

# **COUNTY OF SCOTT, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2004**

Prepared by:

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Office of County Treasurer

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Office of the County Administrator

# **INTRODUCTORY**

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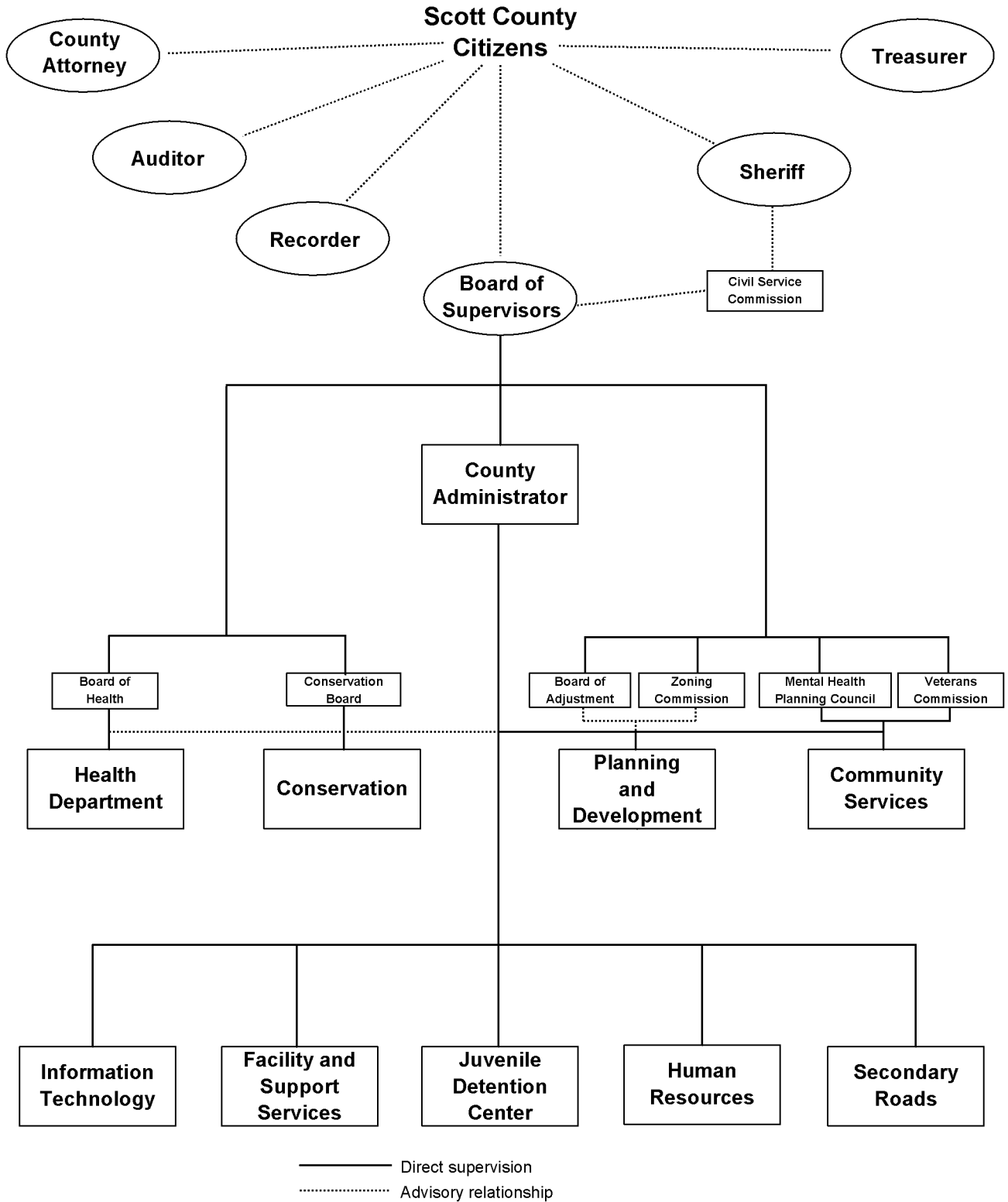
**County of Scott, Iowa**

**County Officials**

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Official Title	Official	Term Expiration Date of Elected Officials
<b>Elected Officials</b>		
Supervisor, Chairperson	Carol Schaefer	2004
Supervisor	Gregory P. Adamson	2006
Supervisor	Otto L. Ewoldt	2006
Supervisor	Jim Hancock	2004
Supervisor	Larry E. Minard	2006
Attorney	William E. Davis	2006
Auditor	Karen L. Fitzsimmons	2004
Recorder	Rita Vargas	2006
Sheriff	Dennis Conard	2004
Treasurer	Bill Fennelly	2006
<b>Administration</b>		
County Administrator	C. Ray Wierson	
<b>Department Heads</b>		
Community Services	Mary Dubert	
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	Larry Mattusch	

# Scott County Government Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Scott,  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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.



President

Executive Director

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October 8, 2004

Members of the Board of Supervisors  
And Citizens of  
Scott County, Iowa:

The Comprehensive Annual Financial Report (CAFR) of the County of Scott, Iowa for the fiscal year ended June 30, 2004 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

To facilitate the understanding of the County's financial affairs, the CAFR is presented in four (4) sections: Introductory, Financial, Statistical, and Compliance. The introductory section, which is unaudited, includes this transmittal letter, the County's organizational chart, a listing of the County's elected and appointed officials, and a copy of last year's Certificate of Achievement for Excellence in Financial Reporting which was awarded to the County by GFOA for its 2003 Comprehensive Annual Financial Report. The financial section includes the Management's Discussion and Analysis, government-wide financial statements, notes to the financial statements, combining and individual fund financial statements and schedules, and the independent auditor's report on those financial statements. This letter of transmittal is designed to complement the Management Discussion and Analysis which can be found immediately following the report of the independent auditors and should be read in conjunction with the transmittal letter. The statistical section, which is unaudited, includes selected financial and demographic information about the County, generally presented on a multi-year basis. The final section provides additional reports of our auditors required by *Government Auditing Standards*.

The CAFR includes all funds of the primary government, Scott County and its discretely presented component units. Scott County is a municipal corporation governed by an elected five-member board. 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 and the City of Davenport; 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; and the City Assessor Special, which is responsible to the City Conference Board to perform in-house revaluations for various classes of property. 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. The component units are discussed further in Note 1.

## **Governmental Structure, Local Economic Condition and Outlook**

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

**County Administrator** - 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.

**Property Tax** - The County is empowered to levy a tax on real property located within its boundaries. Current taxes of \$24,998,507 representing 99.05% of the levy were collected during fiscal year 2004.

## **Economic Condition and Outlook** -

**Location and Population:** 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% increase over the 1990 census count of 350,861. The U. S. Census Bureau's 2000 population of Scott County was 158,668, which is a 5.1% 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% greater than the 1970 census count of 142,687. Woods and Poole Economics projects the population of the Quad Cities MSA to reach 376,470 by 2025, an approximate 4.8% increase over the above cited year 2000 figure. The same projection expects Scott County's population to grow to 179,214. This would represent an increase in population for the County over that 25 year time period of 12.9%.

The Quad-Cities is more than the five major cities of Davenport, Bettendorf, Rock Island, Moline and East Moline. It is made up of fourteen contiguous communities on both sides of the Mississippi River that are generally bounded by the quadrangle formed by Interstates 80 and 280.

**Employment Data:** 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% of the area jobs were in manufacturing and 53% in the service sector. In 1990 that had changed to 18% manufacturing and 61% service sector. In 2003 the split was 13.5% manufacturing and 67% classified as service sector. The portion of government sector jobs has remained fairly even at 16.2% in 1980, to 16% in 1990 and 14.6% in 2003

The shift in the Quad-Cities area economy towards creation of service sector jobs in the professional, non-professional, retail and wholesale sectors of the economy has been significant. From 1990 until 2003 the number of service providing jobs in the QCA increased from 127,500 to 146,300. This is an increase of 14.75%, which offsets the loss of over 3,900 durable goods manufacturing sector jobs, a 20.2% decrease over that same time period. The number of total manufacturing sector jobs was down from 28,700 in 1990 to 23,900 in 2003, a 16.7% drop, with a decrease of 9.5% in jobs in the non-durable goods manufacturing sector. Construction and mining sector jobs have increased by 1,200 jobs, an 18% increase from 1990 to 2003.

The annual average labor force in the Quad Cities MSA was 186,979 in 2003 which was a 6.1% increase from the 1990 figure of 176,193. The annual average labor force for Scott County was 86,770 in 2003, which was a 10.3% increase over the 1990 annual average labor force of 78,660 for the county. In 1980 the unemployment rate for the Quad Cities was 6.7%. In 1983 the unemployment rate for the Quad-Cities MSA hit a high of 14.8%. Scott County's unemployment rate that same year was 10.8%, following a Scott County high the year before in 1982 of 11.2%. In 1990 the unemployment rate for the QCA was 5.0% and Scott County was 4.2%. Those rates dipped to a low of 3.4% and 2.7% in 1998 but have risen slightly to the current rates of 5.3% and 4.4%, 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% over the twenty-year period. The 2002 per capita personal income for Scott County was 106.8% of the statewide average and 97% of the national average at \$30,000.

**New Housing Starts:** New residential construction is very strong in the Quad-Cities MSA. Between 1985 and 1987, only 700 single family dwellings 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 2500 new house permits have been issued in the MSA. Between 1998 and 2000, of the new house permits issued in the Quad Cities, 62% 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, 583 were issued in Scott County. For 2003 those figures were 801 and 556, respectively

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, \$129,600 in June, 2001, \$127,300 in June, 2002 and \$134,300 in June, 2003. On the Illinois side of the river the average sales price was \$90,400 in June 2000, \$94,500 in June 2001 \$95,600 in June 2002 and \$102,200 in June 2003. The median home values between 1980 and 1990 in Scott County only increased 3% from \$52,800 to \$54,400. From 1990 to 2000 the median home values in Scott County jumped 70% to \$92,400.

**Major Projects and Developments:** There have been a number of significant projects and developments that have occurred in 1996-2003 that affected the economic outlook for Scott County and the Quad-Cities in general:

#### **Public Sector**

- Scott County voters just approved a \$29.7 million bond issue for Scott County's plans to remodel and expand its jail facilities. The project will renovate portions of the existing jail facilities to allow more jail programming and also add new bed space to bring the total jail capacity to 380 beds.

#### **Public Private Partnership**

- Following the approval of Scott County voters in 2001 of a \$5 million bond issue for Scott County's contribution to the City of Davenport's River Renaissance on the Mississippi project, the Vision Iowa Board approved a \$20 million grant for the \$113.5 million downtown revitalization project. Key players in putting together the River Renaissance application and its funding include the City of Davenport, Scott County, DavenportOne, the Museum of Art Foundation, the Riverboat Development Authority, Rhythm City Casino, Kaizen, Bechtel Trusts and Foundation, the Figge Family Foundation and the Adler Theater Foundation.

#### **Education**

- A 1999 County wide referendum approved an increase in the local option sales tax for capital improvements for the County School Districts to share on a per capita basis.
- Davenport School District is completing significant remodel, additions and improvements to all three high schools in the district as well as a number of middle and elementary schools with the local option sales tax monies.
- North Scott School District approved \$8.9 million in infrastructure improvements and expansion to its elementary and junior & senior high schools.
- Pleasant Valley School District recently completed construction of a new \$1.7 million elementary school.

#### **Retail/Service**

- The Lady Luck Casino developed a 250 room convention center hotel with a \$33 million dollar investment of public and private monies for the hotel, parking garage, overpass and marina.
- The 53rd Street corridor has seen a variety of new retail/office development, including a new 25,000 square foot Borders book store and a new 18 movie theater complex on 53rd Street, east of I-74 in Davenport.
- Quad City Bank completed construction of its \$4.5 million bank headquarters building in Davenport and also has an additional bank building under construction at the corner of Locust and Division.

- Scott County opened a \$2 million recycling facility that is able to accept most kinds of recyclable materials.

### **Industrial & Business Parks**

- The City of Davenport, Scott County, Mid-American Energy, and DavenportOne have combined to develop the first 220 acres of a large site heavy industrial park in northwest Davenport, with room for expansion to over 2,000 acres.
- AAA Iowa begun developing a nine acre office park in front of its existing Bettendorf headquarters. An upscale office park campus with up to 75,000 square feet of office space is being constructed.
- The Iowa Research, Commerce & Technology Park, a 160 acre business park located in the northwest quadrant of the I-80/U.S. 61 interchange, is under development.
- The 2.4 million square foot former Caterpillar, Inc. plant that has been for sale since it closed in 1988 has been purchased and renamed the River City Industrial Center and has leased 70% of the space to various industrial users and businesses.

### **New Industrial Development**

- Grafcoplastics Manufacturing has built a new \$10 million manufacturing facility creating 50 new jobs in Bettendorf's industrial park.
- Solar Plastics, Inc. expanded its Davenport plant by 50,000 square feet, with a \$3.9 million investment and is expected to expand its workforce with 60 new jobs over the next three years.
- Olympic Steel also has developed a \$22 million steel handling facility, in Bettendorf, creating over 60 new jobs which is expected to grow to 200 jobs over the next five years.
- IPSCO Steel, a Canadian company, has completed development of a \$375 million steel manufacturing facility just over the Scott County line in neighboring Muscatine County.
- Roll and Hold, a local steel warehouse and distribution firm, will expand its existing workforce of 13 to 20 with the completion of its new 80,000 square foot building in Eldridge.
- Guardian Industries opened a \$110 million glass manufacturing plant in nearby DeWitt, Iowa with a work force of 250 employees.
- Aluminum Company of America (ALCOA) has recently invested \$50 million in improving the infrastructure of its plant located in Scott County. The plant manufactures large aircraft parts and a wide variety of other aluminum products.
- Nichols Aluminum, an aluminum castings manufacturer in Davenport, added 52,000 square feet and increased its Davenport workforce by 19 jobs.
- Genesis Systems Group, a manufacturer of robotic welding systems, has constructed a new manufacturing plant with plans to expand its work force from 100 employees to 150.

- Tri-City Fabricating & Welding has developed a new \$5 million manufacturing plant which expands its current work force from 186 to 250 employees.
- M. A. Ford Manufacturing has completed a \$3.2 million expansion to its existing facility and will expand its current workforce of 160 and add an additional 50 jobs.
- Oscar Meyer Foods, a division of Kraft Foods, is investing \$2 million in capital equipment to upgrade and expand its Davenport plant in order to retain 1,760 existing jobs and create 50 new positions.
- John Deere had a 58 acre site developed for a distribution facility in the Eastern Iowa Industrial Center with a 550,000 square foot building and 650,000 square foot of outdoor storage area for its consumer and turf maintenance products with an investment of over \$18 million.

**Total Market Valuation:** The trends of market valuations is an important indicator of the economic health of any community or area. From 1990 until 2000 the total market valuation for all taxable properties in Scott County has grown from \$3.55 billion to \$4.37 billion, representing a 23% increase in a ten-year period. From 2000 until 2003 it has increased 26% to \$5.5 billion.

**Transportation Network and Facilities:** Four interstate highways, five U.S. primary highways and an excellent secondary roads system serve the Quad Cities. The expansion of U.S. 61 to four lanes from I-280 west to the county line has now been completed. There are more than 290 motor freight transporters which serve the area who can provide ready shipment of goods to regional markets in Chicago, St. Louis, Kansas City, Omaha and Minneapolis.

There are five major bridges crossing the Mississippi River in the Quad Cities. The three bridges near the city centers are reaching capacity for traffic and the Government Bridge is over 100 years of age. A study for the expansion of I-74 bridge has been completed and is in the process of being implemented. Discussion and planning has also begun for a new bridge crossing the Mississippi River between Bettendorf and Moline. It can be expected to take 20 years or more before a project of this magnitude comes to fruition.

The regional airport for the Quad Cities is on the Illinois side of the river in Moline. The airport has a new 65,000 square foot, \$17 million, terminal expansion. Currently seven major passenger airlines operate at this terminal, with nearly 60 arrivals and departures daily to nine major national hubs. The Quad Cities airport is served by United Express, with service to Chicago, Detroit and Denver, Northwest Airlines, with service to Minneapolis, Memphis and Detroit, and Air Tran with service to Atlanta. Keeping the Quad Cities existing air service and having an opportunity to expand air service is a critical part of the economic development efforts of the area.

**Conclusion:** 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. Production capacity at the Rock Island Arsenal is increasing with the increasing need for vehicle armor and other munitions. Also, with interest and mortgage rates remaining low, building and construction activity is 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.

**Major Initiatives** - During fiscal year 2003-2004 Scott County continued its implementation of a space utilization master plan for the County campus facilities. At the direction of the Scott County Board of Supervisors, a study was conducted several years ago to analyze space utilization needs in County campus facilities (excluding the jail) and to make recommendations for the use of building space in the future. The result of this study recommended that all non-court and public safety related functions be moved from the Courthouse to the former Bi-Centennial Building (renamed Scott County Administrative Center). This will be a methodical ten-year process costing approximately \$17 million dollars funded on a pay as you go basis. The Board will minimize disruption and inconvenience to the general public as much as possible throughout the project. The project began during fiscal year 1999-2000. The renovation of the Administrative Center was completed in fiscal year 2004.

The County also completed the remodeling and expansion of the County's Juvenile Detention Center and the lower level of the Courthouse, which houses the Sheriff's Office administration and civil divisions in addition to the Information Technology Department.

The Board of Supervisors continued the County's multi-year funding toward various community capital projects including the Scott County Library renovation, Friends of Brady Street artificial turf installation, DavenportOne D1 Initiative, Scott County Family Y expansion projects, and the First Tee of the Quad Cities project. Funding was also provided toward a community-wide celebration called Grand Excursion 2004.

During the year the Board of Supervisors and the Scott County Sheriff continued on their course of action to address long-term solutions to the increasing inmate population at the Jail requiring inmates to be housed in facilities outside Scott County. A 1998 referendum for a new larger jail failed to achieve the vote necessary, however the message is now clear to the citizens that a suitable Jail building replacement is needed. Following the failed referendum, a community summit was held soliciting input from numerous community leaders about the problem. This began a new community process to develop an acceptable solution to the increasing jail inmate problem.

The Board created a Community Jail and Alternatives Advisory Committee (CJAAC) consisting of citizens and stakeholders from the criminal justice, law enforcement, substance abuse, mental health, and County support staff areas. CJAAC's goal is to develop long-term direction for facilities and programs to address detention space needs. The committee submitted its Phase I recommendations to the Scott County Board of Supervisors in the late fall of 2001. Phase II began in January 2002. Phase II had two tracks: Track One identified additional recommended alternatives to incarceration programs which would reduce further the bed size identified in Phase I while Track Two identified a "bricks and mortar" solution to the projected inmate count arrived at in Phase I as adjusted by any additional alternative programs. The completion of Phase II occurred in May 2004.

During FY 2003-2004 the Board of Supervisors continued its Financial Initiatives Program started in 1994. This program is now implemented every other odd calendar year and encourages County departments to hold staff meetings and brainstorming sessions to produce ideas to reduce on-going expenditures, increase revenues and improve productivity. Using teamwork and innovation County employees identified many initiatives in 2003 totaling \$1,848,275 in cost reductions (\$1,064,115 on-going and \$449,500 one-time cost savings) with revenue enhancements identified at a total of \$334,660.

These fiscal strategies have played a major role in eliminating the County's previous budget deficits and declining General Fund undesignated balance amounts, which reached its lowest level in 1994. Over the past several years the consistency in the amount of the General Fund undesignated balances is directly attributed to this successful program.

