June 30:</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 2,121,118	\$ 995,000	\$ 1,126,118
2008	2,118,805	1,030,000	1,088,805
2009	2,120,180	1,070,000	1,050,180
2010	2,120,055	1,110,000	1,010,055
2011	2,118,430	1,150,000	968,430
2012 - 2016	10,607,225	6,505,000	4,102,225
2017 - 2021	10,743,631	8,035,000	2,708,631
2021 - 2025	8,738,853	7,870,000	868,853
	<u>\$ 40,688,297</u>	<u>\$ 27,765,000</u>	<u>\$ 12,923,297</u>

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. When the revenue bonds were issued by PSA, the monies were deposited with the Trustee into the Construction Fund and the Bond Fund as required by the Indenture. All disbursements made for the project are made by the Trustee based on executed disbursement requests. The monies on deposit as of June 30, 2006 totaled \$23,555,724 and have been shown as restricted cash in the balance sheet and statement of net assets of the PSA. The Agreement requires the County to pay any deficiency in funds required to complete the construction of the project.

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, 2006, the County recognized a liability of \$27,765,000. The PSA has transferred \$7,806,876 of construction-in-progress as of year-end. The County has currently recorded a deferred item of \$21,893,124 for the uncompleted construction; as the project progresses, the deferred item will be recognized.

County of Scott, Iowa

Notes to Basic Financial Statements

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

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

Year Ending June 30:	Total Payment	Principal	Interest
2007	\$ 2,121,118	\$ 995,000	\$ 1,126,118
2008	2,118,805	1,030,000	1,088,805
2009	2,120,180	1,070,000	1,050,180
2010	2,120,055	1,110,000	1,010,055
2011	2,118,430	1,150,000	968,430
2012	2,125,305	1,200,000	925,305
2013	2,097,405	1,245,000	852,405
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
	<u>\$ 40,688,297</u>	<u>\$ 27,765,000</u>	<u>\$ 12,923,297</u>

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

The computation of the County's legal margin as of June 30, 2006 is as follows:

January 2004 assessed valuation	\$ 9,053,765,947
Less military exemption	19,070,042
<b>Total assessed value</b>	<u>\$ 9,034,695,905</u>
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 451,734,795
Total amount of debt applicable to debt margin	35,765,000
<b>Legal debt margin</b>	<u>\$ 415,969,795</u>

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.

County of Scott, Iowa

Notes to Basic Financial Statements

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

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:

<u>Year Ending June 30:</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Prepayment Price</u>
2007	\$ 319,180	\$ 210,000	\$ 109,180	\$ 1,565,000
2008	321,580	225,000	96,580	1,340,000
2009	318,080	235,000	83,080	1,105,000
2010	318,510	250,000	68,510	855,000
2011	323,010	270,000	53,010	585,000
2012	321,271	285,000	36,271	300,000
2013	318,600	300,000	18,600	-
Scheduled cash payments	2,240,231	1,775,000	465,231	
Unamortized discount and bond issue costs	-	(49,633)	49,633	
	<u>\$ 2,240,231</u>	<u>\$ 1,725,367</u>	<u>\$ 514,864</u>	

The original contract included a purchase contract for certain equipment. This contract was refinanced in 2001 and again in 2004. The current agreement requires annual payments of \$48,460, including interest of 4.99 percent through July 2008. A schedule of annual principal and interest payments under this agreement as of the end of the year is as follows:

<u>Year Ending June 30:</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 48,460	\$ 41,862	\$ 6,598
2008	48,460	43,955	4,505
2009	48,460	46,153	2,307
	<u>\$ 145,380</u>	<u>\$ 131,970</u>	<u>\$ 13,410</u>

The County also entered into two separate agreements to lease certain equipment to be used in the operation of the golf course. One agreement requires annual payments of \$24,511, including interest of 3.85 percent through August 2009. The other agreement requires annual payments of \$53,000 including interest of 8.63 percent through July 2009.

County of Scott, Iowa

Notes to Basic Financial Statements

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

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>
2007	\$ 77,511	\$ 61,126	\$ 16,385
2008	77,511	65,409	12,102
2009	77,511	70,025	7,486
2010	44,511	41,997	2,514
	<u>\$ 277,044</u>	<u>\$ 238,557</u>	<u>\$ 38,487</u>

**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 3.70 percent of their annual covered salary and the County is required to contribute 5.75 percent of annual covered payroll, except for law enforcement employees, in which case the percentages are 8.2 percent and 8.2 percent, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$1,240,380, \$1,134,104 and \$1,038,761, respectively, equal to the required contributions for each year.

**Note 10. 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.

Notes to Basic Financial Statements

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**Note 11. 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, \$71,757,564 maximum coverage on property and \$2,000,000 maximum coverage on workers' compensation. All claims handling procedures are performed by the County.

The County is commercially insured for health benefits. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

As of June 30, 2006, the amount of liabilities recorded for estimated claim settlements for general, automobile, property and workers' compensation liability claims was \$724,295. The County has designated \$886,689 of General Fund balance for payment of future claims liability.

The changes in the aggregate liabilities for claims for the years ended June 30, 2006 and 2005 are as follows:

	Self-Insurance	
	2006	2005
Claims payable, beginning of year	\$ 891,240	\$ 819,480
Claims expense and change in reserve	244,193	913,601
Claims payments	(411,138)	(841,841)
Claims payable, end of year	<u>\$ 724,295</u>	<u>\$ 891,240</u>

## County of Scott, Iowa

### Notes to Basic Financial Statements

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#### **Note 11. Risk Management and Insurance (Continued)**

The Emergency Management Agency, County Library, County Assessor, County Assessor Special, City Assessor, City Assessor Special and Public Safety Authority 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 12. 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, 2006, there were five series of revenue bonds outstanding. The aggregate principal balance of the revenue bonds outstanding is \$22,065,000.

#### **Note 13. 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. The total amount of the bonds outstanding as of June 30, 2006 is \$4,025,000.

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, as shown as an investment in the Debt Service Fund, corresponds to the payment of the Bonds by the County and \$4,025,000 remains outstanding as of June 30, 2006.

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.

**County of Scott, Iowa**

**Notes to Basic Financial Statements**

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**Note 13. Scott Area Solid Waste Management Commission Agreement (Continued)**

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 14. 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.

**Note 15. Commitments and Contingency**

The County has financial commitments relating to various road and bridge construction and maintenance projects that are estimated to be approximately \$2,055,000.

The Public Safety Authority, a discretely presented component unit, has financial commitments relating to the jail expansion construction that are estimated to be approximately \$20,655,000.

**Note 16. Operating Lease Commitments**

The County leases office space for juvenile court services under a noncancelable operating lease agreement which expires March 31, 2011. Rents are based on a price per square foot for the basic shell including common areas, which increases annually, plus a price per square foot for property taxes, insurance, and normal maintenance of the property. The total rentals paid under this agreement amounted to \$93,267 for the year ended June 30, 2006.

The total minimum lease commitment as of June 30, 2006, is as follows:

Year ending June 30:

2007	\$	82,595
2008		85,626
2009		88,657
2010		91,688
2011		70,471
	\$	<u>419,037</u>

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

The County adopted the following statements during the year ended June 30, 2006:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner. This Statement had no effect on the County in the current year.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This Statement improved the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements. This Statement modified the statistical section previously reported by the County.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34. The purpose of Statement No. 46 is to help the governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in the financial statements when there are changes in the circumstances surrounding such legislation. The effect of adopting this Statement was to reclassify \$4,110,109 previously reported as unrestricted to restricted net assets.

GASB Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources. This Statement had no effect on the County in the current year.

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

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, was issued April 2004. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. The provisions of this Statement will be effective for the County beginning with its year ending June 30, 2008.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the County beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

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

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

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

**Note 18. Subsequent Event**

On July 13, 2006, the County issued \$2,500,000 General Obligation Geographic Information System Bonds, Series 2006A. The bond proceeds will be used to finance improvements to the County's Geographic Information System and related costs. The bonds are due in annual installments of \$215,000 to \$295,000 through 2016 at an interest rate of 4.00 percent to 4.10 percent.

County of Scott, Iowa

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds  
 Year Ended June 30, 2006

	Budget		Governmental Fund Types Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 31,481,006	\$ 31,481,006	\$ 31,364,663	\$ (116,343)
Local option sales tax	3,612,385	3,612,385	3,382,318	(230,067)
Other taxes	2,431,985	2,431,985	2,328,812	(103,173)
Interest and penalties on taxes	603,000	603,000	791,859	188,859
Intergovernmental	17,023,779	18,362,071	18,596,027	233,956
Charges for services	4,271,027	4,271,027	4,656,145	385,118
Investment earnings	804,800	804,800	1,381,353	576,553
Licenses and permits	464,840	464,840	572,049	107,209
Rentals and fees	144,000	144,000	141,568	(2,432)
Other	315,742	415,742	569,001	153,259
<b>Total revenues</b>	<b>61,152,564</b>	<b>62,590,856</b>	<b>63,783,795</b>	<b>1,192,939</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety and legal services	20,289,443	21,996,343	20,413,548	1,582,795
Physical health and social services	5,752,400	5,904,462	5,489,011	415,451
Mental health	13,535,864	13,946,134	13,416,089	530,045
County environment and education	3,721,731	3,785,031	3,558,603	226,428
Roads and transportation	4,129,000	4,329,000	3,937,871	391,129
Government services to residents	1,892,398	1,922,398	1,866,796	55,602
Administration	7,343,224	7,676,884	7,306,402	370,482
Capital outlay	5,485,530	7,062,110	5,290,532	1,771,578
Debt service	1,382,609	1,382,609	1,047,075	335,534
<b>Total expenditures</b>	<b>63,532,199</b>	<b>68,004,971</b>	<b>62,325,927</b>	<b>5,679,044</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>(2,379,635)</b>	<b>(5,414,115)</b>	<b>1,457,868</b>	<b>6,871,983</b>
<b>Other financing sources (uses):</b>				
Proceeds from bond issuance	2,500,000	2,500,000	-	(2,500,000)
Transfers in	8,497,603	8,497,603	6,665,376	(1,832,227)
Transfers out	(8,497,603)	(8,497,603)	(6,665,376)	1,832,227
<b>Total other financing sources (uses)</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>-</b>	<b>(2,500,000)</b>
<b>Net change in fund balances</b>	<b>\$ 120,365</b>	<b>\$ (2,914,115)</b>	<b>\$ 1,457,868</b>	<b>\$ 4,371,983</b>

See Note to Required Supplementary Information.

**Note to Required Supplementary Information**

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**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 General Fund budgeted for its debt service payments within the public safety and legal services function. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted expenditures by \$4,472,772. The budget amendment was primarily due to changes in capital projects and to allow for spending authority for various state and federal pass-through public safety grants.

