

COUNTY OF SCOTT, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of and for the Year Ended June 30, 2013

Prepared by

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INTRODUCTORY

County of Scott, Iowa

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County of Scott, Iowa

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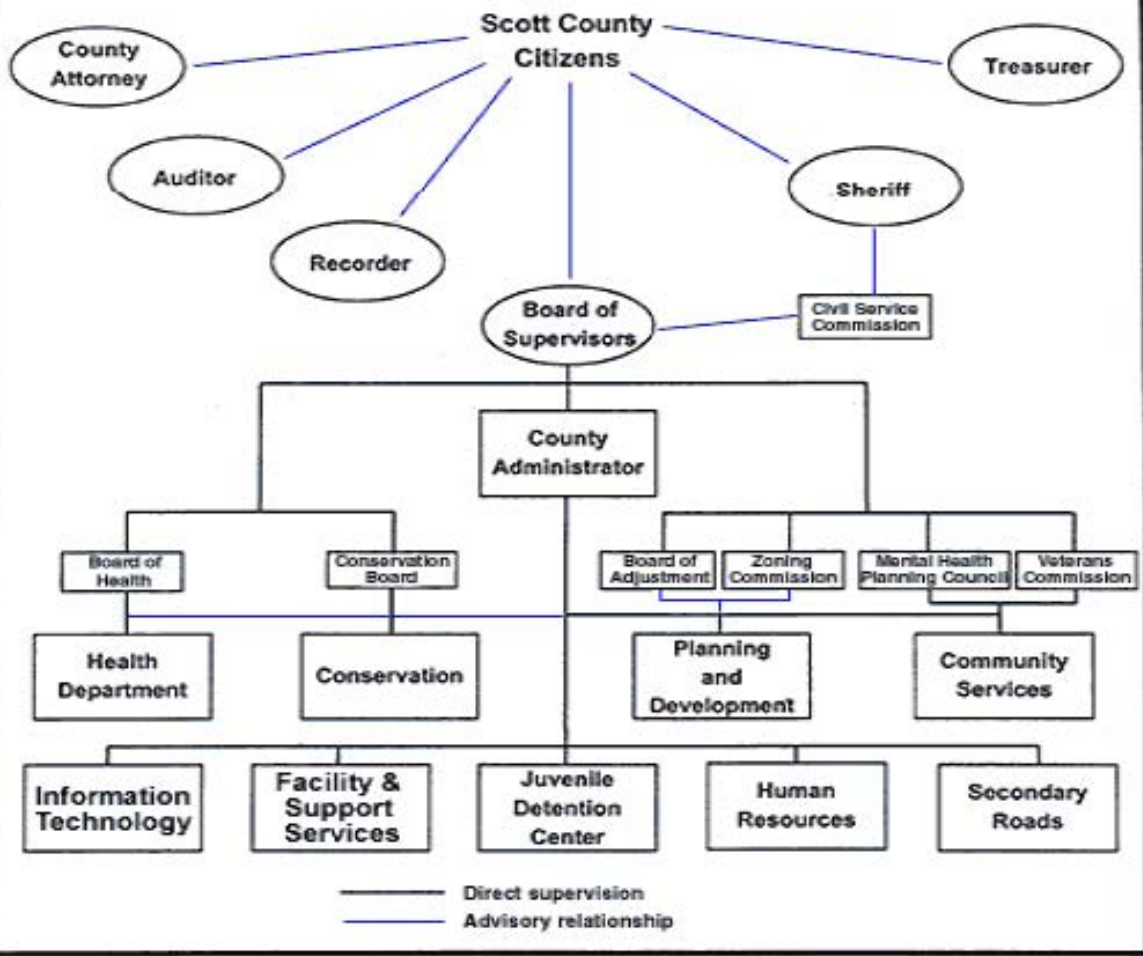
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Scott County Government Organizational Chart





Government Finance Officers Association

**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, 2012

Executive Director/CEO

OFFICE OF THE COUNTY ADMINISTRATOR

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December 3, 2013

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

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

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

Baker Tilly Virchow Krause, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion of Scott County’s financial statements for the year ended June 30, 2013. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Scott County Government

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

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

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

Component units are legally separate entities for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

The County's blended presented component units are as follows: Emergency Management Agency-Scott Emergency Communication Center (SECC), which provides county-wide consolidated emergency 911 dispatch services; and the Scott County Public Safety Authority, which is the owner of the voter approved jail expansion project. These component units are presented as major funds of the County.

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, and the County Library, which provides library services to all cities within Scott County with the exception of the City of Bettendorf, the City of Davenport, and the City of LeClaire.

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

The Board is required to adopt a final budget by no later than March 15th prior to the beginning of the fiscal year. This annual budget serves as the foundation for Scott County's financial planning and control. The State of Iowa requires the passage of an annual budget of total County operating expenditures by major program service areas (i.e., public safety and legal services, physical health and social services, etc.). Activities of the general fund, special revenue funds, capital projects fund and debt service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program service area level. The County also maintains administrative budgetary control beyond the State required program service area level at the major object of expenditure basis within each County department.

The Scott Emergency Communication Center adopts an operating budget on an entity wide basis, and the level of budgetary control is at the entity basis, excluding capital improvements and certain expense reimbursements. The Public Safety Authority does not adopt a budget.

Local Economy

Scott County is part of a four county, bi-state, metropolitan area referred to as the Quad-Cities. The counties of Scott (Iowa), Rock Island, Henry and Mercer (Illinois), contain the Davenport-Rock Island-Moline Metropolitan Statistical Area (MSA), with a 2010 U.S. Census Bureau count of 379,690 which is a 1.0% increase over the 2000 census count of 376,019. The U. S. Census Bureau's 2010 population of Scott County was 165,224, which is a 4.1% increase over the 2000 census count of 158,689. The 2013 population estimate is 168,225.

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

The annual average labor force in the Quad Cities MSA (four counties) was 204,440 in 2010. The annual average labor force for Scott County was 88,800 in August of 2013 which is a slight decline over the 2010 labor force of 89,950. In that same three years Eastern Iowa Community College saw a student enrollment increase of 23% which equates into 2,156 additional students. In 2010 the unemployment rate for Scott County was 6.9% and for the MSA it was 8.4%. In August of 2013 the Scott County rate dropped to 5.6%. Decreasing unemployment is a consistent trend over the last three years and well below the national average of 7.3%.

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

New residential construction slowed in the Quad Cities MSA and Scott County after very strong years from 2000-2007. The total housing starts for the Quad Cities MSA were 851 in 2006 and 688 in 2007, dropping to 421 in 2008, 371 in 2009 and 422 in 2010. The total housing starts for Scott County for those same years were 538 in 2006, 407 in 2007, dropping to 274 in 2008, 231 in 2009, and 251 in 2010, 243 in 2011. New construction due to higher demand in 2012 resulted in 354 new homes. However, the market slowed in the first half of 2013 with a reduction of about 8%.

The Quad Cities housing market remains one of the most affordable housing markets in the country. The average sales price for homes in the Iowa Quad Cities was \$178,300 in September of 2013, which is up from \$176,100 in September of 2012. On the Illinois side of the river, the average sales price was \$107,000 in September of 2013, down slightly from \$107,400 in September of 2012. The median home value in north Scott County for 2013 was \$213,500. In the last five years, home prices have risen 1.5% in the Quad Cities area.

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

Long-Term Financial Planning

Unassigned fund balance in the general fund (19.9% of total 2013 general fund expenditures including transferred expenditures to blended component units) falls within the policy guidelines set by the Board for budgetary and planning purposes (i.e., minimum of 15 percent of total general fund expenditures). Fiscal year 2013 ended with an increase in the unassigned general fund balance of approximately \$564,000. Additionally, the County assigned fund balance to establish a long term building improvement capital plan and additional reserves to stabilize employee health and dental benefit expenses. During these challenging economic times, as the county faces cutbacks at the state level and reduced property tax funding, retaining the current level of fund balance is important. The County is continuing to find ways to reduce its costs for providing services through collaborating with other jurisdictions in delivering services. This consolidation or service sharing is very important as the County weathers this recession. We are committed to remain a county with a superior level of service at one of the lowest tax rates in the State of Iowa.

Relevant Financial Policies

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

Major Initiatives

This year, the County implemented initiatives of the ERP software system, fleet service study and capital master plan. The ERP software will be implemented in fiscal year 2014, while the fleet service study and capital master plan will be implemented in following fiscal years.

Awards and Acknowledgements

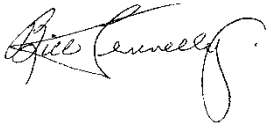
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Scott County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-fourth consecutive year that Scott County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both general accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

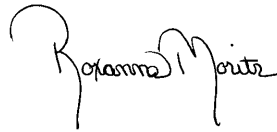
In addition, Scott County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Bill Fennelly
County Treasurer



Roxanna Moritz
County Auditor



Dee F. Bruemmer
County Administrator

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FINANCIAL

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County of Scott's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Board of Supervisors
County of Scott, Iowa

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16, the County of Scott adopted the provisions of GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34, the provision of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30 1989 FASB and AICPA Pronouncements and the provisions of GASB Statement No. 63, Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective July 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Scott's basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Board of Supervisors
County of Scott, Iowa

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Scott's basic financial statements. The "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013 on our consideration of the County of Scott's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Scott's internal control over financial reporting and compliance.

Baker Tilly Vinshaw Krause, LLP

Milwaukee, Wisconsin
December 3, 2013

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

The County implemented *GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* as of July 1, 2012. The implementation of this standard has reclassified the discrete component units, Scott Emergency Communication Center and the Public Safety Authority, as blended component units of the County. To assist readers in the analysis of the County, comparative information for 2012 was restated to blend these component units with County activity within the Management Discussion and Analysis.

Financial Highlights

The assets of the County of Scott exceeded its liabilities as of June 30, 2013 and 2012 by \$97,165,984 and \$94,767,013 (net position), respectively. Of this amount, \$15,365,569 and \$9,597,833, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$2,398,971 during the year ended June 30, 2013 and increased by \$1,887,252 during the year ended June 30, 2012.

As of June 30, 2013, the County of Scott's governmental funds reported combined ending fund balances of \$44,909,350, an increase of \$16,527,093 in comparison with 2012. Approximately 21 percent of this total amount, \$9,653,814 is available for spending at the government's discretion (unassigned). The increase between 2013 and 2012 is due to the Public Safety Authority issuing crossover refunding bonds in 2013. As of June 30, 2012, the County of Scott's governmental funds reported combined ending fund balances of \$28,382,257, an increase of \$2,967,031 in comparison with 2011. Approximately 33 percent of this total amount, \$9,402,481, was available for spending at the government's discretion (unassigned fund balance).

As of June 30, 2013, unassigned fund balance for the General Fund was \$10,041,990 or 19.9 percent of total General Fund expenditures including transfers to blended component units and \$9,477,799 or 18.9 percent for 2012.

The County's total long-term debt, excluding compensated absences, other postemployment benefits and claims payable, increased by \$14,896,391 during fiscal year June 30, 2013 and decreased by \$4,075,280 during fiscal year June 30, 2012. The increase in 2013 from 2012 was attributable to the Public Safety Authority issuing crossover refunding bonds.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the County of Scott's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the County of Scott's finances, in a manner similar to a private-sector business.

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

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2013

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position 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).

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 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 include an 18-hole golf course.

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

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

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Scott, Iowa, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2013

The County of Scott, Iowa maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Mental Health/Development Disabilities Fund, Secondary Roads Fund, Debt Service Fund, Scott Emergency Communication Center and Public Safety Authority which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County of Scott, Iowa's own programs. The fiduciary funds of the County are considered agency funds. Total assets of the fiduciary funds were \$252,105,662 and \$246,889,377 for the years ended June 30, 2013 and 2012, respectively.

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

Notes to basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County of Scott, Iowa's budgetary comparison and other postemployment benefit plan schedule of funding progress. This information can be found on pages 63 through 68 of this report.

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

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2013

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's total net position has increased from a year ago from \$94,767,013 to \$97,165,984.

Of the County of Scott's net position, 76 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 investment in capital assets, was \$73,963,818 for 2013 and \$76,993,248 for 2012. 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 Position

	Governmental Activities		Business-Type Activities		Total County	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 102,946,156	\$ 88,425,311	\$ 247,157	\$ (3,784,326)	\$ 103,193,313	\$ 84,640,985
Capital assets	110,893,817	114,926,246	2,214,625	2,226,682	113,108,442	117,152,928
Total assets	213,839,973	203,351,557	2,461,782	(1,557,644)	216,301,755	201,793,913
Noncurrent liabilities outstanding	58,312,934	43,772,550	35,264	34,619	58,348,198	43,807,169
Other liabilities	60,669,460	62,590,727	118,113	629,004	60,787,573	63,219,731
Total liabilities	118,982,394	106,363,277	153,377	663,623	119,135,771	107,026,900
Net position (deficit):						
Net investment in capital assets	71,749,193	74,766,566	2,214,625	2,226,682	73,963,818	76,993,248
Restricted	7,836,597	8,175,932	-	-	7,836,597	8,175,932
Unrestricted (deficit)	15,271,789	14,045,782	93,780	(4,447,949)	15,365,569	9,597,833
Total net position (deficit)	\$ 94,857,579	\$ 96,988,280	\$ 2,308,405	\$ (2,221,267)	\$ 97,165,984	\$ 94,767,013

Net position are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted through enabling legislation for 2013 and 2012 consist of \$1,491,035 and \$2,160,323 for debt service, \$0 and \$343,637 for mental health, \$2,320,739 and \$1,839,278 for secondary roads, \$968,492 and \$786,943 for other statutory programs, \$2,689,733 and \$2,762,297 for Scott emergency communication center, and \$154,168 and \$70,995 for rural services, respectively. An additional \$212,430 and \$212,459 is restricted by external third parties, respectively. The remaining balance of unrestricted net position, \$15,365,569 for 2013 and \$9,597,833 for 2012, 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 position for governmental activities. The same situation held true for the prior fiscal year.

The County's total net position increased by \$2,398,971 during the current fiscal year as compared to a increase of \$1,887,252 in 2012. The governmental-type activities' net position decreased by \$2,130,701 in 2013 and increased by \$1,840,418 in 2012. The decrease in 2013 was due to the transfers of internal balances from governmental activities to business-type activities. Mental Health Services decreased by \$9.3 million due to a change in state funding of Medicaid eligible expenditures. Property taxes increased by \$1.2 million and charges for services increased by \$90,000. These increases offset the decline in intergovernmental revenues from the federal government. Additionally operating grants from the State of Iowa and State Tax Replacements decreased due to the shift in Medicaid expenditures from the local service level to the state service level. The total business-type activities' net position increased by \$4,529,672 in 2013 and increased by \$46,834 in 2012. The increase in 2013 resulted from

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2013

a transfer of equity to the golf course through the forgiveness of internal balances due to governmental activities from business-type activities.

Table 2 highlights the County's revenues and expenses for the fiscal year ended June 30, 2013 and 2012. These two main components are subtracted to yield the change in net position. 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 Position

	Governmental Activities		Business-Type Activities		Total County	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 6,317,566	\$ 6,116,529	\$ 890,259	\$ 1,002,459	\$ 7,207,825	\$ 7,118,988
Operating grants and contributions	7,988,482	12,358,943	-	-	7,988,482	12,358,943
Capital grants and contributions	459,141	1,111,863	-	-	459,141	1,111,863
General revenues:						
Taxes:						
Property taxes	46,156,117	44,980,224	-	-	46,156,117	44,980,224
Local option sales tax	4,049,552	4,052,754	-	-	4,049,552	4,052,754
Gaming	579,504	596,840	-	-	579,504	596,840
Other taxes	70,286	68,374	-	-	70,286	68,374
Utility tax replacements	1,598,817	1,625,295	-	-	1,598,817	1,625,295
Penalties, interest and costs on taxes	816,474	789,143	-	-	816,474	789,143
State tax replacement credits	1,205,628	4,898,515	-	-	1,205,628	4,898,515
State shared revenues	3,156,344	3,146,564	-	-	3,156,344	3,146,564
Payments in lieu of taxes	6,521	6,682	-	-	6,521	6,682
Investment earnings	125,127	162,822	-	-	125,127	162,822
Miscellaneous	1,274,786	1,380,103	-	-	1,274,786	1,380,103
Total revenues	73,804,345	81,294,651	890,259	1,002,459	74,694,604	82,297,110
Expenses:						
Public safety and legal services	21,551,072	20,806,047	-	-	21,551,072	20,806,047
Public safety and legal services - SECC	7,650,488	6,785,573	-	-	7,650,488	6,785,573
Physical health and social services	5,293,759	5,439,626	-	-	5,293,759	5,439,626
Mental health	8,256,862	17,508,289	-	-	8,256,862	17,508,289
County environment and education	5,063,295	5,045,765	-	-	5,063,295	5,045,765
Roads and transportation	8,296,547	9,171,403	-	-	8,296,547	9,171,403
Government services to residents	2,236,126	2,262,947	-	-	2,236,126	2,262,947
Administration	10,869,732	10,131,539	-	-	10,869,732	10,131,539
Debt service, interest	2,101,039	2,090,153	-	-	2,101,039	2,090,153
Golf course	-	-	976,713	1,168,516	976,713	1,168,516
Total expenses	71,318,920	79,241,342	976,713	1,168,516	72,295,633	80,409,858
Transfers	(80,679)	(212,891)	80,679	212,891	-	-
Special item - forgiveness of advance	(4,535,447)	-	4,535,447	-	-	-
Increase (decrease) in net position	(2,130,701)	1,840,418	4,529,672	46,834	2,398,971	1,887,252
Net position (deficit), beginning, restated	96,988,280	95,147,862	(2,221,267)	(2,268,101)	94,767,013	92,879,761
Net position (deficit), ending	\$ 94,857,579	\$ 96,988,280	\$ 2,308,405	\$ (2,221,267)	\$ 97,165,984	\$ 94,767,013

County of Scott, Iowa

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

Table 3 - County of Scott's Governmental Activities

Programs	Total Cost of Services 2013	Total Cost of Services 2012	Net (Expense) of Services 2013	Net (Expense) of Services 2012
Public safety and legal services	\$ 21,551,072	\$ 20,806,047	\$ (18,891,896)	\$ (18,015,110)
Public safety and legal services - SECC	7,650,488	6,785,573	(7,650,488)	(6,785,573)
Physical health and social services	5,293,759	5,439,626	(3,618,097)	(3,603,647)
Mental health	8,256,862	17,508,289	(4,162,447)	(8,960,920)
County environment and education	5,063,295	5,045,765	(3,426,298)	(3,822,012)
Roads and transportation	8,296,547	9,171,403	(8,228,310)	(8,087,631)
Government services to residents	2,236,126	2,262,947	840,571	596,919
Administration	10,869,732	10,131,539	(9,953,361)	(9,437,913)
Debt service, interest	2,101,039	2,090,153	(1,463,405)	(1,538,120)
Total	\$ 71,318,920	\$ 79,241,342	\$ (56,553,731)	\$ (59,654,007)