Finally, Scott County remains only one of two Iowa counties to hold the Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award for its annual budget document. The County received its fifteenth consecutive award for its budget document for the fiscal year beginning July 1, 2004. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

**For the Future:** The Scott County Board of Supervisors and its management team of elected officials and appointed department heads hold planning sessions every two years for the purpose of setting target issues and developing action plans to successfully complete goals as identified and prioritized. These "leadership workshops" help in continuing to build the policy team of the Board of Supervisors, determining the future goals and direction for the County, refining the governance processes of the policy team, and on refining the tone for management and service delivery. The latest target issue setting workshop was held in January 2003. The current 2003 and 2004 Policy Agenda Priorities and Action Plans are listed below:

## **TARGET ISSUES AND MANAGEMENT AGENDA FOR 2003 and 2004**

### **Jail Direction**

#### *Action Plan:*

1. Foster inter-agency cooperation and monitor developments in Criminal Justice System.
2. Implementation of Mental Health Alternative Team recommendation.
3. Implementation of Substance Abuse Alternative Team recommendation.
4. Implementation of Program Services Alternative Team recommendation.
5. Implementation of increasing Compliance Alternative Team recommendation.
6. Implementation of on-going activities of Community Outreach Team.
7. Renovation of Annex for program expansion.
8. Implementation of Staffing Study recommendations.
9. Conduct Track 2/Phase 2 Facility Development process.
10. Decision on referendum date.

### **GIS Development**

#### *Action Plan:*

1. Presentation on Strategic Plan.
2. Presentation of Cost/Benefit Analysis Study.
3. Decision on future direction.
4. Develop and implement plan.

### **Computerized Property Tax System Replacement**

#### *Action Plan:*

1. Presentation on computerized replacement property tax system.
2. Decision on future direction.
3. Implementation of system.

### **Federal Lobbying: BRAC; I-74 Bridge Funding**

#### *Action Plan:*

1. Continue to participate in annual Washington DC trip.
2. Continue leadership position in bridge discussion.
3. Continue leadership position in Arsenal issues.
4. Continue Quad City leadership.

## **TARGET ISSUES AND MANAGEMENT AGENDA FOR 2003 and 2004 (cont.)**

### **Mental Health and Developmental Disabilities Funding**

#### *Action Plan:*

1. Monitor Legislation.
2. Lobby Legislature to provide appropriate funding for MH-DD services.
3. Encourage community members to lobby Legislature.
4. Participate in MH-DD redesign fiscal work group.

### **Funding Outside Agencies: Policy and Process**

#### *Action Plan:*

1. Decision on FY04 capital requests.
2. Review Financial Management Policies on capital funding.
3. Implementation of policy changes.

### **Information and Technology Equipment and Actions**

#### *Action Plan:*

1. Develop updated 5-Year Capital Plan and funding.
2. Continue Tech oversight and involvement in prioritizing actions.
3. Complete migration to Citrix Environment.

### **State Lobbying**

#### *Action Plan:*

1. Monitor State Legislation that affects Scott County.
2. Lobby for Scott County's position.

### **West Nile Virus Plan**

#### *Action Plan:*

1. Review and revise list of participants from initial September 2002 educational meeting.
2. Hold second public educational meeting including Entomologist and Public Health experts
3. Convene information and education workgroup and establish goals.
4. Convene policy, plan and surveillance workgroup and establish goals.
5. Complete workgroup tasks and present to full Committee.
6. Make revisions to plan as needed.
7. Implement plan.

### **Budget Direction: Staffing; Reserve Levels**

#### *Action Plan:*

1. Implementation of recommendation of Jail Staffing Study.
2. Continue monitoring staff vacancies.
3. Continue Biennial Financial Initiative Program and annual review of fund balance.

### **Homeland Security/Bio-Terrorism: Policy Direction and Actions**

#### *Action Plan:*

1. Review Supervisor appointment to EMA Board.
2. Perform baseline assessments.
3. Update Multi-Hazard Plan.
4. Develop and implementation of Bio-Terrorism Template.



## **TARGET ISSUES AND MANAGEMENT AGENDA FOR 2003 and 2004 (cont.)**

### **GASB 34 (Accounting Practices)**

#### *Action Plan:*

1. Continuation of implementation of new Accounting Reporting Model (GASB) Plan.
2. Issuance of FY03 Audit.

### **Computerized Motor Vehicle System Upgrade (Pilot Project)**

#### *Action Plan:*

1. Implementation of computerized Motor Vehicle System Upgrade (Pilot Project to allow web-based renewals).

### **Golf Course: Profitability and Renovation**

#### *Action Plan:*

1. Develop Golf Course Strategic Plan.
2. Present Plan to Joint Boards.
3. Decision on Strategic Plan.

### **Disaster Recovery Plan**

#### *Action Plan:*

1. Develop Disaster Recovery Plan.
2. Presentation of Plan.
3. Decision on future direction.
4. Implementation of Plan.

### **Mental Health Oversight Committee: Juvenile Detention Center**

#### *Action Plan:*

1. Identify members of the Committee.
2. Develop criteria and protocols to trigger an emergency meeting of Oversight Committee.
3. Initiate meetings when appropriate to respond to needs of residents.

### **Financial Initiatives Program Continuation**

#### *Action Plan:*

1. Develop letter from Board to employees requesting their input and ideas.
2. Notify County offices and departments about program and request their participation.
3. Develop Financial Initiatives Report for Board review.
4. Submit Report to Board for review and inclusion in FY05 Budget Review discussions.

### **Mental Health Strategic Plan Update**

#### *Action Plan:*

1. Develop and recommend three year MH-DD Strategic Plan.
2. Review and adopt Strategic Plan.
3. Implement provisions of Strategic Plan.

## TARGET ISSUES AND MANAGEMENT AGENDA FOR 2003 and 2004 (cont.)

### HIPAA Compliance

#### *Action Plan:*

1. Perform HIPAA Compliance Review and establish HIPAA Committee.
2. Develop HIPAA Compliance Implementation Plan.
3. Perform required HIPAA training to County departments.
4. Authorize policy implementation.
5. Designate privacy officer.
6. Implementation of business associate agreements.
7. Identify and implement business process revisions.
8. Security rule assessment and implementation.

At the present time, work is beginning on the County's fiscal year 2005-06 operating budget. During their initial budget discussions the Board of Supervisors identified five specific areas they wished to have reviewed during the 2005-06 budget preparation process.

#### **Specific Budget Areas to Review During 2006 Budget Sessions:**

- Cost impact of increased jail inmate population and an outmoded jail facility
- Continued technology upgrades and training
  - ✓ Internet access
  - ✓ E-mail (internet and intranet)
  - ✓ Data base access
  - ✓ Public accessibility
- Space utilization plan implementation
- Retention and development of employees
- Review of employee health benefits
- Impact of potential legislation
  - ✓ MH-DD Redesign
  - ✓ Property Tax Reform

Preliminary assessed valuations from the City and County Assessors indicate that modest growth will be available in the property tax base for next fiscal year due to current state imposed rollback limitations on residential property taxable valuations and reductions in agricultural land taxable valuations which are based on five-year productivity averages. It is noted that the legislature is currently reviewing the existing property tax system for possible changes. There is a property tax implementation committee currently developing a new system for the legislators' review next year. Also, the Iowa State Association of Counties and the Iowa League of Cities have drafted a joint property tax reform proposal for the legislators' and governor's consideration this next session. Any new system would not be implemented until fiscal year 2008.

Two of the five County labor union contracts are up for renegotiations for fiscal year 2005-06. Wage increases, health care costs, out of county inmate housing costs and economic impacts on other non-tax revenues such as lower interest income will all add to the challenge of presenting a balanced budget for next fiscal year.

**Financial Information** - Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

**Single Audit.** As a recipient of federal and state financial assistance, the County is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the County.

As a part of the County single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2004 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Budgeting Control.** In addition, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Supervisors. The State of Iowa requires the passage of an annual budget of total County operating expenditures by major program service areas. 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.

### **Cash Management**

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, and other obligations guaranteed by the United States or its agencies. The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were insured by federal depository insurance or covered by the state's sinking fund. All of County investments during the year and at June 30, 2004 are classified in the category of lowest collateral risk as defined by the Governmental Accounting Standards Board.

### **Risk Management**

The County's liability, property and workers compensation claims, insurance and administration program are accounted for in the General Fund. The program involves various risk control techniques, including educational programs for employees to prevent accidents, and provides funds to meet loss situations which do occur, using a blend of internal and external resources. Internal funding of losses is represented by a claims retention program in which an assumption of appropriate deductibles is made. The goals of the current risk management program are to lower long-term costs and to reduce dependence on the insurance market, which lessens the effect of annual rate increases and/or capacity crunches.

## Independent Audit

The firm of McGladrey & Pullen, LLP has audited the financial statements of Scott County as of and for the year ended June 30, 2004; their report is included in the financial section of this CAFR.

The financial statements are the responsibility of the County, while the independent audit firm expressed an opinion based on the audit of those financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*. Those standards require the audit to be planned and performed in a manner to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

## Awards

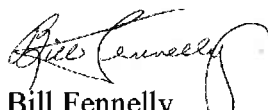
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Scott, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy 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. The County of Scott, Iowa has received a Certificate of Achievement for the fifteenth consecutive year. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility to receive once more, their prestigious award.

## Acknowledgements

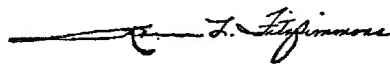
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated services of the Financial Management Supervisor in the Treasurer's Office, the Accounting Supervisor in the Auditor's Office, and the Budget Coordinator in the Office of Administration. We would like to express our appreciation to all members of our staff who assisted and contributed to its preparation. Appreciation is also expressed for the excellent assistance received from our independent accountants, McGladrey & Pullen, LLP.

We would also like to thank the County Board of Supervisors for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.


Respectfully submitted,



Bill Fennelly,  
County Treasurer



Karen L. Fitzsimmons,  
County Auditor



C. Ray Wierson,  
County Administrator

**FINANCIAL**

# 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, 2004, 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 and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Iowa as of June 30, 2004, 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 8, 2004, 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 13, and budgetary comparison information on pages 50 and 51 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 for the year ended June 30, 2004 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying 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 8, 2004

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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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, 2004. 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, 2004 and 2003 by \$68,714,730 and \$67,022,592 (net assets), respectively. Of this amount, \$10,005,791 and \$10,388,377, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$1,692,138 and \$2,431,240 during the years ended June 30, 2004 and 2003, respectively.

As of June 30, 2004, the County of Scott's governmental funds reported combined ending fund balances of \$18,886,555 a decrease of \$548,031 in comparison with 2003. Approximately 61% of this total amount, \$11,484,214, is available for spending at the government's discretion (unreserved undesignated fund balance). As of June 30, 2003, the County of Scott's governmental funds reported combined ending fund balances of \$19,434,586, a decrease of \$3,748,968 in comparison with 2002. Approximately 59% of this total amount, \$11,500,559, was available for spending at the government's discretion (unreserved undesignated fund balance).

As of June 30, 2004, unreserved undesignated fund balance for the General Fund was \$5,488,379 or 17% of total General Fund expenditures and \$6,372,309 or 21% for 2003.

The County of Scott, Iowa's total long-term debt, excluding compensated absences and claims payable, decreased by \$621,517 (5.1%) during fiscal year ended June 30, 2004 and \$610,000 (5.8%) during fiscal year ended June 30, 2003. The decrease 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 the 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, 2004

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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 City Assessor FICA. 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 14 through 17 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 and Mental Health/Development Disabilities Fund which are considered to be major funds. Data from the other five 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 22 through 25 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.

The basic proprietary fund financial statements can be found on pages 26 through 28 of this report.

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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 was \$172,627,215 and \$162,560,919 for the years ended June 30, 2004 and 2003, respectively.

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

Notes to the 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 50 and 51 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the 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 \$67,022,592 to \$68,714,730.

Of the County of Scott's net assets, 78 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 \$53,395,542 for 2004 and \$51,340,308 for 2003. 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	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 53,070,237	\$ 52,492,925	\$ (1,143,815)	\$ (1,045,212)	\$ 51,926,422	\$ 51,447,713
Capital assets	62,441,584	61,215,670	2,518,242	2,310,439	64,959,826	63,526,109
<b>Total assets</b>	<b>115,511,821</b>	<b>113,708,595</b>	<b>1,374,427</b>	<b>1,265,227</b>	<b>116,886,248</b>	<b>114,973,822</b>
Noncurrent liabilities outstanding	9,495,951	10,769,746	2,093,034	2,197,451	11,588,985	12,967,197
Other liabilities	35,981,559	34,482,287	600,974	501,746	36,582,533	34,984,033
<b>Total liabilities</b>	<b>45,477,510</b>	<b>45,252,033</b>	<b>2,694,008</b>	<b>2,699,197</b>	<b>48,171,518</b>	<b>47,951,230</b>
Net assets:						
Invested in capital assets, net of related debt	53,196,584	51,390,670	198,958	(50,362)	53,395,542	51,340,308
Restricted	4,988,770	5,293,907	324,627	-	5,313,397	5,293,907
Unrestricted	11,848,957	11,771,985	(1,843,166)	(1,383,608)	10,005,791	10,388,377
<b>Total net assets</b>	<b>\$ 70,034,311</b>	<b>\$ 68,456,562</b>	<b>\$ (1,319,581)</b>	<b>\$ (1,433,970)</b>	<b>\$ 68,714,730</b>	<b>\$ 67,022,592</b>

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

A restricted portion of the County's net assets (8 percent for 2004 and 2003) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$10,005,791 for 2004 and \$10,388,377 for 2003, 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 \$1,692,138 during the current fiscal year as compared to \$2,431,240 in 2003. The governmental-type activities' increased by \$1,577,749 in 2004 and \$2,360,221 in 2003. The total business-type activities' net assets increased by \$114,389 in 2004 and \$71,019 in 2003. This increase was mainly attributable to controlled spending, increased tax revenues and the self-supporting ability of the business-type activities to cover the expenses of the program with revenues generated through user charges.

Table 2 highlights the County's revenues and expenses for the fiscal year ended June 30, 2004 and 2003. 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	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,843,962	\$ 5,128,751	\$ 1,101,788	\$ 1,033,286	\$ 5,945,750	\$ 6,162,037
Operating grants and contributions	8,544,625	5,448,938	-	-	8,544,625	5,448,938
Capital grants and contributions	706,004	1,329,326	-	-	706,004	1,329,326
General revenues:						
Taxes:						
Property taxes	24,998,507	22,780,080	-	-	24,998,507	22,780,080
Local option sales tax	3,393,432	3,199,382	-	-	3,393,432	3,199,382
Gaming	919,864	805,667	-	-	919,864	805,667
Other taxes	117,731	172,113	-	-	117,731	172,113
Utility tax replacements	1,133,932	1,061,401	-	-	1,133,932	1,061,401
Penalties, interest and costs on taxes	652,959	667,318	-	-	652,959	667,318
State tax replacement credits	5,435,819	8,313,347	-	-	5,435,819	8,313,347
Payments in lieu of taxes	-	3,659	-	-	-	3,659
State shared revenues	2,851,114	2,804,003	-	-	2,851,114	2,804,003
Contribution from solid waste	274,703	289,800	-	-	274,703	289,800
Investment earnings	367,089	518,804	796	2,461	367,885	521,265
Miscellaneous	738,062	692,184	-	-	738,062	692,184
<b>Total revenues</b>	<b>54,977,803</b>	<b>53,214,773</b>	<b>1,102,584</b>	<b>1,035,747</b>	<b>56,080,387</b>	<b>54,250,520</b>

County of Scott, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2004

	Governmental Activities		Business-Type Activities		Total County	
	2004	2003	2004	2003	2004	2003
Expenses:						
Public safety and legal services	15,359,610	14,416,219	-	-	15,359,610	14,416,219
Physical health and social services	5,599,865	5,354,508	-	-	5,599,865	5,354,508
Mental health	12,464,838	12,560,244	-	-	12,464,838	12,560,244
County environment and education	4,179,381	4,077,028	-	-	4,179,381	4,077,028
Roads and transportation	5,322,321	5,319,941	-	-	5,322,321	5,319,941
Government services to residents	1,834,390	1,728,824	-	-	1,834,390	1,728,824
Administration	8,182,576	6,864,076	-	-	8,182,576	6,864,076
Debt service, interest	457,073	498,341	-	-	457,073	498,341
Golf course	-	-	988,195	964,728	988,195	964,728
Loss on sale of capital assets	-	35,371	-	-	-	35,371
<b>Total expenses</b>	<b>53,400,054</b>	<b>50,854,552</b>	<b>988,195</b>	<b>964,728</b>	<b>54,388,249</b>	<b>51,819,280</b>
<b>Increase in net assets</b>	<b>1,577,749</b>	<b>2,360,221</b>	<b>114,389</b>	<b>71,019</b>	<b>1,692,138</b>	<b>2,431,240</b>
Net assets, beginning	68,456,562	66,096,341	(1,433,970)	(1,504,989)	67,022,592	64,591,352
Net assets, ending	<b>\$ 70,034,311</b>	<b>\$ 68,456,562</b>	<b>\$ (1,319,581)</b>	<b>\$ (1,433,970)</b>	<b>\$ 68,714,730</b>	<b>\$ 67,022,592</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

Programs	Total Cost of Services 2004	Total Cost of Services 2003	Net (Expense) of Services 2004	Net (Expense) of Services 2003
Public safety and legal services	\$ 15,359,610	\$ 14,416,219	\$ (13,919,180)	\$ (12,905,677)
Physical health and social services	5,599,865	5,354,508	(3,321,569)	(3,358,961)
Mental health	12,464,838	12,560,244	(7,445,437)	(9,878,804)
County environment and education	4,179,381	4,077,028	(2,926,112)	(3,012,837)
Roads and transportation	5,322,321	5,319,941	(4,597,242)	(4,139,351)
Government services to residents	1,834,390	1,728,824	1,207,534	1,319,205
Administration	8,182,576	6,864,076	(7,846,384)	(6,437,400)
Debt service, interest	457,073	498,341	(457,073)	(498,341)
Golf course	988,195	964,728	113,593	68,558
<b>Total</b>	<b>\$ 54,388,249</b>	<b>\$ 51,783,909</b>	<b>\$ (39,191,870)</b>	<b>\$ (38,843,608)</b>

Net cost of services is 72% of total cost of services in 2004, which is comparable to 75% for the year ended June 30, 2003. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

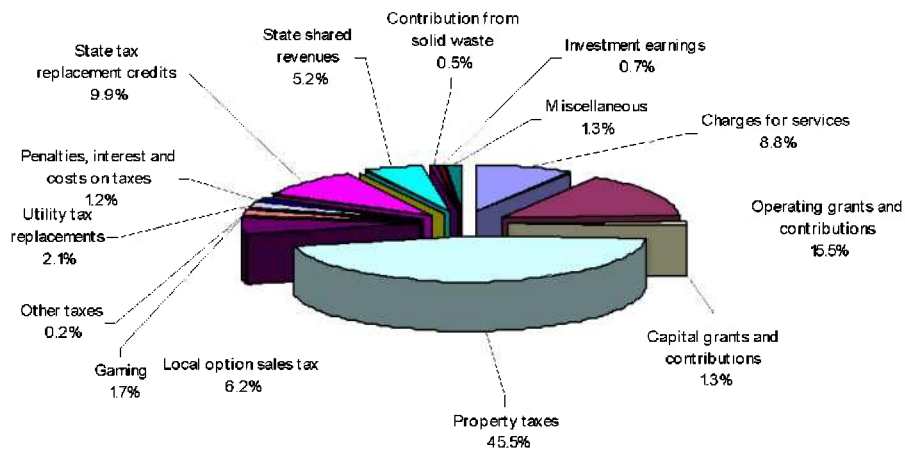
County of Scott, Iowa

Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2004

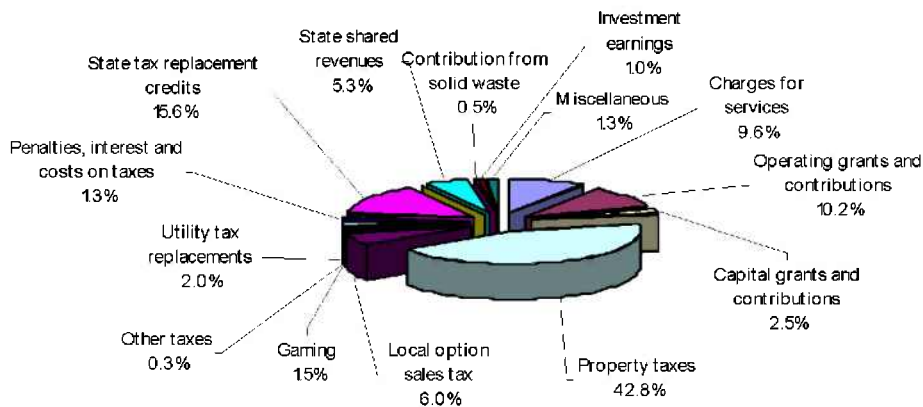
Governmental Activities

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2004 and 2003.