County of Scott, Iowa

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2006

	Special Revenue		
	Rural Services Fund	Recorders Management Fees Fund	Debt Service
<b>Assets</b>			
Cash and investments	\$ 110,348	\$ 129,231	\$ 4,460,229
Receivables, property taxes	2,114,820	-	791,324
Due from other governmental agencies	-	-	-
<b>Total assets</b>	<b>\$ 2,225,168</b>	<b>\$ 129,231</b>	<b>\$ 5,251,553</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	2,114,104	-	790,616
<b>Total liabilities</b>	<b>2,114,104</b>	<b>-</b>	<b>790,616</b>
Fund balances:			
Reserved for debt service	-	-	4,460,937
Unreserved, undesignated, reported in:			
Special revenue funds	111,064	129,231	-
Capital Projects Fund	-	-	-
	<b>111,064</b>	<b>129,231</b>	<b>4,460,937</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,225,168</b>	<b>\$ 129,231</b>	<b>\$ 5,251,553</b>

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Capital Projects	Total
\$ 4,936,514	\$ 9,636,322
-	2,906,144
3,107	3,107
<u>\$ 4,939,621</u>	<u>\$ 12,545,573</u>

\$ 713,334	\$ 713,334
3,107	2,907,827
<u>716,441</u>	<u>3,621,161</u>

-	4,460,937
-	240,295
4,223,180	4,223,180
<u>4,223,180</u>	<u>8,924,412</u>
<u>\$ 4,939,621</u>	<u>\$ 12,545,573</u>

County of Scott, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2006

	Special Revenue		
	Rural Services Fund	Recorders Management Fees Fund	Debt Service
Revenues:			
Property taxes	\$ 1,912,901	\$ -	\$ 725,293
Other taxes	70,273	-	32,083
Intergovernmental	89,948	-	264,432
Charges for services	-	42,227	-
Investment earnings	-	5,093	-
Other, primarily refunds and reimbursements	-	-	-
<b>Total revenues</b>	<b>2,073,122</b>	<b>47,320</b>	<b>1,021,808</b>
Expenditures:			
Current, County environment and education	435,712	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	635,000
Interest	-	-	412,075
<b>Total expenditures</b>	<b>435,712</b>	<b>-</b>	<b>1,047,075</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>1,637,410</b>	<b>47,320</b>	<b>(25,267)</b>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(1,640,529)	(35,725)	-
<b>Total other financing sources (uses)</b>	<b>(1,640,529)</b>	<b>(35,725)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(3,119)</b>	<b>11,595</b>	<b>(25,267)</b>
Fund balances, beginning of year	114,183	117,636	4,486,204
Fund balances, end of year	\$ 111,064	\$ 129,231	\$ 4,460,937

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Capital Projects		Total	
\$	-	\$	2,638,194
	887,690		990,046
	1,093,560		1,447,940
	-		42,227
	43,025		48,118
	47,606		47,606
	<u>2,071,881</u>		<u>5,214,131</u>
	-		435,712
	3,731,780		3,731,780
	-		635,000
	-		412,075
	<u>3,731,780</u>		<u>5,214,567</u>
	(1,659,899)		(436)
	3,236,720		3,236,720
	(657,202)		(2,333,456)
	<u>2,579,518</u>		<u>903,264</u>
	919,619		902,828
	3,303,561		8,021,584
\$	<u>4,223,180</u>	\$	<u>8,924,412</u>

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year Ended June 30, 2006**

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
<b>Agricultural Extension Service Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 4,312	\$ 375,429	\$ 373,967	\$ 5,774
Receivables, property taxes	376,776	391,794	376,776	391,794
<b>Total assets</b>	<b>\$ 381,088</b>	<b>\$ 767,223</b>	<b>\$ 750,743</b>	<b>\$ 397,568</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 381,088</b>	<b>\$ 767,348</b>	<b>\$ 750,868</b>	<b>\$ 397,568</b>
<b>Bangs Eradication Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 10,784	\$ 22,853	\$ 22,315	\$ 11,322
Receivables, property taxes	22,922	23,624	22,922	23,624
<b>Total assets</b>	<b>\$ 33,706</b>	<b>\$ 46,477</b>	<b>\$ 45,237</b>	<b>\$ 34,946</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 33,706</b>	<b>\$ 46,481</b>	<b>\$ 45,241</b>	<b>\$ 34,946</b>
<b>City Taxing Districts Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 921,071	\$ 77,424,307	\$ 77,095,075	\$ 1,250,303
Receivables, property taxes	77,538,403	81,508,571	77,538,402	81,508,572
<b>Total assets</b>	<b>\$ 78,459,474</b>	<b>\$ 158,932,878</b>	<b>\$ 154,633,477</b>	<b>\$ 82,758,875</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 78,459,474</b>	<b>\$ 158,958,792</b>	<b>\$ 154,659,391</b>	<b>\$ 82,758,875</b>
<b>Community College Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 39,030	\$ 3,385,207	\$ 3,372,172	\$ 52,065
Receivables, property taxes	3,396,154	3,618,932	3,396,154	3,618,932
<b>Total assets</b>	<b>\$ 3,435,184</b>	<b>\$ 7,004,139</b>	<b>\$ 6,768,326</b>	<b>\$ 3,670,997</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 3,435,184</b>	<b>\$ 7,005,263</b>	<b>\$ 6,769,450</b>	<b>\$ 3,670,997</b>
<b>Fire Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 4,278	\$ 276,496	\$ 276,921	\$ 3,853
Receivables, property taxes	278,312	288,342	278,312	288,342
<b>Total assets</b>	<b>\$ 282,590</b>	<b>\$ 564,838</b>	<b>\$ 555,233</b>	<b>\$ 292,195</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 282,590</b>	<b>\$ 564,875</b>	<b>\$ 555,270</b>	<b>\$ 292,195</b>

(Continued)

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds (Continued)  
Year Ended June 30, 2006**

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
<b>School Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 1,069,453	\$ 91,319,860	\$ 90,963,142	\$ 1,426,171
Receivables, property taxes	91,654,751	95,234,968	91,654,751	95,234,968
<b>Total assets</b>	<b>\$ 92,724,204</b>	<b>\$ 186,554,828</b>	<b>\$ 182,617,893</b>	<b>\$ 96,661,139</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 92,724,204</b>	<b>\$ 186,586,609</b>	<b>\$ 182,649,674</b>	<b>\$ 96,661,139</b>
<b>Township Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 2,416	\$ 154,453	\$ 154,945	\$ 1,924
Receivables, property taxes	154,056	147,661	154,056	147,661
<b>Total assets</b>	<b>\$ 156,472</b>	<b>\$ 302,114</b>	<b>\$ 309,001</b>	<b>\$ 149,585</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 156,472</b>	<b>\$ 302,121</b>	<b>\$ 309,008</b>	<b>\$ 149,585</b>
<b>Other Taxing Districts Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 121,436	\$ 24,872,766	\$ 24,860,042	\$ 134,160
Receivables, property taxes	147,178	336,614	215,236	268,556
<b>Total assets</b>	<b>\$ 268,614</b>	<b>\$ 25,209,380</b>	<b>\$ 25,075,278</b>	<b>\$ 402,716</b>
<b>Liabilities</b>				
Accounts payable	\$ 14,880	\$ 31,767	\$ 34,569	\$ 12,078
Due to other governmental agencies	253,734	25,109,555	24,972,651	390,638
<b>Total liabilities</b>	<b>\$ 268,614</b>	<b>\$ 25,141,322</b>	<b>\$ 25,007,220</b>	<b>\$ 402,716</b>
<b>City Special Assessments Fund</b>				
<b>Assets, cash and investments</b>	<b>\$ 203,683</b>	<b>\$ 1,671,030</b>	<b>\$ 1,606,049</b>	<b>\$ 268,664</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 203,683</b>	<b>\$ 1,671,030</b>	<b>\$ 1,606,049</b>	<b>\$ 268,664</b>

(Continued)

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds (Continued)  
Year Ended June 30, 2006**

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
<b>County Recorder Agency Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 154,683	\$ 1,617,395	\$ 1,599,935	\$ 172,143
Receivables, accounts	-	1,625,294	1,625,294	-
<b>Total assets</b>	<b>\$ 154,683</b>	<b>\$ 3,242,689</b>	<b>\$ 3,225,229</b>	<b>\$ 172,143</b>
<b>Liabilities, due to other governmental agencies</b>				
	\$ 154,683	\$ 1,617,395	\$ 1,599,935	\$ 172,143
<b>County Sheriff Agency Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 156,971	\$ 3,181,946	\$ 3,166,065	\$ 172,852
Receivables, accounts	-	418	418	-
<b>Total assets</b>	<b>\$ 156,971</b>	<b>\$ 3,182,364</b>	<b>\$ 3,166,483</b>	<b>\$ 172,852</b>
<b>Liabilities, accounts payable</b>				
	\$ 156,971	\$ 3,053,895	\$ 3,038,014	\$ 172,852
<b>Motor Vehicle Tax Fund</b>				
<b>Assets, cash and investments</b>				
	\$ 1,439,397	\$ 18,802,066	\$ 18,667,327	\$ 1,574,136
<b>Liabilities, due to other governmental agencies</b>				
	\$ 1,439,397	\$ 18,802,066	\$ 18,667,327	\$ 1,574,136
<b>Original Bond Issue Escrow Fund</b>				
<b>Assets, cash and investments</b>				
	\$ 1,800	\$ -	\$ -	\$ 1,800
<b>Liabilities, accounts payable</b>				
	\$ 1,800	\$ -	\$ -	\$ 1,800
<b>Tax Sale Redemption Fund</b>				
<b>Assets, cash and investments</b>				
	\$ 67,038	\$ 370,004	\$ 301,770	\$ 135,272
<b>Liabilities, due to other governmental agencies</b>				
	\$ 67,038	\$ 370,004	\$ 301,770	\$ 135,272

(Continued)

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds (Continued)  
Year Ended June 30, 2006**

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
<b>Use Tax Fund</b>				
<b>Assets, cash and investments</b>	\$ 1,275,853	\$ 14,589,129	\$ 14,457,012	\$ 1,407,970
<b>Liabilities, due to other governmental agencies</b>	\$ 1,275,853	\$ 14,589,129	\$ 14,457,012	\$ 1,407,970
<b>Community Services Fund</b>				
<b>Assets, cash and investments</b>	\$ 409,249	\$ 223,321	\$ -	\$ 632,570
<b>Liabilities, due to private individuals</b>	\$ 409,249	\$ 223,321	\$ -	\$ 632,570
<b>Jail Inmate Fund</b>				
<b>Assets, cash and investments</b>	\$ 30,873	\$ 31,011	\$ -	\$ 61,884
<b>Liabilities, due to private individuals</b>	\$ 30,873	\$ 31,011	\$ -	\$ 61,884
<b>Total Combined Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 5,912,327	\$ 238,317,273	\$ 236,916,737	\$ 7,312,863
Receivables:				
Property taxes	173,568,552	181,482,449	173,568,552	181,482,449
Accounts	-	1,693,771	1,693,771	-
<b>Total assets</b>	<b>\$ 179,480,879</b>	<b>\$ 421,493,493</b>	<b>\$ 412,179,060</b>	<b>\$ 188,795,312</b>
<b>Liabilities</b>				
Accounts payable	\$ 173,651	\$ 3,085,662	\$ 3,072,583	\$ 186,730
Due to other governmental agencies	178,867,106	416,390,668	407,343,646	187,914,128
Due to private individuals	440,122	254,332	-	694,454
<b>Total liabilities</b>	<b>\$ 179,480,879</b>	<b>\$ 419,730,662</b>	<b>\$ 410,416,229</b>	<b>\$ 188,795,312</b>

County of Scott, Iowa

**Combining Balance Sheet and Reconciliation to Statement of Net Assets  
Discretely Presented Component Units  
June 30, 2006**