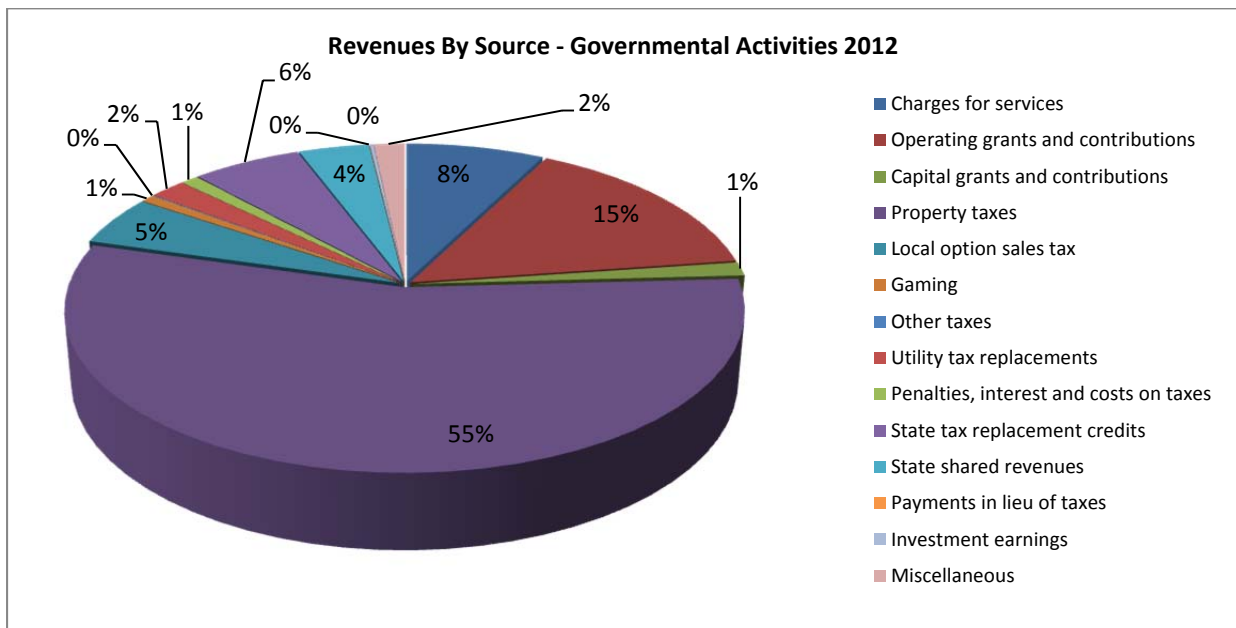
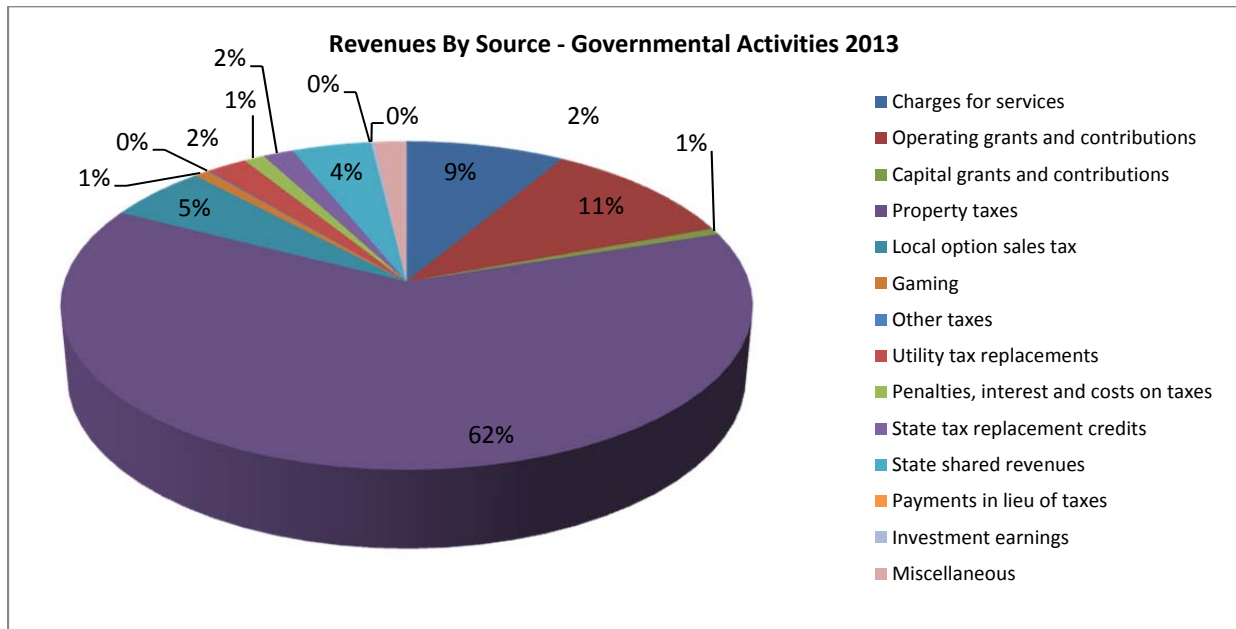
Net cost of services is 79 percent of total cost of services in 2013 and 75 percent in 2012. The change in net cost was significantly impacted by the change in state funding for MHDD eligible services provided on the state level rather than the local level. Mental Health services decreased \$9.3 million, while the net cost of the county decreased by \$4.8 million.

County of Scott, Iowa

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Governmental Activities

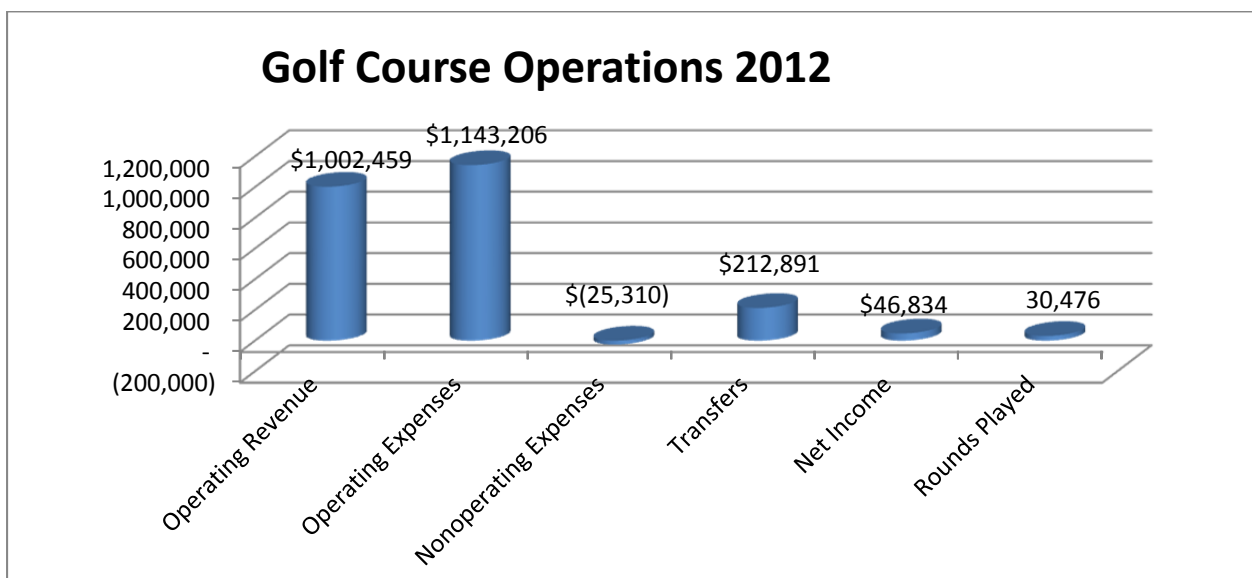
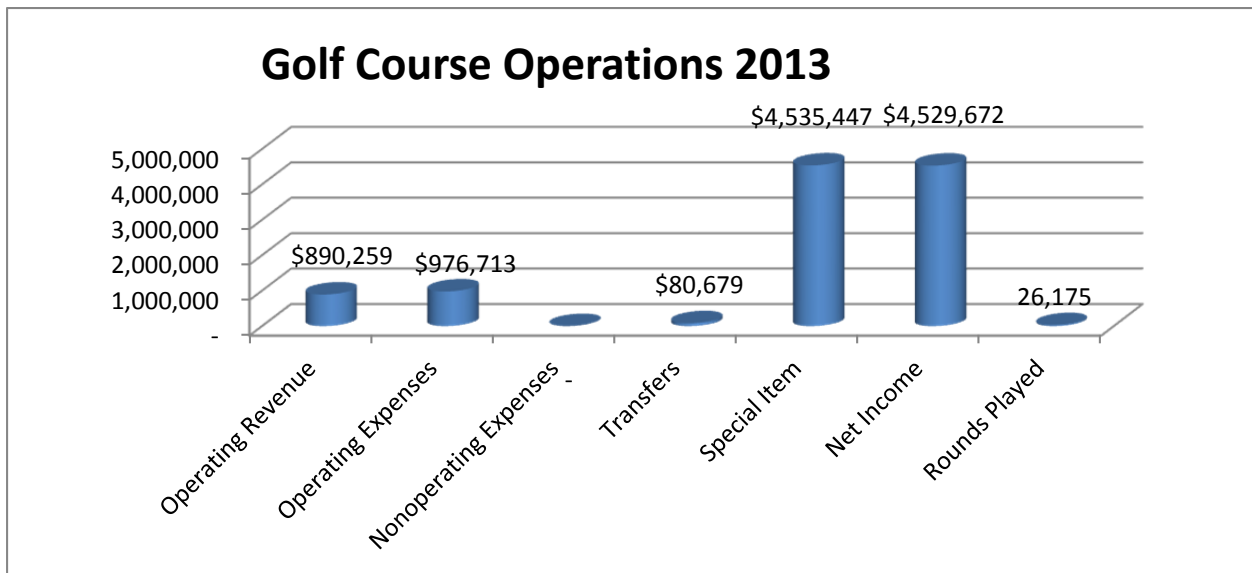
The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2013 and 2012.



County of Scott, Iowa

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Total business-type activities' revenue for the fiscal years ended June 30, 2013 and 2012 was \$890,259 and \$1,002,459, respectively. All of this revenue was generated for specific business-type activity expenses. The graphs below show a comparison between the business-type activity expenditures and program revenues and operations for Glynn's Creek Golf Course in 2013 and 2012. The golf course experienced a 14% decrease in rounds played, while operating revenue decreased to \$890,259 or 11%. The fund expended less on small dollar equipment, fertilizer and chemicals in fiscal year 2013. In 2013, the County forgave an interfund advance due from the Golf Fund to the General Fund as a special item.



County of Scott, Iowa

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Business-type activities: Business-type activities increased net position by \$4,529,672 in the government's net position in fiscal year ended June 30, 2013 compared to an increase of \$46,834 in fiscal year ended June 30, 2012.

Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the County of Scott, Iowa's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County of Scott, Iowa's governmental funds reported combined ending fund balances of \$44,909,350, an increase of \$16,527,093 in comparison with the prior year fund balance of \$28,382,257. Approximately 21 percent of the 2013 total amount or \$9,653,814 constitutes unassigned fund balance. Approximately \$9,402,481, or 33 percent, for 2012 constitutes unassigned fund balance. Unassigned fund balance is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted or assigned to indicate that it is not available for new spending. Restricted fund balance increased between years due to restricted debt service funds received for the Public Safety Authority crossover refunding to be completed in fiscal year 2015.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$10,041,990 for 2013. The amount unassigned was \$9,477,799 for 2012 while total fund balance was \$15,054,841 for 2013 and \$17,509,042 for 2012. Fund balance decreased due the release of the nonspendable fund balance related to the interfund advance forgiven to the Golf Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to fund expenditures including transfers to blended component units. Unassigned fund balance represents 19.9 percent of General Fund expenditures including transfers to blended component units for 2013, while the unassigned fund balance represented 18.8 percent of total General Fund expenditures including transfers to blended component units for 2012. Total fund balance also represents approximately 30 and 35 percent of expenditures including transfers to blended component units for 2013 and 2012, respectively.

The fund balance of the County's General Fund decreased by \$2,454,201 during the year ended June 30, 2013. The key factor in this decrease was the forgiveness of a \$4,041,594 interfund advance due to the General Fund from the Golf Fund. Additionally, property tax revenues increased approximately \$1 million, and net charges for services decreased by \$25,000. The County's General fund expenditures were \$40,932,818 in fiscal year 2013, compared to \$50,211,926 in fiscal year 2012 or a decrease of approximately \$9,280,000. The 2013 expenditures do not include the transfers, \$9,542,806, to blended component units, which were previously recorded as expenditures. The adjusted expenditures of \$50,475,624 are an increase of \$26,000 from fiscal year 2012. Expenditure reductions in physical health and social services of \$140,000 dollars and Mental Health of \$450,000 dollars offset increases in public safety and legal services and County environment and education of \$970,000.

The fund balance of the County's Mental Health / Development Disabilities Fund decreased by \$656,495 in 2013 compared to a decrease of \$953,641 in 2012. The key factor in the decline is insufficient transition fund revenue supplied by the state for Mental Health services in fiscal year 2013. Traditionally, the State of Iowa has appropriated special dollars to cover Medicaid program increases; however this program was not funded on a state level in fiscal year 2012. Beginning in fiscal year 2013, the State of Iowa assumed the nonfederal share costs at the state level. The State is in process of redesigning mental health funding throughout the state requiring counties to join

County of Scott, Iowa

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regional governing bodies. During this time, the State of Iowa supplied transition dollars to local counties, however costs exceeded expectations.

The Secondary Roads Fund increased \$481,461 in 2013 compared to \$954,267 in 2012. The increase in fund balance relates to higher than anticipated revenues during the year of the road use tax. Additionally funds are restricted for future planned capital improvements with the secondary road system.

The Debt Service Fund decreased \$408,987 in 2013 compared to \$505,238 in 2012. The decrease in fund balance relates to the normal principal and interest payments on debt outstanding.

The Scott Emergency Communication Center decreased fund balance by \$72,564 in 2013 compared to \$211,512 increase in 2012. Transferred Contributions from the County tax levy increased by \$166,000, while expenditures increased by \$465,000. The Center continues to invest in software and equipment within its operations.

The Public Safety Authority increased fund balance by \$17,897,379 in fiscal year 2013. The Authority issued two revenue bond series in fiscal year 2013 to set aside proceeds for a crossover refunding of 2006 debt. The crossover refunding will occur in 2015.

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

Budgetary Highlights

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

- The total original revenue budget of \$80,955,325 was decreased to \$72,165,461 (a decrease of \$8,789,864) mainly due to an expected decrease in intergovernmental grant revenue from the reduction of Mental health funding provided by the State of Iowa. Actual revenues received were \$73,084,905.
- The total original expenditure budget of \$82,806,294 was decreased to \$80,031,333 (an decrease of \$2,774,961) mainly for decrease mental health spending due to redesign state funding (\$8,340,000), non-program current charges of transfers to proprietary funds, \$5,025,000, and authorization of planned capital outlay projects, \$690,000. Actual expenditures were \$74,496,265.
- The total original budget for transfers to governmental funds in and out of \$10,635,264 was increased to \$12,195,264 (an increase of \$1,560,000).

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

The Scott Emergency Communication Center is a blended component unit of the County. The legal authority of the budget is at the entity level. The Center did not amend its budget during the year. Additionally the Center is not required to budget for capital expenditures. During 2013, the Center expended \$6,779,252 of the \$7,336,786

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2013

budgeted. Most of the savings under budget were related to personal services of \$500,000 and maintenance of computer software. Additionally, the Center had \$115,000 of intergovernmental grant revenue that was not planned for in fiscal 2013.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013 and 2012, amounts to \$113,108,442 and \$117,152,928 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings and improvements, equipment, infrastructure and construction-in-progress. The total decrease in capital assets for 2013 was 3.45 percent (a 3.50 percent decrease for governmental activities and a 0.05 percent increase for business-type activities). The total decrease in capital assets for 2012 was 3.9 percent (a 3.9 percent decrease for governmental activities and a .04 percent increase for business-type activities).

Major capital asset events during the current fiscal year ended June 30, 2013 included, ERP intangible software preparation, Sheriff patrol vehicles, jail roof, relocation of the County general store, Pioneer Village residence and Indian Hills and Buffalo Shore shelter replacements.

	Capital Assets											
	2013		2012		2013		2012					
Land	\$	4,424,944	\$	4,394,059	\$	1,556,336	\$	1,556,336	\$	5,981,280	\$	5,950,395
Construction-in-progress		4,984,123		4,309,602		-		23,872		4,984,123		4,333,474
Buildings		76,963,504		75,645,599		506,490		506,490		77,469,994		76,152,089
Improvements other than buildings		5,722,741		5,500,415		663,428		663,428		6,386,169		6,163,843
Infrastructure		91,932,190		91,342,729		62,374		62,374		91,994,564		91,405,103
Machinery and equipment		29,997,513		29,397,786		1,143,759		1,069,983		31,141,272		30,467,769
Accumulated depreciation		(103,131,198)		(95,663,944)		(1,717,762)		(1,655,801)		(104,848,960)		(97,319,745)
Total	\$	110,893,817	\$	114,926,246	\$	2,214,625	\$	2,226,682	\$	113,108,442	\$	117,152,928

Additional information on the County of Scott's capital assets can be found in Note 5 of this report.

Debt: As of June 30, 2013, the County of Scott, Iowa had general obligation bonds outstanding totaling \$12,455,000, revenue bonds for the jail facility and cross over refunding for \$37,640,000, and notes payable of \$9,638,683. In the current year, the County governmental activities, through the Public Safety Authority, issued \$17,675,000 of new bonds and paid \$3,331,240 in principal and \$2,088,389 in interest on outstanding debt. During the issuance of the cross over refunding debt, the County received an Aa2 rating from Moody's Investors Service.

Debt: As of June 30, 2012, the County of Scott, Iowa had general obligation bonds outstanding totaling \$14,080,000, revenue bonds for the jail facility for \$21,210,000 and notes payable of \$10,099,923. During the current fiscal year ended June 30, 2012, the County governmental activities issued \$0 of new bonds and paid \$3,145,000 in principal and \$2,050,550 in interest on outstanding debt. Business-type activities paid \$585,000 in principal and \$18,035 in interest on outstanding debt in the fiscal year. The County retired the lease development agreement for the golf course one year early.

County of Scott, Iowa

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2013

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

	2013	2012	Maturity
Governmental activities:			
General obligation bonds	\$ 12,455,000	\$ 14,080,000	2029
Revenue bonds	37,640,000	21,210,000	2025
Notes payable	9,638,683	10,099,923	2029
Total governmental activities	\$ 59,733,683	\$ 45,389,923	

Additional information about the County's long-term debt can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Scott County's urban levy rate was reduced to 1.0% to \$6.23 for FY14. The rural county levy rate decreased by 1.7% for the budget year ending June 30, 2014 due to the legal requirement of Road Use Tax (RUT) local effort match. The tax base for the County of Scott increased 2.7 percent over the previous year.
- Health care costs and personnel costs, which make up a significant portion of the County's operating costs, continue to be reasonably controlled and negotiated. The County's move to self-funded health insurance had resulted in 42 months of zero increase in County insurance premiums. A rate increase for family insurance of \$4.07 per month occurred in January 1, 2013 and a January 1, 2014 rate increase of \$4.24 to the employee family plan was approved by the Board of Supervisors in October 2012 and October, 2013, respectively. The county has two bargaining units up for negotiation in the fall of 2013.
- The County's revenues are stable but flat and continue to remain at all-time low levels. Scott County has adjusted expenditures to meet flat revenue projections. The County is facing funding challenges as the State Legislature has passed a Mental Health reform legislation that reduces state funding for non-medicaid MHDD services in FY14, but continues the County requirement to provide these services during the transition to mental health regions. In the spring of 2013, the state legislature passed property tax reform that will be implemented over fiscal years 2014 – 2017. While the impacts of the reform are still being determined, there will be structural changes in the taxable value base accessible to the County.

All of these factors were considered in preparing the County of Scott, Iowa's budget for the June 30, 2014 fiscal year.