Revenues By Sources - Governmental Activities 2004



Revenues By Source - Governmental Activities 2003

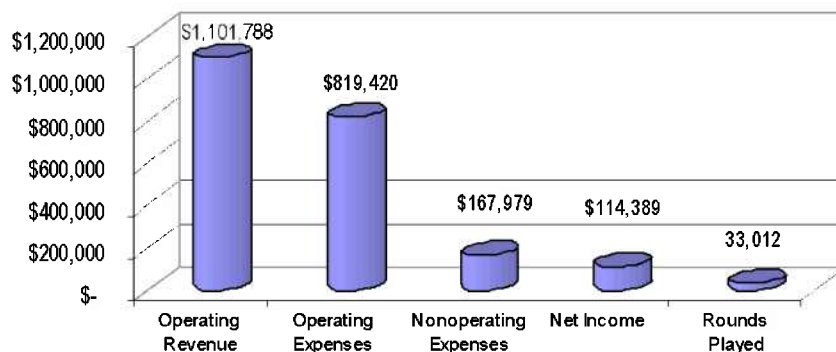


**County of Scott, Iowa**

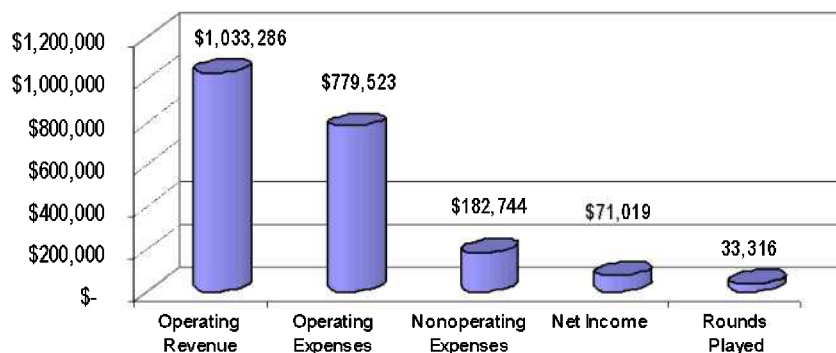
**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2004**

Total business-type activities' revenue for the fiscal years ended June 30, 2004 and 2003 was \$1,102,584 and \$1,035,747, respectively. All but \$796 and \$2,461 of this revenue was generated for specific business-type activity expenditures. The graph below shows a comparison between the business-type activity expenditures and program revenues and operations for Glynn's Creek Golf Course in 2004.

**Golf Course Operations 2004**



**Golf Course Operations 2003**



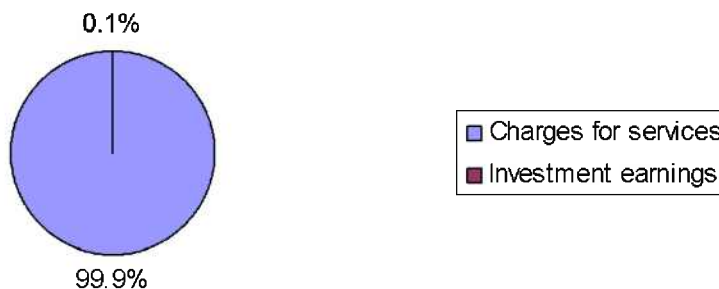
## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

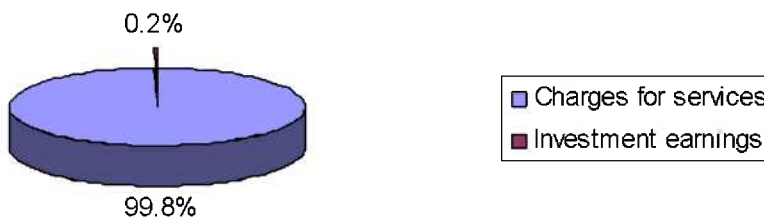
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The graph below shows the breakdown of revenues by source for the business-type activities in 2004.

#### Revenues By Source - Business-Type Activities 2004



#### Revenues By Source - Business-Type Activities 2003



**Business-type activities:** Business-type activities increased the County of Scott's net assets by \$114,389, accounting for 6.7% of the growth in the government's net assets in fiscal year ended June 30, 2004 compared to \$71,019 and 2.9% in fiscal year ended June 30, 2003. The Golf Course Fund is responsible for this increase.

#### 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, 2004

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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 \$18,886,555 a decrease of \$548,031 in comparison with the prior year fund balance of \$19,434,586. Approximately 65% of the 2004 total amount, \$12,289,471 for 2004 and \$12,617,365 or 65% for 2003, constitutes unreserved fund balance, which is available for spending at the government's discretion. However, approximately 55% of this unreserved amount, \$6,801,092 in 2004 and 49% \$6,245,056 in 2003, 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 \$5,488,379 for 2004 and \$6,372,309 for 2003 while total fund balance reached \$8,062,628 for 2004 and \$9,163,450 for 2003. 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 17% and 21% of total General Fund expenditures, while total fund balance also represents approximately 25% and 31% of that same amount for years ended June 30, 2004 and 2003, respectively.

The fund balance of the County's General Fund decreased by \$1,100,822 during the year ended June 20, 2004. The key factor in this decline is the Board transferred \$1,100,000 to the Capital Projects Fund toward completion of the Courthouse renovation project.

For 2003, the fund balance of the County's General Fund decreased by \$477,630 from 2002. The key factors in this decline was the investment earnings declined by \$422,747 below the previous year due to continued historically low interest rates.

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.

The Mental Health/Development Disabilities Fund balance decreased to \$1,000,512 in 2004 from \$1,021,020 in 2003 and \$1,221,501 in 2002. Revenues are to be used to provide mental health and disability services.

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



## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

#### 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 \$53,608,288 was increased to \$53,858,288 (an increase of \$250,000) mainly due to an expected increase in intergovernmental.
- The total original expenditure budget of \$55,457,462 was increased to \$57,754,462 (an increase of \$2,297,000) mainly for expected expenditures in the service areas of public safety and legal services, County environment and education, government services to residents, and administration.
- The total original budget for transfers in and out of \$5,681,306 was unchanged.

During the year, however, revenues were more than budgetary revenues and 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 the Capital Projects Fund 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, 2004 and 2003, amounts to \$64,959,826 and \$63,526,109 (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 2004 was 2% (a 2% increase for governmental activities and a 10% increase for business-type activities) and for 2003 was 10% (an 11% increase for governmental activities and a 3% decrease for business-type activities).

Major capital asset events during the current fiscal year ended June 30, 2004 included completion of the Bald Eagle Campground at Scott County Park, completion of the Juvenile Detention Center expansion/renovation project, and completion of the Administrative Center renovation project. In addition, the acquisition and implementation of a multi-department property tax computer software application replacement system was completed.

Major capital asset events during the fiscal year June 30, 2003 included construction work on the renovation of the Administrative Center, the Juvenile Detention Center, and the lower level of the Courthouse.

Table 4 - County of Scott's Capital Assets

	Business-Type Activities		Governmental Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 1,556,336	\$ 1,556,336	\$ 4,284,987	\$ 4,284,987	\$ 5,841,323	\$ 5,841,323
Construction-in-progress	-	-	34,511	10,655,911	34,511	10,655,911
Buildings	506,490	506,490	32,821,198	22,272,379	33,327,688	22,778,869
Improvements other than buildings	663,428	574,615	2,358,146	817,873	3,021,574	1,392,488
Infrastructure	62,374	62,374	65,128,120	63,264,892	65,190,494	63,327,266
Machinery and equipment	619,860	503,257	14,075,251	12,094,536	14,695,111	12,597,793
Accumulated depreciation	(890,246)	(892,633)	(56,260,629)	(52,174,908)	(57,150,875)	(53,067,541)
<b>Total</b>	<b>\$ 2,518,242</b>	<b>\$ 2,310,439</b>	<b>\$ 62,441,584</b>	<b>\$ 61,215,670</b>	<b>\$ 64,959,826</b>	<b>\$ 63,526,109</b>

## County of Scott, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

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

Debt - As of June 30, 2004, the County of Scott, Iowa had general obligation bonds outstanding totaling \$9,245,000 and a purchase contract and capital lease (Business-Type Activities) outstanding totaling \$2,319,284. In the current year, the County Governmental Activities paid \$580,000 in principal and \$458,905 in interest on outstanding debt. Business-Type Activities paid \$259,961 in principal and \$146,628 in interest on outstanding debt in the current year.

As of June 30, 2003, the County of Scott, Iowa had general obligation bonds outstanding totaling \$9,825,000 and a purchase contract and capital lease (Business-Type Activities) outstanding totaling \$2,360,801. In 2003, the County paid \$610,000 in principal and \$502,750 in interest on outstanding debt. Business-Type Activities paid \$203,222 in principal and \$157,433 in interest on outstanding debt in 2003.

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

	2004	2003	Maturity
Governmental activities, general obligation bonds	\$ 9,245,000	\$ 9,825,000	2017
Business-type activities, purchase contract and capital lease	2,319,284	2,360,801	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 1.2% and increased the rural county levy rate by 1.8% for the budget year ending June 30, 2005.
- The tax base for the County of Scott increased 5.4% over the previous year.
- Health care costs and personnel costs, which make up a significant portion of the County's operating costs, continue to rise. All five of the County's bargaining unit contracts are currently under four year agreements with various expiration dates.
- The jail capacity problem is causing costs for housing inmates in out-of-County facilities to continue to increase.

All of these factors were considered in preparing the County of Scott, Iowa's budget for the June 30, 2005 fiscal year.

### Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the County's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write C. Ray Wierson, County Administrator, Scott County Administrative Center, 428 Western Avenue, Davenport, Iowa 52801-1004.

County of Scott, Iowa

Statement of Net Assets  
June 30, 2004

Assets	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash and investments	\$ 20,224,322	\$ 16,775	\$ 20,241,097	\$ 1,862,222
Cash and investments in escrow	-	324,627	324,627	-
Restricted cash	160,678	-	160,678	-
Receivables:				
Property taxes	28,568,811	-	28,568,811	1,526,307
Accrued interest	251,939	-	251,939	-
Accounts	228,551	10,529	239,080	-
Due from other governmental agencies	2,027,622	-	2,027,622	5,861
Inventories	-	12,568	12,568	-
<b>Total current assets</b>	<b>51,461,923</b>	<b>364,499</b>	<b>51,826,422</b>	<b>3,394,390</b>
Noncurrent assets:				
Receivables, notes	100,000	-	100,000	-
Internal balances	1,508,314	(1,508,314)	-	-
Capital assets:				
Not depreciated:				
Land	4,284,987	1,556,336	5,841,323	16,600
Construction-in-progress	34,511	-	34,511	-
Depreciated:				
Buildings	32,821,198	506,490	33,327,688	1,202,595
Improvements other than buildings	2,358,146	663,428	3,021,574	-
Infrastructure	65,128,120	62,374	65,190,494	-
Machinery and equipment	14,075,251	619,860	14,695,111	336,726
Less accumulated depreciation	(56,260,629)	(890,246)	(57,150,875)	(333,271)
<b>Total capital assets</b>	<b>62,441,584</b>	<b>2,518,242</b>	<b>64,959,826</b>	<b>1,222,650</b>
<b>Total noncurrent assets</b>	<b>64,049,898</b>	<b>1,009,928</b>	<b>65,059,826</b>	<b>1,222,650</b>
<b>Total assets</b>	<b>\$ 115,511,821</b>	<b>\$ 1,374,427</b>	<b>\$ 116,886,248</b>	<b>\$ 4,617,040</b>

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities:				
Accounts payable	\$ 4,075,291	\$ 56,487	\$ 4,131,778	\$ 154,168
Current portion of claims payable	705,601	-	705,601	-
Accrued liabilities	1,324,626	36,127	1,360,753	56,118
Interest payable	36,410	249,171	285,581	-
Deferred revenue	28,263,431	8,184	28,271,615	1,508,952
Compensated absences	966,200	14,400	980,600	44,148
Current portion of general obligation bonds	610,000	-	610,000	-
Current portion of purchase contract	-	190,000	190,000	-
Current portion of capital lease	-	46,605	46,605	-
<b>Total current liabilities</b>	<b>35,981,559</b>	<b>600,974</b>	<b>36,582,533</b>	<b>1,763,386</b>
Noncurrent liabilities:				
Claims payable	113,879	-	113,879	-
Compensated absences	747,072	10,355	757,427	96,094
General obligation bonds payable	8,635,000	-	8,635,000	-
Purchase contract	-	1,910,840	1,910,840	-
Capital lease	-	171,839	171,839	-
<b>Total noncurrent liabilities</b>	<b>9,495,951</b>	<b>2,093,034</b>	<b>11,588,985</b>	<b>96,094</b>
<b>Total liabilities</b>	<b>45,477,510</b>	<b>2,694,008</b>	<b>48,171,518</b>	<b>1,859,480</b>
Net assets:				
Invested in capital assets, net of related debt	53,196,584	198,958	53,395,542	1,222,650
Restricted for:				
Debt service	4,828,092	-	4,828,092	-
County conservation sewage treatment	160,678	-	160,678	-
Lease purchase contract	-	324,627	324,627	-
Unrestricted	11,848,957	(1,843,166)	10,005,791	1,534,910
<b>Total net assets</b>	<b>70,034,311</b>	<b>(1,319,581)</b>	<b>68,714,730</b>	<b>2,757,560</b>
<b>Total liabilities and net assets</b>	<b>\$ 115,511,821</b>	<b>\$ 1,374,427</b>	<b>\$ 116,886,248</b>	<b>\$ 4,617,040</b>

County of Scott, Iowa

Statement of Activities  
Year Ended June 30, 2004

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	\$ 15,359,610	\$ 899,053	\$ 541,377	\$ -
Physical health and social services	5,599,865	356,232	1,914,089	7,975
Mental health	12,464,838	18,432	4,880,276	120,693
County environment and education	4,179,381	693,246	560,023	-
Roads and transportation	5,322,321	32,875	114,868	577,336
Government services to residents	1,834,390	2,693,220	348,704	-
Administration	8,182,576	150,904	185,288	-
Interest on long-term debt	457,073	-	-	-
<b>Total governmental activities</b>	<b>53,400,054</b>	<b>4,843,962</b>	<b>8,544,625</b>	<b>706,004</b>
Business-type activities, golf	988,195	1,101,788	-	-
<b>Total primary government</b>	<b>\$ 54,388,249</b>	<b>\$ 5,945,750</b>	<b>\$ 8,544,625</b>	<b>\$ 706,004</b>
<b>Component Units</b>	<b>\$ 3,152,488</b>	<b>\$ 12,831</b>	<b>\$ 1,432,457</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

State shared revenues

Contribution from solid waste

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				
Business-Type				
Governmental Activities	Activities	Total	Component Units	
\$ (13,919,180)	\$ -	\$ (13,919,180)	\$	-
(3,321,569)	-	(3,321,569)		-
(7,445,437)	-	(7,445,437)		-
(2,926,112)	-	(2,926,112)		-
(4,597,242)	-	(4,597,242)		-
1,207,534	-	1,207,534		-
(7,846,384)	-	(7,846,384)		-
(457,073)	-	(457,073)		-
(39,305,463)	-	(39,305,463)		-
-	113,593	113,593		-
(39,305,463)	113,593	(39,191,870)		-
-	-	-		(1,707,200)
24,998,507	-	24,998,507		1,545,847
3,393,432	-	3,393,432		-
919,864	-	919,864		-
117,731	-	117,731		74,176
1,133,932	-	1,133,932		-
652,959	-	652,959		-
5,435,819	-	5,435,819		-
2,851,114	-	2,851,114		-
274,703	-	274,703		-
367,089	796	367,885		-
738,062	-	738,062		147,709
40,883,212	796	40,884,008		1,767,732
1,577,749	114,389	1,692,138		60,532
68,456,562	(1,433,970)	67,022,592		2,697,028
\$ 70,034,311	\$ (1,319,581)	\$ 68,714,730	\$	2,757,560

County of Scott, Iowa

Statement of Net Assets

Discretely Presented Component Units

June 30, 2004

Assets	Emergency Management Agency	County Library	County Assessor	County Assessor Special
<b>Current Assets:</b>				
Cash and investments	\$ 202,079	\$ 556,946	\$ 389,287	\$ 173,842
Receivables, property taxes	-	-	468,439	191,130
Due from other governmental agencies	5,861	-	-	-
<b>Total current assets</b>	<b>207,940</b>	<b>556,946</b>	<b>857,726</b>	<b>364,972</b>
<b>Noncurrent assets, capital assets:</b>				
Land	-	16,600	-	-
Buildings	-	1,202,595	-	-
Machinery and equipment	42,045	176,110	8,613	-
Accumulated depreciation	(35,300)	(212,212)	(8,613)	-
<b>Total noncurrent assets, capital assets</b>	<b>6,745</b>	<b>1,183,093</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 214,685</b>	<b>\$ 1,740,039</b>	<b>\$ 857,726</b>	<b>\$ 364,972</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,123	\$ 63,307	\$ 7,310	\$ -
Accrued liabilities	3,737	25,146	27,235	-
Deferred revenue	-	-	463,926	190,232
Compensated absences	2,318	15,716	26,114	-
<b>Total current liabilities</b>	<b>9,178</b>	<b>104,169</b>	<b>524,585</b>	<b>190,232</b>
Noncurrent liabilities, compensated absences	5,670	-	37,460	-
<b>Total liabilities</b>	<b>14,848</b>	<b>104,169</b>	<b>562,045</b>	<b>190,232</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	6,745	1,183,093	-	-
Unrestricted	193,092	452,777	295,681	174,740
<b>Total net assets</b>	<b>199,837</b>	<b>1,635,870</b>	<b>295,681</b>	<b>174,740</b>
<b>Total liabilities and net assets</b>	<b>\$ 214,685</b>	<b>\$ 1,740,039</b>	<b>\$ 857,726</b>	<b>\$ 364,972</b>

See Notes to Basic Financial Statements.