Assets	Emergency Management Agency	County Library	County Assessor
Cash and investments	\$ 221,098	\$ 317,917	\$ 324,390
Restricted cash and investments	-	-	-
Receivables:			
Property taxes	-	-	607,260
Accrued interest	-	-	-
Due from other governmental agencies	820	-	-
<b>Total assets</b>	<b>\$ 221,918</b>	<b>\$ 317,917</b>	<b>\$ 931,650</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 1,331	\$ 53,022	\$ 4,674
Accrued liabilities	2,096	18,286	15,366
Deferred revenue	-	-	607,180
<b>Total liabilities</b>	<b>3,427</b>	<b>71,308</b>	<b>627,220</b>
Fund balances:			
Reserved for:			
Debt service	-	-	-
Capital project, jail expansion	-	-	-
Unreserved, undesignated	218,491	246,609	304,430
<b>Total fund balances</b>	<b>218,491</b>	<b>246,609</b>	<b>304,430</b>
<b>Total liabilities and fund balances</b>	<b>\$ 221,918</b>	<b>\$ 317,917</b>	<b>\$ 931,650</b>
<b>Reconciliation to statement of net assets:</b>			
Total component unit fund balances	\$ 218,491	\$ 246,609	\$ 304,430
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	-
Buildings	-	1,297,266	-
Machinery and equipment	42,045	201,670	-
Accumulated depreciation	(42,045)	(273,724)	-
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds,			
deferred revenue	-	-	1,025
Capital lease receivable from primary government	-	-	-
Unearned revenue	-	-	-
Liabilities not due and payable in the current period are not reported in the funds:			
Compensated absences	(10,651)	(15,011)	(68,926)
Revenue bonds payable	-	-	-
Bond discounts	-	-	-
Accrued interest payable	-	-	-
Bond issuance costs	-	-	-
<b>Total net assets</b>	<b>\$ 207,840</b>	<b>\$ 1,473,410</b>	<b>\$ 236,529</b>

County Assessor Special	City Assessor	City Assessor Special	Public Safety Authority	Total
\$ 384,014	\$ 223,739	\$ 84,109	\$ 2,575	\$ 1,557,842
-	-	-	23,555,724	23,555,724
144,643	756,992	240,719	-	1,749,614
-	-	-	93,052	93,052
-	-	-	-	820
<u>\$ 528,657</u>	<u>\$ 980,731</u>	<u>\$ 324,828</u>	<u>\$ 23,651,351</u>	<u>\$ 26,957,052</u>
\$ 40,022	\$ 63,921	\$ 17,811	\$ 1,855,095	\$ 2,035,876
-	-	-	-	35,748
144,624	756,617	240,595	-	1,749,016
<u>184,646</u>	<u>820,538</u>	<u>258,406</u>	<u>1,855,095</u>	<u>3,820,640</u>
-	-	-	26,760	26,760
-	-	-	21,769,496	21,769,496
344,011	160,193	66,422	-	1,340,156
<u>344,011</u>	<u>160,193</u>	<u>66,422</u>	<u>21,796,256</u>	<u>23,136,412</u>
<u>\$ 528,657</u>	<u>\$ 980,731</u>	<u>\$ 324,828</u>	<u>\$ 23,651,351</u>	<u>\$ 26,957,052</u>
\$ 344,011	\$ 160,193	\$ 66,422	\$ 21,796,256	\$ 23,136,412
-	-	-	-	16,600
-	-	-	-	1,297,266
-	110,461	-	-	354,176
-	(84,725)	-	-	(400,494)
-	5,395	-	-	6,420
-	-	-	27,765,000	27,765,000
-	-	-	(21,893,124)	(21,893,124)
-	(47,219)	-	-	(141,807)
-	-	-	(27,765,000)	(27,765,000)
-	-	-	301,551	301,551
-	-	-	(93,843)	(93,843)
-	-	-	131,738	131,738
<u>\$ 344,011</u>	<u>\$ 144,105</u>	<u>\$ 66,422</u>	<u>\$ 242,578</u>	<u>\$ 2,714,895</u>

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, 2006

	Emergency Management Agency	County Library
Revenue:		
Property taxes	\$ -	\$ -
Other taxes	-	-
Intergovernmental	152,922	915,669
Charges for services	-	13,631
Investment earnings	-	-
Rentals and fees	-	-
Other	77,739	1,286
<b>Total revenue</b>	<b>230,661</b>	<b>930,586</b>
Expenditures:		
Current:		
Public safety and legal services	205,885	-
County environment and education	-	1,085,339
Government services to residents	-	-
Debt service:		
Principal	-	-
Bond issuance costs	-	-
Interest	-	-
<b>Total expenditures</b>	<b>205,885</b>	<b>1,085,339</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>24,776</b>	<b>(154,753)</b>
Other financing sources (uses):		
Issuance of debt	-	-
Bond discount	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>24,776</b>	<b>(154,753)</b>
Fund balances, beginning of year	193,715	401,362
Fund balances, end of year	<b>\$ 218,491</b>	<b>\$ 246,609</b>

(Continued)

County Assessor	County Assessor Special	City Assessor	City Assessor Special	Public Safety Authority	Total
\$ 520,684	\$ 116,290	\$ 577,364	\$ 194,220	\$ -	\$ 1,408,558
20,937	4,676	29,394	9,888	-	64,895
18,982	4,239	17,586	5,916	-	1,115,314
1,767	-	-	-	-	15,398
-	-	-	-	597,944	597,944
-	-	-	-	1,935,000	1,935,000
879	-	2,667	-	-	82,571
563,249	125,205	627,011	210,024	2,532,944	5,219,680
-	-	-	-	7,417,401	7,623,286
-	-	-	-	-	1,085,339
522,848	127,075	753,709	238,872	-	1,642,504
-	-	-	-	1,935,000	1,935,000
-	-	-	-	134,313	134,313
-	-	-	-	253,055	253,055
522,848	127,075	753,709	238,872	9,739,769	12,673,497
40,401	(1,870)	(126,698)	(28,848)	(7,206,825)	(7,453,817)
-	-	-	-	29,700,000	29,700,000
-	-	-	-	(307,444)	(307,444)
-	-	-	-	29,392,556	29,392,556
40,401	(1,870)	(126,698)	(28,848)	22,185,731	21,938,739
264,029	345,881	286,891	95,270	(389,475)	1,197,673
\$ 304,430	\$ 344,011	\$ 160,193	\$ 66,422	\$ 21,796,256	\$ 23,136,412

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, 2006**

	Emergency Management Agency	County Library
<b>Reconciliation to statement of activities,</b>		
net change in fund balances	\$ 24,776	\$ (154,753)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:		
Capital outlay	-	110,998
Depreciation	(2,892)	(32,861)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	-	-
Rentals and fees	-	-
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, change in compensated absences	(909)	3,155
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:		
Proceeds from issuance of long-term debt	-	-
Repayment of bond principal	-	-
Bond issuance costs	-	-
Bond discount	-	-
Interest expense	-	-
Amortization of bond issuance costs and discounts	-	-
<b>Changes in net assets of component units</b>	<b>\$ 20,975</b>	<b>\$ (73,461)</b>

County Assessor	County Assessor Special	City Assessor	City Assessor Special	Public Safety Authority	Total
\$ 40,401	\$ (1,870)	\$ (126,698)	\$ (28,848)	\$ 22,185,731	\$ 21,938,739
-	-	-	-	7,417,401	7,528,399
-	-	(11,217)	-	-	(46,970)
(848)	-	332	-	-	(516)
-	-	-	-	(1,935,000)	(1,935,000)
(5,458)	-	2,216	-	-	(996)
-	-	-	-	(29,700,000)	(29,700,000)
-	-	-	-	1,935,000	1,935,000
-	-	-	-	134,313	134,313
-	-	-	-	307,444	307,444
-	-	-	-	(99,736)	(99,736)
-	-	-	-	(2,575)	(2,575)
\$ 34,095	\$ (1,870)	\$ (135,367)	\$ (28,848)	\$ 242,578	\$ 58,102

## County of Scott, Iowa

### Statistical Section Contents

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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>	
These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	74
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County's most significant local revenue sources, the property tax (or sales tax).	82
<b>Debt Capacity</b>	
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.	90
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	96
<b>Operating Information</b>	
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.	100

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The County implemented GASB 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 Four Fiscal Years\***  
*(accrual basis of accounting)*  
**(Unaudited)**

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 51,390,670	\$ 53,196,584	\$ 58,403,448	\$ 62,017,939
Restricted for:				
Debt service	5,142,886	4,828,092	4,486,204	4,460,937
County conservation sewage treatment	151,021	160,678	170,507	182,850
Mental health	-	-	-	855,147
Secondary roads	-	-	-	1,459,411
Unrestricted	11,771,985	11,848,957	11,456,380	11,004,368
<b>Total governmental activities net assets</b>	<b>\$ 68,456,562</b>	<b>\$ 70,034,311</b>	<b>\$ 74,516,539</b>	<b>\$ 79,980,652</b>
Business-type activities:				
Invested in capital assets, net of related debt	\$ (50,362)	\$ 198,958	\$ 342,758	\$ 475,691
Restricted for, lease purchase contract	-	324,627	326,105	326,596
Unrestricted	(1,383,608)	(1,843,166)	(2,051,330)	(2,341,036)
<b>Total business-type activities net assets</b>	<b>\$ (1,433,970)</b>	<b>\$ (1,319,581)</b>	<b>\$ (1,382,467)</b>	<b>\$ (1,538,749)</b>
Primary government:				
Invested in capital assets, net of related debt	\$ 51,340,308	\$ 53,395,542	\$ 58,746,206	\$ 62,493,630
Restricted for:				
Debt service	5,142,886	4,828,092	4,486,204	4,460,937
County conservation sewage treatment	151,021	160,678	170,507	182,850
Lease purchase contract	-	324,627	326,105	326,596
Mental health	-	-	1,251,251	855,147
Secondary roads	-	-	1,552,667	1,459,411
Unrestricted	10,388,377	10,005,791	6,601,132	8,663,332
<b>Total primary government net assets</b>	<b>\$ 67,022,592</b>	<b>\$ 68,714,730</b>	<b>\$ 73,134,072</b>	<b>\$ 78,441,903</b>

GASB Statement No. 34 implemented in fiscal year 2003.

Source: County records.