Requests for Information

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

County of Scott, Iowa

Statement of Net Position
As of June 30, 2013

Assets	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Current assets:				
Cash and investments	\$ 30,956,444	\$ 178,945	\$ 31,135,389	\$ 435,526
Restricted cash and investments	18,109,809	-	18,109,809	-
Receivables:				
Property taxes	50,108,954	-	50,108,954	-
Accrued interest	13,376	-	13,376	-
Accounts	497,033	58,314	555,347	188
Due from other governmental agencies	1,881,242	-	1,881,242	58,532
Prepays	131,406	-	131,406	-
Inventories	-	9,898	9,898	-
Total current assets	101,698,264	247,157	101,945,421	494,246
Noncurrent assets:				
Receivables:				
Notes	58,777	-	58,777	-
Loans	835,000	-	835,000	-
Other post employment benefit asset	-	-	-	4,205
Unamortized bond issuance costs	354,115	-	354,115	-
Capital assets:				
Not depreciated:				
Land	4,424,944	1,556,336	5,981,280	16,600
Construction-in-progress	4,984,123	-	4,984,123	-
Depreciated:				
Buildings	76,963,504	506,490	77,469,994	1,131,866
Improvements other than buildings	5,722,741	663,428	6,386,169	-
Infrastructure	91,932,190	62,374	91,994,564	-
Machinery and equipment	29,997,513	1,143,759	31,141,272	829,061
Less: Accumulated depreciation	(103,131,198)	(1,717,762)	(104,848,960)	(806,776)
Total capital assets	110,893,817	2,214,625	113,108,442	1,170,751
Total noncurrent assets	112,141,709	2,214,625	114,356,334	1,174,956
Total assets	\$ 213,839,973	\$ 2,461,782	\$ 216,301,755	\$ 1,669,202

See Notes to Basic Financial Statements

Liabilities and Net Position	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities:				
Accounts payable	\$ 2,425,196	\$ 37,792	\$ 2,462,988	\$ 15,203
Current portion of claims payable	689,848	-	689,848	-
Accrued liabilities	1,828,634	39,802	1,868,436	40,479
Interest payable	181,030	-	181,030	-
Unearned revenue	50,291,182	27,064	50,318,246	-
Compensated absences	1,792,330	13,455	1,805,785	37,457
Current portion of general obligation bonds	1,685,000	-	1,685,000	-
Current portion of notes payable	476,240	-	476,240	-
Current portion of revenue bonds	1,300,000	-	1,300,000	-
Total current liabilities	60,669,460	118,113	60,787,573	93,139
Noncurrent liabilities:				
Claims payable	189,508	-	189,508	-
Compensated absences	1,180,247	35,264	1,215,511	45,810
Other post employment benefits obligation	401,039	-	401,039	3,195
General obligation bonds payable, net bond premium and discount	10,719,807	-	10,719,807	-
Note payable, net discount	9,096,057	-	9,096,057	-
Revenue bonds payable, net bond discount and premium	36,726,276	-	36,726,276	-
Total noncurrent liabilities	58,312,934	35,264	58,348,198	49,005
Total liabilities	118,982,394	153,377	119,135,771	142,144
Net position:				
Net investment in capital assets	71,749,193	2,214,625	73,963,818	1,170,751
Restricted for:				
Debt service	1,491,035	-	1,491,035	-
County conservation sewage treatment	212,430	-	212,430	-
Other statutory programs	968,492	-	968,492	-
Scott emergency communication center	2,689,733	-	2,689,733	-
Secondary roads	2,320,739	-	2,320,739	-
Rural services	154,168	-	154,168	-
Unrestricted	15,271,789	93,780	15,365,569	356,307
Total net position	94,857,579	2,308,405	97,165,984	1,527,058
Total liabilities and net position	\$ 213,839,973	\$ 2,461,782	\$ 216,301,755	\$ 1,669,202

County of Scott, Iowa

Statement of Activities
For the Year Ended June 30, 2013

Functions / Programs	Program Revenues			
	Expenses	Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Public safety and legal services	\$ 21,551,072	\$ 1,413,724	\$ 1,245,452	\$ -
Public safety and legal services - SECC	7,650,488	-	-	-
Physical health and social services	5,293,759	392,116	1,283,546	-
Mental health	8,256,862	176,661	3,917,754	-
County environment and education	5,063,295	1,131,480	46,376	459,141
Roads and transportation	8,296,547	20,531	47,706	-
Government services to residents	2,236,126	2,893,332	183,365	-
Administration	10,869,732	289,722	626,649	-
Interest on long-term debt	2,101,039	-	637,634	-
Total governmental activities	71,318,920	6,317,566	7,988,482	459,141
Business-Type activities, golf	976,713	890,259	-	-
Total primary government	\$ 72,295,633	\$ 7,207,825	\$ 7,988,482	\$ 459,141
Component Units				
Emergency Management Agency	\$ 177,149	\$ -	\$ 77,000	\$ -
County Library	1,100,952	15,652	1,083,248	-
Total component units	\$ 1,278,101	\$ 15,652	\$ 1,160,248	\$ -
General Revenues				
Taxes:				
Property taxes				
Local option sales tax				
Gaming				
Other taxes				
Utility tax replacements				
Penalties, interest and costs on taxes				
State tax replacement credits, unrestricted				
State shared revenues, unrestricted				
Payments in lieu of taxes				
Investment earnings				
Miscellaneous				
Total general revenues				
Transfers				
Special item - forgiveness of advance				
Changes in net position				
Net position (deficit), beginning of year, restated				
Net position, end of year				

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (18,891,896)	\$ -	\$ (18,891,896)	\$ -
(7,650,488)	-	(7,650,488)	-
(3,618,097)	-	(3,618,097)	-
(4,162,447)	-	(4,162,447)	-
(3,426,298)	-	(3,426,298)	-
(8,228,310)	-	(8,228,310)	-
840,571	-	840,571	-
(9,953,361)	-	(9,953,361)	-
(1,463,405)	-	(1,463,405)	-
<u>(56,553,731)</u>	<u>-</u>	<u>(56,553,731)</u>	<u>-</u>
-	(86,454)	(86,454)	-
<u>(56,553,731)</u>	<u>(86,454)</u>	<u>(56,640,185)</u>	<u>-</u>
			(100,149)
			<u>(2,052)</u>
			<u>(102,201)</u>
46,156,117	-	46,156,117	-
4,049,552	-	4,049,552	-
579,504	-	579,504	-
70,286	-	70,286	-
1,598,817	-	1,598,817	-
816,474	-	816,474	-
1,205,628	-	1,205,628	-
3,156,344	-	3,156,344	-
6,521	-	6,521	-
125,127	-	125,127	-
1,274,786	-	1,274,786	70,995
<u>59,039,156</u>	<u>-</u>	<u>59,039,156</u>	<u>70,995</u>
<u>(80,679)</u>	<u>80,679</u>	<u>-</u>	<u>-</u>
<u>(4,535,447)</u>	<u>4,535,447</u>	<u>-</u>	<u>-</u>
(2,130,701)	4,529,672	2,398,971	(31,206)
96,988,280	(2,221,267)	94,767,013	1,558,264
<u>\$ 94,857,579</u>	<u>\$ 2,308,405</u>	<u>\$ 97,165,984</u>	<u>\$ 1,527,058</u>

County of Scott, Iowa

Balance Sheet
 Governmental Funds
 As of June 30, 2013

	General	Mental Health/ Development Disabilities	Secondary Roads
Assets			
Cash and investments	\$ 15,984,844	\$ 46,083	\$ 2,342,184
Restricted cash and investments	212,430	-	-
Receivables, net of allowance for uncollectibles:			
Property taxes, net of allowance for collection losses	40,674,079	3,316,327	-
Accrued interest	13,376	-	-
Accounts	467,392	12,644	-
Loans	-	-	-
Notes	58,777	-	-
Due from other governmental agencies	1,374,956	260,278	244,728
Prepays	131,406	-	-
Total assets	\$ 58,917,260	\$ 3,635,332	\$ 2,586,912
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,234,855	\$ 642,507	\$ 145,888
Claims payable	9,508	-	-
Accrued liabilities	1,501,777	14,752	120,285
Deferred revenue	41,116,279	3,366,249	-
Total liabilities	43,862,419	4,023,508	266,173
Fund balances (deficit):			
Nonspendable	190,183	-	-
Restricted	1,138,727	-	2,320,739
Assigned	3,683,941	-	-
Unassigned (deficit)	10,041,990	(388,176)	-
Total fund balances (deficit)	15,054,841	(388,176)	2,320,739
Total liabilities and fund balances (deficit)	\$ 58,917,260	\$ 3,635,332	\$ 2,586,912

See Notes to Basic Financial Statements

Scott Emergency Communication Center	Public Safety Authority	Debt Service	Nonmajor Governmental Funds	Total
\$ 3,057,324	\$ -	\$ 808,669	\$ 5,894,223	\$ 28,133,327
-	17,897,379	-	-	18,109,809
-	-	3,344,794	2,773,754	50,108,954
-	-	-	-	13,376
-	-	-	16,997	497,033
-	-	835,000	-	835,000
-	-	-	-	58,777
-	-	-	1,280	1,881,242
-	-	-	-	131,406
<u>\$ 3,057,324</u>	<u>\$ 17,897,379</u>	<u>\$ 4,988,463</u>	<u>\$ 8,686,254</u>	<u>\$ 99,768,924</u>
\$ 175,771	\$ -	\$ -	\$ 221,887	\$ 2,420,908
-	-	-	-	9,508
191,820	-	-	-	1,828,634
-	-	3,344,366	2,773,630	50,600,524
<u>367,591</u>	<u>-</u>	<u>3,344,366</u>	<u>2,995,517</u>	<u>54,859,574</u>
-	-	-	-	190,183
2,689,733	17,897,379	1,644,097	196,362	25,887,037
-	-	-	5,494,375	9,178,316
-	-	-	-	9,653,814
<u>2,689,733</u>	<u>17,897,379</u>	<u>1,644,097</u>	<u>5,690,737</u>	<u>44,909,350</u>
<u>\$ 3,057,324</u>	<u>\$ 17,897,379</u>	<u>\$ 4,988,463</u>	<u>\$ 8,686,254</u>	<u>\$ 99,768,924</u>

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County of Scott, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
As of June 30, 2013**

Total governmental fund balances \$ 44,909,350

Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	\$ 4,424,944	
Construction-in-progress	4,984,123	
Buildings	76,963,504	
Improvements other than buildings	5,722,741	
Infrastructure	91,932,190	
Machinery and equipment	29,997,513	
Accumulated depreciation	<u>(103,131,198)</u>	110,893,817

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Deferred revenues 309,342

Internal service funds are used by management to charge costs associated with self-insured health insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is:

2,332,922

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	(383,941)	
Compensated absences	(2,972,577)	
Other post employment benefits obligation	(401,039)	
Accrued interest payable	(181,030)	
Notes payable	(9,638,683)	
Bond issuance costs	354,115	
Bond premium	(560,574)	
Bond discount	290,877	
Revenue bonds payable	(37,640,000)	
General obligation bonds payable	<u>(12,455,000)</u>	(63,587,852)
Net position of governmental activities		<u><u>\$ 94,857,579</u></u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	General	Mental Health/ Development Disabilities	Secondary Roads
Revenues:			
Property taxes	\$ 39,186,051	\$ 3,109,136	\$ -
Local option sales tax	4,098,552	-	-
Other taxes	1,439,472	112,909	-
Interest and penalties on taxes	816,474	-	-
Intergovernmental	4,377,187	3,946,858	3,204,050
Charges for services	5,321,751	176,661	7,696
Investment earnings	99,981	-	-
Licenses and permits	759,461	-	12,835
Rentals and fees	176,562	-	-
Other	819,907	57,911	28,691
Total revenues	57,095,398	7,403,475	3,253,272
Expenditures:			
Current:			
Public safety and legal services	20,242,168	-	-
Physical health and social services	5,256,671	-	-
Mental health	156,419	8,059,970	-
County environment and education	3,977,609	-	-
Roads and transportation	-	-	4,969,030
Government services to residents	2,178,373	-	-
Administration	9,121,578	-	-
Capital outlay	-	-	693,015
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Total Expenditures	40,932,818	8,059,970	5,662,045
Excess (deficiency) of revenues over expenditures	16,162,580	(656,495)	(2,408,773)
Other financing sources (uses):			
Transfers in	4,122	-	2,875,234
Transfers out	(14,579,309)	-	-
Debt issued	-	-	-
Premium on debt issued	-	-	-
Proceeds from sale of capital assets	-	-	15,000
Total other financing sources (uses)	(14,575,187)	-	2,890,234
Special item - forgiveness of advance	(4,041,594)	-	-
Net change in fund balances	(2,454,201)	(656,495)	481,461
Fund balances, restated, beginning of year	17,509,042	268,319	1,839,278
Fund balances (deficit), end of year	\$ 15,054,841	\$ (388,176)	\$ 2,320,739

See Notes to Basic Financial Statements.

Scott Emergency Communication Center	Public Safety Authority	Debt Service	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 1,274,466	\$ 2,589,199	\$ 46,158,852
-	-	-	-	4,098,552
-	-	43,888	652,337	2,248,606
-	-	-	-	816,474
151,743	-	517,189	93,536	12,290,563
-	-	-	56,386	5,562,494
-	19,821	-	767	120,569
-	-	-	-	772,296
-	-	-	-	176,562
62	-	-	104,992	1,011,563
151,805	19,821	1,835,543	3,497,217	73,256,531
6,016,487	-	-	-	26,258,655
-	-	-	-	5,256,671
-	-	-	-	8,216,389
-	-	-	532,955	4,510,564
-	-	-	-	4,969,030
-	-	-	-	2,178,373
-	-	-	-	9,121,578
712,225	-	-	3,058,868	4,464,108
461,240	1,245,000	1,625,000	-	3,331,240
453,268	1,235,148	619,530	-	2,307,946
7,643,220	2,480,148	2,244,530	3,591,823	70,614,554
(7,491,415)	(2,460,327)	(408,987)	(94,606)	2,641,977
7,418,851	2,123,955	-	3,925,549	16,347,711
-	-	-	(2,189,081)	(16,768,390)
-	17,675,000	-	-	17,675,000
-	558,751	-	-	558,751
-	-	-	98,638	113,638
7,418,851	20,357,706	-	1,835,106	17,926,710
-	-	-	-	(4,041,594)
(72,564)	17,897,379	(408,987)	1,740,500	16,527,093
2,762,297	-	2,053,084	3,950,237	28,382,257
\$ 2,689,733	\$ 17,897,379	\$ 1,644,097	\$ 5,690,737	\$ 44,909,350

County of Scott, Iowa

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - governmental funds	\$	16,527,093
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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:</p>		
Capital outlay capitalized		4,056,181
Depreciation		
Public safety and legal services	\$ (1,390,734)	
Public safety and legal services - SECC	(1,535,790)	
Physical health and social services	(28,266)	
Mental health	(48,447)	
County environment and education	(726,975)	
Roads and transportation	(3,190,093)	
Governmental services to residents	(63,428)	
Administration	<u>(1,505,061)</u>	(8,488,794)
Book value of capital assets retired		(58,957)
Capital contribution		459,141
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,554)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		698,792
Special item to forgive deferred interest within Business-type activities.		(493,853)
<p>The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is a detail of the net effect of these differences in the treatment of long-term debt and related items:</p>		
Debt issued		(17,675,000)
Premium on debt issued		(558,751)
Bond issuance costs on debt issued		217,906
Repayment of bond principal		3,331,240
Amortization of bond premium and bond issuance costs		(37,738)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Accrued interest on debt		(12,650)
Change in claims payable		3,395
Change in compensated absences		(50,159)
Change in other post employment benefits obligation		(45,993)
Change in net position of governmental activities	\$	<u>(2,130,701)</u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Net Position
Proprietary Funds
As of June 30, 2013

	Business-Type Activities <u>Enterprise Fund - Golf Course</u>	Governmental Activities <u>Internal Service Funds</u>
Assets		
Current assets:		
Cash and investments	\$ 178,945	\$ 2,823,117
Receivables, accounts	58,314	-
Inventories	9,898	-
Total current assets	<u>247,157</u>	<u>2,823,117</u>
Noncurrent assets:		
Capital assets:		
Land	1,556,336	-
Buildings	506,490	-
Improvements other than buildings	663,428	-
Infrastructure	62,374	-
Machinery and equipment	1,143,759	-
Less accumulated depreciation	<u>(1,717,762)</u>	<u>-</u>
Total capital assets	<u>2,214,625</u>	<u>-</u>
Total noncurrent assets	<u>2,214,625</u>	<u>-</u>
Total assets	<u>\$ 2,461,782</u>	<u>\$ 2,823,117</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 37,792	\$ 4,288
Claims payable	-	485,907
Accrued liabilities	39,802	-
Unearned revenue	27,064	-
Compensated absences	<u>13,455</u>	<u>-</u>
Total current total liabilities	<u>118,113</u>	<u>490,195</u>
Noncurrent liabilities		
Compensated absences	<u>35,264</u>	<u>-</u>
Total noncurrent liabilities	<u>35,264</u>	<u>-</u>
Total liabilities	<u>153,377</u>	<u>490,195</u>
Net Position:		
Net investment in capital assets	2,214,625	-
Unrestricted	<u>93,780</u>	<u>2,332,922</u>
Total net position	<u>2,308,405</u>	<u>2,332,922</u>
Total liabilities and net position	<u>\$ 2,461,782</u>	<u>\$ 2,823,117</u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Revenues, Expenses and Changes in Net Position (Deficit)
 Proprietary Funds
 For the Year Ended June 30, 2013

	Business-Type Activities <u>Enterprise Fund - Golf Course</u>	Governmental Activities <u>Internal Service Funds</u>
Operating revenues:		
Charges for services	\$ 769,980	\$ 5,648,687
Sales, net of cost of goods sold of \$67,415	118,601	-
Other	1,678	-
Total operating revenues	<u>890,259</u>	<u>5,648,687</u>
Operating expenses:		
Personnel	612,313	-
Depreciation	61,961	-
Claims and administrative charges	-	5,294,453
Other	302,439	-
Total operating expenses	<u>976,713</u>	<u>5,294,453</u>
Operating income (loss)	<u>(86,454)</u>	<u>354,234</u>
Nonoperating revenues:		
Investment earnings	-	4,558
Total nonoperating revenues	<u>-</u>	<u>4,558</u>
Income (loss) before transfers and special items	(86,454)	358,792
Transfers in	80,679	340,000
Special item - advance forgiven	<u>4,535,447</u>	<u>-</u>
Change in net position	4,529,672	698,792
Total net position (deficit), beginning of year	(2,221,267)	1,634,130
Total net position, end of year	<u>\$ 2,308,405</u>	<u>\$ 2,332,922</u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2013

	Business-Type Activities Enterprise Fund - Golf Course	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 879,867	\$ 5,648,687
Customer deposits paid	3,071	-
Cash payments to suppliers for goods and services	(323,412)	(5,297,220)
Cash payments to employees for services	(611,007)	-
Net cash from operating activities	<u>(51,481)</u>	<u>351,467</u>
Cash flows from capital and related financing activities, Purchase of capital assets	<u>(49,905)</u>	-
Cash flows from noncapital financing activities, Transfers	<u>80,679</u>	340,000
Cash flows from investing activities, interest received	<u>-</u>	<u>4,558</u>
Net increase (decrease) in cash and cash equivalents	(20,707)	696,025
Cash and cash equivalents:		
Beginning	199,652	2,127,092
Ending	<u>\$ 178,945</u>	<u>\$ 2,823,117</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ (86,454)	\$ 354,234
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	61,961	-
Changes in assets and liabilities:		
Receivables	(10,392)	-
Inventories	(204)	-
Accounts payable	(25,241)	2,163
Claims payable	-	(4,930)
Accrued compensation	4,471	-
Compensated absences	1,307	-
Unearned revenues	3,071	-
Net cash from operating activities	<u>\$ (51,481)</u>	<u>\$ 351,467</u>
Noncash noncapital and related financing activities		
Forgiveness of Interfund advance due to General Fund	\$ 4,041,594	\$ -
Forgiveness of Interest payable due to General Fund	493,853	-
Total noncash noncapital and related financing activities	<u>\$ 4,535,447</u>	<u>\$ -</u>

See Notes to Basic Financial Statements.

County of Scott, Iowa

Statement of Assets and Liabilities

Agency Funds

As of June 30, 2013

Assets

Cash and investments	\$	10,112,098
Receivables:		
Property taxes		241,971,246
Accounts		22,318
Total assets	\$	252,105,662

Liabilities

Accounts payable	\$	508,829
Due to other governmental agencies		251,177,133
Due to private individuals		419,700
Total liabilities	\$	252,105,662

See Notes to Basic Financial Statements.

County of Scott, Iowa

Combining Statement of Net Position
Discretely Presented Component Units
As of June 30, 2013

	Emergency Management		
	Agency	County Library	Total
Assets			
Current assets:			
Cash and investments	\$ 243,922	\$ 191,604	\$ 435,526
Receivables:			
Accounts	-	188	188
Due from other governmental agencies	-	58,532	58,532
Total current assets	243,922	250,324	494,246
Noncurrent assets:			
Other post employment benefits asset	-	4,205	4,205
Capital assets:			
Land	-	16,600	16,600
Buildings	-	1,131,866	1,131,866
Machinery and Equipment	623,066	205,995	829,061
Accumulated depreciation	(348,190)	(458,586)	(806,776)
Total capital assets, net	274,876	895,875	1,170,751
Total noncurrent assets	274,876	900,080	1,174,956
Total assets	\$ 518,798	\$ 1,150,404	\$ 1,669,202
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 981	\$ 14,222	\$ 15,203
Accrued liabilities	4,357	36,122	40,479
Compensated absences	4,897	32,560	37,457
Total current liabilities	10,235	82,904	93,139
Noncurrent liabilities:			
Compensated absences	15,404	30,406	45,810
Other post employment benefits obligation	3,195	-	3,195
Total noncurrent liabilities	18,599	30,406	49,005
Total liabilities	28,834	113,310	142,144
Net Position:			
Net investment in capital assets	274,876	895,875	1,170,751
Unrestricted	215,088	141,219	356,307
Total net position	489,964	1,037,094	1,527,058
Total liabilities and net position	\$ 518,798	\$ 1,150,404	\$ 1,669,202

See Notes to Basic Financial Statements.