City Assessor	City Assessor Special	Total
\$ 362,662	\$ 177,406	\$ 1,862,222
700,556	166,182	1,526,307
-	-	5,861
1,063,218	343,588	3,394,390
-	-	16,600
-	-	1,202,595
109,958	-	336,726
(77,146)	-	(333,271)
32,812	-	1,222,650
\$ 1,096,030	\$ 343,588	\$ 4,617,040
\$ 63,992	\$ 16,436	\$ 154,168
-	-	56,118
690,157	164,637	1,508,952
-	-	44,148
754,149	181,073	1,763,386
52,964	-	96,094
807,113	181,073	1,859,480
32,812	-	1,222,650
256,105	162,515	1,534,910
288,917	162,515	2,757,560
\$ 1,096,030	\$ 343,588	\$ 4,617,040



County of Scott, Iowa

Statement of Activities  
 Discretely Presented Component Units  
 Year Ended June 30, 2004

	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	\$ 105,549	\$ -	\$ 69,978	\$ -
<b>County Library</b>				
County environment and education	1,436,888	9,547	1,284,308	-
<b>County Assessor</b>				
Government services to residents	536,792	3,284	32,994	-
<b>County Assessor Special</b>				
Government services to residents	225,000	-	13,452	-
<b>City Assessor</b>				
Government services to residents	684,637	-	24,076	-
<b>City Assessor Special</b>				
Government services to residents	163,622	-	7,649	-
<b>City Assessor FICA</b>				
Government services to residents	-	-	-	-
<b>Total component units</b>	<b>\$ 3,152,488</b>	<b>\$ 12,831</b>	<b>\$ 1,432,457</b>	<b>\$ -</b>

**General Revenues**  
 Taxes:  
     Property taxes  
     Other taxes  
 Miscellaneous  
 Transfers  
     **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	City Assessor FICA	Total
\$ (35,571)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (35,571)
-	(143,033)	-	-	-	-	-	(143,033)
-	-	(500,514)	-	-	-	-	(500,514)
-	-	-	(211,548)	-	-	-	(211,548)
-	-	-	-	(660,561)	-	-	(660,561)
-	-	-	-	-	(155,973)	-	(155,973)
-	-	-	-	-	-	-	-
(35,571)	(143,033)	(500,514)	(211,548)	(660,561)	(155,973)	-	(1,707,200)
-	-	499,345	204,182	639,034	203,286	-	1,545,847
-	-	23,443	9,558	31,247	9,928	-	74,176
18,774	121,451	43	-	7,441	-	-	147,709
-	-	-	-	41,798	-	(41,798)	-
18,774	121,451	522,831	213,740	719,520	213,214	(41,798)	1,767,732
(16,797)	(21,582)	22,317	2,192	58,959	57,241	(41,798)	60,532
216,634	1,657,452	273,364	172,548	229,958	105,274	41,798	2,697,028
\$ 199,837	\$ 1,635,870	\$ 295,681	\$ 174,740	\$ 288,917	\$ 162,515	\$ -	\$ 2,757,560

County of Scott, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2004

Assets	Primary Government			
	General	Mental Health/ Development Disabilities	Nonmajor Governmental Funds	Total
Cash and investments	\$ 7,385,511	\$ 3,015,235	\$ 9,823,576	\$ 20,224,322
Restricted cash	160,678	-	-	160,678
Receivables, net of allowance for uncollectibles:				
Property taxes, net of allowance for collection losses of \$25,563	22,676,424	3,343,728	2,548,659	28,568,811
Accrued interest	251,939	-	-	251,939
Accounts	156,329	58,026	14,196	228,551
Notes	100,000	-	-	100,000
Advance to other funds	1,508,314	-	-	1,508,314
Due from other governmental agencies	1,429,147	124,041	474,434	2,027,622
<b>Total assets</b>	<b>\$ 33,668,342</b>	<b>\$ 6,541,030</b>	<b>\$ 12,860,865</b>	<b>\$ 53,070,237</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,500,520	\$ 2,179,772	\$ 394,999	\$ 4,075,291
Claims payable	14,223	-	-	14,223
Accrued liabilities	1,192,191	24,126	108,309	1,324,626
Deferred revenue	22,884,789	3,336,620	2,534,142	28,755,551
Compensated absences	13,991	-	-	13,991
<b>Total liabilities</b>	<b>25,605,714</b>	<b>5,540,518</b>	<b>3,037,450</b>	<b>34,183,682</b>
Fund balances:				
Reserved for:				
Notes receivable	100,000	-	-	100,000
Advances	1,508,314	-	-	1,508,314
Debt service	-	-	4,828,092	4,828,092
County conservation sewage treatment	160,678	-	-	160,678
Unreserved, designated, claim liabilities	805,257	-	-	805,257
Unreserved, undesignated, reported in:				
General Fund	5,488,379	-	-	5,488,379
Special revenue funds	-	1,000,512	2,424,465	3,424,977
Capital Projects Fund	-	-	2,570,858	2,570,858
<b>Total fund balances</b>	<b>8,062,628</b>	<b>1,000,512</b>	<b>9,823,415</b>	<b>18,886,555</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,668,342</b>	<b>\$ 6,541,030</b>	<b>\$ 12,860,865</b>	<b>\$ 53,070,237</b>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Reconciliation of Total Governmental Fund Balances - Primary Government  
to Net Assets of Governmental Activities  
June 30, 2004

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Total governmental fund balances	\$ 18,886,555
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds:	
Land	4,284,987
Construction-in-progress	34,511
Buildings	32,821,198
Improvements other than buildings	2,358,146
Infrastructure	65,128,120
Machinery and equipment	14,075,251
Accumulated depreciation	<u>(56,260,629)</u>
	<u>62,441,584</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Deferred revenues	<u>492,120</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	(805,257)
Compensated absences	(1,699,281)
Accrued interest payable	(36,410)
General obligation bonds payable	<u>(9,245,000)</u>
	<u>(11,785,948)</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 70,034,311</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, 2004

	Primary Government			
	General	Mental Health/ Development Disabilities	Nonmajor Governmental Funds	Total
<b>Revenues:</b>				
Property taxes	\$ 19,706,805	\$ 3,049,689	\$ 2,239,852	\$ 24,996,346
Local option sales tax	3,403,432	-	-	3,403,432
Other taxes	1,013,382	145,915	1,012,231	2,171,528
Interest and penalties on taxes	652,959	-	-	652,959
Intergovernmental	4,572,177	9,203,065	3,406,692	17,181,934
Charges for services	4,249,764	18,432	121,036	4,389,232
Investment earnings	323,654	-	24,788	348,442
Licenses and permits	452,916	-	1,815	454,731
Rentals and fees	113,952	-	-	113,952
Other	360,091	16,843	227,871	604,805
<b>Total revenues</b>	<b>34,849,132</b>	<b>12,433,944</b>	<b>7,034,285</b>	<b>54,317,361</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety and legal services	14,593,427	-	-	14,593,427
Physical health and social services	5,563,018	-	-	5,563,018
Mental health	-	12,454,452	-	12,454,452
County environment and education	3,427,328	-	381,717	3,809,045
Roads and transportation	-	-	3,716,998	3,716,998
Government services to residents	1,746,145	-	-	1,746,145
Administration	6,622,680	-	-	6,622,680
Capital outlay	-	-	5,320,722	5,320,722
<b>Debt service:</b>				
Principal	-	-	580,000	580,000
Interest	-	-	458,905	458,905
<b>Total expenditures</b>	<b>31,952,598</b>	<b>12,454,452</b>	<b>10,458,342</b>	<b>54,865,392</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>2,896,534</b>	<b>(20,508)</b>	<b>(3,424,057)</b>	<b>(548,031)</b>
<b>Other financing sources (uses):</b>				
Transfers in	21,201	-	6,447,034	6,468,235
Transfers out	(4,018,557)	-	(2,449,678)	(6,468,235)
<b>Total other financing sources (uses)</b>	<b>(3,997,356)</b>	<b>-</b>	<b>3,997,356</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,100,822)</b>	<b>(20,508)</b>	<b>573,299</b>	<b>(548,031)</b>
Fund balances, beginning of year	9,163,450	1,021,020	9,250,116	19,434,586
Fund balances, end of year	\$ 8,062,628	\$ 1,000,512	\$ 9,823,415	\$ 18,886,555

See Notes to Basic Financial Statements.

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, 2004**

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Net change in fund balances - governmental funds		\$ (548,031)
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		5,098,810
Capital assets contributed		577,336
Depreciation:		
Public safety and legal services	\$ (641,044)	
Physical health and social services	(29,664)	
Mental health	(8,123)	
County environment and education	(365,517)	
Roads and transportation	(2,003,871)	
Governmental services to residents	(85,744)	
Administration	<u>(1,197,805)</u>	(4,331,768)
Loss on sales of capital assets		(118,464)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		67,551
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		580,000
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 governmental funds interest expense		1,832
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		311,549
Change in compensated absences		<u>(61,066)</u>
<b>Change in net assets of governmental activities</b>		<u><u>\$ 1,577,749</u></u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Net Assets  
Enterprise Fund  
June 30, 2004

	<u>Golf Course</u>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 16,775
Cash and investments in escrow	324,627
Receivables, accounts	10,529
Inventories	12,568
<b>Total current assets</b>	<u>364,499</u>
Noncurrent assets:	
Capital assets:	
Land	1,556,336
Buildings	506,490
Improvements other than buildings	663,428
Infrastructure	62,374
Machinery and equipment	619,860
Less accumulated depreciation	(890,246)
<b>Total noncurrent assets</b>	<u>2,518,242</u>
<b>Total assets</b>	<u>\$ 2,882,741</u>
<b>Liabilities and Net Assets (Deficit)</b>	
Current liabilities:	
Accounts payable	\$ 56,487
Accrued liabilities	36,127
Interest payable	249,171
Deferred revenue	8,184
Compensated absences	14,400
Current portion of purchase contract	190,000
Current portion of capital lease	46,605
<b>Total current liabilities</b>	<u>600,974</u>
Noncurrent liabilities:	
Compensated absences	10,355
Advance from other funds	1,508,314
Purchase contract, noncurrent portion	1,910,840
Capital lease, noncurrent	171,839
<b>Total noncurrent liabilities</b>	<u>3,601,348</u>
<b>Total liabilities</b>	<u>4,202,322</u>
Net assets (deficit):	
Invested in capital assets, net of related debt	198,958
Restricted for lease purchase contract	324,627
Unrestricted (deficit)	(1,843,166)
<b>Total net assets (deficit)</b>	<u>(1,319,581)</u>
<b>Total liabilities and net assets (deficit)</b>	<u>\$ 2,882,741</u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Revenues, Expenses and Changes in Net Assets  
Enterprise Fund  
Year Ended June 30, 2004

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	<u>Golf Course</u>
Operating revenues:	
Charges for services	\$ 878,430
Sales, net of cost of goods sold of \$65,040	131,464
Other	91,894
<b>Total operating revenues</b>	<u>1,101,788</u>
Operating expenses:	
Personnel	491,500
Depreciation	72,385
Other	255,535
<b>Total operating expenses</b>	<u>819,420</u>
<b>Operating income</b>	<u>282,368</u>
Nonoperating revenues (expense):	
Investment earnings	796
Interest expense	(168,775)
<b>Total nonoperating revenues (expenses)</b>	<u>(167,979)</u>
<b>Change in net assets</b>	114,389
Total net assets (deficit), beginning of year	(1,433,970)
Total net assets (deficit), end of year	<u>\$ (1,319,581)</u>

See Notes to Basic Financial Statements.



County of Scott, Iowa

Statement of Cash Flows  
Enterprise Fund  
Year Ended June 30, 2004

	<u>Golf Course</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,204,105
Cash payments to acquire goods for resale	(73,252)
Cash payments to suppliers for goods and services	(235,529)
Cash payments to employees for services	(488,334)
<b>Net cash provided by operating activities</b>	<u>406,990</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from sale of capital asset	37,426
Payments of purchase contract	(172,737)
Payments on capital lease	(87,224)
Interest paid on purchase contract and capital lease	(146,628)
Acquisition of capital assets	(108,695)
<b>Net cash (used in) capital and related financing activities</b>	<u>(477,858)</u>
Cash Flows from Noncapital Financing Activities, advance from other funds	<u>85,000</u>
Cash Flows from Investing Activities, interest received	<u>796</u>
<b>Net increase in cash and cash equivalents</b>	14,928
Cash and cash equivalents:	
Beginning	326,474
Ending	<u>\$ 341,402</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 282,368
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	72,385
(Increase) decrease in:	
Receivables	36,743
Inventories	(8,212)
Increase (decrease) in:	
Accounts payable	20,006
Accrued liabilities	6,561
Compensated absences	(3,395)
Deferred revenue	534
<b>Net cash provided by operating activities</b>	<u>\$ 406,990</u>
Noncash capital and related financing activities:	
Amortization of bond issuance costs and discount on purchase contract	\$ 7,263
Capital assets financed through capital lease	218,444
Trade in value of equipment	88,919

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2004

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**Assets**

Cash and investments	\$ 4,278,725
Receivables, property taxes	<u>168,348,490</u>
<b>Total assets</b>	<b><u>\$ 172,627,215</u></b>

**Liabilities**

Accounts payable	\$ 71,633
Due to other governmental agencies	172,283,975
Due to private individuals	<u>271,607</u>
<b>Total liabilities</b>	<b><u>\$ 172,627,215</u></b>

See Notes to Basic Financial Statements.

**Note 1. Nature of Operations, Reporting Entity 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.

**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:

a. 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.

b. 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.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

c. 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.

d. 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.

e. 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.

f. 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 account 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.

g. City Assessor FICA:

The City Assessor FICA allows for the levying of taxes to support the payment of social security taxes on employees of the City's Assessor's Office as allowable under Iowa statute. The Code of Iowa requires the County to be custodian of funds for the City Assessor FICA and accounts for all transactions within the books and records of the County. The City Assessor FICA is included as a component unit of the County based on the significance of this relationship.

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, 428 Western Avenue, Davenport, Iowa.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

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 other organizations which should be included in these basic financial statements.

Basis of presentation:

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

Government-wide and fund financial statements:

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

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:

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

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** – 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.

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.

Secondary Roads Fund: To account for state revenue allocated to the County to be used to maintain and improve the County's roads.

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.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

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.

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.

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.

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.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

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 2003, based on the 2002 assessed valuations. These taxes are due in two installments, on September 30 and March 31, with a 1.5% 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.

**Summary of 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.

**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. 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.



Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

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.

**Deferred revenues** – Deferred 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, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue.

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.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

**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% of all hours above 720 up to a maximum of 1,680 hours or to be paid 25% 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% 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.

**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.

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

**Bond issue costs** – Bond issue costs are amortized over the life of the contract using a method which approximates the interest method.

**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.

Notes to Basic Financial Statements

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**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)**

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

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

In addition, the County Board must appropriate, by resolution, the budgets for each of the different County offices and departments. Emphasis is placed on monitoring budgets at the departmental level by major class of expenditures, rather than by line item expenditure. County management can approve budget shifts within the major classes but not between major classes. During the year, there were two budget amendments adopted in December 2003 and May 2004.

**Uses 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 \$1,319,581 as of June 30, 2004. The deficit is expected to be eliminated through future earnings of the golf course.

**Note 3. Cash and Investments**

The County maintains a cash and investment pool that is available for use by all funds and includes the discretely presented component units since the County acts as custodian of their funds. In addition, investments are separately held by several of the County's funds.

In accordance with state statutes, the County maintains deposits within approved limits at those depositories authorized by the Board of Supervisors. State statutes require that all of the County's deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds at credit unions. State statutes require that securities pledged as collateral be held in safekeeping by the State Treasurer or in a financial institution other than that furnishing the collateral.

As of June 30, 2004, the carrying amount of the County's deposits, which includes certificates of deposit and excludes \$168,081 of cash on hand and undeposited receipts, totals \$20,112,046 with bank balances of \$20,738,661. The carrying amount and bank balances of the component units' deposits totaled \$1,862,222. The entire bank balances of the County and the component units were covered by federal depository insurance or collateralized with securities held by the entity or its agent in the entity's name.

**County of Scott, Iowa**

**Notes to Basic Financial Statements**

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

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 investments are categorized below to give an indication of the level of risk assumed by the County. Category 1 includes securities that are insured, registered or held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered securities held by the counterparty's trust department or its agent in the County's name. Category 3 includes uninsured and unregistered securities held by the counterparty or by its trust or safekeeping department or its agent, but not in the County's name.

	Category			Total
	1	2	3	
Scott Area Solid Waste Commission Revenue Bond	\$ 4,725,000	\$ -	\$ -	\$ 4,725,000

The County's investments during the year did not vary significantly from those at year-end in amounts or level of risk.

A reconciliation of cash and investments as shown in the financial statements is as follows:

Cash on hand	\$ 168,081
Deposits with financial institutions	20,112,046
Investments	4,725,000
	<u>\$ 25,005,127</u>
Government-wide financial statements of net assets, cash and investments and restricted cash	<u>\$ 20,726,402</u>
Statement of fiduciary net assets, cash and investments	<u>\$ 4,278,725</u>

**Note 4. Interfund Account Balances**

Advances from and to other funds as of June 30, 2004 were as follows:

	Advances To	Advances From
Major governmental fund, General	\$ 1,508,314	\$ -
Business-type activity, Glynn's Creek Golf Course	-	1,508,314
	<u>\$ 1,508,314</u>	<u>\$ 1,508,314</u>

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

County of Scott, Iowa

Notes to Basic Financial Statements

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**Note 5. Interfund Transfers**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major governmental funds, general	\$ 21,201	\$ 4,018,557
Nonmajor governmental funds:		
Capital projects	4,218,378	789,261
Rural services	-	1,640,529
Secondary roads	2,228,656	-
Recorders management fees	-	19,888
<b>Total governmental activities</b>	<u>\$ 6,468,235</u>	<u>\$ 6,468,235</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 is due in one annual installment on June 30, 2005 with 4% interest. As of June 30, 2004, 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, 2004:

<b>Governmental Activities</b>	2003 Balance	Additions	Deletions	2004 Balance
Capital assets not depreciated:				
Land	\$ 4,284,987	\$ -	\$ -	\$ 4,284,987
Construction-in-progress	10,655,911	1,822,707	(12,444,107)	34,511
<b>Total capital assets not being depreciated</b>	<b>14,940,898</b>	<b>1,822,707</b>	<b>(12,444,107)</b>	<b>4,319,498</b>
Capital assets being depreciated:				
Buildings	22,272,379	10,548,819	-	32,821,198
Improvements other than buildings	817,873	1,540,273	-	2,358,146
Infrastructure	63,264,892	1,863,228	-	65,128,120
Machinery and equipment	12,094,536	2,345,226	(364,511)	14,075,251
<b>Total capital assets being depreciated</b>	<b>98,449,680</b>	<b>16,297,546</b>	<b>(364,511)</b>	<b>114,382,715</b>
Less accumulated depreciation for:				
Buildings	11,286,788	1,271,456	-	12,558,244
Improvements other than buildings	150,106	116,994	-	267,100
Infrastructure	33,478,255	1,627,202	-	35,105,457
Machinery and equipment	7,259,759	1,316,116	(246,047)	8,329,828
<b>Total accumulated depreciation</b>	<b>52,174,908</b>	<b>4,331,768</b>	<b>(246,047)</b>	<b>56,260,629</b>
<b>Total capital assets being depreciated, net</b>	<b>46,274,772</b>	<b>11,965,778</b>	<b>(118,464)</b>	<b>58,122,086</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 61,215,670</b>	<b>\$ 13,788,485</b>	<b>\$ (12,562,571)</b>	<b>\$ 62,441,584</b>

<b>Business-Type Activities</b>	2003 Balance	Additions	Deletions	2004 Balance
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	574,615	88,813	-	663,428
Infrastructure	62,374	-	-	62,374
Machinery and equipment	503,257	327,245	(210,642)	619,860
<b>Total capital assets being depreciated</b>	<b>1,646,736</b>	<b>416,058</b>	<b>(210,642)</b>	<b>1,852,152</b>
Less accumulated depreciation for:				
Buildings	104,180	10,130	-	114,310
Improvements other than buildings	493,021	12,376	-	505,397
Infrastructure	62,374	-	-	62,374
Machinery and equipment	233,058	49,879	(74,772)	208,165
<b>Total accumulated depreciation</b>	<b>892,633</b>	<b>72,385</b>	<b>(74,772)</b>	<b>890,246</b>
<b>Total capital assets being depreciated, net</b>	<b>754,103</b>	<b>343,673</b>	<b>(135,870)</b>	<b>961,906</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 2,310,439</b>	<b>\$ 343,673</b>	<b>\$ (135,870)</b>	<b>\$ 2,518,242</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:

Discretely Presented Component Units	2003 Balance	Additions	Deletions	2004 Balance
Capital assets not being depreciated:				
Land	\$ 16,600	\$ -	\$ -	\$ 16,600
Construction-in-progress	1,037,195	-	(1,037,195)	-
<b>Total capital assets not being depreciated</b>	<b>1,053,795</b>	<b>-</b>	<b>(1,037,195)</b>	<b>16,600</b>
Capital assets being depreciated:				
Buildings	165,400	1,037,195	-	1,202,595
Machinery and equipment	336,726	-	-	336,726
<b>Total capital assets being depreciated</b>	<b>502,126</b>	<b>1,037,195</b>	<b>-</b>	<b>1,539,321</b>
Less accumulated depreciation for:				
Buildings	36,644	24,052	-	60,696
Machinery and equipment	251,736	20,839	-	272,575
<b>Total accumulated depreciation</b>	<b>288,380</b>	<b>44,891</b>	<b>-</b>	<b>333,271</b>
<b>Total capital assets being depreciated, net</b>	<b>213,746</b>	<b>992,304</b>	<b>-</b>	<b>1,206,050</b>
<b>Component units capital assets, net</b>	<b>\$ 1,267,541</b>	<b>\$ 992,304</b>	<b>\$ (1,037,195)</b>	<b>\$ 1,222,650</b>

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

Governmental activities:	
Public safety and legal services	\$ 641,044
Physical health and social services	29,664
Mental health	8,123
County environment and education	365,517
Roads and transportation	2,003,871
Governmental services to residents	85,744
Administration	1,197,805
<b>Total depreciation expense, governmental activities</b>	<b>\$ 4,331,768</b>
Business-type activities, golf course	\$ 72,385

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, 2004:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 9,825,000	\$ -	\$ 580,000	\$ 9,245,000	\$ 610,000
Compensated absences	1,649,468	1,016,042	952,238	1,713,272	966,200
Claims payable	1,132,278	399,760	712,558	819,480	705,601
	<u>\$ 12,606,746</u>	<u>\$ 1,415,802</u>	<u>\$ 2,244,796</u>	<u>\$ 11,777,752</u>	<u>\$ 2,281,801</u>

	Balance June 30, 2003	Additions	Retirements	Balance June 30, 2004	Due Within One Year
<b>Business-Type Activities:</b>					
Capital lease	\$ 87,224	\$ 218,444	\$ 87,224	\$ 218,444	\$ 46,605
Purchase contract	2,273,577	-	172,737	2,100,840	190,000
Compensated absences	28,150	10,967	14,362	24,755	14,400
	<u>\$ 2,388,951</u>	<u>\$ 229,411</u>	<u>\$ 274,323</u>	<u>\$ 2,344,039</u>	<u>\$ 251,005</u>

	Balance June 30, 2003	Additions	Retirements	Balance June 30, 2004	Due Within One Year
<b>Discretely Presented Component Units Activities,</b>					
compensated absences	\$ 128,890	\$ 60,970	\$ 49,618	\$ 140,242	\$ 44,148

General obligation bonds outstanding as of June 30, 2004 consist of \$4,725,000 of solid waste disposal bonds with interest at rates ranging from 5.0% to 5.7% and \$4,520,000 of general obligation urban renewal bonds with interest at rates ranging from 2.3% to 4.6%.

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

The debt service requirements on the bonds outstanding as of June 30, 2004 are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 610,000	\$ 436,925	\$ 1,046,925
2006	635,000	412,075	1,047,075
2007	670,000	385,105	1,055,105
2008	700,000	355,775	1,055,775
2009	735,000	323,925	1,058,925
2010-2014	4,310,000	1,048,308	5,358,308
2015-2018	1,585,000	135,720	1,720,720
<b>Total</b>	<u>\$ 9,245,000</u>	<u>\$ 3,097,833</u>	<u>\$ 12,342,833</u>



County of Scott, Iowa

Notes to Basic Financial Statements

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

The computation of the County's legal margin as of June 30, 2004 is as follows:

January 2002 assessed valuation	\$ 7,869,763,685
Less military exemption	19,751,580
<b>Total assessed value</b>	<b>\$ 7,850,012,105</b>
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 392,500,605
Total amount of debt applicable to debt margin	9,245,000
<b>Legal debt margin</b>	<b>\$ 383,255,605</b>

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

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

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

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

Year Ending June 30:	Total Payment	Principal	Interest	Prepayment Price
2005	\$ 362,580	\$ 190,000	\$ 172,580	\$ 1,975,000
2006	321,180	200,000	121,180	1,775,000
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	2,923,991	2,165,000	758,991	
Unamortized discount and bond issue costs	-	(64,160)	64,160	
	<b>\$ 2,923,991</b>	<b>\$ 2,100,840</b>	<b>\$ 823,151</b>	

County of Scott, Iowa

Notes to Basic Financial Statements

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

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% 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>
2005	\$ 48,460	\$ 46,605	\$ 1,855
2006	48,460	39,869	8,591
2007	48,460	41,862	6,598
2008	48,460	43,955	4,505
2009	48,460	46,153	2,307
	<u>\$ 242,300</u>	<u>\$ 218,444</u>	<u>\$ 23,856</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% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 4.99% and 7.48%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$1,038,761, \$1,009,623, and \$965,752, 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(g) 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 \$300,000 per claim for workers' compensation. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount with \$9,750,000 maximum coverage on general and automobile liability, \$68,017,523 maximum coverage on property and \$2,000,000 maximum coverage on workers' compensation. All claim's 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, 2004, the amount of liabilities recorded for estimated claim settlements for general, automobile, property, and workers' compensation liability claims was \$819,480 of which \$14,223 was recorded in the General Fund. The County has designated \$805,257 of General Fund balance for payment of future claims liability.

The changes in the aggregate liabilities for claims for the years ended June 30, 2004 and 2003 are as follows:

	Self-Insurance	
	2004	2003
Claims payable, beginning of year	\$ 1,132,278	\$ 1,059,551
Claims expense and change in reserve	399,760	767,457
Claims payments	(712,558)	(694,730)
Claims payable, end of year	<u>\$ 819,480</u>	<u>\$ 1,132,278</u>

The Emergency Management Agency, County Library, County Assessor, County Assessor Special, City Assessor, City Assessor Special and City Assessor FICA 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.

Notes to Basic Financial Statements

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**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, 2004, there were five series of revenue bonds outstanding. The aggregate principal balance of the revenue bonds outstanding is \$22,395,000.

**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, 2004 is \$4,725,000.

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 \$4,725,000 remains outstanding as of June 30, 2004.

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% 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% of the debt service on the bonds when due, the County is obligated to pay such deficiency from and of its funds legally available. Any amounts which are paid by the County for debt service payments on the bonds must be reimbursed by the Commission out of future net revenues of the Project or other Commission funds which become available.

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

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

**County of Scott, Iowa**

**Notes to Basic Financial Statements**

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**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 \$60,000.

Subsequent to year-end, there is a liability to an employee's spouse related to the death of an employee during their duties. This liability is payable on a monthly basis until the spouse's death or time of remarriage. As the length of the liability is unknown, a reasonable estimate is not available.

**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 \$80,296 for the year ended June 30, 2004.

The total minimum lease commitment as of June 30, 2004 is as follows:

Year ending June 30:

2005	\$	76,533
2006		79,564
2007		82,595
2008		85,626
2009		88,657
2010-2011		162,158
	\$	<u>575,133</u>

**Note 17. Subsequent Event**

On November 2, 2004, the County of Scott, Iowa voters approved the Scott County Public Safety Authority to issue revenue bonds not to exceed \$29.7 million to renovate and expand existing jail facilities. It is anticipated that the issuance of these bonds will take place in the fall of 2005.

Notes to Basic Financial Statements

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**Note 18. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements**

The County adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, during the year ended June 30, 2004 which had no effect on the County's basic financial statements.

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

Statement No. 40, *Deposit and Investment Risk Disclosures*, issued March 2003, will be effective for the County beginning with its year ending June 30, 2005. This Statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposit risks.

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the County beginning with its year ending June 30, 2006. 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.

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

Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the County beginning with its year ending June 30, 2006. This Statement improves 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.

GASB 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.

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

**Note 19. Uncertainty**

During fiscal year ended June 30, 2003, management became aware of the existence of certain unauthorized transactions within a department of the County. The transactions, which were accounted for and reported through a fiduciary fund of the County, are currently under investigation. The investigation is currently in an early stage and management is uncertain regarding the total amount of the unauthorized transactions and the extent of any potential recovery. However, at this time, management does not believe the effect of these transactions would be material to the financial statements.

County of Scott, Iowa

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds  
 Year Ended June 30, 2004

	Budget		Governmental Fund Types Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 24,805,472	\$ 24,805,472	\$ 24,996,346	\$ 190,874
Local option sales tax	3,570,210	3,570,210	3,403,432	(166,778)
Other taxes	2,212,215	2,212,215	2,171,528	(40,687)
Interest and penalties on taxes	548,300	548,300	652,959	104,659
Intergovernmental	16,633,274	16,883,274	17,181,934	298,660
Charges for services	4,264,661	4,264,661	4,389,232	124,571
Investment earnings	638,273	638,273	348,442	(289,831)
Licenses and permits	405,445	405,445	454,731	49,286
Rentals and fees	131,296	131,296	113,952	(17,344)
Other	399,142	399,142	604,805	205,663
<b>Total revenues</b>	<b>53,608,288</b>	<b>53,858,288</b>	<b>54,317,361</b>	<b>459,073</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety and legal services	15,311,978	15,311,978	14,593,427	718,551
Physical health and social services	5,785,517	5,785,517	5,563,018	222,499
Mental health	12,916,875	12,916,875	12,454,452	462,423
County environment and education	3,604,862	3,906,862	3,809,045	97,817
Roads and transportation	3,596,700	3,796,700	3,716,998	79,702
Government services to residents	1,816,014	1,866,014	1,746,145	119,869
Administration	7,030,083	7,070,083	6,622,680	447,403
Capital outlay	4,356,527	6,061,527	5,320,722	740,805
Debt service	1,038,906	1,038,906	1,038,905	1
<b>Total expenditures</b>	<b>55,457,462</b>	<b>57,754,462</b>	<b>54,865,392</b>	<b>2,889,070</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>(1,849,174)</b>	<b>(3,896,174)</b>	<b>(548,031)</b>	<b>3,348,143</b>
<b>Other financing sources (uses):</b>				
Transfers in	5,681,306	5,681,306	6,468,235	(786,929)
Transfers out	(5,681,306)	(5,681,306)	(6,468,235)	786,929
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (1,849,174)</b>	<b>\$ (3,896,174)</b>	<b>\$ (548,031)</b>	<b>\$ 3,348,143</b>

See Note to Required Supplementary Information.

## County of Scott, Iowa

### Note to Required Supplementary Information

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#### 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 principals 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 include expenditures for the General Fund, special revenue funds, Debt Service Fund, and Capital Projects Fund. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments increased budgeted expenditures by \$2,297,000. The budget amendment was primarily due to changes in capital projects.

During the year ended June 30, 2004, expenditures/expenses did not exceed the amounts budgeted in the general government functions.



County of Scott, Iowa

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2004

	Special Revenue		
	Rural Services Fund	Secondary Roads Fund	Recorders Management Fees Fund
<b>Assets</b>			
Cash and investments	\$ 106,315	\$ 1,782,809	\$ 318,267
Receivables:			
Property taxes	2,095,571	-	-
Accounts	-	-	14,196
Due from other governmental agencies	-	474,434	-
<b>Total assets</b>	<b>\$ 2,201,886</b>	<b>\$ 2,257,243</b>	<b>\$ 332,463</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 174,412	\$ -
Accrued liabilities	-	108,309	-
Deferred revenue	2,084,406	-	-
<b>Total liabilities</b>	<b>2,084,406</b>	<b>282,721</b>	<b>-</b>
<b>Fund balances:</b>			
Reserved for debt service	-	-	-
Unreserved, undesignated, reported in:			
Special revenue funds	117,480	1,974,522	332,463
Capital Projects Fund	-	-	-
	<b>117,480</b>	<b>1,974,522</b>	<b>332,463</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,201,886</b>	<b>\$ 2,257,243</b>	<b>\$ 332,463</b>

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Debt Service	Capital Projects	Total
\$ 4,824,740	\$ 2,791,445	\$ 9,823,576
453,088	-	2,548,659
-	-	14,196
-	-	474,434
<u>\$ 5,277,828</u>	<u>\$ 2,791,445</u>	<u>\$ 12,860,865</u>

\$ -	\$ 220,587	\$ 394,999
-	-	108,309
449,736	-	2,534,142
<u>449,736</u>	<u>220,587</u>	<u>3,037,450</u>

4,828,092	-	4,828,092
-	-	2,424,465
-	2,570,858	2,570,858
<u>4,828,092</u>	<u>2,570,858</u>	<u>9,823,415</u>

<u>\$ 5,277,828</u>	<u>\$ 2,791,445</u>	<u>\$ 12,860,865</u>
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County of Scott, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2004

	Special Revenue		
	Rural Services Fund	Secondary Roads Fund	Recorders Management Fees Fund
Revenues:			
Property taxes	\$ 1,831,616	\$ -	\$ -
Other taxes	71,021	-	-
Intergovernmental	95,104	2,888,391	-
Charges for services	-	31,060	89,976
Investment earnings	-	5,368	3,339
Licenses and permits	-	1,815	-
Other, primarily refunds and reimbursements	-	17,266	-
<b>Total revenues</b>	<b>1,997,741</b>	<b>2,943,900</b>	<b>93,315</b>
Expenditures:			
Current:			
County environment and education	381,717	-	-
Roads and transportation	-	3,716,998	-
Capital outlay	-	1,398,966	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>381,717</b>	<b>5,115,964</b>	<b>-</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>1,616,024</b>	<b>(2,172,064)</b>	<b>93,315</b>
Other financing sources (uses):			
Transfers in	-	2,228,656	-
Transfers out	(1,640,529)	-	(19,888)
<b>Total other financing sources (uses)</b>	<b>(1,640,529)</b>	<b>2,228,656</b>	<b>(19,888)</b>
<b>Net change in fund balances</b>	<b>(24,505)</b>	<b>56,592</b>	<b>73,427</b>
Fund balances, beginning of year	141,985	1,917,930	259,036
Fund balances, end of year	\$ 117,480	\$ 1,974,522	\$ 332,463

Debt Service		Capital Projects		Total
\$	408,236	\$	-	\$ 2,239,852
	21,346		919,864	1,012,231
	294,529		128,668	3,406,692
	-		-	121,036
	-		16,081	24,788
	-		-	1,815
	-		210,605	227,871
	724,111		1,275,218	7,034,285
	-		-	381,717
	-		-	3,716,998
	-		3,921,756	5,320,722
	580,000		-	580,000
	458,905		-	458,905
	1,038,905		3,921,756	10,458,342
	(314,794)		(2,646,538)	(3,424,057)
	-		4,218,378	6,447,034
	-		(789,261)	(2,449,678)
	-		3,429,117	3,997,356
	(314,794)		782,579	573,299
	5,142,886		1,788,279	9,250,116
\$	4,828,092	\$	2,570,858	\$ 9,823,415

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**Year Ended June 30, 2004**

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
<b>Agricultural Extension Service Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 3,720	\$ 331,897	\$ 333,913	\$ 1,704
Receivables, property taxes	331,932	365,946	333,880	363,998
<b>Total assets</b>	<b>\$ 335,652</b>	<b>\$ 697,843</b>	<b>\$ 667,793</b>	<b>\$ 365,702</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 335,652</b>	<b>\$ 697,844</b>	<b>\$ 667,794</b>	<b>\$ 365,702</b>
<b>Bangs Eradication Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 223	\$ 21,014	\$ 10,888	\$ 10,349
Receivables, property taxes	21,015	22,399	21,148	22,266
<b>Total assets</b>	<b>\$ 21,238</b>	<b>\$ 43,413</b>	<b>\$ 32,036</b>	<b>\$ 32,615</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 21,238</b>	<b>\$ 43,413</b>	<b>\$ 32,036</b>	<b>\$ 32,615</b>
<b>City Taxing Districts Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 725,754	\$ 68,447,585	\$ 68,891,493	\$ 281,846
Receivables, property taxes	68,338,856	75,041,104	68,755,932	74,624,028
<b>Total assets</b>	<b>\$ 69,064,610</b>	<b>\$ 143,488,689</b>	<b>\$ 137,647,425</b>	<b>\$ 74,905,874</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 69,064,610</b>	<b>\$ 143,594,854</b>	<b>\$ 137,753,590</b>	<b>\$ 74,905,874</b>
<b>Community College Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 39,842	\$ 3,241,716	\$ 3,264,919	\$ 16,639
Receivables, property taxes	3,265,973	3,317,171	3,286,838	3,296,306
<b>Total assets</b>	<b>\$ 3,305,815</b>	<b>\$ 6,558,887</b>	<b>\$ 6,551,757</b>	<b>\$ 3,312,945</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 3,305,815</b>	<b>\$ 6,558,887</b>	<b>\$ 6,551,757</b>	<b>\$ 3,312,945</b>
<b>Fire Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 4,000	\$ 274,633	\$ 276,403	\$ 2,230
Receivables, property taxes	278,388	277,767	281,068	275,087
<b>Total assets</b>	<b>\$ 282,388</b>	<b>\$ 552,400</b>	<b>\$ 557,471</b>	<b>\$ 277,317</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 282,388</b>	<b>\$ 552,404</b>	<b>\$ 557,475</b>	<b>\$ 277,317</b>

(Continued)

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds (Continued)  
Year Ended June 30, 2004**

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
<b>School Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 1,032,743	\$ 84,493,709	\$ 85,111,384	\$ 415,068
Receivables, property taxes	84,656,948	90,123,962	85,196,753	89,584,157
<b>Total assets</b>	<b>\$ 85,689,691</b>	<b>\$ 174,617,671</b>	<b>\$ 170,308,137</b>	<b>\$ 89,999,225</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 85,689,691</b>	<b>\$ 174,617,781</b>	<b>\$ 170,308,247</b>	<b>\$ 89,999,225</b>
<b>Township Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 2,640	\$ 175,703	\$ 176,986	\$ 1,357
Receivables, property taxes	177,060	157,275	178,329	156,006
<b>Total assets</b>	<b>\$ 179,700</b>	<b>\$ 332,978</b>	<b>\$ 355,315</b>	<b>\$ 157,363</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 179,700</b>	<b>\$ 332,978</b>	<b>\$ 355,315</b>	<b>\$ 157,363</b>
<b>Other Taxing Districts Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 15,974	\$ 9,907,433	\$ 9,909,635	\$ 13,772
Receivables, property taxes	25,000	26,642	25,000	26,642
<b>Total assets</b>	<b>\$ 40,974</b>	<b>\$ 9,934,075</b>	<b>\$ 9,934,635</b>	<b>\$ 40,414</b>
<b>Liabilities</b>				
Accounts payable	\$ 8,399	\$ 18,818	\$ 19,014	\$ 8,203
Due to other governmental agencies	32,575	10,092,198	10,092,562	32,211
<b>Total liabilities</b>	<b>\$ 40,974</b>	<b>\$ 10,111,016</b>	<b>\$ 10,111,576</b>	<b>\$ 40,414</b>
<b>City Special Assessments Fund</b>				
<b>Assets, cash and investments</b>	<b>\$ 255,868</b>	<b>\$ 1,266,872</b>	<b>\$ 1,433,467</b>	<b>\$ 89,273</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 255,868</b>	<b>\$ 1,266,872</b>	<b>\$ 1,433,467</b>	<b>\$ 89,273</b>
<b>County Auditor Agency Fund</b>				
<b>Assets, cash and investments</b>	<b>\$ 108,205</b>	<b>\$ -</b>	<b>\$ 108,205</b>	<b>\$ -</b>
<b>Liabilities, accounts payable</b>	<b>\$ 108,205</b>	<b>\$ -</b>	<b>\$ 108,205</b>	<b>\$ -</b>