County of Scott, Iowa

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Public safety and legal services	\$ 14,416,219	\$ 15,359,610	\$ 17,378,230	\$ 19,231,650
Physical health and social services	5,354,508	5,599,865	5,433,189	5,543,800
Mental health	12,560,244	12,464,838	12,689,373	13,430,170
County environment and education	4,077,028	4,179,381	3,978,818	4,142,926
Roads and transportation	5,319,941	5,322,321	6,514,158	5,983,682
Governmental services to residents	1,728,824	1,834,390	1,853,466	1,945,223
Administration	6,864,076	8,182,576	9,848,118	9,376,193
Interest on long-term debt	498,341	457,073	434,854	662,882
<b>Total governmental activities expenses</b>	<b>50,819,181</b>	<b>53,400,054</b>	<b>58,130,206</b>	<b>60,316,526</b>
Business-type activities, golf course	964,728	988,195	1,074,754	1,186,450
<b>Total government expenses</b>	<b>\$ 51,783,909</b>	<b>\$ 54,388,249</b>	<b>\$ 59,204,960</b>	<b>\$ 61,502,976</b>
Program revenues:				
Governmental activities:				
Public safety and legal services	\$ 966,549	\$ 899,053	\$ 878,359	\$ 1,101,152
Physical health and social services	264,329	356,232	291,344	290,280
Mental health	46,259	18,432	40,441	57,465
County environment and education	695,885	693,246	880,593	943,194
Roads and transportation	2,841	32,875	9,241	27,646
Governmental services to residents	2,930,055	2,693,220	2,501,165	2,616,909
Administration	222,833	150,904	264,264	191,548
Operating grants and contributions	5,448,938	8,544,625	8,857,256	9,135,717
Capital grants and contributions	1,329,326	706,004	6,519,732	2,846,478
<b>Total governmental activities program revenues</b>	<b>11,907,015</b>	<b>14,094,591</b>	<b>20,242,395</b>	<b>17,210,389</b>
Business-type activities, golf course	1,033,286	1,101,788	1,008,046	1,019,793
<b>Total government program revenues</b>	<b>\$ 12,940,301</b>	<b>\$ 15,196,379</b>	<b>\$ 21,250,441</b>	<b>\$ 18,230,182</b>

(Continued)

County of Scott, Iowa

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

	Fiscal Year			
	2003	2004	2005	2006
Net (expense)/revenue:				
Governmental activities	\$ (38,912,166)	\$ (39,305,463)	\$ (37,887,811)	\$ (43,106,137)
Business-type activities	68,558	113,593	(66,708)	(166,657)
<b>Total government net expense</b>	<b>\$ (38,843,608)</b>	<b>\$ (39,191,870)</b>	<b>\$ (37,954,519)</b>	<b>\$ (43,272,794)</b>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 22,780,080	\$ 24,998,507	\$ 25,923,952	\$ 31,335,227
Local option sales tax	3,199,382	3,393,432	3,488,462	3,470,318
Gaming	805,667	919,864	904,897	887,690
Other taxes	172,113	117,731	59,143	63,287
Utility tax replacements	1,061,401	1,133,932	1,228,633	1,377,835
Penalties, interest and costs on taxes	667,318	652,959	837,554	791,859
State tax replacement credits	8,313,347	5,435,819	5,152,761	5,246,050
Payments in lieu of taxes	3,659	-	-	-
State shared revenues	2,804,003	2,851,114	2,909,524	2,970,800
Grants and contributions not restricted to specific purpose	289,800	274,703	258,703	241,277
Investment earnings	518,804	367,089	782,291	1,381,353
Miscellaneous	692,184	738,062	824,119	804,554
(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>	<b>48,570,250</b>
Business-type activities, investment earnings	2,461	796	3,822	10,375
<b>Total government</b>	<b>\$ 41,274,848</b>	<b>\$ 40,884,008</b>	<b>\$ 42,373,861</b>	<b>\$ 48,580,625</b>
Change in net assets:				
Governmental activities	\$ 2,360,221	\$ 1,577,749	\$ 4,482,228	\$ 5,464,113
Business-type activities	71,019	114,389	(62,886)	(156,282)
<b>Total primary government</b>	<b>\$ 2,431,240</b>	<b>\$ 1,692,138</b>	<b>\$ 4,419,342</b>	<b>\$ 5,307,831</b>

GASB Statement No. 34 implemented in fiscal year 2003.

Source: County records.

County of Scott, Iowa

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

	Fiscal Year			
	1997	1998	1999*	2000
General Fund:				
Reserved:				
Notes receivable	\$ -	\$ -	\$ -	\$ 205,761
Advances	1,423,314	1,423,314	1,423,314	1,423,314
County conservation sewage treatment	-	-	-	-
Unreserved, designated claim liabilities	1,702,769	-	-	-
Unreserved, undesignated	6,776,196	6,971,767	8,401,174	5,755,165
<b>Total general fund</b>	<b>\$ 9,902,279</b>	<b>\$ 8,395,081</b>	<b>\$ 9,824,488</b>	<b>\$ 7,384,240</b>
All other governmental funds:				
Reserved for:				
Debt service	\$ 6,688,511	\$ 6,462,322	\$ 6,223,688	\$ 5,963,836
Unreserved, undesignated reported in:				
Special revenue funds:				
Mental health/development disabilities	380,706	1,196,130	1,714,861	2,042,319
Secondary roads	867,558	524,854	666,640	690,460
Rural services	116,720	136,828	157,643	155,078
Recorders management fees	-	61,106	78,772	111,718
Capital projects funds, capital projects	977,139	3,306,160	4,068,251	7,743,389
<b>Total all other governmental funds</b>	<b>\$ 9,030,634</b>	<b>\$ 11,687,400</b>	<b>\$ 12,909,855</b>	<b>\$ 16,706,800</b>

Source: County records.

							Fiscal Year					
2001		2002		2003		2004		2005		2006		
\$	120,507	\$	60,254	\$	100,000	\$	100,000	\$	100,000	\$	100,000	
	1,423,314		1,423,314		1,423,314		1,508,314		1,673,314		1,863,314	
	-		-		151,021		160,678		170,507		182,850	
	-		1,051,977		1,116,806		805,257		886,689		886,689	
	5,373,104		6,012,505		6,372,309		5,488,379		4,637,761		5,479,818	
\$	6,916,925	\$	8,548,050	\$	9,163,450	\$	8,062,628	\$	7,468,271	\$	8,512,671	
<hr/>												
\$	5,688,836	\$	5,426,805	\$	5,142,886	\$	724,111	\$	5,269,337	\$	4,460,937	
	2,166,738		1,218,233		1,021,020		1,000,512		1,251,251		855,147	
	875,848		561,446		2,189,357		2,943,900		1,552,667		1,459,411	
	132,012		83,889		2,148,185		1,997,741		2,191,392		111,064	
	154,882		192,259		259,036		93,315		117,636		129,231	
	9,007,745		5,916,295		1,788,279		1,275,218		3,426,597		4,223,180	
\$	18,026,061	\$	13,398,927	\$	12,548,763	\$	8,034,797	\$	13,808,880	\$	11,238,970	

County of Scott, Iowa

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1997	1998	1999*	2000
<b>Revenues:</b>				
Property taxes	\$ 18,342,431	\$ 18,125,931	\$ 18,177,319	\$ 19,283,597
Local option sales tax	3,287,469	2,833,819	3,317,574	3,341,526
Other taxes	732,922	836,233	894,402	902,381
Interest and penalty on taxes	272,553	320,601	420,615	489,444
Intergovernmental	12,912,534	13,556,742	13,586,119	13,670,627
Charges for services	2,634,903	3,048,139	3,336,418	3,172,085
Investment earnings	1,367,732	1,699,696	1,751,709	2,097,176
Licenses and permits	306,103	324,532	362,164	428,267
Rentals and fees	125,189	130,428	156,948	139,890
Other	627,235	420,322	466,149	509,131
<b>Total revenues</b>	<b>40,609,071</b>	<b>41,296,443</b>	<b>42,469,417</b>	<b>44,034,124</b>
<b>Expenditures:</b>				
Public safety and legal services	9,182,380	9,452,170	10,277,713	10,625,223
Physical health and social services	3,509,868	5,078,519	4,212,753	4,493,516
Mental health	9,829,781	9,424,014	9,903,740	10,574,774
County environment and education	2,251,761	2,249,955	2,233,586	2,336,675
Roads and transportation	3,141,328	2,963,400	3,047,814	3,215,371
Governmental services to residents	1,348,174	1,453,858	1,449,209	1,509,901
Administration	-	-	-	-
Interprogram services	4,594,126	5,028,129	4,478,582	5,439,162
Capital outlay	2,745,124	3,383,005	3,155,483	3,408,430
<b>Debt service:</b>				
Principal	590,000	620,000	670,000	720,000
Interest	448,735	419,825	388,675	354,375
<b>Total expenditures</b>	<b>37,641,277</b>	<b>40,072,875</b>	<b>39,817,555</b>	<b>42,677,427</b>
<b>Excess of revenues over (under) expenditures</b>	<b>2,967,794</b>	<b>1,223,568</b>	<b>2,651,862</b>	<b>1,356,697</b>
<b>Other financing sources (uses):</b>				
Transfers in	3,848,915	5,920,493	4,129,217	7,467,088
Transfers out	(3,848,915)	(5,920,493)	(4,129,217)	(7,467,088)
Operating transfers to component unit	(275,047)	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(275,047)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 2,692,747</b>	<b>\$ 1,223,568</b>	<b>\$ 2,651,862</b>	<b>\$ 1,356,697</b>
Fund balances, beginning of year	\$ 16,240,166	\$ 18,858,913	\$ 20,082,481	\$ 22,734,343
Residual equity transfer in	-	-	-	-
Fund balances, end of year	18,932,913	20,082,481	22,734,343	24,091,040

Source: County records.

		Fiscal Year									
		2001	2002	2003	2004	2005	2006				
\$	19,852,285	\$	20,644,047	\$	22,769,823	\$	24,996,346	\$	25,895,065	\$	31,364,663
	3,196,756		3,195,497		3,289,382		3,403,432		3,418,462		3,382,318
	1,876,688		1,980,614		2,039,181		2,171,528		2,192,673		2,328,812
	522,155		579,951		667,318		652,959		837,554		791,859
	15,491,941		15,895,641		17,130,707		17,181,934		17,899,516		18,596,027
	3,576,260		4,181,051		4,698,212		4,389,232		4,336,407		4,656,145
	2,286,576		956,679		518,804		348,442		738,160		1,381,353
	386,316		418,998		430,540		454,731		529,000		572,049
	163,735		142,050		127,387		113,952		124,758		141,568
	392,014		784,724		564,798		604,805		695,374		569,001
	47,744,726		48,779,252		52,236,152		54,317,361		56,666,969		63,783,795
	12,247,225		12,490,629		13,584,142		14,593,427		16,507,338		18,225,493
	5,305,350		5,675,225		5,279,964		5,563,018		5,398,110		5,489,011
	11,615,292		12,507,653		12,540,895		12,454,452		12,673,353		13,416,089
	2,601,159		2,974,726		3,331,750		3,809,045		3,554,450		3,558,603
	3,240,775		3,380,066		3,025,694		3,716,998		3,915,398		3,937,871
	1,658,522		1,748,504		1,638,400		1,746,145		1,765,623		1,866,796
	5,824,175		5,907,458		6,214,537		6,622,680		6,815,170		7,306,402
	-		-		-		-		-		-
	4,128,588		13,388,707		9,256,988		5,320,722		5,583,383		5,290,532
	275,000		290,000		610,000		580,000		610,000		2,570,000
	317,485		317,818		502,750		458,905		436,926		665,130
	47,213,571		58,680,786		55,985,120		54,865,392		57,259,751		62,325,927
	531,155		(9,901,534)		(3,748,968)		(548,031)		(592,782)		1,457,868
	6,761,451		5,919,049		5,949,549		6,468,235		5,835,149		6,665,376
	(6,761,451)		(5,919,049)		(5,949,549)		(6,468,235)		(5,835,149)		(6,665,376)
	-		-		-		-		-		-
	-		5,041,777		-		-		-		-
	-		5,041,777		-		-		-		-
\$	531,155	\$	(4,859,757)	\$	(3,748,968)	\$	(548,031)	\$	(592,782)	\$	1,457,868
\$	24,411,832	\$	24,942,986	\$	23,183,554	\$	19,434,586	\$	18,886,555	\$	18,293,773
	-		1,863,748		-		-		-		-
	24,942,987		21,946,977		19,434,586		18,886,555		18,293,773		19,751,641

County of Scott, Iowa

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

Function / Program	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Public safety and legal services	\$ 1,510,542	\$ 1,440,430	\$ 2,076,189	\$ 2,396,794
Physical health and social services	1,995,547	2,278,296	2,393,807	2,126,736
Mental health	2,681,440	5,019,401	5,435,434	5,507,832
County environment and education	1,064,191	1,253,269	1,143,866	1,197,394
Roads and transportation	1,180,590	725,079	5,980,515	1,943,220
Governmental services to residents	3,048,029	3,041,924	2,705,131	3,670,976
Administration	426,676	336,192	507,453	367,437
<b>Total governmental activities</b>	<b>11,907,015</b>	<b>14,094,591</b>	<b>20,242,395</b>	<b>17,210,389</b>
Business-type activities,				
Glynn's Creek Golf Course	1,033,286	1,101,788	1,008,046	1,019,793
<b>Total government</b>	<b>\$ 12,940,301</b>	<b>\$ 15,196,379</b>	<b>\$ 21,250,441</b>	<b>\$ 18,230,182</b>

GASB Statement No. 34 implemented in fiscal year 2003.