County of Scott, Iowa

Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Sales and Services	Operating Grants and Contributions	Emergency Management Agency	County Library	Total
Emergency Management Agency						
Public safety and legal services	\$ 177,149	\$ -	\$ 77,000	\$ (100,149)	\$ -	\$ (100,149)
County Library						
County environment and education	1,100,952	15,652	1,083,248	-	(2,052)	(2,052)
Total component units	\$ 1,278,101	\$ 15,652	\$ 1,160,248	(100,149)	(2,052)	(102,201)
General Revenues						
Miscellaneous				40,918	30,077	70,995
Total general revenues				40,918	30,077	70,995
Changes in Net Position				(59,231)	28,025	(31,206)
Net Position, beginning of year				549,195	1,009,069	1,558,264
Net Position, end of year				\$ 489,964	\$ 1,037,094	\$ 1,527,058

See Notes to Basic Financial Statements

County of Scott, Iowa

Notes To Basic Financial Statements As of and for the Year Ended June 30, 2013

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

Nature of operations:

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

Financial reporting entity:

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

Blended Component Units:

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

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

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013**

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

Discretely Presented Component Units:

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, including significant fiscal dependence from Scott County. The Code of Iowa provides for circumstances whereby the Commission can create a potential financial burden or benefit on the County.

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

None of the individual component units issue separate financial statements.

In addition, the GASB issued Statement No. 61, in November 2010, 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) fiscal dependency and Board Appointment, 2) Board Appointment and financial benefit or burden relationship, 3) or Board appointment and the ability to impose will on the potential component unit. Based on these additional criteria, there are no additional organizations which should be included in these basic financial statements.

Basis of presentation:

The County's basic financial statements consist of government-wide statements including a statement of net position 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 position 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.

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

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

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

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

Scott Emergency Communication Center Fund: To account for Scott Emergency Communication Center Fund revenue and other revenue that are restricted or committed to be used for public safety dispatch and communication services for all participating public safety answering points. The SECC fund is a blended component unit of the county. The Scott Emergency Communication Center Fund is a blended component unit special revenue fund.

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

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

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

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

Public Safety Authority Fund: To account for and report financial resources that are restricted, committed or assigned to the servicing of the Public Safety Authority debt not financed by a specific source. The Public Safety Authority Fund is a blended component unit debt service 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 that are restricted or committed to expenditures for specific purposes (other than debt service or capital projects).

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

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

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

Proprietary fund types: are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

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

The following is the County's major Enterprise Fund:

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

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

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

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

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

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

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

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

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

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

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

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

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

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

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

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

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

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

Riverside Fund: To account for funds held on behalf of the County Library 28E agreement.

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the discretely presented component unit financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013**

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

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.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified in May 2012, based on the 2011 assessed valuations. These taxes are due in two installments, on September 30 and March 31, with a 1.5 percent per month penalty for delinquent payment.

The business-type activities and enterprise funds follow all pronouncements of the Governmental Accounting Standards Board.

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.

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

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

Significant accounting policies:

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

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

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

Capital assets: Capital assets, including land, construction-in-progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Infrastructure also includes assets acquired prior to June 30, 1980. Capital assets are defined by the County as assets with an initial, individual cost of more than \$10,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

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

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

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

The County's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to County policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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

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

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

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term inter-fund loan receivables are reported as advances. Within the governmental funds, advances are offset equally by a fund balance nonspendable account which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting 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 percent of all hours above 720 up to a maximum of 1,680 hours or to be paid 25 percent of all hours available up to a maximum of 1,680 hours. Payment should not exceed 480 hours. The option is not selected until retirement. Employees hired after July 1, 2000 are paid 25 percent of all hours available up to a maximum of 1,680. Payment should not exceed 420 hours.

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

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

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

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

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

The County has adopted a fund balance policy for all governmental funds as follows: General Fund unassigned fund balance is to exceed 15% of annual operating expenses; Secondary Roads Fund restricted fund balances is to be between 5% and 10% of annual operating expenses; Mental Health / Developmental Disabilities Fund is to be between 5% and 10% of annual operating expenses; Debt Service Fund is to exceed a \$25,000 minimum balance and Rural Services Fund is to exceed \$25,000 minimum balance. As of June 30, 2013, the Secondary Roads Fund and the Mental Health / Developmental Disabilities Fund had fund balance restrictions at 41% and 0%, respectively. The Secondary Roads Fund exceeded the policy for a planned fiscal year 2014 275th Street repaving project and similar projects. The Mental Health / Developmental Disabilities Fund was below the policy level due to the required reduced funding from the state during the transition of Medicaid expenditures to the state service level. The fund balance will be replenished with future general tax support funding in fiscal year 2014. The fund balance policy for the Mental Health / Development Disabilities Fund was amended in August 2013 to require no minimum fund balance.

The Public Safety Authority and Scott Emergency Communication Center do not have a governmental fund balance policy.

Net position: Net position represents the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources. Net investment in capital assets 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 investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position is all other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

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

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

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

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013**

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

Budgetary information: Scott County 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 blending of component units require reclassifications of expenditures to the County to the blended component units. These expenditures are reclassified between transfers and service provided.

The County uses the following procedures when establishing their operational budget, excluding blended component units:

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

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

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

In addition, the County Board must appropriate, by resolution, the budgets for each of the different County offices and departments. Emphasis is placed on monitoring budgets at the departmental level by major class of expenditures, rather than by line item expenditure. County management can approve budget shifts within the major classes but not between major classes. During the year, there were two budget amendments adopted in February 2013 and May 2013.

Scott Emergency Communications Center did not budget for capital expenditures or Build America Bond Interest expense or credits in fiscal year 2013. Additionally there were no amendments to the 2013 budget. The legal level of control is at the entity level. The Public Safety Authority did not adopt a budget in fiscal year 2013.

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

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 2. Deposits and Investments

As of June 30, 2013, the County's cash and investments were as follows:

Cash on hand and deposits with financial institutions	\$ 31,135,389
Restricted cash and investments with financial institutions	18,109,809
Cash on hand and deposits with financial institutions, discretely presented component units	435,526
Cash on hand and deposits with financial institutions, agency funds	10,112,098
	<u>\$ 59,792,822</u>

Interest rate risk: Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the County's investment policy, portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.

As of June 30, 2013, the County had the following investments subject to interest rate risk:

Investments	Years to Maturity		
	Less than 1	1-5	Total
US Treasury - Certificate of Indebtedness	\$ 143,683	\$ -	\$ 143,683
US Treasury - Notes	143,870	17,603,161	17,747,031
Total	<u>\$ 287,553</u>	<u>\$ 17,603,161</u>	<u>\$ 17,890,714</u>

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County is authorized by statute to invest in U.S. government and agency obligations, perfected repurchase agreements and commercial paper rated within the two highest prime classifications by at least one of the standard rating services. The County's investment policy does limit them from investing in reverse repurchase agreements, futures and options contracts, inverse floaters, and stripped securities, including principal only and interest only strips.

As of June 30, 2013, the County did not have any investments subject to credit risk.

Custodial credit risk: For deposits, this is the risk that in the event of bank failure, the County's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all County funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2013, the County did not have any investments exposed to custodial credit risk. There were no deposits exposed to custodial credit risk.

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 3. Interfund Transfers

The following is a schedule of interfund transfers:

	<u>Transfers In</u>	<u>Transfer Out</u>
Governmental activities:		
Major governmental funds:		
General	\$ 4,122	\$ 14,579,309
Scott emergency communication center	7,418,851	-
Public safety authority	2,123,955	-
Secondary roads	2,875,234	-
Nonmajor governmental funds:		
Capital projects	3,925,549	4,122
Rural services	-	2,139,440
Recorders management fees	-	45,519
Internal service fund		
Health insurance	340,000	-
Total governmental activities	<u>16,687,711</u>	<u>16,768,390</u>
Business-type activities		
Nonmajor enterprise fund:		
Golf course	\$ 80,679	\$ -
Total Transfers	<u>\$ 16,768,390</u>	<u>\$ 16,768,390</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 4. Special Item

The County approved a forgiveness of an interfund advance between the General Fund and Golf-Course fund. The action forgave a \$4,041,594 advance and \$493,853 payable from Business-type activities to Governmental-type activities.

Note 5. Note Receivable

The County issued a note to Greater Davenport Redevelopment Corporation (GDRC) for the purpose of funding operating expenses. During 2008, the County modified the agreement, which increased the principal amount to \$116,175 and decreased the interest rate to 0 percent. The note is due upon the sale or conveyance by GDRC of any lot or parcel at a rate of \$688.75 per acre sold. As of June 30, 2013, the outstanding balance was \$58,777 and there are approximately 85 acres to be sold.

Scott County has entered into a subordination agreement with Wells Fargo in regards to the GDRC note. This subordination agreement states that if GDRC defaults on their loan of \$1,114,000 with Wells Fargo, the County will be unable to collect the \$58,777 note receivable; therefore, the note receivable has been presented as a noncurrent asset.

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 6. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2013:

Governmental Activities	Balance June 30, 2012*	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated				
Land	\$ 4,394,059	\$ 30,885	\$ -	\$ 4,424,944
Construction in progress	4,309,602	1,898,365	(1,223,844)	4,984,123
Total Capital Assets Not Being Depreciated	<u>8,703,661</u>	<u>1,929,250</u>	<u>(1,223,844)</u>	<u>9,409,067</u>
Capital assets being depreciated				
Buildings	75,645,599	1,323,037	(5,132)	76,963,504
Improvements other than buildings	5,500,415	253,371	(31,045)	5,722,741
Infrastructure	91,342,729	589,461	-	91,932,190
Machinery and equipment	29,397,786	1,644,047	(1,044,320)	29,997,513
Total Capital Assets Being Depreciated	<u>201,886,529</u>	<u>3,809,916</u>	<u>(1,080,497)</u>	<u>204,615,948</u>
Less: accumulated depreciation for				
Buildings	25,924,675	2,628,746	(4,618)	28,548,803
Improvements other than buildings	1,786,045	308,900	(26,980)	2,067,965
Infrastructure	55,129,929	2,797,406	-	57,927,335
Machinery and equipment	12,823,295	2,753,742	(989,942)	14,587,095
Total Accumulated Depreciation	<u>95,663,944</u>	<u>8,488,794</u>	<u>(1,021,540)</u>	<u>103,131,198</u>
Total Capital Assets Being Depreciated	<u>106,222,585</u>	<u>(4,678,878)</u>	<u>(58,957)</u>	<u>101,484,750</u>
Total Governmental Activities				
Capital Assets, Net of Depreciation	<u>\$ 114,926,246</u>	<u>\$ (2,749,628)</u>	<u>\$ (1,282,801)</u>	<u>\$ 110,893,817</u>

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 6. Capital Assets (Continued)

Business-Type Activities	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated				
Land	\$ 1,556,336	\$ -	\$ -	\$ 1,556,336
Construction in progress	23,872	-	23,872	-
Total Capital Assets Not Being Depreciated	1,580,208	-	23,872	1,556,336
Capital assets being depreciated				
Buildings	506,490	-	-	506,490
Improvements other than buildings	663,428	-	-	663,428
Infrastructure	62,374	-	-	62,374
Machinery and equipment	1,069,983	73,776	-	1,143,759
Total Capital Assets Being Depreciated	2,302,275	73,776	-	2,376,051
Less: accumulated depreciation for				
Buildings	195,350	10,130	-	205,480
Improvements other than buildings	604,405	8,464	-	612,869
Infrastructure	62,374	-	-	62,374
Machinery and equipment	793,672	43,367	-	837,039
Total Accumulated Depreciation	1,655,801	61,961	-	1,717,762
Total Capital Assets Being Depreciated	646,474	11,815	-	658,289
Business-Type Activities				
Capital Assets, Net of Depreciation	\$ 2,226,682	\$ 11,815	\$ 23,872	\$ 2,214,625

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

Discretely Presented Component Units	Balance June 30, 2012 *	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated				
Land	\$ 16,600	\$ -	\$ -	\$ 16,600
Total Capital Assets Not Being Depreciated	16,600	-	-	16,600
Capital assets being depreciated				
Buildings	1,131,866	-	-	1,131,866
Machinery and equipment	803,071	25,990	-	829,061
Total Capital Assets Being Depreciated	1,934,937	25,990	-	1,960,927
Less: accumulated depreciation for				
Buildings	247,443	30,211	-	277,654
Machinery and equipment	452,736	76,386	-	529,122
Total Accumulated Depreciation	700,179	106,597	-	806,776
Total Capital Assets Being Depreciated	1,234,758	(80,607)	-	1,154,151
Total Governmental Activities				
Capital Assets, Net of Depreciation	\$ 1,251,358	\$ (80,607)	\$ -	\$ 1,170,751

* Some beginning balances have been restated due to the County's implementation of GASB #61. See Note 17 - Restatement for further details.

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 6. Capital Assets (Continued)

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

Governmental Activities:	
Public safety and legal services	\$ 1,390,734
Public safety and legal services - SECC	1,535,790
Physical health and social services	28,266
Mental health	48,447
County environment and education	726,975
Roads and transportation	3,190,093
Governmental services to residents	63,428
Administration	1,505,061
Total Governmental Activities Depreciation Expense	\$ 8,488,794
Business-Type activities, golf course	<u>\$ 61,961</u>

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	Balance June 30, 2012 *	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 14,080,000	\$ -	\$ 1,625,000	\$ 12,455,000	\$ 1,685,000
Revenue bonds	21,210,000	17,675,000	1,245,000	37,640,000	1,300,000
Add / deduct deferred amount for:					
Discount	(256,192)	-	(31,701)	(224,491)	-
Premium	46,251	558,751	44,428	560,574	-
Subtotal for bonds	<u>35,080,059</u>	<u>18,233,751</u>	<u>2,882,727</u>	<u>50,431,083</u>	<u>2,985,000</u>
Other Liabilities:					
Compensated absences	2,956,039	1,624,131	1,607,593	2,972,577	1,792,330
Note Payable	10,099,923	-	461,240	9,638,683	476,240
Note Payable - discount	(72,993)	-	(6,607)	(66,386)	-
Other post employment benefits	355,046	117,152	71,159	401,039	-
Claims payable	889,520	4,814,291	4,824,455	879,356	689,848
Total Governmental Activities Long-Term Liabilities	\$ 49,307,594	\$ 24,789,325	\$ 9,840,567	\$ 64,256,352	\$ 5,943,418
	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Business-Type Activities:					
Other Liabilities:					
Compensated absences	\$ 47,412	\$ 14,100	\$ 12,793	\$ 48,719	\$ 13,455

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 7. Long-Term Liabilities (Continued)

	Balance June 30, 2012 *	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Discretely Presented Component					
Units Activities:					
Other Liabilities					
Compensated absences	\$ 74,976	\$ 45,463	\$ 37,172	\$ 83,267	\$ 37,457
Other post employment benefits	(1,757)	747	-	(1,010)	-
Total Discretely Presented Component					
Units Long-Term Liabilities	<u>\$ 73,219</u>	<u>\$ 46,210</u>	<u>\$ 37,172</u>	<u>\$ 82,257</u>	<u>\$ 37,457</u>

* Some beginning balances have been restated due to the County's implementation of GASB #61. See Note 17 – Restatement for further details.

General Obligation Bonds

General obligation bonds outstanding as of June 30, 2013 consist of \$835,000 of solid waste refunding bonds with interest rates ranging from 3.6 percent to 3.8 percent, \$855,000 of general obligation geographic information systems bonds with interest at rates ranging from 4.0 percent to 4.1 percent, \$9,110,000 of general obligation emergency equipment bonds with interest at rates ranging from 1.5 percent to 5.8 percent, and \$1,655,000 of urban renewal refunding bonds with interest at rates ranging from 2.5 percent to 3.0%.

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

On July 13, 2006, the County issued \$2,500,000 in General Obligation Geographic Information System Bonds, Series 2006A. The bonds were issued to finance improvements to the County's Geographic Information System and related costs. The bonds are due in annual installments of \$275,000 to \$295,000 through 2016 at interest rates from 4.0 percent to 4.1 percent.

On December 17, 2009, the County issued \$10,445,000 in General Obligation Emergency Equipment Bonds, Series 2009A. The bonds were issued to finance the acquisition of emergency equipment and related costs. The bonds are due in annual installments of \$460,000 to \$720,000 through 2029 at interest rates from 1.5 percent to 5.8 percent.

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

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013**

Note 7. Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

The debt service requirements on the general obligation bonds outstanding as of June 30, 2013 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,685,000	\$ 565,347	\$ 2,250,347
2015	1,440,000	506,965	1,946,965
2016	1,195,000	456,325	1,651,325
2017	925,000	412,430	1,337,430
2018	505,000	378,800	883,800
2019-2023	2,745,000	1,526,415	4,271,415
2024-2028	3,240,000	762,945	4,002,945
2029	720,000	41,760	761,760
Total	<u>\$ 12,455,000</u>	<u>\$ 4,650,987</u>	<u>\$ 17,105,987</u>

The computation of the County's legal margin as of June 30, 2013 is as follows:

2011 assessed valuation	\$ 12,232,570,545
Less military exemption	<u>(17,715,296)</u>
Total assessed value	<u>\$ 12,214,855,249</u>
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 610,742,762
Total amount of debt applicable to debt margin	<u>(50,095,000)</u>
Legal debt margin	<u>\$ 560,647,762</u>

Revenue Bonds

Revenue bonds outstanding as of June 30, 2013 consist of \$19,965,000 of Jail Lease Revenue bonds with interest rates ranging from 3.75 percent to 4.375 percent and \$17,675,000 of Jail Lease Refunding bonds ranging from 1.60 percent to 2.00 percent.

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

On December 27, 2012, the Public Safety Authority, a blended component unit, issued \$9,750,000 Jail Facilities Revenue Refunding Bonds, Series 2012. The bonds were issued for the purpose of crossover refunding the Public Safety Authority Jail Facilities Revenue Bonds, Series 2006. The bonds were issued with interest rates ranging from 1.60 percent to 2.00 percent.

On January 9, 2013, the Public Safety Authority, a blended component unit, issued \$7,925,000 Jail Facilities Revenue Refunding Bonds, Series 2013. The bonds were issued for the purpose of crossover refunding the Public Safety Authority Jail Facilities Revenue Bonds, Series 2006. The bonds were issued with interest rates of 2.00 percent.

County of Scott, Iowa

Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013

Note 7. Long-Term Liabilities (Continued)

Revenue Bonds (Continued)

On December 27, 2012, the Public Safety Authority issued \$9,750,000 in Jail Facilities Revenue Refunding Bonds with an average interest rate of 1.797% to advance refund \$9,440,000 of 2006 Jail Facilities Revenue outstanding bonds with an average interest rate of 4.29%. The net proceeds of \$9,804,614 (after payment of \$119,175 in underwriting fees, insurance and other issuance costs and a reoffering premium of \$175,885) were used to purchase U.S. government securities. Those securities were deposited in an account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account are recorded in the financial statements. This type of advance refunding is commonly called a crossover refunding.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$13,743,288 from June 1, 2013 through June 1, 2025. The cash flow requirements on the 2012 refunding bonds are \$11,534,147 from June 1, 2013 through June 1, 2025. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,425,027.

On January 9, 2013, the Public Safety Authority issued \$7,925,000 in Jail Facilities Revenue Refunding Bonds with an average interest rate of 2.00% to advance refund \$7,875,000 of 2006 Jail Facilities Revenue outstanding bonds with an average interest rate of 4.04%. The net proceeds of \$8,204,564 (after payment of \$99,563 in underwriting fees, insurance and other issuance costs and a reoffering premium of \$382,866) were used to purchase U.S. government securities. Those securities were deposited in an account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account are recorded in the financial statements. This type of advance refunding is commonly called a crossover refunding.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$9,674,463 from June 1, 2013 through June 1, 2021. The cash flow requirements on the 2013 refunding bonds are \$8,793,719 from June 1, 2013 through June 1, 2021. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$442,772.