(Continued)

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds (Continued)  
Year Ended June 30, 2004**

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
<b>County Recorder Agency Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 104,019	\$ 1,516,102	\$ 1,467,411	\$ 152,710
Receivable, accounts	19,378	1,519,851	1,539,229	-
<b>Total assets</b>	<b>\$ 123,397</b>	<b>\$ 3,035,953</b>	<b>\$ 3,006,640</b>	<b>\$ 152,710</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 123,397</b>	<b>\$ 1,496,619</b>	<b>\$ 1,467,306</b>	<b>\$ 152,710</b>
<b>County Sheriff Agency Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 90,046	\$ 4,096,205	\$ 4,124,621	\$ 61,630
<b>Liabilities, accounts payable</b>	<b>\$ 90,046</b>	<b>\$ 4,096,266</b>	<b>\$ 4,124,682</b>	<b>\$ 61,630</b>
<b>Motor Vehicle Tax Fund</b>				
<b>Assets, cash and investments</b>	<b>\$ 1,395,086</b>	<b>\$ 17,957,577</b>	<b>\$ 17,802,834</b>	<b>\$ 1,549,829</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 1,395,086</b>	<b>\$ 17,957,577</b>	<b>\$ 17,802,834</b>	<b>\$ 1,549,829</b>
<b>Original Bond Issue Escrow Fund</b>				
<b>Assets, cash and investments</b>	<b>\$ 1,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,800</b>
<b>Liabilities, accounts payable</b>	<b>\$ 1,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,800</b>
<b>Tax Sale Redemption Fund</b>				
<b>Assets, cash and investments</b>	<b>\$ 101,503</b>	<b>\$ 230,118</b>	<b>\$ 313,262</b>	<b>\$ 18,359</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 101,503</b>	<b>\$ 230,118</b>	<b>\$ 313,262</b>	<b>\$ 18,359</b>

(Continued)

County of Scott, Iowa

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds (Continued)  
Year Ended June 30, 2004**

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
<b>Use Tax Fund</b>				
<b>Assets, cash and investments</b>	\$ 1,284,329	\$ 14,673,324	\$ 14,567,101	\$ 1,390,552
<b>Liabilities, due to other governmental agencies</b>	\$ 1,284,329	\$ 14,673,324	\$ 14,567,101	\$ 1,390,552
<b>Community Services Fund</b>				
<b>Assets, cash and investments</b>	\$ 268,928	\$ -	\$ 13,302	\$ 255,626
<b>Liabilities, due to private individuals</b>	\$ 268,928	\$ -	\$ 13,302	\$ 255,626
<b>Jail Inmate Fund</b>				
<b>Assets, cash and investment</b>	\$ 11,686	\$ 4,295	\$ -	\$ 15,981
<b>Liabilities, due to private individuals</b>	\$ 11,686	\$ 4,295	\$ -	\$ 15,981
<b>Total Combined Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 5,446,370	\$ 206,638,179	\$ 207,805,824	\$ 4,278,725
Receivables:				
Property taxes	157,095,171	169,332,267	158,078,948	168,348,490
Accounts	19,378	1,519,851	1,539,229	-
<b>Total assets</b>	<b>\$ 162,560,919</b>	<b>\$ 377,490,297</b>	<b>\$ 367,424,001</b>	<b>\$ 172,627,215</b>
<b>Liabilities</b>				
Accounts payable	\$ 208,451	\$ 4,115,083	\$ 4,251,901	\$ 71,633
Due to other governmental agencies	162,071,854	372,114,867	361,902,746	172,283,975
Due to private individuals	280,614	4,295	13,302	271,607
<b>Total liabilities</b>	<b>\$ 162,560,919</b>	<b>\$ 376,234,245</b>	<b>\$ 366,167,949</b>	<b>\$ 172,627,215</b>



County of Scott, Iowa

Combining Balance Sheet and Reconciliation to Statement of Net Assets  
 Discretely Presented Component Units  
 June 30, 2004

<b>Assets</b>	Emergency Manage- ment Agency	County Library	County Assessor
Cash and investments	\$ 202,079	\$ 556,946	\$ 389,287
Receivables, property taxes	-	-	468,439
Due from other governmental agencies	5,861	-	-
<b>Total assets</b>	<b>\$ 207,940</b>	<b>\$ 556,946</b>	<b>\$ 857,726</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 3,123	\$ 63,307	\$ 7,310
Accrued liabilities	3,737	25,146	27,235
Deferred revenue	-	-	466,239
<b>Total liabilities</b>	<b>6,860</b>	<b>88,453</b>	<b>500,784</b>
<b>Fund balances</b> , unreserved, undesignated	201,080	468,493	356,942
<b>Total liabilities and fund balances</b>	<b>\$ 207,940</b>	<b>\$ 556,946</b>	<b>\$ 857,726</b>
<b>Reconciliation to statement of net assets:</b>			
Total component unit fund balances	\$ 201,080	\$ 468,493	\$ 356,942
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	-	1,202,595	-
Machinery and equipment	42,045	176,110	8,613
Accumulated depreciation	(35,300)	(212,212)	(8,613)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:			
Deferred revenue	-	-	2,313
Liabilities not due and payable in the current period are not reported in the funds:			
Compensated absences	(7,988)	(15,716)	(63,574)
<b>Total net assets</b>	<b>\$ 199,837</b>	<b>\$ 1,635,870</b>	<b>\$ 295,681</b>



County of Scott, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances and Reconciliation to Statement of Activities - Discretely Presented Component Units  
Year Ended June 30, 2004

	Emergency Manage- ment Agency	County Library
Revenue:		
Property taxes	\$ -	\$ -
Other taxes	-	-
Intergovernmental	69,978	1,284,308
Charges for services	-	9,547
Other, primarily sale of noncapital assets	18,774	121,717
<b>Total revenue</b>	<b>88,752</b>	<b>1,415,572</b>
Expenditures:		
Current:		
Public safety and legal services	100,580	-
County environment and education	-	1,407,241
Government services to residents	-	-
<b>Total expenditures</b>	<b>100,580</b>	<b>1,407,241</b>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(11,828)</b>	<b>8,331</b>
Fund balances, beginning of year	212,908	460,162
Fund balances, end of year	<b>\$ 201,080</b>	<b>\$ 468,493</b>
<b>Reconciliation to statement of activities,</b> net change in fund balances	<b>\$ (11,828)</b>	<b>\$ 8,331</b>
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	-	-
Depreciation	(3,854)	(28,650)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	-	(266)
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	(1,115)	(997)
<b>Changes in net assets of component units</b>	<b>\$ (16,797)</b>	<b>\$ (21,582)</b>

County Assessor	County Assessor Special	City Assessor	City Assessor Special	City Assessor FICA	Total
\$ 500,811	\$ 204,182	\$ 641,493	\$ 203,286	\$ -	\$ 1,549,772
23,443	9,558	31,247	9,928	-	74,176
32,994	13,452	24,076	7,649	-	1,432,457
3,284	-	-	-	-	12,831
43	-	7,441	-	-	147,975
<u>560,575</u>	<u>227,192</u>	<u>704,257</u>	<u>220,863</u>	-	<u>3,217,211</u>
-	-	-	-	-	100,580
-	-	-	-	-	1,407,241
530,979	225,000	668,823	163,622	-	1,588,424
<u>530,979</u>	<u>225,000</u>	<u>668,823</u>	<u>163,622</u>	-	<u>3,096,245</u>
-	-	41,798	-	-	41,798
-	-	-	-	(41,798)	(41,798)
-	-	41,798	-	(41,798)	-
29,596	2,192	77,232	57,241	(41,798)	120,966
327,346	172,548	227,949	105,274	41,798	1,547,985
<u>\$ 356,942</u>	<u>\$ 174,740</u>	<u>\$ 305,181</u>	<u>\$ 162,515</u>	<u>\$ -</u>	<u>\$ 1,668,951</u>
\$ 29,596	\$ 2,192	\$ 77,232	\$ 57,241	\$ (41,798)	\$ 120,966
-	-	-	-	-	-
-	-	(12,387)	-	-	(44,891)
(1,466)	-	(2,459)	-	-	(4,191)
(5,813)	-	(3,427)	-	-	(11,352)
<u>\$ 22,317</u>	<u>\$ 2,192</u>	<u>\$ 58,959</u>	<u>\$ 57,241</u>	<u>\$ (41,798)</u>	<u>\$ 60,532</u>

**STATISTICAL**

County of Scott, Iowa

Government-Wide Expenses By Function  
Last Ten Fiscal Years  
(Unaudited)

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Fiscal Year	Public Safety and Legal Services	Physical Health and Social Services	Mental Health	County Environment and Education	Roads and Trans- portation
2002-03 (1)	\$ 14,416,219	\$ 5,354,508	\$ 12,560,244	\$ 4,077,028	\$ 5,319,941
2003-04	15,359,610	5,599,865	12,464,838	4,179,381	5,322,321

(1) Fiscal year 2003 was the first year of government-wide statements.

Source: County records.

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Government Services to				
Residents	Administration	Debt Service	Golf	Total
\$ 1,728,824	\$ 6,864,076	\$ 498,341	\$ 964,728	\$ 51,783,909
<b>1,834,390</b>	<b>8,182,576</b>	<b>457,073</b>	<b>988,195</b>	<b>54,388,249</b>

County of Scott, Iowa

**Government-Wide Revenues  
Last Ten Fiscal Years  
(Unaudited)**

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Fiscal Year	Charges for Sales and Service	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	State Shared Revenues
2003 (1)	\$ 6,162,037	\$ 5,448,938	\$ 1,329,326	\$ 37,002,967	\$ 2,804,003
<b>2004</b>	<b>5,945,750</b>	<b>8,544,625</b>	<b>706,004</b>	<b>36,652,244</b>	<b>2,851,114</b>

(1) Fiscal year 2003 was the first year of government-wide statements.

Source: County records.



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	Contribution From Solid Waste	Investment Earnings	Miscellaneous	Total
\$	289,800	\$ 521,265	\$ 656,813	\$ 54,215,149
	<b>274,703</b>	<b>367,885</b>	<b>738,062</b>	<b>56,080,387</b>

County of Scott, Iowa

General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	Public Safety and Legal Services (2)	Physical Health and Education (2)	Physical Health and Social Services (2)	Mental Health	Social Services (2)
1994-95	\$ 10,782,144	\$ 2,186,509	\$ -	\$ 10,099,959	\$ 1,047,396
1995-96	9,707,673	2,287,912	-	9,707,547	1,079,838
1996-97	9,182,380	2,348,643	-	9,829,781	1,161,225
1997-98	9,452,170	3,139,497	-	10,072,368	1,290,668
1998-99	10,277,713	2,443,397	-	9,903,740	1,769,356
1999-00	10,625,223	2,822,211	-	10,574,774	1,671,305
2000-01	12,247,225	3,489,652	-	11,615,292	1,815,698
2001-02	12,490,629	3,846,548	-	12,507,653	1,828,677
2002-03	13,584,142	-	5,279,964	12,540,895	-
<b>2003-04</b>	<b>14,593,427</b>	<b>-</b>	<b>5,563,018</b>	<b>12,454,452</b>	<b>-</b>

(1) Includes all governmental funds.

(2) Beginning with fiscal year 2003, public safety and legal services were combined into one function; social services were combined with physical health; education was combined with county environment; state and local government services is now called government services to resident; and inter-program services is now referred to as administration.

Source: County records.

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County Environment (2)	County Environment and Education (2)	County Roads and Transportation	County Government Services to Residents (2)	County Administration (2)	County Capital Outlay	County Debt Services	County Total
\$ 1,947,864	\$ -	\$ 2,457,303	\$ 1,199,785	\$ 4,574,457	\$ 2,396,637	\$ 418,502	\$ 37,110,556
2,003,329	-	2,566,390	1,241,581	4,714,536	2,448,271	1,014,870	36,771,947
2,251,761	-	3,141,328	1,348,174	4,594,126	2,745,124	1,038,735	37,641,277
2,248,617	-	2,964,738	1,453,858	5,028,129	3,383,005	1,039,825	40,072,875
2,233,586	-	3,047,814	1,449,209	4,478,582	3,155,483	1,058,675	39,817,555
2,336,675	-	3,215,371	1,509,901	5,439,162	3,408,430	1,074,375	42,677,427
2,601,159	-	3,240,775	1,658,522	5,824,175	4,128,588	592,485	47,213,571
2,974,726	-	3,380,066	1,748,504	5,907,458	13,388,707	607,818	58,680,786
-	3,331,750	3,025,694	1,638,400	6,214,537	9,256,988	1,112,750	55,985,120
-	<b>3,809,045</b>	<b>3,716,998</b>	<b>1,746,145</b>	<b>6,622,680</b>	<b>5,320,722</b>	<b>1,038,905</b>	<b>54,865,392</b>

County of Scott, Iowa

General Governmental Revenue by Source (1)  
Last Ten Fiscal Years

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Fiscal Year	Taxes (2)	Intergovernmental	Licenses and Permits	Charges for Services	Investment Earning	Miscellaneous	Total
1994-95	\$ 22,928,492	\$ 10,721,388	\$ 227,727	\$ 2,279,868	\$ 1,200,929	\$ 783,276	\$ 38,141,680
1995-96	21,442,172	12,203,185	249,440	2,388,571	1,348,927	601,273	38,233,568
1996-97	22,635,375	12,912,534	306,103	2,634,903	1,367,732	752,424	40,609,071
1997-98	21,763,513	13,908,755	324,532	3,048,139	1,699,696	551,808	41,296,443
1998-99	22,809,910	13,586,119	362,164	3,336,418	1,751,709	623,097	42,469,417
1999-00	24,016,948	13,670,627	428,267	3,172,085	2,097,176	649,021	44,034,124
2000-01	25,447,884	15,491,941	386,316	3,576,260	2,286,576	555,749	47,744,726
2001-02	26,400,109	15,895,641	418,998	4,181,051	956,679	926,774	48,779,252
2002-03	28,765,704	17,130,707	430,540	4,698,212	518,804	692,185	52,236,152
<b>2003-04</b>	<b>31,224,265</b>	<b>17,181,934</b>	<b>454,731</b>	<b>4,389,232</b>	<b>348,442</b>	<b>718,757</b>	<b>54,317,361</b>

(1) Includes all governmental funds.

(2) Taxes include property, local option sales and other taxes, plus interest and penalties on delinquent property taxes.

Source: County records.

County of Scott, Iowa

Property Tax Levies and Collections  
Last Ten Fiscal Years

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Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections
1994-95	124,279,732	\$ 123,618,778	99.47%	\$ 69,259
1995-96	127,689,138	127,056,457	99.50	126,402
1996-97	127,684,330	126,877,840	99.37	123,797
1997-98	128,794,368	128,168,403	99.51	(86,183)
1998-99	138,308,158	137,499,635	99.42	50,202
1999-00	141,568,042	140,229,377	99.05	117,589
2000-01	146,117,608	145,193,712	99.37	119,615
2001-02	152,133,150	151,191,798	99.38	75,947
2002-03	164,344,090	163,141,398	99.27	38,060
<b>2003-04</b>	<b>170,396,572</b>	<b>168,156,252</b>	<b>98.69</b>	<b>618,183</b>

Source: County records.

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Total Tax Collections (1)	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Delinquent as Percent of Current Levy
\$ 123,688,037	99.52%	\$ 331,532	0.27%
127,182,859	99.60	325,723	0.26
127,001,637	99.47	248,744	0.19
128,082,220	99.45	176,244	0.14
137,549,837	99.45	176,505	0.13
140,346,966	99.14	192,803	0.14
145,313,327	99.45	279,914	0.19
151,267,745	99.44	332,007	0.22
163,179,458	99.29	486,766	0.30
<b>168,774,435</b>	<b>99.05</b>	<b>427,988</b>	<b>0.25</b>

County of Scott, Iowa

Assessed and Taxable Values of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	
	Taxable Value	Assessed Value (1)	Taxable Value	Assessed Value (1)
1994-95	\$ 3,309,530,239	\$ 4,295,968,674	\$ 252,058,644	\$ 252,058,644
1995-96	3,384,478,122	4,419,320,298	258,921,872	258,921,872
1996-97	3,502,340,089	4,982,800,925	270,794,085	270,794,085
1997-98	3,593,077,609	5,094,524,701	267,715,978	267,715,978
1998-99	3,807,643,337	5,668,827,370	255,956,108	255,956,108
1999-00	3,993,773,850	5,777,153,288	244,123,480	244,123,480
2000-01	4,304,167,224	6,382,142,701	190,103,913	191,387,931
2001-02	4,514,894,846	6,542,552,088	128,389,476	128,389,476
2002-03	4,717,636,660	7,262,052,360	55,912,460	55,912,460
<b>2003-04</b>	<b>4,853,874,538</b>	<b>7,451,909,949</b>	-	-

(1) Assessed value equals estimated actual value.

Source: County records.

Railroad and Utilities		Gas and Electric	
Taxable Value	Assessed Value (1)	Taxable Value	Assessed Value (1)
\$ 332,671,409	\$ 332,671,409	*	*
360,586,917	372,882,986	*	*
343,109,441	343,726,116	*	*
332,821,148	332,821,148	*	*
390,533,049	390,444,779	*	*
360,261,226	360,261,226	*	*
131,809,001	131,905,709	\$ 235,680,620	\$ 235,680,620
143,708,855	143,708,855	229,418,978	229,418,978
139,813,043	140,428,520	236,499,945	236,499,945
<b>158,216,681</b>	<b>159,111,090</b>	<b>258,742,646</b>	<b>258,742,646</b>

Fiscal Year	Total		Ratio of Taxable to Assessed Value	Tax Increment Financing District Values
	Taxable Value	Assessed Value (1)		
1994-95	\$ 3,894,260,292	\$ 4,880,698,727	79.8%	\$ 62,253,911
1995-96	4,003,986,911	5,051,125,156	79.3	81,615,161
1996-97	4,116,243,615	5,597,321,126	73.5	117,883,768
1997-98	4,193,614,735	5,695,061,827	73.6	94,850,981
1998-99	4,454,132,494	6,315,228,257	70.7	116,708,030
1999-00	4,598,158,556	6,381,537,994	72.1	191,814,278
2000-01	4,861,760,758	6,941,116,961	70.0	196,484,536
2001-02	5,016,412,155	7,044,069,397	71.2	210,368,130
2002-03	5,149,862,108	7,694,893,285	66.9	215,887,559
<b>2003-04</b>	<b>5,270,833,865</b>	<b>7,869,763,685</b>	<b>67.0</b>	<b>213,970,420</b>



County of Scott, Iowa

Property Tax Rates Per \$1,000 Taxable Valuation -  
All Direct and Overlapping Governments  
Last Ten Fiscal Years