Source: County records.

County of Scott, Iowa

**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(Unaudited)**

Fiscal Year	Property	Local Option Sales Tax	Other Tax	Interest & Penalties on Taxes	Intergovernmental
1997	\$ 18,342,431	\$ 3,287,469	\$ 732,922	\$ 272,553	\$ 12,912,534
1998	18,125,931	2,833,819	836,233	320,601	13,556,742
1999	18,177,319	3,317,574	894,402	420,615	13,586,119
2000	19,283,597	3,341,526	902,381	489,444	13,670,627
2001	19,852,285	3,196,756	1,876,688	522,155	15,491,941
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
<b>2006</b>	<b>31,364,663</b>	<b>3,382,318</b>	<b>2,328,812</b>	<b>791,859</b>	<b>18,596,027</b>
Change 1997-2006	71.00%	2.89%	217.74%	190.53%	44.02%

Source: County records.

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Charges for Services	Investment Earnings	Licenses & Permits	Rentals & Fees	Other	Total
\$ 2,634,903	\$ 1,367,732	\$ 306,103	\$ 125,189	\$ 627,235	\$ 40,609,071
3,048,139	1,699,696	324,532	130,428	420,322	41,296,443
3,336,418	1,751,709	362,164	156,948	466,149	42,469,417
3,172,085	2,097,176	428,267	139,890	509,131	44,034,124
3,576,260	2,286,576	386,316	163,735	392,014	47,744,726
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
<b>4,656,145</b>	<b>1,381,353</b>	<b>572,049</b>	<b>141,568</b>	<b>569,001</b>	<b>63,783,795</b>
76.71%	1.00%	86.88%	13.08%	-9.28%	57.07%

County of Scott, Iowa

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

Fiscal Year Ended June 30	Real Property		Personal Property		Utilities	
	Taxable Value	Assessed Value	Taxable Value	Assessed Value	Taxable Value	Assessed Value
1997	\$ 3,502,340,089	\$ 4,982,800,925	\$ 270,794,085	\$ 270,794,085	\$ 343,109,441	\$ 343,726,116
1998	3,593,077,609	5,094,524,701	267,715,978	267,715,978	332,821,148	332,821,148
1999	3,807,731,607	5,668,739,100	255,956,108	255,956,108	390,444,779	390,533,049
2000	3,972,859,733	5,777,153,288	244,123,480	244,123,480	360,261,226	360,261,226
2001	4,283,599,697	6,382,142,701	190,103,913	190,103,913	367,488,907	367,528,097
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
<b>2006</b>	<b>5,299,824,281</b>	<b>8,858,213,729</b>	-	-	<b>405,323,627</b>	<b>405,323,627</b>

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.

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Total		Ratio Taxable to Assessed Value	Tax Increment Financing District Values
Taxable Value	Assessed Value		
\$ 4,116,243,615	\$ 5,597,321,126	73.5%	\$ 117,883,768
4,193,614,735	5,695,061,827	73.6	94,850,981
4,454,132,494	6,315,228,257	70.5	115,708,030
4,577,244,439	6,381,537,994	71.7	175,894,540
4,841,192,517	6,939,774,711	69.8	207,991,891
4,996,063,686	7,044,069,397	70.9	218,666,744
5,129,605,579	7,694,893,285	66.7	226,164,092
5,220,437,746	8,054,218,997	64.8	232,697,034
5,504,517,426	8,808,541,125	62.5	213,970,420
<b>5,705,147,908</b>	<b>9,263,537,356</b>	<b>61.6</b>	<b>235,146,048</b>

County of Scott, Iowa

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

	1997		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
	MidAmerican Energy	\$ 275,497,022	1
Aluminum Company of America	195,008,470	2	4.74
Equitable Life Assurance Society	79,251,932	3	1.93
Davenport Water Company	40,829,063	4	0.99
Oscar Mayer Foods Corporation	28,862,106	5	0.70
Davenport Cement Company	28,499,614	6	0.69
U.S. West Communications	28,111,498	7	0.68
Deere & Company	26,601,400	8	0.65
Ralston Purina Company	24,986,909	9	0.61
Quanex Corporation	24,824,932	10	0.60
	<u>\$ 752,472,946</u>		<u>18.28%</u>

Taxpayer	2006		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
	MidAmerican Energy	\$ 229,007,316	1
Isle of Capri Bettendorf	85,002,320	2	1.49
SDG Macerich Properties	64,106,783	3	1.12
Iowa American Water Company	45,556,796	4	0.80
Aluminum Company of America	39,915,813	5	0.70
Qwest Communications	36,020,815	6	0.63
Genventures Inc	21,034,293	7	0.37
Deere & Company	20,929,097	8	0.37
Quanex Corporation	20,862,200	9	0.37
National Amusement Inc	19,897,078	10	0.35
<b>Total</b>	<u>\$ 582,332,511</u>		<u>10.21%</u>

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
1997	\$ 127,684,330	\$ 126,877,840	99.37%	\$ 123,797	\$ 127,001,637	99.60%
1998	128,794,368	128,168,403	99.51	(86,183)	128,082,220	99.45
1999	138,308,158	137,499,635	99.42	50,202	137,549,837	88.45
2000	141,568,042	140,229,377	99.05	117,589	140,346,966	99.14
2001	146,117,608	145,193,712	99.37	119,615	145,313,327	99.45
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
<b>2006</b>	<b>194,032,266</b>	<b>193,001,228</b>	<b>99.46</b>	<b>195,545</b>	<b>193,196,773</b>	<b>99.57</b>

Note: Information presented above includes all taxing districts and their respective levies; Scott County's tax levy in 2006 was \$31,336,679 with current tax collections of \$31,328,684 for a percent of levy collected of 99.97%. Delinquent taxes were \$29,983 with a delinquent as a percent of current levy of 100.07%.

Source: County records.

County of Scott, Iowa

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

	Year Taxes are Payable			
	1997	1998	1999	2000
County direct rates:				
Scott County Urban Rate	4.32655	4.19239	3.91472	4.05869
Scott County Rural Rate	7.78103	7.74642	7.23492	7.29139
City and town rates:				
Bettendorf	11.45613	11.45630	11.45555	11.49320
Blue Grass	11.62014	11.60248	10.57459	10.38054
Buffalo	6.64999	6.65000	6.65000	6.65000
Davenport	13.96012	13.96012	13.96012	13.95123
Dixon	8.10000	8.10000	8.09974	8.09981
Donahue	5.22588	5.22584	5.25586	5.31451
Durant	10.16071	10.32394	12.88643	12.84869
Eldridge	8.05711	8.05589	7.16197	6.46747
LeClaire	14.18106	13.66101	14.94376	14.44722
Long Grove	5.57759	5.43945	5.78412	6.99376
Maysville	3.77368	3.99992	3.99799	4.60923
McCausland	6.52527	6.52500	6.52507	7.91701
New Liberty	1.33977	1.39317	1.47129	1.49144
Panorama Park	6.15971	6.47085	6.30832	6.16271
Princeton	6.58606	6.71036	6.69140	6.69112
Riverdale	1.24695	1.34560	1.51305	1.76835
Walcott	6.50002	6.70018	8.14002	10.09000
School District Rates:				
Bennett Schools	11.43502	13.37286	13.17830	13.38001
Bettendorf Schools	15.58368	15.46181	15.57107	14.81448
Davenport Schools	15.33816	15.19448	15.26607	14.92898
Durant Schools	11.31620	11.18477	11.14827	10.95551
North Scott Schools	14.77880	15.98307	17.73248	15.76085
Pleasant Valley Schools	13.81073	14.05556	14.68808	14.44722
Area IX CC	0.51543	0.58671	0.57182	0.54709
Other:				
Scott County Assessor	0.23869	0.23867	0.25072	0.22997
Davenport City Assessor	0.34674	0.34669	0.29389	0.29311
Ag. Extension - BANGS	0.04144	0.04077	0.03868	0.06732

Source: County records.

Year Taxes are Payable					
2001	2002	2003	2004	2005	2006
4.15929	4.18290	4.48067	4.80887	4.75497	5.56513
7.13428	7.23474	7.49188	7.71192	7.84647	8.60445
11.46317	11.45555	11.85000	11.85000	12.34932	12.34952
11.14846	11.56925	12.43356	12.48463	11.51524	11.43975
7.00003	6.99999	7.00203	7.65547	8.09999	8.09998
14.63429	14.60301	14.63000	14.96445	15.24000	15.24000
7.92961	8.09975	8.09986	8.09977	8.10000	8.10000
5.14553	5.20471	5.15138	7.96293	7.36868	5.42517
12.58764	12.19810	12.17088	12.17088	14.20315	15.56204
6.37566	6.37553	6.37555	6.64799	6.64795	6.64795
14.69772	14.69771	14.69660	14.69660	14.69639	14.69637
7.50571	7.87004	7.89977	8.10000	8.10000	8.10000
4.31483	4.76008	4.85690	5.16066	5.16083	5.16097
7.64701	7.64697	7.91705	7.91704	8.10000	8.10000
1.44891	1.52958	1.52478	2.22375	2.99975	2.90011
5.64725	6.13308	6.27994	6.29016	6.25158	6.50590
7.15950	9.30742	9.30739	9.22504	8.81288	9.02314
2.29856	2.29648	2.29649	2.30970	2.30949	2.93819
10.50225	10.00001	9.50001	9.50000	9.75001	9.75001
12.01282	11.62167	11.85225	12.43900	12.85967	11.78130
14.57951	14.56220	15.78768	15.77779	15.46630	14.69042
15.50967	15.46758	16.96204	17.07873	17.09591	17.09734
12.11375	12.18444	12.24493	12.04676	12.21711	12.62186
15.70745	15.66165	15.32122	14.99307	15.03382	15.12320
13.45589	13.45953	13.45042	13.45835	13.46470	13.66430
0.60302	0.60382	0.62633	0.61738	0.59216	0.59269
0.31843	0.31830	0.33124	0.33119	0.27124	0.27404
0.31303	0.33488	0.37656	0.31521	0.27648	0.26045
0.06700	0.06790	0.06248	0.06721	0.06939	0.06973

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			
	General Obligation Bonds	Capital Lease	Compensated Absences	Claims Payable
1997	\$ 7,925	\$ -	\$ 88	\$ -
1998	7,305	-	58	-
1999	6,635	-	88	-
2000	5,915	-	113	-
2001	5,640	-	786	-
2002	10,435	-	224	1,052
2003	9,825	-	1,649	1,132
2004	9,245	-	1,713	819
2005	8,635	-	1,838	891
<b>2006</b>	<b>8,000</b>	<b>27,765</b>	<b>1,916</b>	<b>724</b>

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

Source: County records.