The debt service requirements on the revenue bonds outstanding as of June 30, 2013 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,300,000	\$ 1,163,123	\$ 2,463,123
2015	1,350,000	1,111,122	2,461,122
2016	3,025,000	1,057,123	4,082,123
2017	3,120,000	968,422	4,088,422
2018	3,200,000	876,623	4,076,623
2019-2023	17,715,000	2,870,044	20,585,044
2024-2025	7,930,000	370,123	8,300,123
Total	<u>\$ 37,640,000</u>	<u>\$ 8,416,580</u>	<u>\$ 46,056,580</u>

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013**

Note 7. Long-Term Liabilities (Continued)

Revenue Bonds (Continued)

The County has pledged as security for bonds issued by the Public Safety Authority, a blended component unit, a portion of the County's property taxes. The bonds issued by the Public Safety Authority in February 2006 in the amount of \$29,700,000 for the purpose of renovation and construction additions to existing jail facilities are payable through 2025. The bonds issued by the Public Safety Authority in December 2012 and January 2013 in the amount of \$9,750,000 and \$7,925,000, respectively, for the purposes of crossover refunding the 2006 bond issue. The County has committed to appropriate each year, from the property taxes, amount sufficient to cover the principal and interest requirements on the Public Safety Authority's debt. The Public Safety Authority has pledged as sole security for the bonds the appropriation from the County. Annual principal and interest payment on the bonds are expected to require 100% of lease payments received. Total principal and interest remaining on the debt is \$46,056,580 with annual requirements ranging from \$2,461,122 to \$4,155,781 after consideration of the crossover refunding in 2015. Property taxes, from which the appropriations will be made, have been equal to the principal and interest amount owed per year before consideration of restricted assets for the cross over refunding. For the current year, principal and interest paid by the Public Safety Authority and the total property taxes recognized by the County were \$2,122,305 each.

Notes Payable

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

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

The debt service requirements on the notes payable outstanding as of June 30, 2013 are as follows:

Year Ending June 30	City of Davenport SECC Note			City of Davenport GO Note		
	Total	Principal	Interest	Total	Principal	Interest
2014	\$ 86,240	\$ 86,240	\$ -	\$ 833,893	\$ 390,000	\$ 443,893
2015	86,240	86,240	-	837,193	405,000	432,193
2016	86,240	86,240	-	838,827	420,000	418,827
2017	86,240	86,240	-	843,077	440,000	403,077
2018	86,240	86,240	-	845,257	460,000	385,257
2019-2023	172,483	172,483	-	4,258,240	2,665,000	1,593,240
2024-2028	-	-	-	4,289,545	3,460,000	829,545
2029	-	-	-	841,110	795,000	46,110
Total	\$ 603,683	\$ 603,683	\$ -	\$ 13,587,142	\$ 9,035,000	\$ 4,552,142

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and for the Year Ended June 30, 2013**

Note 7. Long-Term Liabilities (Continued)

Other Long-Term Liabilities

Compensated absences attributable to governmental activities are generally liquidated by the General Fund and Scott Emergency Communication Center Fund. Claims payable are generally liquidated by the General Fund and the Self – Insurance Fund of the County. The net pension obligation is liquidated by the individual fund paying corresponding salaries. Net other postemployment benefit obligations are liquidated by the Internal Service Health and Dental Funds.

Note 8. 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 5.78 percent of their annual covered salary and the County is required to contribute 8.67 percent of annual covered payroll, except for sheriff deputies, in which case the percentages are 9.90 percent and 9.90 percent, respectively and conservation peace officers, in which case the percentages are 6.84 percent and 10.27 percent, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$2,516,323, \$2,299,215, and \$1,985,400 respectively, equal to the required contributions for each year.

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013**

Note 9. Other Postemployment Benefits

Plan description: The County sponsors a single-employer health care plan that provides medical, prescription drugs, dental and vision benefits to all active and retired employees and their eligible dependents. Sheriff's deputies must be a minimum of age 50 with 22 or more years of service to be eligible for retiree benefits. All other employees must be a minimum of age 55 with 20 or more years of service to be eligible for retiree benefits. Eligibility requirements under IPERS is summarized as follows: Normal Retirement -a) General Employees -age 65, any age when age plus years of service equal or exceed 88 with a minimum age of 55, or age 62 with 20 years of service, b) Sheriffs and Deputies -age 55 or age 50 with 22 years of service. The plan does not issue a stand-alone financial report.

Funding policy: The health insurance plan contributions on behalf of employees are negotiated by management and the union and governed by the County's union contracts. Employees pay all or a portion of the premium in excess of the full single rate premium. The current funding policy of the County is to pay health claims as they occur.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2013, the County contributed \$71,159. Retiree and active members receiving benefits have required monthly contributions of:

	<u>Single</u>	<u>Family</u>
Health	\$ 463	\$ 1,262
Dental	29	87
Vision	6	15

Annual OPEB cost and net OPEB obligation: The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the County's annual OPEB obligation:

Annual required contribution	\$ 123,690
Interest on net OPEB obligation	15,898
Adjustment to annual required contribution	<u>(21,689)</u>
Annual OPEB cost	117,899
Contributions and payments made	<u>(71,159)</u>
Increase in net OPEB obligation	46,740
Net OPEB obligation - beginning of year	<u>353,289</u>
Net OPEB obligation - end of year	<u><u>\$ 400,029</u></u>

County of Scott, Iowa

Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013

Note 9. Other Postemployment Benefits (Continued)

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

<u>Year Ending June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 162,985	38.8%	\$ 296,353
2012	161,349	65.1%	353,289
2013	117,899	60.4%	400,029

Funded status and funding progress: As of January 1, 2013, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$1,076,019 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UML) of \$1,076,019. The covered payroll (annual payroll of active employees covered by the plan) was \$24,311,861 and the ratio of the UML to the covered payroll was 4.4 percent.

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

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5 percent investment rate of return, salary increases of 4 percent, health care cost trend rates of: 6 percent for year 1, 5 percent for following years; mortality rates using the 2001 CSO Mortality Table, retiree participation rate of 70 percent, an initial spouse participation rate of 50 percent and turnover rates based on Scale T-6 of the Actuary's Pension Handbook. The UML is being amortized as a level dollar amount on an open basis. The amortization of UML is done over a period of 30 years.

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013**

Note 10. 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 \$500,000 per claim for workers' compensation. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount with \$10,000,000 maximum coverage on general and automobile liability, \$98,433,456 maximum coverage on property and \$2,000,000 maximum coverage on workers' compensation. Settled claims have not exceeded the commercial coverage in any of the past three years. All claims handling procedures are performed by the County.

The County is self-insured for health and dental care of its employees. This activity is accounted for within the County's Internal Service Fund. Charges were made to the operating funds based upon estimated premium equivalency amounts.

Self-insurance is in effect up to a stop loss amount of approximately \$150,000 per claim for health care. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount of 125% of total claims. Settled individual claims have exceeded the commercial coverage in fiscal year 2013.

As of June 30, 2013, the amount of liabilities recorded for estimated claim settlements for general, automobile, property and workers' compensation liability claims was \$393,449 of which \$9,508 was recorded in the General Fund. The County has assigned \$383,941 of General Fund balance for payment of future claims liability.

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013**

Note 10. Risk Management and Insurance (Continued)

The changes in the aggregate liabilities for general, automobile, property and workers' compensation liability claims are as follows:

	2013	2012
Claims payable, beginning of year	\$ 398,656	\$ 694,052
Claims expense and change in reserve	213,255	825,904
Claims payments	(218,462)	(1,121,300)
Claims payable, end of year	<u>\$ 393,449</u>	<u>\$ 398,656</u>

The changes in the aggregate liabilities for health care and dental claims are as follows:

	2013	2012
Claims payable, beginning of year	\$ 490,837	\$ 386,796
Claims expense and change in reserve	4,605,993	4,727,632
Claims payments	(4,610,923)	(4,623,591)
Claims payable, end of year	<u>\$ 485,907</u>	<u>\$ 490,837</u>

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

Note 11. 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, 2013, there were two series of revenue bonds outstanding. The aggregate principal balance of the revenue bonds outstanding is \$14,275,000.

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013**

Note 12. Scott Area Solid Waste Management Commission Agreement

In June 1995, the County issued \$7,100,000 in General Obligation County Solid Waste Disposal Bonds for which the County pledged its full faith and credit and power to levy direct general ad valorem taxes without limit as to rate or amount. On March 1, 2007, Scott County issued \$3,685,000 in General Obligation County Solid Waste Disposal Refunding Bonds, Series 2007A to refund \$3,645,000 of outstanding Scott Area Solid Waste Management Commission Solid Waste Disposal Revenue Bond, Series 1995. The net proceeds were used to call the Series 1995 Bonds. The total amount of the bonds outstanding as of June 30, 2013 is \$835,000.

The County loaned the proceeds from the sale of the bonds to the Scott Area Solid Waste Management Commission ("the Commission") for the acquisition, construction and equipping of a material recovery system, recovery facility and a new landfill ("the Project") pursuant to the Financing Agreement by and between the County and the Commission. To obligate itself under the Financing Agreement, the Commission issued a \$7,100,000 Solid Waste Disposal Revenue Bond to the County pursuant to a resolution dated April 11, 1995. The repayment of the Revenue Bond corresponds to the payment of the Bonds by the County and \$835,000 remains outstanding as of June 30, 2013.

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

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

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

County of Scott, Iowa

Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013

Note 13. Fund Balances

Governmental fund balances reported on the fund financial statements at June 30, 2013 are:

	General	Mental Health/ Development Disability	Secondary Roads	Debt Service
Fund Balances (Deficit):				
Nonspendable				
Notes receivable	\$ 58,777	\$ -	\$ -	\$ -
Prepays	131,406	-	-	-
Subtotal Nonspendable	<u>190,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted				
Debt service	-	-	-	1,644,097
County conservation				
sewage treatment	212,430	-	-	-
Secondary roads	-	-	2,320,739	-
Emergency services	-	-	-	-
Records management fee	-	-	-	-
Rural services	-	-	-	-
Other statutory programs	926,297	-	-	-
Subtotal Restricted	<u>1,138,727</u>	<u>-</u>	<u>2,320,739</u>	<u>1,644,097</u>
Assigned				
Capital projects	3,150,000	-	-	-
Claim liabilities	383,941	-	-	-
Health claim liability	150,000	-	-	-
Subtotal Assigned	<u>3,683,941</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned (Deficit)	10,041,990	(388,176)	-	-
Total Fund Balances	<u>\$ 15,054,841</u>	<u>\$ (388,176)</u>	<u>\$ 2,320,739</u>	<u>\$ 1,644,097</u>

County of Scott, Iowa

Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013

Note 13. Fund Balances (Continued)

	Scott Emergency Communication Center	Public Safety Authority	Nonmajor Governmental	Total
Fund Balances (Deficit):				
Nonspendable				
Notes receivable	\$ -	\$ -	\$ -	\$ 58,777
Prepays	-	-	-	131,406
Subtotal Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,183</u>
Restricted				
Debt Service	-	17,897,379	-	19,541,476
County conservation				
sewage treatment	-	-	-	212,430
Secondary Roads				
Emergency Services	2,689,733	-	-	2,689,733
Records management fee	-	-	42,194	42,194
Rural services	-	-	154,168	154,168
Other statutory programs	-	-	-	926,297
Subtotal Restricted	<u>2,689,733</u>	<u>17,897,379</u>	<u>196,362</u>	<u>25,887,037</u>
Assigned				
Capital projects	-	-	5,494,375	8,644,375
Claim liabilities	-	-	-	383,941
Health claim liability	-	-	-	150,000
Subtotal Assigned	<u>-</u>	<u>-</u>	<u>5,494,375</u>	<u>9,178,316</u>
Unassigned (Deficit)	-	-	-	9,653,814
Total Fund Balances	<u><u>\$ 2,689,733</u></u>	<u><u>\$ 17,897,379</u></u>	<u><u>\$ 5,690,737</u></u>	<u><u>\$ 44,909,350</u></u>

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 software implementation projects that are estimated to be approximately \$807,000.

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

County of Scott, Iowa

**Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013**

Note 16. Governmental Accounting Standards Board (GASB) Statements

The County adopted the following statements as of July 1, 2012:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, was effective for the County beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity. It amends Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government. The Statement also clarifies the reporting of equity interests in legally separate organizations. See Note 1 for additional information regarding the financial reporting entity. See Note 17 for restatement information of net position and fund balance of blended component units.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued December 2010, was effective for the County beginning with its year ending June 30, 2013. This Statement is intended to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. See Note 1 for additional information regarding accounting and financial reporting guidance.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued in June 2011, was effective for the County beginning with its year ending June 30, 2013. This statement establishes guidance for reporting deferred outflows of resources and deferred inflows of resources, and renames net assets to net position in a statement of financial position.

Note 17. Restatement

The County implemented GASB Statement Number 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* as of July 1, 2012. The implementation of the statement required the inclusion of the Scott Emergency Communication Center and Public Safety Authority as blended component units of the County. The impact to net position and fund balances is as follows :

	Governmental Type Activities	Component Units	Governmental Funds
Net Position / Fund Balance as of June 30, 2012:	\$ 82,235,411	\$ 16,311,133	\$25,619,960
Inclusion of Scott Emergency Communication Center	14,598,543	(14,598,543)	2,762,297
Inclusion of Public Safety Authority	<u>154,326</u>	<u>(154,326)</u>	<u>-</u>
Restated Net Position / Fund Balance as of June 30, 2012	<u>\$ 96,988,280</u>	<u>\$ 1,558,264</u>	<u>\$28,382,257</u>

County of Scott, Iowa

Notes To Basic Financial Statements
As of and For the Year Ended June 30, 2013

Note 18. Governmental Accounting Standards Board (GASB) Statements (Continued)

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

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the County beginning with its year ending June 30, 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.
- GASB Statement No. 66, *Technical Corrections - 2012- an amendment of GASB statement No. 10 and No. 62.*, issued March 2012, will be effective for the County beginning with its year ending June 30, 2014. This statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASDB and AICPA Pronouncements*.
- GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012, will be effective for the County beginning with its year ending June 30, 2015. This statement will improve financial reporting by state and local governmental pension plans. The statement establishes accounting and financial reporting requirements related to pension for governments whose employees are provided with pension through pension plans that are within the scope of the statement.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012, will be effective for the County beginning with its year ending June 30, 2015. This statement will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pension this is provided by other entities.
- GASB Statement No. 69, *Government Combinations and Disposal of Government Operations*, issued January 2013, will be effective for the County beginning with its year ending June 30, 2015. This statement established accounting and financial reporting standards related to government combinations and disposals of government operations.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for the County beginning with its year ending June 30, 2014. This statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees.

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

County of Scott, Iowa

**Required Supplementary Information
Other Postemployment Benefit Plan
As of and For the Year Ended June 30, 2013**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Net Position (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
1/1/2009	\$ -	\$ 1,770,912	\$ 1,770,912	0.00%	\$20,080,910	8.82%
1/1/2011	-	1,473,922	1,473,922	0.00%	23,130,003	6.37%
1/1/2013	-	1,076,019	1,076,019	0.00%	24,311,861	4.43%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of January 1, 2013. Additional information follows:

- a. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: 1) 4.5 percent investment rate of return, 2) salary increases of 4 percent, 3) health care cost trend rates of: 6 percent for year 1, 5 percent for 2 and beyond, 4) mortality rates using the 2001 CSO Mortality Table, 5) retiree participation rate of 70 percent, 6) an initial spouse participation rate of 50 percent and 7) turnover rates based on Scale T-6 of the Actuary's Pension Handbook.
- d. The amortization method is level dollar amount on an open basis.

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

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County of Scott, Iowa

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds - Primary Government
 For the Year Ended June 30, 2013

	Budget		Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 46,511,841	\$ 46,511,841	\$ 46,158,852	\$ (352,989)
Local option sales tax	4,052,754	4,098,552	4,098,552	-
Other taxes	2,240,369	2,240,369	2,248,606	8,237
Interest and penalties on taxes	780,000	780,000	816,474	36,474
Intergovernmental	20,950,823	11,696,302	12,138,820	442,518
Charges for services	5,037,746	5,236,050	5,562,494	326,444
Investment earnings	140,322	140,322	100,748	(39,574)
Licenses and permits	631,170	628,183	772,296	144,113
Rentals and fees	207,350	221,171	176,562	(44,609)
Other	402,950	612,671	1,011,501	398,830
Total revenues	80,955,325	72,165,461	73,084,905	919,444
Expenditures				
Current:				
Public safety and legal services	28,801,440	28,772,198	27,661,019	1,111,179
Physical health and social services	6,107,415	6,022,793	5,256,671	766,122
Mental health	16,926,575	8,587,246	8,216,389	370,857
County environment and education	4,662,956	4,734,314	4,510,564	223,750
Roads and transportation	5,780,000	5,759,551	4,969,030	790,521
Government services to residents	2,284,878	2,333,604	2,178,373	155,231
Nonprogram current	-	5,025,447	4,462,273	563,174
Administration	9,890,135	9,754,128	9,126,198	627,930
Capital outlay	3,989,030	4,678,187	3,751,883	926,304
Debt service	4,363,865	4,363,865	4,363,865	-
Total expenditures	82,806,294	80,031,333	74,496,265	5,535,068
Excess (deficiency) of revenues over expenditures	(1,850,969)	(7,865,872)	(1,411,360)	6,454,512
Other financing sources (uses):				
Transfers in	10,635,264	12,195,264	17,918,369	5,723,105
Transfers out	(10,635,264)	(12,195,264)	(17,918,369)	(5,723,105)
Proceeds from sale of capital assets	224,000	64,000	113,638	49,638
Total other financing sources (uses)	224,000	64,000	113,638	49,638
Net change in fund balances	\$ (1,626,969)	\$ (7,801,872)	\$ (1,297,722)	\$ 6,504,150

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

County of Scott, Iowa

Required Supplementary Information
 Budgetary Comparison Schedule
 Scott Emergency Communication Center
 For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Revenues:			
Intergovernmental	\$ 7,303,080	\$ 7,303,080	\$ 151,743
Other	-	-	62
Total revenues	7,303,080	7,303,080	151,805
Expenditures			
Current:			
Public safety and legal services	6,580,922	6,580,922	6,016,487
Capital outlay	-	-	712,225
Debt service	755,864	755,864	914,508
Total expenditures	7,336,786	7,336,786	7,643,220
Excess (deficiency) of revenues over expenditures	(33,706)	(33,706)	(7,491,415)
Other financing sources (uses):			
Transfers in	-	-	7,418,851
Total other financing sources (uses)	-	-	7,418,851
Net change in fund balances	\$ (33,706)	\$ (33,706)	\$ (72,564)

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

Budgetary Adjustments	Reclassificaitons	Total	Variance with Final Budget Favorable (Unfavorable)
\$ (151,743)	\$ 7,418,851	\$ 7,418,851	\$ 115,771
-	-	62	62
(151,743)	7,418,851	7,418,913	115,833
-	-	6,016,487	564,435
(712,225)	-	-	-
(151,743)	-	762,765	(6,901)
(863,968)	-	6,779,252	557,534
712,225	7,418,851	639,661	673,367
-	(7,418,851)	-	-
-	(7,418,851)	-	-
\$ 712,225	\$ -	\$ 639,661	\$ 673,367

County of Scott, Iowa

Schedule of Comparison
 Budgetary Comparison Schedule
 All Governmental Funds to Primary Government Budgeted Funds
 For the Year Ended June 30, 2013

	Governmental Fund Types Actual	Scott Emergency Communications Center Component Unit	Public Safety Authority Component Unit	Reclassifications	Budgetary Basis
Revenues:					
Property taxes	\$ 46,158,852	\$ -	\$ -	\$ -	\$ 46,158,852
Local option sales tax	4,098,552	-	-	-	4,098,552
Other taxes	2,248,606	-	-	-	2,248,606
Interest and penalties on taxes	816,474	-	-	-	816,474
Intergovernmental	12,290,563	(151,743)	-	-	12,138,820
Charges for services	5,562,494	-	-	-	5,562,494
Investment earnings	120,569	-	(19,821)	-	100,748
Licenses and permits	772,296	-	-	-	772,296
Rentals and fees	176,562	-	-	-	176,562
Other	1,011,563	(62)	-	-	1,011,501
Total revenues	73,256,531	(151,805)	(19,821)	-	73,084,905
Expenditures					
Current:					
Public safety and legal services	26,258,655	(6,016,487)	-	7,418,851	27,661,019
Physical health and social services	5,256,671	-	-	-	5,256,671
Mental health	8,216,389	-	-	-	8,216,389
County environment and education	4,510,564	-	-	-	4,510,564
Roads and transportation	4,969,030	-	-	-	4,969,030
Government services to residents	2,178,373	-	-	-	2,178,373
Nonprogram current	-	-	-	4,462,273	4,462,273
Administration	9,121,578	-	-	4,620	9,126,198
Capital outlay	4,464,108	(712,225)	-	-	3,751,883
Debt service	5,639,186	(914,508)	(2,480,148)	2,119,335	4,363,865
Total expenditures	70,614,554	(7,643,220)	(2,480,148)	14,005,079	74,496,265
Excess (deficiency) of revenues over expenditures	2,641,977	7,491,415	2,460,327	(14,005,079)	(1,411,360)
Other financing sources (uses):					
Transfers in	16,347,711	(7,418,851)	(2,123,955)	11,113,464	17,918,369
Transfers out	(16,768,390)	-	-	(1,149,979)	(17,918,369)
Debt issued	17,675,000	-	(17,675,000)	-	-
Premium on debt issued	558,751	-	(558,751)	-	-
Proceeds from sale of capital assets	113,638	-	-	-	113,638
Total other financing sources (uses)	17,926,710	(7,418,851)	(20,357,706)	9,963,485	113,638
Special item - forgiveness of advance	(4,041,594)	-	-	4,041,594	-
Net change in fund balances	\$ 16,527,093	\$ 72,564	\$ (17,897,379)	\$ -	\$ (1,297,722)

See Independent Auditors' Report and Notes to Required Supplementary Information

County of Scott, Iowa

**Note to Required Supplementary Information
As of and For the Year Ended June 30, 2013**

Note 1. Budgetary Comparison Schedule

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget following required public notice and hearing for all governmental funds. The budget basis of accounting is in accordance with accounting principles generally accepted in the United States of America. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten 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, nonprogram current, administration, capital outlay and debt service. Function expenditures required to be budgeted do not include expenses for the enterprise fund. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments decreased budgeted expenditures by \$2,774,961. The budget amendment was primarily due to the decrease of mental health fund services and transfer of equity to forgive an interfund advance.