	Cities				
	Bettendorf			Davenport	
	Bettendorf	North Scott	Pleasant Valley	Bettendorf	Davenport
<b>2003-04:</b>					
City	11.85000	11.85000	11.85000	14.96445	14.96445
Area IX Community College	0.61738	0.61738	0.61738	0.61738	0.61738
School District	15.77779	14.99307	13.45835	15.77779	17.07873
State	0.06721	0.06721	0.06721	0.06721	0.06721
Assessor (1)	0.33119	0.33119	0.33119	0.31521	0.31521
County	4.80887	4.80887	4.80887	4.80887	4.80887
<b>Total levy</b>	<b>33.45244</b>	<b>32.66772</b>	<b>31.13300</b>	<b>36.55091</b>	<b>37.85185</b>
<b>Ratio of Scott County to totals</b>	<b>0.14375</b>	<b>0.14721</b>	<b>0.15446</b>	<b>0.13157</b>	<b>0.12704</b>
<b>2002-03:</b>					
City	11.85000	11.85000	11.85000	14.63000	14.63000
Area IX Community College	0.62633	0.62633	0.62633	0.62633	0.62633
School District	15.78768	15.32122	13.45042	15.78768	16.96204
State	0.06248	0.06248	0.06248	0.06248	0.06248
Assessor (1)	0.33124	0.33124	0.33124	0.37656	0.37656
County	4.48067	4.48067	4.48067	4.48067	4.48067
<b>Total levy</b>	<b>33.13840</b>	<b>32.67194</b>	<b>30.80114</b>	<b>35.96372</b>	<b>37.13808</b>
<b>Ratio of Scott County to totals</b>	<b>0.13521</b>	<b>0.13714</b>	<b>0.14547</b>	<b>0.12459</b>	<b>0.12065</b>
<b>2001-02:</b>					
City	11.45555	11.45555	11.45555	14.60301	14.60301
Area IX Community College	0.60382	0.60382	0.60382	0.60382	0.60382
School District	14.56220	15.66165	13.45953	14.56220	15.46758
State	0.06790	0.06790	0.06790	0.06790	0.06790
Assessor (1)	0.31830	0.31830	0.31830	0.33488	0.33488
County	4.17307	4.17307	4.17307	4.17307	4.17307
<b>Total levy</b>	<b>31.18084</b>	<b>32.28029</b>	<b>30.07817</b>	<b>34.34488</b>	<b>35.25026</b>
<b>Ratio of Scott County to totals</b>	<b>0.13383</b>	<b>0.12928</b>	<b>0.13874</b>	<b>0.12150</b>	<b>0.11838</b>
<b>2000-01:</b>					
City	11.46317	11.46317	11.46317	14.63429	14.63429
Area IX Community College	0.60302	0.60302	0.60302	0.60302	0.60302
School District	14.57951	15.70745	13.45589	14.57951	15.50967
State	0.06700	0.06700	0.06700	0.06700	0.06700
Assessor (1)	0.31843	0.31843	0.31843	0.31303	0.31303
County	4.16147	4.16147	4.16147	4.16147	4.16147
<b>Total levy</b>	<b>31.19260</b>	<b>32.32054</b>	<b>30.06898</b>	<b>34.35832</b>	<b>35.28848</b>
<b>Ratio of Scott County to totals</b>	<b>0.13341</b>	<b>0.12876</b>	<b>0.13840</b>	<b>0.12112</b>	<b>0.11793</b>

(Continued)

North Scott	Blue Grass	Buffalo	Eldridge	LeClaire	Walcott	
					Davenport	Durant
14.96445	12.48463	7.65547	6.64799	14.69660	9.50000	9.50000
0.61738	0.61738	0.61738	0.61738	0.61738	0.61738	0.61738
14.99307	17.07873	17.07873	14.99307	13.45835	17.07873	12.04676
0.06721	0.06721	0.06721	0.06721	0.06721	0.06721	0.06721
0.31521	0.33119	0.33119	0.33119	0.33119	0.33119	0.33119
4.80887	4.80887	4.80887	4.80887	4.80887	4.80887	4.80887
35.76619	35.38801	30.55885	27.46571	33.97960	32.40338	27.37141
0.13445	0.13589	0.15736	0.17509	0.14152	0.14841	0.17569
14.63000	12.43356	7.00203	6.37555	14.69660	9.50001	9.50001
0.62633	0.62633	0.62633	0.62633	0.62633	0.62633	0.62633
15.32122	16.96204	16.96204	15.32122	13.45042	16.96204	12.24493
0.06248	0.06248	0.06248	0.06248	0.06248	0.06248	0.06248
0.37656	0.33124	0.33124	0.33124	0.33124	0.33124	0.33124
4.48067	4.48067	4.48067	4.48067	4.48067	4.48067	4.48067
35.49726	34.89632	29.46479	27.19749	33.64774	31.96277	27.24566
0.12623	0.12840	0.15207	0.16475	0.13316	0.14018	0.16445
14.60301	11.56925	6.99999	6.37553	14.69771	10.00001	10.00001
0.60382	0.60382	0.60382	0.60382	0.60382	0.60382	0.60382
15.66165	15.46758	15.46758	15.66165	13.45953	15.46780	12.18444
0.06790	0.06790	0.06790	0.06790	0.06790	0.06790	0.06790
0.33488	0.31830	0.31830	0.31830	0.31830	0.31830	0.31830
4.17307	4.17307	4.17307	4.17307	4.17307	4.17307	4.17307
35.44433	32.19992	27.63066	27.20027	33.32033	30.63090	27.34754
0.11774	0.12960	0.15103	0.15342	0.12524	0.13624	0.15259
14.63429	11.14846	7.00003	6.37566	14.69772	10.50225	10.50225
0.60302	0.60302	0.60302	0.60302	0.60302	0.60302	0.60302
15.70745	15.50967	15.50967	15.70745	13.45589	15.50967	12.11375
0.06700	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700
0.31303	0.31843	0.31843	0.31843	0.31843	0.31843	0.31843
4.16147	4.16147	4.16147	4.16147	4.16147	4.16147	4.16147
35.48626	31.80805	27.65962	27.23303	33.30353	31.16184	27.76592
0.11727	0.13083	0.15045	0.15281	0.12496	0.13354	0.14988

County of Scott, Iowa

Property Tax Rates Per \$1,000 Taxable Valuation -  
 All Direct and Overlapping Governments (Continued)  
 Last Ten Fiscal Years

	Cities				
	Bettendorf			Davenport	
	Bettendorf	North Scott	Pleasant Valley	Bettendorf	Davenport
1999-00:					
City	11.49320	11.49320	11.49320	13.95123	13.95123
Area IX Community College	0.54709	0.54709	0.54709	0.54709	0.54709
School District	14.81448	15.76085	13.41119	14.81448	14.92898
State	0.06732	0.06732	0.06732	0.06732	0.06732
Assessor (1)	0.22997	0.22997	0.22997	0.29311	0.29311
County	4.06203	4.06203	4.06203	4.06203	4.06203
Total levy	31.21409	32.16046	29.81080	33.73526	33.84976
Ratio of Scott County to totals	0.13014	0.12631	0.13626	0.12041	0.12000
1998-99:					
City	11.45555	11.45555	11.45555	13.96012	13.96012
Area IX Community College	0.57182	0.57182	0.57182	0.57182	0.57182
School District	15.57107	17.73248	14.68808	15.57107	15.26607
State	0.03868	0.03868	0.03868	0.03868	0.03868
Assessor (1)	0.25072	0.25072	0.25072	0.29389	0.29389
County	3.91472	3.91472	3.91472	3.91472	3.91472
Total levy	31.80256	33.96397	30.91957	34.35030	34.04530
Ratio of Scott County to totals	0.12309	0.11526	0.12661	0.11074	0.11499
1997-98:					
City	11.45630	11.45630	11.45630	13.96012	13.96012
Area IX Community College	0.58671	0.58671	0.58671	0.58671	0.58671
School District	15.46181	15.98307	14.05556	15.46181	15.19448
State	0.04077	0.04077	0.04077	0.04077	0.04077
Assessor (1)	0.23867	0.23867	0.23867	0.34669	0.34669
County	4.19239	4.19239	4.19239	4.19239	4.19239
Total levy	31.97665	32.49791	30.57040	34.58849	34.32116
Ratio of Scott County to totals	0.13111	0.12900	0.13714	0.12121	0.12215
1996-97:					
City	11.45613	11.45613	11.45613	13.96012	13.96012
Area IX Community College	0.51543	0.51543	0.51543	0.51543	0.51543
School District	15.58368	15.77880	13.81073	15.58368	15.33816
State	0.04144	0.04144	0.04144	0.04144	0.04144
Assessor (1)	0.23869	0.23869	0.23869	0.34674	0.34674
County	4.32681	4.32681	4.32681	4.32681	4.32681
Total levy	32.16218	32.35730	30.38923	34.77422	34.52870
Ratio of Scott County to totals	0.13453	0.13372	0.14238	0.12443	0.12531

(Continued)

North Scott	Blue Grass	Buffalo	Eldridge	LeClaire	Walcott	
					Davenport	Durant
13.95123	10.38054	6.65000	6.46747	14.44722	10.09000	10.09000
0.54709	0.54709	0.54709	0.54709	0.54709	0.54709	0.54709
15.76085	14.92898	14.92898	15.76085	13.41119	14.92898	10.95551
0.06732	0.06732	0.06732	0.06732	0.06732	0.06732	0.06732
0.29311	0.22997	0.22997	0.22997	0.22997	0.22997	0.22997
4.06203	4.06203	4.06203	4.06203	4.06203	4.06203	4.06203
34.68163	30.21593	26.48539	27.13473	32.76482	29.92539	25.95192
0.11712	0.13443	0.15337	0.14970	0.12398	0.13574	0.15652
13.96012	10.57459	6.65000	7.16197	14.94376	8.14002	8.14002
0.57182	0.57182	0.57182	0.57182	0.57182	0.57182	0.57182
17.73248	15.26607	15.26607	17.73248	14.68808	15.26607	11.14827
0.03868	0.03868	0.03868	0.03868	0.03868	0.03868	0.03868
0.29389	0.25072	0.25072	0.25072	0.25072	0.25072	0.25072
3.91472	3.91472	3.91472	3.91472	3.91472	3.91472	3.91472
36.51171	30.61660	26.69201	29.67039	34.40778	28.18203	24.06423
0.10722	0.12786	0.14666	0.13194	0.11377	0.13891	0.16268
13.96012	11.60248	6.65000	8.05589	13.66101	6.70018	6.70018
0.58671	0.58671	0.58671	0.58671	0.58671	0.58671	0.58671
15.98307	15.19448	15.19448	15.98307	14.05556	15.19448	11.18477
0.04077	0.04077	0.04077	0.04077	0.04077	0.04077	0.04077
0.34669	0.23867	0.23867	0.23867	0.23867	0.23867	0.23867
4.19239	4.19239	4.19239	4.19239	4.19239	4.19239	4.19239
35.10975	31.85550	26.90302	29.09750	32.77511	26.95320	22.94349
0.11941	0.13161	0.15583	0.14408	0.12791	0.15554	0.18273
13.96012	11.62014	6.64999	8.05711	14.18106	6.50002	6.50002
0.51543	0.51543	0.51543	0.51543	0.51543	0.51543	0.51543
15.77880	15.33816	15.33816	15.77880	13.81073	15.33816	11.31620
0.04144	0.04144	0.04144	0.04144	0.04144	0.04144	0.04144
0.34674	0.23869	0.23869	0.23869	0.23869	0.23869	0.23869
4.32681	4.32681	4.32681	4.32681	4.32681	4.32681	4.32681
34.96934	32.08067	27.11052	28.95828	33.11416	26.96055	22.93859
0.12373	0.13487	0.15960	0.14942	0.13066	0.16049	0.18863

County of Scott, Iowa

Property Tax Rates Per \$1,000 Taxable Valuation -  
All Direct and Overlapping Governments (Continued)  
Last Ten Fiscal Years

	Cities				
	Bettendorf		Pleasant Valley	Davenport	
	Bettendorf	North Scott		Bettendorf	Davenport
1995-96:					
City	11.45562	11.45562	11.45562	13.95250	13.95250
Area IX Community College	0.51856	0.51856	0.51856	0.51856	0.51856
School District	16.72025	17.00862	14.95000	16.72025	16.65193
State	0.04246	0.04246	0.04246	0.04246	0.04246
Assessor (1)	0.22992	0.22992	0.22992	0.28729	0.28729
County	4.42243	4.42243	4.42243	4.42243	4.42243
Total levy	33.38924	33.67761	31.61899	35.94349	35.87517
Ratio of Scott County to totals	0.13245	0.13132	0.13987	0.12304	0.12327
1994-95:					
City	11.45553	11.45553	11.45553	13.95990	13.95990
Area IX Community College	0.52125	0.52125	0.52125	0.52125	0.52125
School District	16.47664	16.07552	14.95000	16.47664	16.58807
State	0.04352	0.04352	0.04352	0.04352	0.04352
Assessor (1)	0.20392	0.20392	0.20392	0.28684	0.28684
County	4.96037	4.96037	4.96037	4.96037	4.96037
Total levy	33.66123	33.26011	32.13459	36.24852	36.35995
Ratio of Scott County to totals	0.14736	0.14914	0.15436	0.13684	0.13642

(1) Assessor includes the County Assessor which is a component unit of the County.

All tax rates are expressed in dollars per thousand of taxable valuation.

Included in this report are the major cities and towns within Scott County.

Not shown are the Rural Services Fund of the County and the following taxing bodies over and above the cities listed:

- a. 10 cities (population under 1,000)
- b. 13 townships
- c. 6 benefited fire districts
- d. 1 sanitary sewer district

North Scott	Blue Grass	Buffalo	Eldridge	LeClaire	Walcott	
					Davenport	Durant
13.95250	13.55156	6.65001	8.57041	14.51839	6.15001	6.15001
0.51856	0.51856	0.51856	0.51856	0.51856	0.51856	0.51856
17.00862	16.65193	16.65193	17.00862	14.95000	16.65193	12.22675
0.04246	0.04246	0.04246	0.04246	0.04246	0.04246	0.04246
0.28729	0.22992	0.22992	0.22992	0.22992	0.22992	0.22992
4.42243	4.42243	4.42243	4.42243	4.42243	4.42243	4.42243
36.23186	35.41686	28.51531	30.79240	34.68176	28.01531	23.59013
0.12206	0.12487	0.15509	0.14362	0.12751	0.15786	0.18747
13.95990	9.08312	6.16514	8.55954	14.82652	5.31160	5.31160
0.52125	0.52125	0.52125	0.52125	0.52125	0.52125	0.52125
16.07552	16.58807	16.58807	16.07552	14.95000	16.58807	12.51050
0.04352	0.04352	0.04352	0.04352	0.04352	0.04352	0.04352
0.28684	0.20392	0.20392	0.20392	0.20392	0.20392	0.20392
4.96037	4.96037	4.96037	4.96037	4.96037	4.96037	4.96037
35.84740	31.40025	28.48227	30.36412	35.50558	27.62873	23.55116
0.13837	0.15797	0.17416	0.16336	0.13971	0.17954	0.21062

County of Scott, Iowa

**Ratio of Outstanding General Obligation Bonded Debt  
to Assessed Values and Debt Per Capita  
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonded Debt Outstanding (1)	Assessed Value	Percent of Debt to Assessed Value	Estimated Population	Debt Per Capita
1994-95	\$ 9,055,000	\$ 4,880,698,727	0.19%	\$ 157,190	\$ 57.61
1995-96	8,515,000	5,051,125,156	0.17	157,783	53.98
1996-97	7,925,000	5,597,321,126	0.14	158,416	50.03
1997-98	7,305,000	5,695,061,827	0.13	157,433	46.40
1998-99	6,635,000	6,315,228,257	0.11	158,591	41.84
1999-00	5,915,000	6,381,537,994	0.09	159,458	37.09
2000-01	5,640,000	6,941,116,961	0.08	158,668	35.55
2001-02	10,435,000	7,044,069,397	0.15	158,668	65.77
2002-03	9,825,000	7,694,893,285	0.13	160,582	61.18
<b>2003-04</b>	<b>9,245,000</b>	<b>7,611,021,039</b>	<b>0.12</b>	<b>160,889</b>	<b>57.46</b>

(1) The fund balance of the Debt Service Fund has been excluded due to the immateriality of such balances.

The computation of the County's legal margin as of June 30, 2004 is as follows:

January 2002 assessed valuation	\$ 7,611,021,039
Plus gas and electric utilities	258,742,646
Less military exemption	19,751,580
<b>Total assessed value</b>	<b>\$ 7,850,012,105</b>
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 392,500,605
Total amount of debt applicable to debt margin	9,245,000
<b>Legal debt margin</b>	<b>\$ 383,255,605</b>

Source: County records.

County of Scott, Iowa

Computation of Direct and Overlapping Debt

	Amount of Debt	Applicable to Scott County	
		Average Percent	Amount
Scott County	\$ 9,245,000	100.0%	\$ 9,245,000
School Districts:			
Bettendorf Community	6,240,000	100.0	6,240,000
Durant Community	4,034,456	27.9	1,123,596
North Scott Community	6,825,000	100.0	6,825,000
Wheatland Community	3,416,355	8.1	276,383
Eastern Iowa Community College	35,085,000	59.0	20,686,116
Cities:			
Bettendorf	57,444,800	100.0	57,444,800
Blue Grass	215,000	100.0	215,000
Buffalo	490,000	100.0	490,000
Davenport	119,840,000	100.0	119,840,000
Durant	2,730,000	5.1	138,957
Eldridge	845,000	100.0	845,000
Le Claire	5,740,000	100.0	5,740,000
Princeton	156,722	100.0	156,722
Walcott	520,000	100.0	520,000
	<u>243,582,333</u>		<u>220,541,574</u>
<b>Total direct and overlapping debt</b>	<u>\$ 252,827,333</u>		<u>\$ 229,786,574</u>



County of Scott, Iowa

Ratio of Annual Debt Service Expenditures to  
Total General Governmental Expenditures  
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service Expenditures	Total Govern- mental Expenditures	Percent of General Debt Service Expenditures to Total Govern- mental Expenditures
1994-95	\$ 305,000	\$ 113,502	\$ 418,502	\$ 37,110,556	1.13%
1995-96	540,000	474,870	1,014,870	36,771,947	2.76
1996-97	590,000	448,735	1,038,735	37,641,277	2.76
1997-98	620,000	419,825	1,039,825	40,072,875	2.59
1998-99	670,000	388,675	1,058,675	39,817,555	2.66
1999-00	720,000	354,375	1,074,375	42,677,427	2.52
2000-01	275,000	317,485	592,485	47,213,571	1.25
2001-02	290,000	317,818	607,818	58,680,786	1.04
2002-03	610,000	502,750	1,112,750	55,985,120	1.99
<b>2003-04</b>	<b>580,000</b>	<b>458,905</b>	<b>1,038,905</b>	<b>54,865,392</b>	<b>1.89</b>

Source: County records.

## County of Scott, Iowa

### Demographic Statistics Last Ten Fiscal Years

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Fiscal Year	Population	Per Capita Income	Median Age	Unemploy- ment Rate	School Enrollment
1994-95	157,190	\$ 16,781	35	3.3%	45,464
1995-96	157,783	17,204	35	3.3	45,176
1996-97	158,416	17,621	34	3.1	50,431
1997-98	157,433	22,931	32	2.8	49,375
1998-99	158,591	23,120	37	3.2	47,347
1999-00	159,458	25,313	32	2.4	48,587
2000-01	158,668	26,462	35	2.9	44,014
2001-02	158,668	21,310	35	4.0	44,009
2002-03	160,582	30,331	36	4.0	41,223
<b>2003-04</b>	<b>160,889</b>	<b>30,000</b>	<b>36</b>	<b>5.7</b>	<b>47,792</b>

Source: Bi-State Regional Commission, Iowa Bureau of Economic Development, Iowa Department of Employment Services, Mississippi Bend AEA.

County of Scott, Iowa

Property Value, Construction and Bank Deposits

Last Ten Fiscal Years

(Dollars in Thousands)

June 30, 2004

Fiscal Year	New Construction					Total
	Commercial	Residential	Industrial	Agricultural		
1994-95	\$ 17,461	\$ 73,094	\$ 1,441	\$ 1,577	\$	93,573
1995-96	23,761	75,083	5,115	1,585		105,544
1996-97	26,257	67,918	14,842	814		109,831
1997-98	42,210	60,247	7,123	585		110,165
1998-99	21,957	57,236	8,623	2,582		90,398
1999-00	63,072	82,635	10,400	1,716		157,823
2000-01	70,614	94,117	15,244	2,597		182,572
2001-02	48,001	114,456	3,241	2,157		167,855
2002-03	36,288	112,688	2,664	369		152,009
<b>2003-04</b>	<b>65,446</b>	<b>137,672</b>	<b>322</b>	<b>287</b>		<b>203,727</b>

(1) Property value is the assessed value for real property before any exemptions or state rollbacks. Personal property, assessed as real and utilities are not included in the figures above.