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Business-Type Activities

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Capital Lease	Purchase Contract	Compensated Absences	Total Government	Percentage of Personal Income*	Per Capita*
\$ -	\$ -	\$ -	\$ 8,013	0.21%	\$ 50.58
-	-	-	7,363	0.18	46.77
-	-	-	6,723	0.16	42.39
-	-	-	6,028	0.13	37.80
-	-	-	6,426	0.14	40.50
-	-	-	11,711	0.24	73.81
-	2,361	28,150	43,117	0.87	268.50
218	2,101	24,755	38,851	0.73	241.48
476	1,918	26,102	39,860	Not available	248.91
<b>370</b>	<b>1,725</b>	<b>31,309</b>	<b>71,809</b>	<b>Not available</b>	<b>446.02</b>

County of Scott, Iowa

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

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds	Percent of Debt to Assessed Value	Per Capita*
1997	\$ 7,925,000	0.14% \$	50.03
1998	7,305,000	0.13	46.40
1999	6,635,000	0.11	41.84
2000	5,915,000	0.09	37.09
2001	5,640,000	0.08	35.55
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
<b>2006</b>	<b>8,000,000</b>	<b>0.09</b>	<b>49.69</b>

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

Source: County records.

County of Scott, Iowa

Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2006  
 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Scott County	\$ 8,000,000	100.00%	\$ 8,000,000
School Districts:			
Bettendorf Community	4,930,000	100.00	4,930,000
Durant Community	2,660,000	30.09	800,394
North Scott Community	7,395,000	100.00	7,395,000
Wheatland Community	2,285,000	8.00	182,800
Eastern Iowa Community College	42,520,000	58.94	25,061,288
<b>Subtotal, School Districts</b>			<u>38,369,482</u>
Cities:			
Bettendorf	52,405,000	100.00	52,405,000
Blue Grass	408,259	100.00	408,259
Buffalo	460,000	100.00	460,000
Davenport	139,760,000	100.00	139,760,000
Durant	2,225,000	4.68	104,130
Eldridge	665,000	100.00	665,000
LeClaire	5,025,818	100.00	5,025,818
Princeton	95,152	100.00	95,152
Walcott	-	100.00	-
<b>Subtotal, Cities</b>			<u>198,923,359</u>
<b>Total direct and overlapping debt:</b>			<u>\$ 245,292,841</u>

Source: County records

County of Scott, Iowa

Legal Debt Margin Information  
As of June 30, 2006  
(Unaudited)

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	1997	1998	1999*	2000
Debt limit	\$ 279,866,056	\$ 284,753,091	\$ 315,761,413	\$ 319,076,900
Total net debt applicable to limit	7,925,000	7,305,000	6,635,000	5,915,000
Legal debt margin	<u>\$ 271,941,056</u>	<u>\$ 277,448,091</u>	<u>\$ 309,126,413</u>	<u>\$ 313,161,900</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	2.91%	2.63%	2.15%	1.89%

Source: County records.

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 9,034,695,905
Debt limit (5% of assessed value)	<u>451,734,795</u>
Debt applicable to limit:	
General obligation bonds	8,000,000
Capital lease	<u>27,765,000</u>
Total net applicable to limit	<u>35,765,000</u>
Legal debt margin	<u><u>\$ 415,969,795</u></u>

	2001	2002	2003	2004	2005	2006
\$	347,055,848	\$ 352,203,470	\$ 363,102,618	\$ 392,500,605	\$ 428,112,694	\$ <b>451,734,795</b>
	5,640,000	10,435,000	9,825,000	9,245,000	8,635,000	<b>35,765,000</b>
\$	<b>341,415,848</b>	\$ <b>341,768,470</b>	\$ <b>353,277,618</b>	\$ <b>383,255,605</b>	\$ <b>419,477,694</b>	\$ <b>415,969,795</b>
	1.65%	3.05%	2.78%	2.41%	2.06%	8.60%

County of Scott, Iowa

Demographic and Economic Statistics  
 Last Ten Calendar Years  
 (Unaudited)

Year	Population <sup>1</sup>	Personal Income (000's) <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Farm Proprietors <sup>3</sup>	School Enrollment <sup>1</sup>	Unemployment Rate <sup>1</sup>
1997	158,416	\$ 3,900,733	\$ 26,475	860	50,431	3.1
1998	157,433	4,176,600	26,807	840	49,375	2.8
1999	158,591	4,256,086	28,157	830	47,347	3.2
2000	159,458	4,469,469	28,157	830	48,587	2.4
2001	158,668	4,677,783	29,470	780	44,014	2.9
2002	158,668	4,855,622	30,524	750	44,009	4.0
2003	160,582	4,959,726	31,115	740	41,223	4.0
2004	160,889	5,292,804	33,054	740	47,792	5.7
2005	160,141	Not available	Not available	730	44,337	5.1
<b>2006</b>	<b>160,998</b>	<b>Not available</b>	<b>Not available</b>	<b>730</b>	<b>Not available</b>	<b>4.0</b>

<sup>1</sup> Source: 2005 County Audit

<sup>2</sup> Source: Bi-State Regional Commission

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

County of Scott, Iowa

Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

Employer	1997		
	Employees	Rank	Percentage of Total County Employment
Genesis Medical Center	2,900	1	1.7%
Davenport Community Schools	2,537	2	1.5
Alcoa	2,500	3	1.4
Oscar Mayer	1,660	4	1.0
City of Davenport	1,234	5	0.7
President Riverboat Casino & Blackhawk Hotel	1,000	7	0.6
Eastern Iowa Community College District	902	8	0.5
MidAmerican	1,200	6	0.7
Deere & Company (Davenport Works)	850	9	0.5
APAC Customer Service Inc.	550	10	0.3

Employer	2006		
	Employees	Rank	Percentage of Total County Employment
Alcoa	2,500	1	3.0%
Kraft Foods	1,500	2	1.5
MidAmerican	1,200	3	1.4
First Med Clinic (Genesis Medical Center)	1,090	4	1.0
Deere & Company (Davenport Works)	950	5	0.7
Isle of Capri	923	6	0.6
APAC Customer Services Inc	900	7	0.5
Rhythm City Casino	750	8	0.7
Nestle Purina Factory	500	9	0.5
Sivyer Steel Corporation	417	10	0.3

Sources: Bi-State Regional Commission

County of Scott, Iowa

Full-Time Equivalent County Government Employees by Function /Program  
 Last Ten Fiscal Years  
 (Unaudited)

Function / Program	Fiscal Year			
	1997	1998	1999	2000
Public safety and legal services:				
Attorney	35.00	37.00	37.00	37.00
Health	-	-	2.76	2.76
Juvenile Court Services	11.00	11.00	11.00	11.80
Sheriff	131.30	136.20	135.70	136.70
Physical health and social services:				
Community Services	7.81	7.81	8.75	9.70
Health	30.60	31.39	29.63	29.14
Mental Health, Mental Retardation & Developmental Disabilities:				
Auditor	1.10	-	-	-
Community Services	4.94	5.44	4.50	3.55
County Environment and Education				
Conservation	36.60	37.60	39.60	40.60
Planning & Development	4.33	4.33	4.33	4.33
Roads and Transportation				
Secondary Roads	33.10	33.10	33.10	33.40
Governmental services to residents:				
Auditor	6.00	6.00	6.00	6.00
Recorder	13.00	13.00	14.00	14.00
Treasurer	14.50	14.75	15.00	15.00
Administration:				
Administration	2.70	2.70	2.70	2.70
Auditor	8.30	9.40	9.40	9.40
Facility & Support Services	16.39	16.89	17.79	17.79
Human Resources	6.50	7.50	7.50	7.50
Information Technology	16.50	15.50	14.50	15.50
Non-Departmental	-	-	-	-
Supervisors, Board of	5.00	5.00	5.00	5.00
Treasurer	14.10	14.35	13.60	13.60
<b>Total</b>	<b>398.77</b>	<b>408.96</b>	<b>411.86</b>	<b>415.47</b>

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

Fiscal Year					
2001	2002	2003	2004	2005	2006
37.00	31.00	30.63	30.63	30.63	30.75
2.90	2.90	2.30	4.90	4.90	7.30
12.40	12.40	15.20	15.20	14.20	14.20
137.70	140.70	141.70	154.15	159.65	166.10
9.20	9.70	9.20	9.20	8.70	8.70
30.00	30.75	31.85	31.25	32.25	31.85
-	-	-	-	-	-
3.55	3.55	3.80	3.80	3.80	3.80
40.60	40.60	40.60	40.60	41.60	41.60
4.33	4.33	4.33	4.08	4.08	4.08
33.40	33.40	33.40	35.15	35.15	35.15
6.00	6.00	6.00	6.00	6.00	6.00
14.00	13.00	13.00	13.00	12.00	12.00
15.00	14.70	14.20	14.20	14.20	14.20
2.70	3.70	3.70	3.70	3.10	3.10
9.40	9.40	9.40	9.40	9.40	9.40
19.24	23.74	23.74	23.74	24.19	24.19
7.50	7.50	7.50	7.50	4.50	4.50
15.50	10.00	10.00	10.00	10.00	11.00
-	-	-	-	-	-
5.00	5.00	5.00	5.00	5.00	5.00
13.60	13.90	14.40	14.40	14.40	14.40
419.02	416.27	419.95	435.90	437.75	447.32

County of Scott, Iowa

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

Function / Program	Fiscal Year			
	1997	1998	1999	2000
Public Safety and Legal Services				
Attorney:				
# of felonies/aggravated fieldcases filed	5,727	5,160	5,445	4,296
Sheriff:				
# of civil papers served	-	-	13,379	12,383
# of jail bookings	5,048	4,820	5,061	5,254
# of traffic citations written	-	-	-	-
# of 9-1-1 calls	-	-	15,276	17,973
Physical Health and Social Services				
Community Services:				
# of applications for general assistance	-	5,115	4,918	4,612
# of applications approved for general assist	-	1,992	2,037	1,974
# of requests for veteran services	-	387	460	407
# of invol commit filed for substance abuse	-	134	172	152
Health Department:				
# of health related inmate contacts within jail	-	-	3,417	2,386
# of comm disease requiring investigation	-	-	95	204
# of environmntl health inspections conducte	-	-	3,719	4,443
Mental Health, HR & DD				
Community Services:				
# of invol commit filed for mental health	-	188	199	224
# of persons with MH/CMI served	3,720	2,814	2,936	-
# of persons with MR/DD served	415	400	450	-
# of protective payee cases	-	367	381	417
County Environment and Education				
Conservation:				
# of camp sites available	408	408	738	738
# of rounds for golf course	32,793	35,802	37,162	39,880
Planning & Development:				
# of building permits issued	908	719	638	1,107
Roads and Transportation:				
Secondary Roads:				
# of miles of road paved	163	165	167	167
# of bridges/culverts repaired/replaced	99	100	104	102

