Certificate of Achievement For Excellence in Financial Reporting
Detailed Listing of Comments and Suggestions for Improvement

attachment #1

Name of Unit: County of Scott

Fiscal Year of Report FY2008 Report # 2,025.00

104 - Management's discussion and analysis (MD&A)

Checklist Question: 4.1j

Page 3 - It appears that $2,839,241 rather than $2,834,881 may be used to meet the government's ongoing obligations to citizens and creditors in the fiscal year 2008.

Amounts reported in Management's Discussion and Analysis should agree with related amounts reported elsewhere within the CAFR.

106 - Government-wide financial statements

Additional Comment:

Refer to page 16. The premium (discount) should be netted against the related bonds to arrive at a net total line-item for bonds. [APB 21: 16]

118 - Statistical section

Additional Comment:

The sequence of pages 90 and 89 was out of order.

118 - Statistical section

Checklist Question: 18.1s

Pages 72-73 - The net assets restricted for the County conservation sewage treatment and the unrestricted net assets in the governmental activities. Refer to page 16.

The amounts reported in the statistical tables should agree with related amounts reported elsewhere in the CAFR.

118 - Statistical section

Checklist Question: 18.1f

Pages 90 and 91.

The schedule of revenue rates should display the total direct rate. [GASB-S44: 16; 2005 GAAFR, page 306]

118 - Statistical section

Checklist Question: 18.1d

Page 81 - Use the capital outlay amount of $4,799,890 on page 24 in the calculation.

The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures should be the same as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance. [GASB-S44: 12b; Q&A 9.11.5; 2005 GAAFR, page 306]

118 - Statistical section

Checklist Question: 18.1j

Pages 92-93 - Exclude the compensated absences.

The outstanding debt schedule should only include long-term debt instruments, not all long-term liabilities. [Q & A 9.24.1]

120 - New Pronouncements

Additional Comment:

The GASB has issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

120 - New Pronouncements

Additional Comment:

The GASB has issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new Statement are effective for financial statements for periods beginning after June 15, 2009.

120 - New Pronouncements

Additional Comment:

The GASB has issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007.

120 - New Pronouncements

Additional Comment:

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2007, for governments that were phase 2 for the implementation of SGAS 34 and after December 15, 2008, for governments that were phase 3 for the implementation of SGAS 34.

************ END OF COMMENTS FOR REPORT # 2,025.00 / FY2008 ************

attachment #2

McGladrey & Pullen

Certified Public Accountants

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

In connection with our audit of the financial statements of the County of Scott, Iowa as of and for the year ended June 30, 2008, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to authorize, initiate, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

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

We have separately communicated to you and the Board of Supervisors identified deficiencies that we determined to be significant deficiencies or material weaknesses.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Purchasing cards: The purchasing card and accounts payable system are two separate systems for processing expenditures that are unable to communicate with each other. It is possible a charge could be paid twice out of each system resulting in duplicate expenditures. Currently, the County is working on a process to avoid double payments occurring within their computer system. We recommend the County continue to develop an automated process to check the accounts payable claims with the purchasing cards transactions. As each department prepares the accounts payable vouchers and the purchasing card reconciliations, we also recommend the department develop a method for comparing these two items to avoid duplication.

County library: The library does not have policy and procedures for the various library branches outlining the requirement of documentation, maximum amounts of cash on hand and other procedures to implement controls over cash. We recommend establishing policies and procedures for these branches to ensure the information received by the Eldridge location is appropriate. We also recommend 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.

The over and short amounts of cash for the library are not recorded in the general ledger but instead a slush fund of these over and shorts is kept at the library for usage during balancing cash. We recommend these amounts be part of the journal entry and the elimination of the slush fund held at the library.

The library is currently reporting revenues net of expenditures when a purchase is made for the cash collections at the library. We recommend preparing the miscellaneous receipt information to include the expenditure accounts along with the revenue accounts to properly post revenue and expenditures. This would result in better reporting of revenue and expenditures.

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

McGladrey & Pullen, LLP

Davenport, Iowa
November 13, 2008

McGladrey & Pullen

Certified Public Accountants

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

In connection with our audit of the financial statements of County of Scott, Iowa (County) as of and for the year ended June 30, 2009, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected.

A significant deficiency is a deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to authorize, initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

We have separately communicated, to you and the Board of Supervisors, identified deficiencies, if any, that we determined to be significant deficiencies or material weaknesses.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Agency Funds: During our testing of the agency funds, we noted not all the agency cash accounts are being reconciled to the general ledger balances. Instead the off-line systems are reconciled to the bank statements, but neither of these amounts are reconciled to the general ledger. We recommend the bank reconciliations not only reconcile between the off-line system and the bank but also to the general ledger balance.

For the Jail Inmate Kiosk account, the bank reconciliations were not being performed timely which resulted in an incorrect transfer between accounts not being caught in a timely manner. The timely reconciliation of the cash accounts is an important step in the process to ensure all monies are accounted for and properly posted. We recommend cash reconciliations be completed on a monthly basis.

Capital Assets: The County does not perform reconciliation between the capital asset system, the general ledger and the roll forward of the capital assets at year-end. It was noted in the current year, several beginning balances of the capital asset categories did not agree to the ending balance from the prior year due to changes in the capital asset system being performed. Due to the method of the changes in the capital asset system, there is not a record of the change as part of the reporting from the capital asset system due to the movement of the asset between categories. These types of changes do not get properly posted to the general ledger. We recommend the County review the procedures for making changes in the capital asset system and consider posting changes on a quarterly basis for additions and disposals of capital assets.

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

McGladrey & Pullen, LLP

Davenport, Iowa
November 17, 2009