The Public Safety Authority did not adopt a budget in fiscal year 2013.

Reclassifications consist of revenues and expenditures that are transferred from the primary government to the blended component unit, as well as reclassification of budgetary object classifications such as nonprogram current and debt service expenditures.

See Independent Auditors' Report.

County of Scott, Iowa

Combining Balance Sheet
 Nonmajor Governmental Funds
 As of June 30, 2013

	Special Revenue			Total
	Rural Services Fund	Recorders Management Fees Fund	Capital Projects	
Assets				
Cash and investments	\$ 154,044	\$ 41,790	\$ 5,698,389	\$ 5,894,223
Receivables:				
Property taxes	2,773,754	-	-	2,773,754
Accounts	-	404	16,593	16,997
Due from other governmental agencies	-	-	1,280	1,280
Total assets	\$ 2,927,798	\$ 42,194	\$ 5,716,262	\$ 8,686,254
Liabilities and Fund Balances				
Accounts Payable	\$ -	\$ -	\$ 221,887	\$ 221,887
Deferred Revenue	2,773,630	-	-	2,773,630
Total Liabilities	\$ 2,773,630	\$ -	\$ 221,887	\$ 2,995,517
Fund balances				
Restricted	154,168	42,194	-	196,362
Assigned	-	-	5,494,375	5,494,375
Total fund balance	154,168	42,194	5,494,375	5,690,737
Total liabilities and fund balances	\$ 2,927,798	\$ 42,194	\$ 5,716,262	\$ 8,686,254

County of Scott, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue				
	Rural Services Fund	Recorders Management Fees Fund		Capital Projects	Total
Revenues:					
Property taxes	\$ 2,589,199	\$ -	\$ -	\$ -	\$ 2,589,199
Other taxes	72,833	-	579,504	-	652,337
Intergovernmental	93,536	-	-	-	93,536
Charges for services	-	39,163	17,223	-	56,386
Investment earnings	-	132	635	-	767
Other	-	-	104,992	-	104,992
Total revenues	2,755,568	39,295	702,354	-	3,497,217
Expenditures:					
Current:					
County environment and education	532,955	-	-	-	532,955
Capital outlay	-	-	3,058,868	-	3,058,868
Total Expenditures	532,955	-	3,058,868	-	3,591,823
Excess (deficiency) of revenue over expenditures	2,222,613	39,295	(2,356,514)	-	(94,606)
Other financing sources (uses):					
Transfers in	-	-	3,925,549	-	3,925,549
Transfers out	(2,139,440)	(45,519)	(4,122)	-	(2,189,081)
Proceeds from sale of capital assets	-	-	98,638	-	98,638
Total Other Financing Sources (Uses)	(2,139,440)	(45,519)	4,020,065	-	1,835,106
Net change in fund balances	83,173	(6,224)	1,663,551	-	1,740,500
Fund balances, beginning of year	70,995	48,418	3,830,824	-	3,950,237
Fund balances, end of year	\$ 154,168	\$ 42,194	\$ 5,494,375	\$ -	\$ 5,690,737

County of Scott, Iowa

Combining Statement of Net Position
 Internal Service Funds
 As of June 30, 2013

	Internal Service Funds		
	Dental Insurance Fund	Health Insurance Fund	Total
Assets			
Current assets:			
Cash and investments	\$ 146,867	\$ 2,676,250	\$ 2,823,117
Total assets	\$ 146,867	\$ 2,676,250	\$ 2,823,117
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 2,298	\$ 1,990	\$ 4,288
Claims payable	15,757	470,150	485,907
Total liabilities	18,055	472,140	490,195
Net Position:			
Unrestricted	128,812	2,204,110	2,332,922
Total Net Position	128,812	2,204,110	2,332,922
Total liabilities and Net Position	\$ 146,867	\$ 2,676,250	\$ 2,823,117

County of Scott, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Position
 Internal Service Funds
 For the Year Ended June 30, 2013

	Internal Service Funds		
	Dental Insurance Fund	Health Insurance Fund	Total
Operating revenues:			
Charges for services	\$ 378,245	\$ 5,270,442	\$ 5,648,687
Total operating revenues	378,245	5,270,442	5,648,687
Operating expenses:			
Administrative charges	28,567	238,793	267,360
Claims	308,905	4,718,188	5,027,093
Total operating expenses	337,472	4,956,981	5,294,453
Operating income	40,773	313,461	354,234
Nonoperating revenues:			
Investment earnings	245	4,313	4,558
Total nonoperating revenues	245	4,313	4,558
Income before transfers	41,018	317,774	358,792
Transfers in	-	340,000	340,000
Change in Net Position	41,018	657,774	698,792
Total Net Position, beginning of year	87,794	1,546,336	1,634,130
Total Net Position, end of year	\$ 128,812	\$ 2,204,110	\$ 2,332,922

County of Scott, Iowa

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Internal Service Funds		
	Dental Insurance Fund	Health Insurance Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 378,245	\$ 5,270,442	\$ 5,648,687
Cash payments to suppliers for goods and services	(338,261)	(4,958,959)	(5,297,220)
Net cash from operating activities	39,984	311,483	351,467
Cash flows from noncapital financing activities,			
Transfer from other funds	-	340,000	340,000
Cash flows from investing activities, interest received	245	4,313	4,558
Net increase in cash and cash equivalents	40,229	655,796	696,025
Cash and cash equivalents:			
Beginning	106,638	2,020,454	2,127,092
Ending	<u>\$ 146,867</u>	<u>\$ 2,676,250</u>	<u>\$ 2,823,117</u>
Reconciliation of operating income to net cash from operating activities:			
Operating income	\$ 40,773	\$ 313,461	\$ 354,234
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			
Accounts payable	173	1,990	2,163
Claims payable	(962)	(3,968)	(4,930)
Net cash from operating activities	\$ 39,984	\$ 311,483	\$ 351,467

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Agricultural Extension Service Fund				
Assets				
Cash and investments	\$ 4,978	\$ 479,070	\$ 478,209	\$ 5,839
Receivables, property taxes	481,129	497,549	482,474	496,204
Total assets	\$ 486,107	\$ 976,619	\$ 960,683	\$ 502,043
Liabilities, due to other government funds	\$ 486,107	\$ 976,633	\$ 960,697	\$ 502,043
Bangs Eradication Fund				
Assets				
Cash and investments	\$ 210	\$ 24,187	\$ 24,135	\$ 262
Receivables, property taxes	23,527	24,199	23,526	24,200
Total assets	\$ 23,737	\$ 48,386	\$ 47,661	\$ 24,462
Liabilities, due to other government funds	\$ 23,737	\$ 48,386	\$ 47,661	\$ 24,462
City Taxing Districts Fund				
Assets				
Cash and investments	\$ 1,142,455	\$ 109,264,287	\$ 108,707,072	\$ 1,699,670
Receivables, property taxes	109,565,899	112,016,274	109,798,732	111,783,441
Total assets	\$ 110,708,354	\$ 221,280,561	\$ 218,505,804	\$ 113,483,111
Liabilities, due to other government funds	\$ 110,708,354	\$ 221,284,554	\$ 218,509,797	\$ 113,483,111
Community College Taxing District Fund				
Assets				
Cash and investments	\$ 78,509	\$ 6,816,627	\$ 6,810,318	\$ 84,818
Receivables, property taxes	6,849,092	7,058,707	6,868,446	7,039,353
Total assets	\$ 6,927,601	\$ 13,875,334	\$ 13,678,764	\$ 7,124,171
Liabilities, due to other government funds	\$ 6,927,601	\$ 13,875,530	\$ 13,678,960	\$ 7,124,171
Fire Taxing District Fund				
Assets				
Cash and investments	\$ 2,811	\$ 355,564	\$ 354,808	\$ 3,567
Receivables, property taxes	356,383	369,271	357,088	368,566
Total assets	\$ 359,194	\$ 724,835	\$ 711,896	\$ 372,133
Liabilities, due to other government funds	\$ 359,194	\$ 724,835	\$ 711,896	\$ 372,133

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Continued)
 For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
School Taxing District Fund				
Assets				
Cash and investments	\$ 1,243,852	\$ 117,568,091	\$ 117,353,199	\$ 1,458,744
Receivables, property taxes	118,106,450	119,807,712	118,407,117	119,507,045
Total assets	\$ 119,350,302	\$ 237,375,803	\$ 235,760,316	\$ 120,965,789
Liabilities, due to other government funds	\$ 119,350,302	\$ 237,379,495	\$ 235,764,008	\$ 120,965,789
Township Taxing District Fund				
Assets				
Cash and investments	\$ 1,754	\$ 198,820	\$ 198,140	\$ 2,434
Receivables, property taxes	198,759	211,733	199,057	211,435
Total assets	\$ 200,513	\$ 410,553	\$ 397,197	\$ 213,869
Liabilities, due to other government funds	\$ 200,513	\$ 410,553	\$ 397,197	\$ 213,869
Other Taxing Districts Fund				
Assets				
Cash and investments	\$ 93,813	\$ 17,656,244	\$ 17,672,944	\$ 77,113
Receivables, property taxes	41,048	68,279	67,383	41,944
Total assets	\$ 134,861	\$ 17,724,523	\$ 17,740,327	\$ 119,057
Liabilities				
Accounts payable	\$ 30,694	\$ 179,890	\$ 154,167	\$ 56,417
Due to other governmental agencies	104,167	17,542,658	17,584,185	62,640
Total liabilities	\$ 134,861	\$ 17,722,548	\$ 17,738,352	\$ 119,057
City Special Assessments Fund				
Assets, cash and investments	\$ 583,342	\$ 3,180,670	\$ 3,309,366	\$ 454,646
Liabilities, due to other governmental agencies	\$ 583,342	\$ 3,180,670	\$ 3,309,366	\$ 454,646

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Continued)
 For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
County Recorder Agency Fund				
Assets				
Cash and investments	\$ 214,733	\$ 1,793,425	\$ 1,921,331	\$ 86,827
Receivables, accounts	13,777	2,134,989	2,126,543	22,223
Total assets	\$ 228,510	\$ 3,928,414	\$ 4,047,874	\$ 109,050
Liabilities, due to other governmental agencies	\$ 228,510	\$ 1,801,871	\$ 1,921,331	\$ 109,050
County Sheriff Agency Fund				
Assets				
Cash and investments	\$ 254,850	\$ 3,402,716	\$ 3,413,726	\$ 243,840
Receivables, accounts	115	32,560	32,580	95
Total assets	\$ 254,965	\$ 3,435,276	\$ 3,446,306	\$ 243,935
Liabilities				
Accounts Payable	\$ 237,563	\$ 3,209,974	\$ 3,218,023	\$ 229,514
Due to other government agencies	17,402	227,107	230,088	14,421
Total Liabilities	\$ 254,965	\$ 3,437,081	\$ 3,448,111	\$ 243,935
Motor Vehicle Tax Fund				
Assets, cash and investments	\$ 2,682,628	\$ 26,147,735	\$ 26,060,459	\$ 2,769,904
Liabilities, due to other governmental agencies	\$ 2,682,628	\$ 26,147,735	\$ 26,060,459	\$ 2,769,904
Tax Sale Redemption Fund				
Assets, cash and investments	\$ 222,707	\$ 744,157	\$ 597,872	\$ 368,992
Liabilities, due to other governmental agencies	\$ 222,707	\$ 744,157	\$ 597,872	\$ 368,992
Use Tax Fund				
Assets, cash and investments	\$ 635,866	\$ 17,205,022	\$ 17,086,531	\$ 754,357
Liabilities, due to other governmental agencies	\$ 635,866	\$ 17,205,022	\$ 17,086,531	\$ 754,357

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Continued)
 For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Community Services Fund				
Assets, cash and investments	\$ 327,593	\$ 44,136	\$ -	\$ 371,729
Liabilities, due to private individuals	\$ 327,593	\$ 44,136	\$ -	\$ 371,729
County Assessor Fund				
Assets				
Cash and investments	\$ 267,758	\$ 950,453	\$ 936,031	\$ 282,180
Receivables, property taxes	949,537	992,998	955,867	986,668
Total assets	\$ 1,217,295	\$ 1,943,451	\$ 1,891,898	\$ 1,268,848
Liabilities				
Accounts payable	\$ 6,107	\$ 446,055	\$ 438,718	\$ 13,444
Due to other governmental agencies	1,211,188	2,714,507	2,670,291	1,255,404
Total liabilities	\$ 1,217,295	\$ 3,160,562	\$ 3,109,009	\$ 1,268,848
County Assessor Special Fund				
Assets				
Cash and investments	\$ 874,661	\$ -	\$ 36,540	\$ 838,121
Receivables, property taxes	1,835	-	1,835	-
Total assets	\$ 876,496	\$ -	\$ 38,375	\$ 838,121
Liabilities				
Accounts payable	\$ 36,540	\$ -	\$ 36,540	\$ -
Due to other governmental agencies	839,956	-	1,835	838,121
Total liabilities	\$ 876,496	\$ -	\$ 38,375	\$ 838,121
City Assessor Fund				
Assets				
Cash and investments	\$ 240,959	\$ 1,243,471	\$ 1,049,093	\$ 435,337
Receivables, property taxes	1,250,256	1,512,463	1,250,329	1,512,390
Total assets	\$ 1,491,215	\$ 2,755,934	\$ 2,299,422	\$ 1,947,727
Liabilities				
Accounts payable	\$ 80,815	\$ 1,158,171	\$ 1,029,768	\$ 209,218
Due to other governmental agencies	1,410,400	2,801,080	2,472,971	1,738,509
Total liabilities	\$ 1,491,215	\$ 3,959,251	\$ 3,502,739	\$ 1,947,727
City Assessor Special Fund				
Assets				
Cash and investments	\$ 105,276	\$ 19,325	\$ 34,656	\$ 89,945
Receivables, property taxes	649	-	649	-
Total assets	\$ 105,925	\$ 19,325	\$ 35,305	\$ 89,945

(continued)

County of Scott, Iowa

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Continued)
 For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
City Assessor Special Fund (continued)				
Liabilities				
Accounts payable	\$ 15,330	\$ 19,325	\$ 34,655	\$ -
Due to other governmental agencies	90,595	151,080	151,730	89,945
Total liabilities	\$ 105,925	\$ 170,405	\$ 186,385	\$ 89,945
Jail Inmate Fund				
Assets, cash and investments				
	\$ 41,214	\$ 6,757	\$ -	\$ 47,971
Liabilities, due to private individuals				
	\$ 41,214	\$ 6,757	\$ -	\$ 47,971
Riverside Fund				
Assets				
Cash and investments	\$ 30,952	\$ 127,661	\$ 122,811	\$ 35,802
Total assets	\$ 30,952	\$ 127,661	\$ 122,811	\$ 35,802
Liabilities				
Accounts payable	\$ 436	\$ 122,202	\$ 122,402	\$ 236
Due to other government agencies	30,516	5,050	-	35,566
Total liabilities	\$ 30,952	\$ 127,252	\$ 122,402	\$ 35,802
Total Combined Funds				
Assets				
Cash and investments	\$ 9,050,921	\$ 307,228,418	\$ 306,167,241	\$ 10,112,098
Receivables:				
Property taxes	237,824,564	242,559,185	238,412,503	241,971,246
Accounts	13,892	2,167,549	2,159,123	22,318
Total Assets	\$ 246,889,377	\$ 551,955,152	\$ 546,738,867	\$ 252,105,662
Liabilities				
Accounts payable	\$ 407,485	\$ 5,135,617	\$ 5,034,273	\$ 508,829
Due to other governmental agencies	246,113,085	547,220,923	542,156,875	251,177,133
Due to private individuals	368,807	50,893	-	419,700
Total Liabilities	\$ 246,889,377	\$ 552,407,433	\$ 547,191,148	\$ 252,105,662

County of Scott, Iowa

Combining Balance Sheet and Reconciliation to Statement of Net Position
 Discretely Presented Component Units
 As of June 30, 2013

	Emergency Management Agency	County Library	Total
Assets			
Cash and investments	\$ 243,922	\$ 191,604	\$ 435,526
Receivables:			
Accounts	-	188	188
Due from other governmental agencies	-	58,532	58,532
Total assets	\$ 243,922	\$ 250,324	\$ 494,246
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 981	\$ 14,222	\$ 15,203
Accrued liabilities	4,357	36,122	40,479
Total liabilities	5,338	50,344	55,682
Fund balances:			
Unassigned	238,584	199,980	438,564
Total fund balances	238,584	199,980	438,564
Total liabilities and fund balances	\$ 243,922	\$ 250,324	\$ 494,246
Reconciliation to statement of net position			
Total component unit fund balances	\$ 238,584	\$ 199,980	\$ 438,564
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Capital assets:			
Land	-	16,600	16,600
Buildings	-	1,131,866	1,131,866
Machinery and equipment	623,066	205,995	829,061
Accumulated depreciation	(348,190)	(458,586)	(806,776)
Liabilities not due and payable in the current period are not reported in the funds:			
Compensated absences	(20,301)	(62,966)	(83,267)
Other post employment benefits obligation	(3,195)	4,205	1,010
Total net position	\$ 489,964	\$ 1,037,094	\$ 1,527,058

County of Scott, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances and Reconciliation
to Statement of Activities - Discretely Presented Component Units
For the Year Ended June 30, 2013**

	Emergency Management		
	Agency	County Library	Total
Revenues:			
Intergovernmental			
Operating	\$ 77,000	\$ 1,083,248	\$ 1,160,248
Charges for services	-	15,652	15,652
Other	40,918	30,077	70,995
Total revenues	117,918	1,128,977	1,246,895
Expenditures:			
Current:			
Public safety and legal services	105,778	-	105,778
County environment and education	-	1,082,678	1,082,678
Total expenditures	105,778	1,082,678	1,188,456
Net change in fund balances	12,140	46,299	58,439
Fund balances, beginning of year	226,444	153,681	380,125
Fund balances, end of year	\$ 238,584	\$ 199,980	\$ 438,564

County of Scott, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances and Reconciliation to Statement of Activities - Discretely Presented Component Units (Continued)
For the Year Ended June 30, 2013

	Emergency Management		
	Agency	County Library	Total
Reconciliation to statement of activities,			
Net change in fund balances	\$ 12,140	\$ 46,299	\$ 58,439
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 capitalized	-	25,990	25,990
Depreciation	(70,058)	(36,539)	(106,597)
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	(1,083)	(7,208)	(8,291)
Change in other post employment benefits obligation	(230)	(517)	(747)
Changes in Net Position of Component Units	\$ (59,231)	\$ 28,025	\$ (31,206)

STATISTICAL

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County of Scott, Iowa

Statistical Section Contents

The statistical section of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health.