(Continued)

Fiscal Year					
2001	2002	2003	2004	2005	2006
4,302	4,322	4,152	4,641	4,832	5,077
13,571	14,311	14,973	15,069	15,620	14,764
6,789	7,780	8,257	9,343	9,876	10,859
3,315	2,714	1,882	4,003	3,114	3,502
18,717	10,867	11,830	12,088	11,767	11,088
5,353	6,506	7,354	7,822	6,575	6,446
2,395	2,750	3,025	4,133	3,490	3,354
516	682	911	1,026	1,055	1,613
141	184	244	213	241	289
2,334	2,583	2,762	2,520	4,509	3,795
182	157	153	234	122	302
3,801	3,986	3,806	3,124	3,955	3,987
216	237	263	218	322	304
-	3,221	3,667	3,777	4,115	4,015
-	493	502	529	518	560
433	426	441	430	434	398
738	738	738	788	788	788
36,717	34,004	33,316	33,012	30,803	30,898
1,027	1,082	929	1,043	1,076	1,137
168	168	168	175	176	180
103	99	100	98	102	104

County of Scott, Iowa

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

Function / Program	Fiscal Year			
	1997	1998	1999	2000
Governmental Services to Residents				
Auditor:				
# of elections	8	75	16	25
# of registered voters	99,101	103,899	107,489	109,227
Recorder:				
# of real estate transactions recorded	38,485	49,084	52,815	45,312
# of vital statistics registered/issued	N/A	20,499	21,748	21,657
# of passport applications accepted	93	154	124	223
# of conservation privileges Issued	33,242	32,558	25,010	4,044
# of ATV/boats/snowmobile liens & titles registered and renewed	10,754	2,653	11,107	2,843
Treasurer:				
# of titles issued	52,201	53,151	53,751	57,753
Administration				
Auditor:				
# of real estate transactions processed	7,693	8,185	8,726	8,384
Facility & Support Service:				
# of service calls	907	1,211	1,462	1,414
# of purchase requisitions received	1,548	2,029	2,130	1,983
# of pieces of outgoing mail	629,311	530,945	596,146	548,658
# of files imaged	19,139	109,809	75,390	95,234
Information Technology:				
# of network users	-	-	-	409
# of 3rd party applications maintained	-	-	-	41
Treasurer:				
# of prop tax/spec assessmt statemts issued	149,459	150,590	150,559	157,538
# of tax certificates issued	1,782	2,155	1,799	2,056

Source: County records

Fiscal Year					
2001	2002	2003	2004	2005	2006
14	26	6	24	6	26
107,073	110,557	97,139	104,462	111,806	114,507
43,103	57,177	68,404	59,384	49,447	48,297
21,593	22,393	22,302	21,770	20,315	20,207
280	389	427	641	531	788
4,255	2,524	2,379	1,282	1,235	808
13,264	5,212	13,946	5,587	13,642	6,098
58,500	67,330	67,729	72,522	75,405	76,517
7,659	8,108	8,791	9,357	8,829	8,859
2,655	3,273	4,524	5,010	5,810	4,608
1,841	1,890	1,014	739	733	849
568,504	548,028	562,476	524,775	550,631	524,752
53,343	59,063	80,120	109,450	273,526	327,979
424	415	424	566	652	686
62	90	62	108	47	52
166,091	166,932	162,190	183,741	184,685	180,196
2,027	1,613	2,003	23	3,284	1,834

County of Scott, Iowa

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

Function / Program	Fiscal Year			
	1997	1998	1999	2000
Public safety and legal services:				
Sheriff				
# of patrol cars	33	33	45	45
Physical health and social services:				
Health Department				
# of vehicles	14	14	14	14
County environment and education:				
Conservation				
# of acres managed	2,795	2,795	1,795	2,795
Planning and Development				
# of vehicles	2	2	2	2
Roads and transportation:				
Secondary Roads				
# of vehicles	61	61	61	61
# of buildings	9	9	9	9
Administration:				
Facility and Support Services				
# of vehicles	4	4	4	4
# of buildings maintained	8	8	8	7
Non-Departmental (Risk Management)				
# of vehicles	-	-	-	-

Source: County records.

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Fiscal Year					
2001	2002	2003	2004	2005	2006
46	48	53	48	62	54
14	15	15	16	18	13
2,795	2,795	2,795	2,795	2,795	2,795
2	2	2	2	2	2
61 9	61 10	61 10	61 10	61 10	61 10
4 11	4 11	5 11	5 12	4 12	6 12
-	1	1	1	1	6

County of Scott, Iowa

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
<b>U.S. Department of Agricultural Food and Nutrition Services</b>			
(Passed through Iowa Department of Human Services):			
National School Lunch Program	10.555	82-8029	\$ 15,991
Food Stamp Program	10.561	N/A	56,212
			<u>72,203</u>
(Passed through Iowa Department of Public Health):			
Special Supplemental Nutrition Program For Women, Infants, and Children (WIC)	10.557	5884AO36	433,332
Special Supplemental Nutrition Program For Women, Infants, and Children (WIC)	10.557	5885AO36	142,750
Summer Food Health Inspection Grant	10.559	13105	2,100
			<u>578,182</u>
(Passed through Iowa Department of Agriculture and Land Stewardship), Iowa Farmers' Market Nutrition Program			
	10.572	1191-05-36	1,951
<b>Total U.S. Department of Agricultural Food and Nutrition Services</b>			<u>652,336</u>
<b>U.S. Department of Housing and Urban Development</b>			
(Passed through Iowa Department of Economic Development), Community Development Block Grant, Family Resources, Inc.			
	14.228	03-CF-033	25,330
<b>U.S. Department of Justice</b>			
(Passed through the Governor's Alliance on Substance Abuse):			
Justice Assistance Grant	16.738	2005-DJ-BX-0442	304,160
(Passed through State of Iowa Department of Justice, Crime Victim Assistance Division):			
Stop Violence Against Women	16.588	VW-06-21	12,000
(Passed through the City of Davenport):			
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0915	9,000
(Passed through the Governor's Office of Drug Control Policy), Eastern Iowa Clan Lab Task Force			
	16.710	03-HOTSPOTS-14	72,974
<b>Total U.S. Department of Justice</b>			<u>398,134</u>
<b>U.S. Department of Transportation</b>			
National Highway Traffic Safety Administration			
(Passed through Iowa Department of Public Safety-Governor's Traffic Safety Division):			
Police Traffic Services	20.600	PAP05-04, Task 21	4,500
Police Traffic Services	20.600	PAP06-04, Task 21	3,762
OWI Prevention Grant	20.600	PAP05-163 Task 59	10,059
(Passed through Iowa Disaster Services Division)			
Emergency Management Agency - SARA Training Grant	20.703	N/A	51
<b>Total U.S. Department of Transportation</b>			<u>18,372</u>

(Continued)

County of Scott, Iowa

Schedule of Expenditures of Federal Awards (Continued)  
 Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
<b>Federal Emergency Management Agency</b>			
(Passed through Iowa Disaster Services Division):			
Emergency Management Agency	97.042	N/A	<u>22,575</u>
<b>U.S. Department of Homeland Security</b>			
(Passed through Iowa Homeland Security & Emergency Management Division):			
FY2004 ODP Homeland Security Grant Program	97.067	N/A	9,497
Law Enforcement Terrorism Prevention Program	97.004	FY2005-LETPP-LEIN6-06	139,745
2003 Supplemental State Homeland Security Grant	16.007	ODP-2003-82	25,000
Law Enforcement Terrorism Prevention Program	97.004	FY2004-LETPP-LEIN6-06	<u>293,224</u>
<b>Total U.S. Department of Homeland Security</b>			<u>467,466</u>
<b>U.S. Department of Health and Human Services</b>			
(Passed through Iowa Department of Health):			
HIV Testing and Counseling Acquired Immune Deficiency Syndrome (AIDS)	93.940	5886AP14	9,608
HIV Testing and Counseling Acquired Immune Deficiency Syndrome (AIDS)	93.940	5885AP14	<u>11,339</u>
			<u>20,947</u>
Childhood Lead Poisoning Prevention	93.197	5886LP10	<u>53,910</u>
I-4 Project	93.268	58861417	21,509
I-4 Project	93.268	58851417	<u>30,365</u>
			<u>51,874</u>
Health Breast/Cervical Cancer Early Detection	93.919	5886NB21	<u>108,915</u>
Child Health Grant	93.994	5886MH21	67,394
Dental Health Grant	93.994	5886MH21	3,520
Maternal Health Grant	93.994	5886MH21	41,949
Child Health Grant	93.994	5885AO36	18,924
Dental Health Grant	93.994	5885AO36	1,967
Maternal Health Grant	93.994	5885AO36	2,984
ABCD Dental Health	93.994	N/A	<u>3,301</u>
			<u>140,039</u>
Bioterrorism Grant	93.283	8206	69,747
Mosquito Surveillance Project	93.283	MOU-2007-ELC09	340
Mosquito Surveillance Project	93.283	MOU-2006-ELC09	780
Regional Bioterrorism	93.283	5886BT12	5,199
Regional Bioterrorism	93.283	5885BT12	<u>5,907</u>
			<u>81,973</u>

(Continued)

County of Scott, Iowa

Schedule of Expenditures of Federal Awards (Continued)  
 Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
Directly Observed Therapy	93.116	MOU-2005-TB05	1,245
Directly Observed Therapy	93.116	MOU-2006-TB05 8	2,175
			<u>3,420</u>
HRSA EMS Disaster Preparedness	93.003	5885EM202	7,726
<b>Total passed through Iowa Department of Health</b>			<u>468,804</u>
(Passed through Iowa Department of Human Services):			
Temporary Assistance for Needy Families	93.558	N/A	67,890
Child Care Development Fund	93.596	N/A	16,148
Foster Care	93.658	N/A	34,943
Adoption	93.659	N/A	8,610
Social Services Block Grant	93.667	N/A	836,063
Medical Assistance	93.778	N/A	90,257
Scott County Empowerment Agreement (DECAT)	93.575	N/A	66,421
			<u>1,120,332</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,589,136</u>
<b>U.S. Environmental Protection Agency</b>			
(Passed through Linn County d/b/a Iowa AIR Coalition):			
Radon Testing Grant	66.032	5885RC02	3,000
<b>Election Assistance Commission</b>			
(Passed through Iowa Secretary of State):			
HAVA Voting System Allocation	90.401	06-HAVA-82-100	713,285
<b>Total expenditures of federal awards</b>			<u>\$ 3,889,634</u>

See Notes to Schedule of Expenditures of Federal Awards.