(2) Bank deposits for banks in Scott County as reported in the Iowa Bank Directory.

(3) Bank deposits for banks in Scott County estimated for 1998-99.

(4) Most recent data available from the FDIC.

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Property Value (1)					Bank Deposits (2)
Commercial	Residential	Industrial	Agricultural	Total	
\$ 888,384	\$ 2,975,451	\$ 235,868	\$ 193,610	\$ 4,293,313	\$ 772,000
908,559	3,077,752	237,261	193,092	4,416,664	741,762
1,058,430	3,471,115	243,859	206,740	4,980,144	1,183,000
1,086,795	3,552,365	248,706	206,659	5,094,525	1,179,667
1,247,253	3,938,355	256,096	227,035	5,668,739	1,297,634 (3)
1,608,327	4,284,721	260,831	227,659	6,381,538	2,029,485 (4)
1,556,962	4,490,767	276,934	250,736	6,575,399	2,067,654 (4)
1,533,499	4,616,245	276,725	246,687	6,673,156	2,185,649
1,627,700	5,169,581	274,967	247,034	7,319,282	2,110,037
<b>1,622,686</b>	<b>5,308,371</b>	<b>274,622</b>	<b>247,482</b>	<b>7,453,161</b>	<b>2,254,000 (4)</b>

County of Scott, Iowa

Ten Principal Taxpayers  
June 30, 2004

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	Taxable Value	Percentage of Total Taxable Value
Mid-American Energy	\$ 239,151,271	4.77%
SDG Macerich Properties	71,516,500	1.43
Davenport Water Co.	54,133,629	1.08
Isle of Capri	45,002,320	0.90
Aluminum Company of America	40,060,567	0.80
Qwest	30,293,424	0.60
Northern Border Pipeline Co.	27,853,758	0.56
Quanex Corporation	20,862,200	0.42
National Amusement Inc	18,254,200	0.36
THF Davenport North Development	18,145,507	0.36
<b>Total</b>	<b>\$ 565,273,376</b>	<b>11.28%</b>

Source: County records.

County of Scott, Iowa

Surety Bonds of Principal Officials  
June 30, 2004

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	2003-04 Annual Salary	Bonded Amount
County Auditor	\$ 63,799	\$ 20,000
County Attorney	91,700	20,000
County Recorder	63,799	20,000
Sheriff	81,400	20,000
Treasurer	63,799	50,000
Board of Supervisors	32,599	20,000
Chairman, Board of Supervisors	35,599	20,000

All officials (except the Treasurer) and employees of Scott County are bonded in the amount of \$20,000.

County of Scott, Iowa

Schedule of Insurance in Force  
June 30, 2004

Insurance Company	Type of Coverage	Insured	Amount of Coverage
Genesis	Excess liability - SIR	General, auto and law	\$9,700,000 in excess of Self-Insured Retention
	Excess liability - SIR	Agg. (not including auto) public official	\$19,400,000 \$4,900,000 in excess of Self-Insured Retention
Genesis	Excess workers' compensation	Specific excess workers' compensation & employers liability in excess of SIR	Statutory Workers Compensation Employers Liability \$2,000,000
Hartford	Excess property/ inland marine/property	Combined bldg. & per. property including towers, antenna, voting machines	\$62,081,813
		Contractor's equipment	\$3,370,507
		Auto physical damage	\$3,579,396
		Historical bldgs.	\$755,828
		Earthquake	\$25,000,000
		Museum pieces	\$226,303
Hartford Steam Boiler	Boiler and machinery	Comprehensive - 10 locations	\$17,000,000 per accident
Old Republic	Surety bond	All employees except elected officials and county assessor	\$500,000
Evanston	Professional liability	Health department	\$1,000,000 each claim \$3,000,000 annual aggregate
MMIC	Professional liability	Dr. Scott Ludwig	\$1,000,000 each claim \$3,000,000 annual aggregate
Employers Mutual	Property	Dwellings owned by conservation board	\$546,700
Selective	Flood	Buffalo Shores Recreation Area	\$175,700
Taylor	Liquor liability	Glynns Creek Golf Course	\$1,000,000 each occurrence
IIASC	Agent Broker Service Fee	N/A	N/A
West Bend Mutual	Commercial package	County library	\$500,000 GL aggregate \$500,000 auto liability incl. physical damage \$1,608,130 property, EDP, & IM Equipment Breakdown

(Continued)

Deductible	Policy Number	Expiration Date	Premium
\$300,000 SIR	YXB300610E	07/01/2004	\$ 250,050
\$100,000 SIR			
\$300,000 SIR	GDX007827L	07/01/2004	\$ 65,326
\$100,000	55338	07/01/2004	\$ 87,100
\$1,500 direct/24 hrs. indirect \$2,500 Transformers \$5,000 AC/Refrigeration Equip	FBP2206942	07/01/2004	\$ 9,985
\$250	RPE0561274	08/16/2006	\$ 8,142 3 yr premium
N/A	SM821876	07/01/2004	\$ 14,520
N/A	ISP000560	01/01/2004	\$ 8,000
\$500	1X5584504	07/01/2004	\$ 3,879
\$500	90021	03/21/2004	\$ 617
N/A	LLP194427697	11/01/2004	\$ 3,256
N/A	N/A	N/A	\$ 31,807
N/A Plymouth 50/250 Bookmobile 100/1,000 \$250/1,000 breakdown	CP101213461-16	07/01/2004	\$ 7,635



County of Scott, Iowa

Schedule of Insurance in Force (Continued)  
June 30, 2004

Insurance Company	Type of Coverage	Insured	Amount of Coverage
West Bend Mutual	Workers' compensation	County library	Coverage A - per statute Coverage B - 100/100/500
West Bend Mutual	Commercial package - assessor	County assessor	\$1,000,000 GL aggregate \$500,000 each occ. 1,000,000 H/NO Auto \$155,000 BPP \$500,000 valuable papers \$200,000 valuable papers away \$38,000 EDP
West Bend Mutual	Worker's comp. - assessor	County assessor	Coverage A - per statute Coverage B - 500/500/500

Deductible	Policy Number	Expiration Date	Premium
N/A	WC1015230-17	07/01/2004	\$ 2,410
N/A	CP10219963-09	07/01/2004	\$ 5,994
N/A			Included
N/A			Included
\$250			Included
\$250			Included
\$250			Included
\$1,000			Included
N/A	WCI10216749-09	07/01/2004	\$ 5,526

# County of Scott, Iowa

## Miscellaneous Statistics June 30, 2004

Date of incorporation: December 21, 1837		Recreation:	
Form of government: County Board/County Administrator		Parks:	
		County parks	7
Area: 447 Square Miles	Median age of population: 36.1	Number of acres	2,348
Miles of roads and streets:		Golf courses:	
Interstate highways	43	Private	2
State highways	78	Public	7
County roads	574	Municipal	3
City street	727		
<b>Total miles</b>	<u>1,422</u>	Snowmobile trails, total miles	86
Acres of industrial lands	749	State wildlife preserve open to public hunting and fishing	2,785 acres
Farming acres	211,364	Number of lakes	5
Number of farms	1,343	Number of boat launches	4
County employees:		Number of beaches	1
Board members	5	Number of swimming pools	1
Elected officials	5	Number of zoos	0
Full- and part-time	407	Number of baseball diamonds	2
Schools within the County:		Public safety:	
Public schools:		County sheriff department	1
Elementary	39	City police department	8
Junior high	9	Fire department:	
Senior high	6	Full-time	2
Total students	26,526	Volunteers	11
Nonpublic schools:		Rescue squads	2
K-8	7	Building permits:	
High school	2	Issued in the year ended June 30, 2003	720
Total students	2,757	Value of issued permits	\$ 23,439,050
Higher education:			
University	1		
Colleges	1		
Junior college	1		
Vocational schools	3		
Total students	18,509		

# COMPLIANCE

County of Scott, Iowa

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
U.S. Department of Agricultural Food and Nutrition Services			
(Passed through Iowa Department of Human Services):			
Severe Needs School Breakfast	10.553	82-8029	\$ 272
National School Lunch Program	10.555	82-8029	12,222
Food Stamp Program	10.561	N/A	49,695
			<u>62,189</u>
(Passed through Iowa Department of Public Health),			
Special Supplemental Nutrition Program For Women, Infants, and Children (WIC)	10.557	5882AO36	434,821
Special Supplemental Nutrition Program For Women, Infants, and Children (WIC)	10.557	5883AO36	196,033
			<u>630,854</u>
<b>Total U.S. Department of Agricultural Food and Nutrition Services</b>			<u>693,043</u>
U.S. Department of Housing and Urban Development			
(Passed through Iowa Department of Economic Development),			
Community Development Block Grant, Career Link Program	14.228	00-CRL-004	266,966
Community Development Block Grant, Family Resources, Inc	14.228	03-CF-033	2,475
<b>Total U.S. Department of Housing and Urban Development</b>			<u>269,441</u>
U.S. Department of Justice:			
(Passed through the Governor's Alliance on Substance Abuse):			
Bureau of Justice Assistance Drug Control and System Improvement Grant	16.579	02A-0208	11,988
Bureau of Justice Assistance Drug Control and System Improvement Grant	16.579	03A-0203	136,251
Stop Violence Against Women	16.588	VW-04-4825	10,000
			<u>158,239</u>
(Passed through the City of Davenport, Iowa),			
Local Law Enforcement - Equipment	16.592	2003LBBX0429	18,500
(Passed through the Office of Drug Control Policy),			
SC Jail Substance Abuse Program Case Management	16.579	03B-1150	47,890
Eastern Iowa Clan Lab Task Force	16.710	03-HOTSPOTS-14	31,361
			<u>79,251</u>
(Passed through Iowa Disaster Services Division),			
Department of Justice Equipment Program	16.007	ODP-2002-073	200
<b>Total U.S. Department of Justice</b>			<u>256,190</u>

(Continued)

County of Scott, Iowa

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
U.S. Department of Transportation,			
National Highway Traffic Safety Administration			
(Passed through Iowa Department of Public Safety- Governor's Traffic Safety Division):			
Police Traffic Services	20.600	PAP03-02, Task 25	\$ 1,504
Police Traffic Services	20.600	PAP04-04, Task 21	2,998
Safe Communities	20.600	PAP04-163, Task 60	4,400
			<u>8,902</u>
(Passed through Iowa Department of Public Defense)			
EMA-SARA Training Grant	20.703	N/A	<u>2,965</u>
<b>Total U.S. Department of Transportation</b>			<u>11,867</u>
Federal Emergency Management Agency,			
(Passed through Iowa Disaster Services Division):			
Emergency Management Agency	97.042	N/A	2,894
Emergency Management Agency	97.042	N/A	23,695
Homeland Security Planning	97.051	N/A	14,866
<b>Total Federal Emergency Management Agency</b>			<u>41,455</u>
U.S. Department of Education:			
(Passed through the Division of Educational Services),			
Supported Employment	84.126	03-CPSE-17	7,001
Supported Employment	84.126	04-CPSE-17	9,903
<b>Total U.S. Department of Education</b>			<u>16,904</u>
U.S. Department of Health and Human Services:			
(Passed through Iowa Department of Health):			
HIV Testing and Counseling Acquired Immune Deficiency Syndrome (AIDS)	93.118	5883AP14	18,542
HIV Testing and Counseling Acquired Immune Deficiency Syndrome (AIDS)	93.118	5884AP14	11,955
			<u>30,497</u>
Childhood Lead Poisoning Prevention	93.197	5884LP109	<u>58,800</u>
I-4 Project	93.268	58831417	30,657
I-4 Project	93.268	58841417	23,006
			<u>53,663</u>

(Continued)

County of Scott, Iowa

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
Health Breast/Cervical Cancer Early Detection	93.919	5884NB21	<u>106,200</u>
Access to Baby and Child Dentistry Program	93.110	5884DH19	<u>4,632</u>
Child Health Grant	93.994	5883AO36	30,643
Dental Health Grant	93.994	5883AO36	6,496
Maternal Health Grant	93.994	5883AO36	9,153
Child Health Grant	93.994	5884AO36	89,178
Dental Health Grant	93.994	5884AO36	7,258
Maternal Health Grant	93.994	5884AO36	<u>67,790</u>
			<u>210,518</u>
Bioterrorism Grant	93.283	5883BT84	67,782
Bioterrorism EMS Grant	93.283	5883BT180	1,547
Building Environmental Health Services	93.283	5883EHC14	7,769
Mosquito Surveillance Project	93.283	MOU-2005-ELC09	400
Regional Bioterrorism	93.283	5883BT207	11,578
Regional Bioterrorism	93.283	5884BT14	<u>5,391</u>
			<u>94,467</u>
Directly Observed Therapy	93.116	5883TB22	1,569
Directly Observed Therapy	93.116	MOU-2004-TB10	850
			<u>2,419</u>
EMS System Development	93.003	5884EM77	<u>10,101</u>
<b>Total passed through Iowa Department of Health</b>			<u>571,297</u>
(Passed through Iowa Department of Human Services):			
Refugee and Entrant Assistance	93.026	N/A	215
Temporary Assistance for Needy Families	93.558	N/A	64,568
Child Care Development Fund	93.596	N/A	11,845
Foster Care	93.658	N/A	29,662
Adoption	93.659	N/A	7,853
Social Services Block Grant	93.667	N/A	850,677
Medical Assistance	93.778	N/A	64,926
Scott County Empowerment Agreement (DECAT)	93.575	NA	<u>21,242</u>
			<u>1,050,988</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,622,285</u>
<b>Total expenditures of federal awards</b>			<u><u>\$ 2,911,185</u></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

Program Title	Federal CFDA Number	Amount Provided to Subrecipient
Bureau of Justice Assistance Drug Control and System Improvement Grant	16.579	\$ 100,441
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	623,679
Community Development Block Grant, Career Link Program	14.228	266,966
Homeland Security Planning	97.051	13,867
Access to Baby and Child Dentistry Program	93.110	4,632
Supported Employment	84.126	16,904
Child Health Grant	93.994	110,487
Maternal Health Grant	93.994	71,942
Dental Health Grant	93.994	13,754
		<u>\$ 1,222,672</u>

follows:



County of Scott, Iowa

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2004

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Finding	Status	Corrective Action Plan or Other Explanation	
<b>Reportable Conditions</b>			
03-II-A	The County does not have an adequate segregation of duties over the revenue transaction cycle and the cash disbursement cycle.	Not corrected.	See corrective action plan at 04-II-A.
03-II-B	The County does not reconcile their bank statements for all cash accounts to the general ledger on a monthly basis.	Not corrected.	See corrective action plan at 04-II-B.
<b>Reportable Conditions in Administering Federal Awards</b>			
03-III-A	The County does not have an adequate system in place for monitoring subrecipient activities for the Career Link Program.	Not corrected.	See corrective action plan at 04-III-A.

# 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, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 8, 2004. 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 and Chapter 11 of the Code of Iowa.

### **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 assurance 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 responses as items 04-II-A and 04-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 other matters involving the internal control over financial reporting, which we have reported to management of the County of Scott, Iowa in a separate letter dated October 8, 2004.

## 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*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 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 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 8, 2004

# 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, 2004. 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; Chapter 11 of the Code of Iowa; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the County of Scott, 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, 2004.

## 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 a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. 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 condition is described in the accompanying schedule of findings and questioned costs as item 04-III-A.

A material weakness is a 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 caused by error or fraud 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 none of the reportable conditions described above is a material weakness.

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 8, 2004

County of Scott, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

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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
10.557	Special Supplemental Nutrition Program For Women, Infants, and Children (WIC)
93.667	Social Services Block Grant

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

Auditee qualified as low-risk auditee?  Yes  No

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

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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

**04-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 Community Services Department has an improper segregation of duties over the revenue transaction cycle and the cash disbursement cycle.

Condition: Several employees within the Department have the capability of adding new clients to the system and are responsible for the verification and posting of direct deposit and miscellaneous receipts to the system. These same employees have check signing capabilities, access to check stock, the ability to post to the accounts and are responsible for the check disbursement function.

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

Recommendation: We recommend the capability of adding new clients to the system be restricted from employees with the capability of posting to the system. In addition, the duties of check signing and access to blank check stock should be removed from employees with the capability of posting cash disbursements to the system.

Response and Corrective Action Plan: Subsequent to year-end, the County has reassigned and realigned duties in the process to increase the controls in place over the system.

**04-II-B**

Finding: The County does not reconcile their bank statements for all cash accounts to the general ledger on a monthly basis.

Condition: The ending balances on the County's workpapers that were also in agreement with balances on the bank statements did not agree to the general ledger in total as of June 30, 2004 due to an accumulation of differences throughout the year.

The Sheriff office's receipts entered into the Sheriff's civil system and uploaded to the County's general ledger is not consistently reconciled by the Treasurer's office to the deposits brought over by the Sheriff's office.

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

Recommendation: We recommend the general ledger be reconciled to the Sheriff's civil system at least monthly, as well as all other bank accounts monitored in the Treasurer's office.

Response and Corrective Action Plan: Subsequent to year-end, the sheriff's remaining funds were moved to a separate bank account and general ledger account to further aid the County in the reconciliation process.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

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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 (Continued)

B. Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

A. Reportable Conditions in Internal Control

**U.S. Department of Housing and Urban Development:**

**Community Development Block Grant – Career Link Program (CFDA 14.228)**

**04-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.

Questioned Costs: None

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 that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved." The pass through entity is accountable for the federal awards even though they are administered by the subrecipient.

Recommendation: We recommend the County gain an understanding of the subrecipients controls in place for meeting eligibility requirements of the grant agreement. In addition, we recommend all supporting documentation of expenditures being requested for reimbursement by the subrecipient be sent to the County for review as well as documentation to support the subrecipient is meeting the eligibility and reporting requirements. 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: Scott County Planning and Development will obtain copies of state on-site visit reports and/or any audit reports to ensure compliance of grant requirements. Planning and Development will perform random site visits to review financial and programmatic records. Scott County Planning and Development will also request supporting documentation of expenditures being requested for reimbursements, including participant income guidelines and completion information.



County of Scott, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

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III. Findings and Questioned Costs For Federal Awards (Continued)

B. Instance of noncompliance

None

IV. Other Findings Related to Required Statutory Reporting

**04-IV-A** Official Depositories: A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year.

**04-IV-B** Certified Budget: Expenditures for the year ended June 30, 2004 did not exceed the budgeted amounts.

**04-IV-C** 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.

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

**04-IV-E** Business Transactions: No business transactions between the County and County officials or employees were noted.

**04-IV-F** 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.

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

**04-IV-H** 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.

**04-IV-I** 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).

**04-IV-J** Economic Development: According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. There was no financing noted in the current year.

**04-IV-K** Capital Lease Purchase Agreement: During the year ended June 30, 2004, the County did not enter into any capital lease purchase agreements.

**04-IV-L** 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, 2004 for the County Extension Office did not exceed the amount budgeted.

County of Scott, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

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IV. Other Findings Related to Required Statutory Reporting (Continued)

**04-IV-M** 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, 2004, 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, 2004

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Reportable Conditions:</b>				
04-II-A	The County does not have an adequate segregation of duties over the revenue transaction cycle and the cash disbursement cycle.	See response and corrective action plan at 04-II-A	July 2004	Mary Dubert
04-II-B	The County does not reconcile their bank statements for all cash accounts to the general ledger on a monthly basis.	See response and corrective action plan at 04-II-B	July 2004	Craig Hufford Wes Rostenbach
<b>Reportable Conditions in Administering Federal Awards</b>				
04-III-A	The County does not have an adequate system in place for monitoring subrecipient activities.	See response and corrective action plan at 04-III-A	July 2004	Tim Huey
<b>Other Findings Related to Required Statutory Reporting</b>				
04-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 ended June 30, 2004.	See response and corrective action plan at 04-IV-M.	July 2004	Craig Hufford