Contents	Page
Financial Trends	82
These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	
Revenue Capacity	94
These schedules contain information to help the reader assess the County's most significant local revenue sources, the property tax (or sales tax).	
Debt Capacity	102
These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	108
These schedule offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	110
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

County of Scott, Iowa

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2004	2005	2006
Governmental activities:			
Net investment in capital assets	\$ 53,196,584	\$ 58,403,448	\$ 62,017,939
Restricted for:			
Debt service	4,828,092	4,486,204	4,460,937
County conservation sewage treatment	160,678	170,507	182,850
Mental health	-	-	855,147
Scott emergency communication center	-	-	-
Other statutory programs	-	-	-
Rural services	-	-	-
Secondary roads	-	-	1,459,411
Unrestricted	11,848,957	11,456,380	11,004,368
Total governmental activities net position	\$ 70,034,311	\$ 74,516,539	\$ 79,980,652
Business-Type activities			
Net investment in capital assets	\$ 198,958	\$ 342,758	\$ 475,691
Restricted for lease purchase contract	324,627	326,105	326,596
Unrestricted	(1,843,166)	(2,051,330)	(2,341,036)
Total business-type activities net position	\$ (1,319,581)	\$ (1,382,467)	\$ (1,538,749)
Primary government:			
Net investment in capital assets	\$ 53,395,542	\$ 58,746,206	\$ 62,493,630
Restricted for:			
Debt service	4,828,092	4,486,204	4,460,937
County conservation sewage treatment	160,678	170,507	182,850
Lease purchase contract	324,627	326,105	326,596
Mental health	-	-	855,147
Scott emergency communication center	-	-	-
Other statutory programs	-	-	-
Rural services	-	-	-
Secondary roads	-	-	1,459,411
Unrestricted	10,005,791	9,405,050	8,663,332
Total primary government net position	\$ 68,714,730	\$ 73,134,072	\$ 78,441,903

Note: A restatement to blend component units as required by GASB Statement No. 61 was applied in Fiscal Year 2013 to 2012 and 2013 comparative data.

Source: County records.

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 65,298,164	\$ 70,527,812	\$ 70,017,361	\$ 73,643,761	\$ 64,874,432	\$ 74,766,566	\$ 71,749,193
4,152,198	3,728,760	3,229,346	2,849,754	2,503,008	2,160,323	1,491,035
196,692	206,674	222,551	209,483	210,592	212,459	212,430
396,372	572,242	1,713,646	1,499,167	1,221,960	343,637	-
-	-	-	-	-	2,762,297	2,689,733
-	-	-	663,173	783,546	786,943	968,492
-	-	-	-	57,929	70,995	154,168
936,185	486,405	273,409	370,604	885,011	1,839,278	2,320,739
10,576,072	6,065,147	6,205,472	6,934,776	10,009,511	14,045,782	15,271,789
<u>\$ 81,555,683</u>	<u>\$ 81,587,040</u>	<u>\$ 81,661,785</u>	<u>\$ 86,170,718</u>	<u>\$ 80,545,989</u>	<u>\$ 96,988,280</u>	<u>\$ 94,857,579</u>
\$ 633,574	\$ 807,121	\$ 1,011,730	\$ 1,201,240	\$ 1,640,815	\$ 2,226,682	\$ 2,214,625
326,831	325,166	324,400	324,407	324,407	-	-
(2,832,971)	(3,225,906)	(3,623,282)	(3,921,629)	(4,233,323)	(4,447,949)	93,780
<u>\$ (1,872,566)</u>	<u>\$ (2,093,619)</u>	<u>\$ (2,287,152)</u>	<u>\$ (2,395,982)</u>	<u>\$ (2,268,101)</u>	<u>\$ (2,221,267)</u>	<u>\$ 2,308,405</u>
\$ 65,931,738	\$ 71,334,933	\$ 71,029,091	\$ 74,845,001	\$ 66,515,247	\$ 76,993,248	\$ 73,963,818
4,152,198	3,728,760	3,229,346	2,849,754	2,503,008	2,160,323	1,491,035
196,692	206,674	222,551	209,483	210,592	212,459	212,430
326,831	325,166	324,400	324,407	324,407	-	-
396,372	572,242	1,713,646	1,499,167	1,221,960	343,637	-
-	-	-	-	-	2,762,297	2,689,733
-	-	-	663,173	783,546	786,943	968,492
-	-	-	-	57,929	70,995	154,168
936,185	486,405	273,409	370,604	885,011	1,839,278	2,320,739
7,743,101	2,839,241	2,582,190	3,013,147	5,776,188	9,597,833	15,365,569
<u>\$ 79,683,117</u>	<u>\$ 79,493,421</u>	<u>\$ 79,374,633</u>	<u>\$ 83,774,736</u>	<u>\$ 78,277,888</u>	<u>\$ 94,767,013</u>	<u>\$ 97,165,984</u>

County of Scott, Iowa

Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
Public safety and legal services	\$ 15,359,610	\$ 17,378,230	\$ 19,231,650	\$ 20,051,534
Public safety and legal services -SECC	-	-	-	-
Physical health and social services	5,599,865	5,433,189	5,543,800	5,682,835
Mental health	12,464,838	12,689,373	13,430,170	14,308,820
County environment and education	4,179,381	3,978,818	4,142,926	4,371,103
Roads and transportation	5,322,321	6,514,158	5,983,682	6,711,217
Governmental services to residents	1,834,390	1,853,466	1,945,223	2,074,972
Administration	8,182,576	9,848,118	9,376,193	9,943,559
Interest on long-term debt	457,073	434,854	662,882	1,606,659
Total governmental activities expenses	53,400,054	58,130,206	60,316,526	64,750,699
Business-Type activities, golf course	988,195	1,074,754	1,186,450	1,223,696
Total government expenses	\$ 54,388,249	\$ 59,204,960	\$ 61,502,976	\$ 65,974,395
Program revenues:				
Governmental activities				
Charges for services				
Public safety and legal services	\$ 899,053	\$ 878,359	\$ 1,101,152	\$ 1,053,355
Public safety and legal services - SECC	-	-	-	-
Physical health and social services	356,232	291,344	290,280	285,637
Mental health	18,432	40,441	57,465	41,070
County environment and education	693,246	880,593	943,194	889,915
Roads and transportation	32,875	9,241	27,646	9,943
Governmental services to residents	2,693,220	2,501,165	2,616,909	2,506,821
Administration	150,904	264,264	191,548	251,682
Operating grants and contributions	8,544,625	8,857,256	9,135,717	9,896,826
Capital grants and contributions	706,004	6,519,732	2,846,478	1,417,942
Total governmental activities program revenues	14,094,591	20,242,395	17,210,389	16,353,191
Business-Type activities, golf course	1,101,788	1,008,046	1,019,793	875,270
Total government program revenues	\$ 15,196,379	\$ 21,250,441	\$ 18,230,182	\$ 17,228,461
Net (expense)/revenue:				
Governmental activities	\$ (39,305,463)	\$ (37,887,811)	\$ (43,106,137)	\$ (48,397,508)
Business-Type activities	113,593	(66,708)	(166,657)	(348,426)
Total government net expense	\$ (39,191,870)	\$ (37,954,519)	\$ (43,272,794)	\$ (48,745,934)

(Continued)

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	20,289,680	\$	20,925,221	\$	27,972,373	\$	36,474,619	\$	20,806,047	\$	21,551,072
	-		-		-		-		6,785,573		7,650,488
	5,956,132		6,180,832		6,238,358		5,695,818		5,439,626		5,293,759
	15,211,596		14,605,242		14,484,152		15,279,397		17,508,289		8,256,862
	4,410,086		4,882,023		4,044,619		4,893,713		5,045,765		5,063,295
	6,712,511		7,461,585		6,219,535		7,863,504		9,171,403		8,296,547
	2,151,064		2,821,526		2,167,664		2,117,384		2,262,947		2,236,126
	10,980,111		10,135,767		8,294,027		11,500,872		10,131,539		10,869,732
	1,471,972		1,393,678		1,457,291		1,674,554		2,090,153		2,101,039
	67,183,152		68,405,874		70,878,019		85,499,861		79,241,342		71,318,920
	1,178,367		1,144,254		1,021,548		949,850		1,168,516		976,713
\$	68,361,519	\$	69,550,128	\$	71,899,567	\$	86,449,711	\$	80,409,858	\$	72,295,633
\$	939,874	\$	1,182,577	\$	992,171	\$	1,457,575	\$	1,622,292	\$	1,413,724
	-		-		-		-		-		-
	330,296		358,704		355,941		376,158		399,182		392,116
	42,261		31,633		31,902		50,250		74,244		176,661
	920,315		891,352		988,522		1,017,239		1,145,202		1,131,480
	11,268		21,109		32,893		20,863		18,900		20,531
	2,382,447		2,307,783		2,343,094		2,469,734		2,588,909		2,893,332
	251,070		228,445		271,056		267,955		267,800		289,722
	11,847,705		12,233,452		11,912,913		12,882,216		12,358,943		7,988,482
	153,469		1,184,458		6,674,252		2,567,522		1,111,863		459,141
	16,878,705		18,439,513		23,602,744		21,109,512		19,587,335		14,765,189
	947,487		949,445		912,712		900,741		1,002,459		890,259
\$	17,826,192	\$	19,388,958	\$	24,515,456	\$	22,010,253	\$	20,589,794	\$	15,655,448
\$	(50,304,447)	\$	(49,966,361)	\$	(47,275,275)	\$	(64,390,349)	\$	(59,654,007)	\$	(56,553,731)
	(230,880)		(194,809)		(108,836)		(49,109)		(166,057)		(86,454)
\$	(50,535,327)	\$	(50,161,170)	\$	(47,384,111)	\$	(64,439,458)	\$	(59,820,064)	\$	(56,640,185)

County of Scott, Iowa

Changes in Net Position (Continued)
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 24,998,507	\$ 25,923,952	\$ 31,335,227	\$ 31,995,844
Local option sales tax	3,393,432	3,488,462	3,470,318	3,700,844
Gaming	919,864	904,897	887,690	789,210
Other taxes	117,731	59,143	63,287	61,766
Utility tax replacements	1,133,932	1,228,633	1,377,835	1,382,625
Penalties, interest and costs on taxes	652,959	837,554	791,859	782,123
State tax replacement credits	5,435,819	5,152,761	5,246,050	5,243,536
Payments in lieu of taxes	-	-	-	165
State shared revenues	2,851,114	2,909,524	2,970,800	2,906,371
Grants and contributions not restricted to specific purpose	274,703	258,703	241,277	188,557
Investment earnings	367,089	782,291	1,381,353	2,140,787
Miscellaneous	738,062	824,119	804,554	780,711
(Loss) on the sales of capital assets	-	-	-	-
Total General Revenues	40,883,212	42,370,039	48,570,250	49,972,539
Transfers (out)	-	-	-	-
Special item	-	-	-	-
Total governmental activities	40,883,212	42,370,039	48,570,250	49,972,539
Business-Type activities:				
Investment earnings	796	3,822	10,375	14,609
Transfers	-	-	-	-
Special item	-	-	-	-
Total Business-Type Activities	796	3,822	10,375	14,609
Total government	\$ 40,884,008	\$ 42,373,861	\$ 48,580,625	\$ 49,987,148
Change in net position:				
Governmental activities	\$ 1,577,749	\$ 4,482,228	\$ 5,464,113	\$ 1,575,031
Business-Type activities	114,389	(62,886)	(156,282)	(333,817)
Total primary government	\$ 1,692,138	\$ 4,419,342	\$ 5,307,831	\$ 1,241,214

Note: A restatement to blend component units was applied in Fiscal Year 2013 to 2012 and 2013 comparative data.

Source: County records.

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	33,138,131	\$	34,113,141	\$	36,228,794	\$	43,052,682	\$	44,980,224	\$	46,156,117
	3,867,941		3,602,230		3,637,825		3,863,574		4,052,754		4,049,552
	815,524		748,920		676,255		584,582		596,840		579,504
	65,253		66,852		63,470		68,512		68,374		70,286
	1,341,669		1,348,776		1,395,383		1,539,020		1,625,295		1,598,817
	731,456		847,456		790,006		791,685		789,143		816,474
	5,194,016		5,183,554		4,826,563		4,930,224		4,898,515		1,205,628
	8,226		9,046		6,828		6,782		6,682		6,521
	2,866,918		2,743,735		3,101,887		2,775,120		3,146,564		3,156,344
	-		-		-		-		-		-
	1,447,577		674,859		188,207		228,038		162,822		125,127
	859,093		702,537		868,990		1,102,391		1,380,103		1,274,786
	-		-		-		-		-		-
	50,335,804		50,041,106		51,784,208		58,942,610		61,707,316		59,039,156
	-		-		-		(176,990)		(212,891)		(80,679)
	-		-		-		-		-		(4,535,447)
	50,335,804		50,041,106		51,784,208		58,765,620		61,494,425		54,423,030
	9,827		1,276		6		-		-		-
	-		-		-		176,990		212,891		80,679
	-		-		-		-		-		4,535,447
	9,827		1,276		6		176,990		212,891		4,616,126
\$	50,345,631	\$	50,042,382	\$	51,784,214	\$	58,942,610	\$	61,707,316	\$	59,039,156
\$	31,357	\$	74,745	\$	4,508,933	\$	(5,624,729)	\$	1,840,418	\$	(2,130,701)
	(221,053)		(193,533)		(108,830)		127,881		46,834		4,529,672
\$	(189,696)	\$	(118,788)	\$	4,400,103	\$	(5,496,848)	\$	1,887,252	\$	2,398,971

County of Scott, Iowa

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

	2004	2005	2006	2007
General Fund:				
Reserved:				
Notes receivable	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Advances	1,508,314	1,673,314	1,863,314	2,262,314
County conservation sewage treatment	160,678	170,507	182,850	196,692
Other statutory programs	-	-	-	-
Unreserved, designated claim liabilities	805,257	886,689	886,689	1,004,488
Unreserved, undesignated	5,488,379	4,637,761	5,479,818	5,301,970
Nonspendable:				
Notes receivable	-	-	-	-
Advances	-	-	-	-
Prepays	-	-	-	-
Restricted:				
County conservation sewage treatment	-	-	-	-
Other statutory programs	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Health claim liabilities	-	-	-	-
Future budgetary reductions	-	-	-	-
Claim liabilities	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ 8,062,628	\$ 7,468,271	\$ 8,512,671	\$ 8,865,464
All other governmental funds:				
Reserved for:				
Debt service	\$ 724,111	\$ 5,269,337	\$ 4,460,937	\$ 4,152,198
Unreserved, undesignated reported in:				
Special revenue funds:				
Mental health/development disabilities	1,000,512	1,251,251	855,147	396,372
Secondary Roads	2,943,900	1,552,667	1,459,411	936,185
Rural services	1,997,741	2,191,392	111,064	123,384
Recorders management fees	93,315	117,636	129,231	138,081
Capital projects funds, capital projects	1,275,218	3,426,597	4,223,180	6,945,117
Restricted:				
Debt service	-	-	-	-
Secondary Roads	-	-	-	-
Rural services	-	-	-	-
Other statutory programs	-	-	-	-
Records management fee	-	-	-	-
Capital projects	-	-	-	-
Scott Emergency Communications Center	-	-	-	-
Assigned:				
Mental health/development disabilities	-	-	-	-
Other capital projects	-	-	-	-
Unassigned (Deficit)	-	-	-	-
Total all other governmental funds	\$ 8,034,797	\$ 13,808,880	\$ 11,238,970	\$ 12,691,337

Note: A restatement to blend component units as required by GASB Statement No. 61 was applied in Fiscal Year 2013 to 2012 and 2013 comparative data.

Source: County records.

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

2008	2009	2010	2011 *	2012 *	2013 *
\$ 116,175	\$ 116,175	\$ 113,358	\$ -	\$ -	\$ -
2,702,314	3,207,314	3,397,314	-	-	-
206,674	222,551	213,843	-	-	-
-	-	663,173	-	-	-
718,847	589,331	522,407	-	-	-
5,849,553	5,956,480	7,613,701	-	-	-
-	-	-	113,358	81,428	58,777
-	-	-	3,720,324	4,041,594	-
-	-	-	109,106	109,906	131,406
-	-	-	210,592	212,459	212,430
-	-	-	783,546	786,943	926,297
-	-	-	-	1,500,000	3,150,000
-	-	-	-	340,000	150,000
-	-	-	-	560,257	-
-	-	-	694,052	398,656	383,941
-	-	-	9,247,282	9,477,799	10,041,990
<u>\$ 9,593,563</u>	<u>\$ 10,091,851</u>	<u>\$ 12,523,796</u>	<u>\$ 14,878,260</u>	<u>\$ 17,509,042</u>	<u>\$ 15,054,841</u>

\$ 3,728,760	\$ 3,229,346	\$ 2,908,690	\$ -	\$ -	\$ -
572,242	1,713,646	1,499,167	-	-	-
486,405	273,409	370,604	-	-	-
118,672	117,451	137,271	-	-	-
139,847	139,496	90,270	-	-	-
5,541,207	4,053,819	8,310,749	-	-	-
-	-	-	2,558,322	2,053,084	19,541,476
-	-	-	885,011	1,839,278	2,320,739
-	-	-	57,929	70,995	154,168
-	-	-	-	343,637	-
-	-	-	72,687	48,418	42,194
-	-	-	1,712,860	1,252,027	-
-	-	-	-	2,762,297	2,689,733
-	-	-	1,221,960	-	-
-	-	-	1,473,162	2,578,797	5,494,375
-	-	-	-	(75,318)	(388,176)
<u>\$ 10,587,133</u>	<u>\$ 9,527,167</u>	<u>\$ 13,316,751</u>	<u>\$ 7,981,931</u>	<u>\$ 10,873,215</u>	<u>\$ 29,854,509</u>

County of Scott, Iowa

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

	2004	2005	2006	2007
Revenues:				
Property taxes	\$ 24,996,346	\$ 25,895,065	\$ 31,364,663	\$ 32,017,310
Local option sales tax	3,403,432	3,418,462	3,382,318	3,727,522
Other taxes	2,171,528	2,192,673	2,328,812	2,233,601
Interest and penalty on taxes	652,959	837,554	791,859	782,123
Intergovernmental	17,181,934	17,899,516	18,596,027	18,714,770
Charges for services	4,389,232	4,336,407	4,656,145	4,521,226
Investment earnings	348,442	738,160	1,381,353	2,008,067
Licenses and permits	454,731	529,000	572,049	517,197
Rentals and fees	113,952	124,758	141,568	144,693
Other	604,805	695,374	569,001	636,018
Total revenues	54,317,361	56,666,969	63,783,795	65,302,527
Expenditures:				
Public safety and legal services	14,593,427	16,507,338	18,225,493	19,330,101
Physical health and social services	5,563,018	5,398,110	5,489,011	5,638,002
Mental health	12,454,452	12,673,353	13,416,089	14,288,703
County environment and education	3,809,045	3,554,450	3,558,603	3,845,185
Roads and transportation	3,716,998	3,915,398	3,937,871	4,360,061
Governmental services to residents	1,746,145	1,765,623	1,866,796	1,933,065
Administration	6,622,680	6,815,170	7,306,402	7,555,798
Capital outlay	5,320,722	5,583,383	5,290,532	5,580,379
Debt service:				
Principal	580,000	610,000	2,570,000	1,880,000
Bond issuance costs	-	-	-	99,453
Interest	458,905	436,926	665,130	1,569,359
Total expenditures	54,865,392	57,259,751	62,325,927	66,080,106
Excess of revenues over (under) expenditures	(548,031)	(592,782)	1,457,868	(777,579)
Other financing sources (uses):				
Transfers in	6,468,235	5,835,149	6,665,376	5,107,655
Transfers out	(6,468,235)	(5,835,149)	(6,665,376)	(5,107,655)
Proceeds from sale of capital assets	-	-	-	33,394
Debt issued	-	-	-	6,185,000
Bond discount	-	-	-	-
Bond premium	-	-	-	9,345
Payment to refunded bond escrow agent	-	-	-	(3,645,000)
Total other financing sources (uses)	-	-	-	2,582,739
Special item	-	-	-	-
Net Change in fund balances	(548,031)	(592,782)	1,457,868	1,805,160
Fund balances, beginning of year	19,434,586	18,886,555	18,293,773	19,751,641
Fund balances, end of year	\$ 18,886,555	\$ 18,293,773	\$ 19,751,641	\$ 21,556,801
Debt service as a percentage of noncapital expenditures	2.14%	2.07%	6.01%	5.84%

Note: A restatement to blend component units as required by GASB Statement No. 61 was applied in Fiscal Year 2013 to 2012 and 2013 comparative data.