County of Scott, Iowa

Notes to Schedule of Expenditures of Federal Awards

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**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 governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

**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 Number	Amount Provided to Subrecipient
Infants and Children (WIC)	10.557	\$ 570,424
Iowa Farmers' Market Nutrition Program	10.572	1,951
Community Development Block Grant, Career Link Program	14.228	3,512
Justice Assistance Grant	16.738	147,782
Police Traffic Services	20.600	6,562
Law Enforcement Terrorism Prevention Program	97.004	363,471
FY2004 ODP Homeland Security Grant Program	97.067	104,120
HRSA EMS Disaster Preparedness	93.003	7,676
Directly Observed Therapy	93.116	3,420
I-4 Project	93.268	26,255
Health Breast/Cervical Cancer Early Detection	93.919	108,915
HIV Testing and Counseling (AIDS)	93.940	1,000
Child Health Grant	93.994	86,318
Maternal Health Grant	93.994	44,933
Dental Health Grant	93.994	8,788
		<u>\$ 1,485,127</u>

County of Scott, Iowa

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2006

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	Finding	Status	Corrective Action Plan or Other Explanation
<b>Reportable Conditions</b>			
05-II-A	The County does not have an adequate segregation of duties over the revenue transaction cycle and the cash disbursement cycle in the Sheriff department	Partially corrected.	See response and corrective action plan at 06-II-A.
05-II-B	The County Library does not have an adequate segregation of duties over the cash receipt and revenue transaction cycle.	Not corrected.	See response and corrective action plan at 06-II-B.
05-II-C	The County does not reconcile their bank statements for all cash accounts to the general ledger on a monthly basis.	Corrected.	
<b>Reportable Conditions in Administering Federal Awards</b>			
05-III-A	The County does not have an adequate system in place for monitoring subrecipient activities.	Not corrected.	See response and corrective action plan at 06-III-A.
<b>Findings and Questioned Costs for Federal Awards</b>			
05-III-B	The County did not use the competitive sealed bids	Corrected.	
<b>Other Findings Related to Required Statutory Reporting</b>			
05-IV-M	The County did not publish a report of receipts, disbursements and ending cash balances of each fund with the warrant/checks outstanding against each fund during the year.	Not corrected.	See response and corrective action plan at 06-IV-M.

# McGladrey & Pullen

Certified Public Accountants

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

To the 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, 2006, which collectively comprise the County of Scott, Iowa's basic financial statements and have issued our report thereon dated October 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Scott, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County of Scott, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-II-A and 06-II-B.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also noted certain matters that we have reported to management of the County of Scott, Iowa in a separate letter dated October 20, 2006.

## Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that are described in Section IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. 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 in Section IV of the schedule of findings and questioned costs are not intended to constitute legal interpretation of those statutes.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
October 20, 2006

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

### **Compliance**

We have audited the compliance of the County of Scott, Iowa with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, that are applicable to each of its major Federal programs for the year ended June 30, 2006. The County of Scott, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Scott, Iowa's management. Our responsibility is to express an opinion on the County of Scott, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Scott, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Scott, Iowa's compliance with those requirements.

In our opinion, the County of Scott, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

## Internal Control Over Compliance

The management of the County of Scott, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Scott, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of Scott, Iowa's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-III-A and 06-III-B.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
October 20, 2006

County of Scott, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

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I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported

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

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
90.401	Voting System Allocation Grant
16.738	Justice Assistance Grant
16.007, 97.004 & 97.067	Law Enforcement Terrorism Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2006

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**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

**A. Reportable Conditions in Internal Control**

**06-II-A**

Finding: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. The County of Scott, Iowa's Sheriff's Department has an improper segregation of duties over the cash receipt and cash disbursement cycles.

Condition: The office administrator reconciles the bank statement, has the ability to generate checks, and has access to the signature stamp.

Effect: Transaction errors occurred and were not detected in a timely manner.

Recommendation: We recommend removing access of the signature stamp from the individuals performing the check writing function. Also, we recommend an individual independent of the cash reconciliation process review the reconciliations and bank statements for completeness.

Response and Corrective Action Plan: The Sheriff's Department will review the system and will consider the above mentioned recommendations.

**06-II-B**

Finding: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. The County of Scott, Iowa's Library has an improper segregation of duties over the cash receipt cycle.

Condition: One employee has access to cash, and prepares the general ledger posting from the cash register reports, and deposits the money with the Treasurer's office. While the individual does not have access to the general ledger, there is no review of the entry or a comparison to the cash register reports by another individual. There are also no controls over cash receipts at the branches of the library.

Effect: Transaction errors occurred and were not detected in a timely manner.

Recommendation: We recommend an individual independent of cash handling review the cash register reports to the spreadsheet used to accumulate a total deposit on a daily basis. Then on a monthly basis, review the spreadsheet for reasonableness for the month based on the daily comparison. An alternative would be to have an individual with no cash access prepare the spreadsheet from the cash register report and prepare the journal entry for the deposit.

(Continued)

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2006**

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We recommend establishing policies and procedures for the other library branches outlining the requirements of documentation, maximum amounts of cash on hand, and other procedures to implement controls over cash. Also consider establishing revenue expectations for the branches and comparing the actual revenues to these expectations, the prior month's revenue and the prior year's monthly revenue.

Other recommendations to improve controls are as follows:

- The Friends and Foundation Treasurer regularly collects the monies for the library to deposit in the Friends and Foundation bank account. We would recommend the County create a form stating the amount and date of monies received by the Treasurer. The Treasurer and library staff would sign the form noting agreement to the information.
- Currently, the over and short amounts of cash are not recorded in the general ledger. We recommend these amounts be part of the journal entry and the elimination of the slush fund held at the library.
- The library, on occasion, purchases items with petty cash monies, which includes the daily revenues of the library until the deposit is made. Due to these purchases, the revenues are posted as net of the expenditures. We recommend the expenditure be posted to an expenditure account and gross revenues posted to the general ledger.
- The cash on hand is held in locked cabinets with the keys hidden in various locations. We recommend the purchase of a safe and a limited number of employees have access to the combination. This will allow the majority of the cash on hand to be secured and a limited number of individuals having access to the cash.

Response and Corrective Action Plan: The library will review the system for ways to reassign and realign duties in the process to increase the controls in place over the system.

**B. Compliance Findings**

None

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2006

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III. Findings and Questioned Costs for Federal Awards

A. Reportable Conditions in Internal Control

U.S. Department of Homeland Security:

Passed through the Iowa Department of Homeland Security  
Homeland Security Grant Program (CFDA 16.007, 97.004 and 97.067)  
Pass-through Grantor's Identifying Number: ODP-2003-82  
Federal Award Year: 2003 and 2004

06-III-A

Finding: The County does not have an adequate system in place for monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient is administering Federal awards in compliance with Federal requirements.

Condition: Currently, the only monitoring procedures performed by the County over the subrecipient is checking for mathematical accuracy of the reimbursement request summaries submitted by the subrecipient.

Criteria: OMB Circular A-133 requires a pass-through entity to, *monitor the activities of subrecipients as necessary to ensure federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals are achieved.* The pass-through entity is accountable for the federal awards even though they are administered by the subrecipient.

Effect: The subrecipients may not be in compliance with federal requirements which could result in questioned costs for the County.

Prevalence: The County has four subrecipients under this program.

Recommendation: We recommend the County gain an understanding of the subrecipients' controls in place for meeting eligibility requirements of the grant agreement. The County should consider obtaining a copy of any state on-site visit reports or any audit reports performed in accordance with OMB Circular A-133 from the subrecipient and ensure that any findings are being corrected by the subrecipient. The County should also consider performing site visits to the subrecipients to review financial and programmatic records and observe operations.

Response and Corrective Action Plan: The County will obtain copies of state on-site visit reports and/or any audit reports to ensure compliance of grant requirements. The County will consider performing random site visits to review financial and programmatic records. The County will also request supporting documentation of expenditures being requested for reimbursements.

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2006

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**U.S. Department of Homeland Security:**

**Passed through the Iowa Department of Homeland Security  
Homeland Security Grant Program (CFDA 16.007, 97.004 and 97.067)  
Pass-through Grantor's Identifying Number: ODP-2003-82  
Federal Award Year: 2003 and 2004**

**06-III-B**

Finding: The County does not have a system in place for checking the status of vendors and subrecipients for suspension and debarment.

Condition: The County is required to have a system in place to determine if vendors of covered transactions or subrecipients are suspended or debarred as required by OMB Circular A-133. While the vendors of covered transactions and subrecipients weren't suspended or debarred, we noted the County did not have a system in place and did not check the status when required.

Effect: The County could potentially enter into a contract with a vendor who is suspended or debarred which could result in questioned costs.

Prevalence: There was one covered transaction associated with this federal program.

Criteria: The Office of Management and Budget (OMB) prohibits nonfederal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Recommendation: We recommend the County implement a system that will ensure vendors used for federal grant projects are not suspended or debarred.

Response and Corrective Action Plan: The County will consider including a certification regarding debarment, suspension and other responsibility matters in any future covered bids and contracts.

**B. Instance of Noncompliance**

None

(Continued)

County of Scott, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2006

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IV. Other Findings Related to Required Statutory Reporting

06-IV-A Certified Budget: Disbursements during the year ended June 30, 2006 did not exceed the amounts budgeted.

06-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.

06-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

06-IV-D Business Transactions: No business transactions between the County and County officials or employees were noted.

06-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.

06-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

06-IV-G Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

06-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).

06-IV-I Capital Lease Purchase Agreements: During the year ended June 30, 2006, the County entered into a lease agreement for the purchase of jail facilities. The County authorized the lease agreement as required by Chapter 331.464 of the Code of Iowa.

06-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, 2006 for the County Extension Office did not exceed the amount budgeted.

**County of Scott, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2006**

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06-IV-K County Treasurer Report: According to Chapter 349.16(3) of the Code of Iowa, the County Treasurer shall publish a report of the receipts, disbursements and ending cash balances of each fund with the warrant/checks outstanding against each fund. During the year ended June 30, 2006, this report was not published.

Recommendation: The County should prepare and publish the report per the requirements of the code.

Response: We will obtain the necessary documentation and prepare the report as required by the code. The report will be published in the same media used for other publications of the County.

Conclusion: Response accepted.

## County of Scott, Iowa

### Corrective Action Plan Year Ended June 30, 2006

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Reportable Conditions:</b>				
06-II-A	The County does not have an adequate segregation of duties over the revenue transaction cycle and the cash disbursement cycle in the Sheriff department.	See response and corrective action plan at 06-II-A.	June 2007	Pam Bennett
06-II-B	The County Library does not have an adequate segregation of duties over the cash receipt and revenue transaction cycle.	See response and corrective action plan at 06-II-B.	June 2007	Pam Collins
<b>Reportable Conditions in Administering Federal Awards</b>				
06-III-A	The County does not have an adequate system in place for monitoring subrecipient activities.	See response and corrective action plan at 06-III-A.	June 2007	C. Ray Wierson
06-III-B	The County does not have an adequate system in place to determine if vendors and subrecipients are suspended and debarred.	See response and corrective action plan at 06-III-B.	June 2007	Ross Bergen Jack Rudsell Chris Ion-Rood
<b>Other Findings Related to Required Statutory Reporting</b>				
06-IV-K	The County did not publish a report of receipts, disbursements and ending cash balances of each fund with the warrant/checks outstanding against each fund during the year.	See response and corrective action plan at 06-IV-K.	June 2007	Craig Hufford