Source: County records.

		Fiscal Year									
		2008	2009	2010	2011	2012*	2013*				
\$	33,120,748	\$	34,082,776	\$	36,232,900	\$	43,098,556	\$	44,978,360	\$	46,158,852
	3,860,101		3,691,392		3,637,825		3,863,574		4,052,754		4,098,552
	2,222,446		2,164,548		2,135,108		2,192,115		2,290,508		2,248,606
	731,456		847,456		790,006		791,685		789,143		816,474
	19,873,049		20,369,088		19,848,192		20,595,340		20,410,705		12,290,563
	4,337,361		4,516,303		4,490,155		4,993,149		5,463,130		5,562,494
	1,447,577		674,859		186,708		221,853		155,838		120,569
	540,170		505,300		525,427		666,627		653,399		772,296
	157,323		165,676		186,492		188,240		222,959		176,562
	701,770		536,861		642,792		598,716		937,286		1,011,563
	66,992,001		67,554,259		68,675,605		77,209,855		79,954,082		73,256,531
	19,214,446		19,768,037		19,942,386		26,494,923		25,163,609		26,258,655
	5,915,796		6,075,938		6,595,222		6,511,764		5,395,364		5,256,671
	15,182,707		14,560,838		14,492,698		15,221,435		17,466,386		8,216,389
	4,099,548		4,378,787		4,197,866		4,338,106		4,450,578		4,510,564
	4,493,009		4,680,676		4,604,129		4,540,049		5,111,168		4,969,030
	2,012,787		2,134,299		2,052,707		2,022,332		2,210,614		2,178,373
	8,238,360		8,711,784		8,342,657		9,094,998		9,203,859		9,121,578
	5,832,465		4,369,892		9,072,467		7,748,371		2,916,473		4,464,108
	1,925,000		2,065,000		2,140,000		2,680,000		3,145,000		3,331,240
	-		-		-		-		-		-
	1,503,745		1,398,136		1,562,013		1,675,660		2,050,550		2,307,946
	68,417,863		68,143,387		73,002,145		80,327,638		77,113,601		70,614,554
	(1,425,862)		(589,128)		(4,326,540)		(3,117,783)		2,840,481		2,641,977
	8,516,222		8,616,899		8,007,463		8,433,584		11,825,251		16,347,711
	(8,516,222)		(8,616,899)		(8,007,463)		(8,610,574)		(12,038,142)		(16,768,390)
	49,757		27,450		39,705		157,209		339,441		113,638
	-		-		13,200,000		-		-		17,675,000
	-		-		(17,392)		-		-		-
	-		-		70,756		-		-		558,751
	-		-		(2,745,000)		-		-		-
	49,757		27,450		10,548,069		(19,781)		126,550		17,926,710
	-		-		-		-		-		(4,041,594)
	(1,376,105)		(561,678)		6,221,529		(3,137,564)		2,967,031		16,527,093
	21,556,801		20,180,696		19,619,018		25,840,547		25,415,226		28,382,257
\$	20,180,696	\$	19,619,018	\$	25,840,547	\$	22,702,983	\$	28,382,257	\$	44,909,350
	5.39%		5.39%		5.54%		5.71%		6.97%		8.47%

County of Scott, Iowa

Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Function / Program	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Public safety and legal services	\$ 1,440,430	\$ 2,076,189	\$ 2,396,794	\$ 2,624,858
Physical health and social services	2,278,296	2,393,807	2,126,736	2,114,672
Mental health	5,019,401	5,435,434	5,507,832	6,324,361
County environment and education	1,253,269	1,143,866	1,197,394	1,074,486
Roads and transportation	725,079	5,980,515	1,943,220	979,629
Governmental services and residents	3,041,924	2,705,131	3,670,976	2,824,963
Administration	336,192	507,453	367,437	410,222
Interest on long-term debt	-	-	-	-
Total governmental activities	14,094,591	20,242,395	17,210,389	16,353,191
Business-Type activities, Glynn's Creek Golf Course	1,101,788	1,008,046	1,019,793	875,270
Total government	\$ 15,196,379	\$ 21,250,441	\$ 18,230,182	\$ 17,228,461

Note: A restatement to blend component units was applied in Fiscal Year 2013 to 2012 and 2013 comparative data.

Source: County records.

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 2,087,424	\$ 3,080,316	\$ 2,285,735	\$ 2,603,842	\$ 2,790,937	\$ 2,659,176	
2,179,694	2,222,418	2,984,594	2,449,219	1,835,979	1,675,662	
7,891,347	8,163,582	6,969,490	7,753,736	8,547,369	4,094,415	
1,306,680	1,301,062	1,415,324	1,094,796	1,223,753	1,636,997	
54,786	154,581	6,744,340	2,645,043	1,083,772	68,237	
2,926,459	3,063,718	2,704,150	2,656,916	2,859,866	3,076,697	
432,315	453,836	499,111	1,502,699	693,626	916,371	
-	-	-	403,261	552,033	637,634	
16,878,705	18,439,513	23,602,744	21,109,512	19,587,335	14,765,189	
947,487	949,445	912,712	900,741	1,002,459	890,259	
\$ 17,826,192	\$ 19,388,958	\$ 24,515,456	\$ 22,010,253	\$ 20,589,794	\$ 15,655,448	

County of Scott, Iowa

Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year	Property	Local Option Sales Tax	Other Tax	Interest & Penalties on Taxes	Intergovernmental
2004	\$ 24,996,346	\$ 3,403,432	\$ 2,171,528	\$ 652,959	\$ 17,181,934
2005	25,895,065	3,418,462	2,192,673	837,554	17,899,516
2006	31,364,663	3,382,318	2,328,812	791,859	18,596,027
2007	32,017,310	3,727,522	2,233,601	782,123	18,714,770
2008	33,120,748	3,860,101	2,222,446	731,456	19,873,049
2009	34,082,776	3,691,392	2,164,548	847,456	20,369,088
2010	36,232,900	3,637,825	2,135,108	790,006	19,848,192
2011	43,098,556	3,863,574	2,192,115	791,685	20,595,340
2012	44,978,360	4,052,754	2,290,508	789,143	20,410,705
2013	46,158,852	4,098,552	2,248,606	816,474	12,290,563
Change 2004-2013	84.66%	20.42%	3.55%	25.04%	-28.47%

Note: A restatement to blend component units was applied in Fiscal Year 2013 to 2012 and 2013 comparative data.

Source: County records.

Charges for Services	Investment Earnings	Licenses & Permits	Rentals & Fees	Other	Total
\$ 4,389,232	\$ 348,442	\$ 454,731	\$ 113,952	\$ 604,805	\$ 54,317,361
4,336,407	738,160	529,000	124,758	695,374	56,666,969
4,656,145	1,381,353	572,049	141,568	569,001	63,783,795
4,521,226	2,008,067	517,197	144,693	636,018	65,302,527
4,337,361	1,447,577	540,170	157,323	701,770	66,992,001
4,516,303	674,859	505,300	165,676	536,861	67,554,259
4,490,155	186,708	525,427	186,492	642,792	68,675,605
4,993,149	221,853	666,627	188,240	755,925	77,367,064
5,463,130	155,838	653,399	222,959	937,286	79,954,082
5,562,494	120,569	772,296	176,562	1,011,563	73,256,531
26.73%	-65.40%	69.84%	54.94%	67.25%	34.87%

County of Scott, Iowa

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

Fiscal Year Ended June 30	Real Property		Personal Property		Utilities	
	Taxable Value	Assessed Value	Taxable Value	Assessed Value	Taxable Value	Assessed Value
2004	\$ 4,812,295,795	\$ 7,645,182,637	\$ 5,356,152	\$ 5,356,152	\$ 402,785,799	\$ 403,680,208
2005	5,087,898,264	8,391,908,858	-	-	416,619,162	416,632,167
2006	5,299,824,281	8,858,213,729	-	-	405,323,627	405,323,627
2007	5,636,684,084	9,304,359,638	-	-	242,007,768	287,536,004
2008	5,782,600,890	9,629,908,628	-	-	236,556,404	311,762,064
2009	6,175,708,574	10,870,184,903	-	-	244,749,886	300,708,935
2010	6,239,157,174	10,946,041,950	-	-	407,227,695	491,195,351
2011	6,408,604,034	11,185,801,070	-	-	382,244,194	501,524,388
2012	6,673,545,437	11,407,016,930	-	-	402,661,960	519,674,870
2013	6,943,020,526	11,830,247,547	-	-	402,322,998	402,322,998

Source: Auditor's Office

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

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

Total		Ratio Taxable to	Tax Increment Financing	
Taxable Value	Assessed Value	Assessed Value	District Values	County Urban Rate
\$ 5,220,437,746	\$ 8,054,218,997	64.8%	\$ 232,697,034	4.48
5,504,517,426	8,808,541,025	62.5%	213,970,420	4.81
5,705,147,908	9,263,537,356	61.6%	235,146,048	4.75
5,878,691,852	9,591,895,642	61.3%	235,149,590	5.57
6,019,157,294	9,941,670,692	60.5%	301,116,369	5.51
6,420,458,460	11,170,893,838	57.5%	330,175,178	5.34
6,646,384,869	11,437,237,301	58.1%	369,081,487	5.48
6,790,848,228	11,687,325,458	58.1%	371,369,162	6.38
7,076,207,397	11,926,691,800	59.3%	360,551,426	6.38
7,345,343,524	12,232,570,545	60.0%	379,706,751	6.30

County of Scott, Iowa

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

Taxpayer	2004		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mid-American Energy	\$ 239,151,271	1	4.77%
SDG Macerich Properties	71,516,500	2	1.43%
Davenport Water Co.	54,133,629	3	1.08%
Isle of Capri	45,002,320	4	0.90%
ALCOA	40,060,567	5	0.80%
Qwest	30,293,424	6	0.60%
Northern Border Pipeline	27,853,758	7	0.56%
Quanex Corporation	20,862,200	8	0.42%
National Amusement Inc	18,254,200	9	0.36%
THF Davenport North Development	18,145,507	10	0.36%
Total	\$ 565,273,376		11.28%

Taxpayer	2013		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
MidAmerican Energy	\$ 356,391,262	1	4.85%
Isle of Capri	85,002,320	2	1.16%
Iowa American Water Company	64,944,940	3	0.88%
Macerich North Park Mall LLC	58,460,300	4	0.80%
ALCOA	39,944,340	5	0.54%
Qwest Corp	29,919,385	6	0.41%
Gulf Investments	24,760,600	7	0.34%
Deere & Company	23,567,200	8	0.32%
Northern Border Pipeline Compnay	22,836,861	9	0.31%
LaFarge Corporation	20,674,570	10	0.28%
Total	\$ 726,501,778		9.89%

Source: County records

County of Scott, Iowa

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

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections In Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 170,396,572	\$ 168,156,252	98.69%	\$ 618,183	\$ 168,774,435	99.05%
2005	181,497,890	179,753,240	99.04%	1,664,237	181,417,477	99.96%
2006	194,032,266	193,001,228	99.47%	195,545	193,196,773	99.57%
2007	202,141,914	200,878,707	99.38%	(20,856)	200,857,851	99.36%
2008	210,294,826	209,445,543	99.60%	131,295	209,576,838	99.66%
2009	223,092,062	221,671,064	99.36%	205,504	221,876,568	99.46%
2010	234,648,806	233,278,412	99.42%	93,197	233,371,609	99.46%
2011	247,987,832	246,709,768	99.48%	357,380	247,067,148	99.63%
2012	258,210,732	256,655,331	99.40%	206,819	256,862,150	99.48%
2013	270,826,988	269,647,673	99.56%	26,946	269,674,619	99.57%

Source: County records

County of Scott, Iowa

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

	2004	2005	2006	2007
County direct rates:				
Scott County Urban Rate	\$ 4.80887	\$ 4.75497	\$ 5.56513	\$ 5.51106
Scott County Rural Rate	7.71192	7.84647	8.60445	8.52602
Total direct rates	12.52079	12.60144	14.16958	14.03708
City and town rates:				
Bettendorf	11.85000	12.34932	12.34952	12.60000
Blue Grass	12.48463	11.51524	11.43975	11.58668
Buffalo	7.65547	8.09999	8.09998	8.10000
Davenport	14.96445	15.24000	15.24000	15.56702
Dixon	8.09977	8.10000	8.10000	8.10000
Donahue	7.96293	7.36868	5.42517	5.43321
Durant	12.17088	14.20315	15.56204	15.56204
Eldridge	6.64799	6.64795	6.64795	6.64800
LeClaire	14.69660	14.69639	14.69637	14.69636
Long Grove	8.10000	8.10000	8.10000	8.39529
Maysville	5.16066	5.16083	5.16097	5.16094
McCausland	7.91704	8.10000	8.10000	8.10000
New Liberty	2.22375	2.99975	2.90011	3.57028
Panorama Park	6.29016	6.25158	6.50590	6.76329
Princeton	9.22504	8.81288	9.02314	8.97804
Riverdale	2.30970	2.30949	2.93819	2.50485
Walcott	9.50000	9.75001	9.75001	9.75000
School District Rates:				
Bennett Schools	12.43900	12.85967	11.78130	11.62880
Bettendorf Schools	15.77779	15.46630	14.69042	15.00216
Davenport Schools	17.07873	17.09591	17.09734	17.10760
Durant Schools	12.04676	12.21711	12.62186	11.96178
North Scott Schools	14.99307	15.03382	15.12320	15.17814
Pleasant Valley Schools	13.45835	13.46470	13.66430	13.86154
Area IX CC	0.61738	0.59216	0.59269	0.61277
Other:				
Scott County Assessor	0.33119	0.27124	0.27404	0.29563
Davenport City Assessor	0.31521	0.27648	0.26045	0.29672
Ag. Extension - BANGS	0.06721	0.06939	0.06973	0.07034

Source: County records - Auditor's Office.

Year Taxes are Payable					
2008	2009	2010	2011	2012	2013
\$ 5.54040	\$ 5.33791	\$ 5.47607	\$ 6.37607	\$ 6.37759	\$ 6.30156
8.62666	8.35745	8.49561	9.39561	9.51525	9.43922
14.16706	13.69536	13.97168	15.77168	15.89284	15.74078

12.95000	12.85000	12.85000	12.60000	12.60000	12.55000
11.65760	11.07291	10.98600	11.18972	11.30132	11.57130
8.10000	8.09999	8.17628	8.17540	9.12078	9.12604
15.57515	15.57584	15.58000	15.53000	15.53000	16.78000
8.10000	8.10000	8.10000	8.10000	8.10000	8.10000
5.43025	5.96370	5.96079	7.21883	7.22080	7.22267
15.56203	15.56203	14.95411	15.70846	15.70847	17.07103
6.64797	6.64880	6.64916	6.74852	6.75418	6.75396
14.69188	14.69998	16.08173	16.00434	15.07379	14.69999
8.10000	9.76863	11.15854	11.03125	10.90085	10.74199
5.16095	5.16100	5.16094	5.16962	5.16951	5.16957
8.10000	8.10000	8.10000	9.25982	9.21668	9.22504
3.34915	2.93849	2.92797	3.96650	3.12506	7.88563
6.74595	5.64940	5.55117	5.56196	5.51713	5.47320
8.93821	8.94763	9.58243	9.58242	9.58242	10.26832
2.50485	2.70103	2.70103	3.37602	7.00244	10.55647
10.00000	10.00000	10.00000	9.99999	10.00000	9.99999

10.72766	11.01374	11.25066	11.23830	12.47240	12.05990
15.00025	14.84626	14.85367	15.00820	15.00244	15.00292
17.10610	17.08731	17.09334	17.11276	17.05061	17.04996
12.37027	12.60365	13.34659	11.84246	13.62815	12.39188
15.11048	14.76476	14.51584	14.75964	14.75525	14.50592
13.99385	13.98720	13.99319	14.74116	14.73829	14.64092
0.60785	0.60635	0.87714	0.92444	1.01724	0.91511

0.28899	0.28870	0.33733	0.28465	0.28110	0.28081
0.30964	0.27680	0.25789	0.23892	0.25171	0.31490
0.07079	0.06892	0.06845	0.06946	0.06891	0.00330

County of Scott, Iowa

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

(Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Revenue Bonds	Capital Lease	Capital Lease	Purchase Contract
2004	\$ 9,245	\$ -	\$ -	\$ 218	\$ 2,101
2005	8,635	-	-	476	1,918
2006	8,000	-	27,765	370	1,725
2007	9,655	-	26,770	266	1,523
2008	8,760	-	25,740	156	1,304
2009	7,765	-	24,670	39	1,075
2010	17,190	-	23,560	-	855
2011	15,660	-	22,410	-	585
2012	14,080	21,210	-	-	-
2013	12,455	37,640	-	-	-

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

Note: A restatement to blend component units as required by GASB 61 Statement No. 61 was applied in Fiscal Year 2013. The restatement moved the Capital Lease to Revenue Bonds of the Blended Public Safety Authority Component Unit.

Source: County records.

N/A - Not Available

	Total Government	Percentage of Personal Income*	Per Capita*
\$	11,564	0.21%	\$ 73.12
	11,029	0.19%	69.56
	37,860	0.62%	237.22
	38,214	0.59%	238.72
	35,960	0.52%	222.22
	33,549	0.49%	205.09
	41,605	0.57%	250.87
	38,655	0.50%	231.94
	35,290	N/A	210.63
	50,095	N/A	297.79

County of Scott, Iowa

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

Fiscal Year	General Bonded Debt Outstanding		Percent of Debt to Assessed Value	Per Capita*
	General Obligation Bonds			
2004	\$	9,245,000	0.12%	\$ 57.46
2005		8,635,000	0.10%	53.92
2006		8,000,000	0.09%	49.69
2007		9,655,000	0.10%	58.93
2008		8,760,000	0.09%	53.20
2009		7,765,000	0.07%	46.93
2010		17,190,000	0.15%	103.65
2011		15,660,000	0.13%	93.96
2012		14,080,000	0.12%	84.04
2013		12,455,000	0.10%	74.04

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

Source: County records.

County of Scott, Iowa

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2013
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:			
Scott County	\$ 50,095,000	100.00%	\$ <u>50,095,000</u>
Overlapping Debt:			
School Districts:			
Bettendorf Community	-	100.00%	-
Durant Community	2,400,000	26.19%	628,560
North Scott Community	-	100.00%	-
Pleasant Valley Community	-	100.00%	-
Wheatland Community	329,600	8.04%	26,500
Eastern Iowa Community College	64,240,000	59.70%	<u>38,351,280</u>
Subtotal, School Districts			<u><u>39,006,340</u></u>
Cities:			
Bettendorf	107,920,000	100.00%	107,920,000
Blue Grass	2,386,697	100.00%	2,386,697
Buffalo	155,000	100.00%	155,000
Davenport	205,045,000	100.00%	205,045,000
Donahue	176,000	100.00%	176,000
Durant	1,935,000	3.38%	65,403
Eldridge	4,015,000	100.00%	4,015,000
LeClaire	19,825,893	100.00%	19,825,893
Long Grove	872,000	100.00%	872,000
Maysville	-	100.00%	-
McCausland	-	100.00%	-
New Liberty	273,000	100.00%	273,000
Princeton	1,690,000	100.00%	1,690,000
Riverdale	2,526,354	100.00%	2,526,354
Walcott	1,495,000	100.00%	<u>1,495,000</u>
Subtotal, Cities			<u><u>346,445,347</u></u>
			<u><u>385,451,687</u></u>
			<u><u>\$ 435,546,687</u></u>

Source: County records

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

County of Scott, Iowa

Legal Debt Margin Information
As of June 30, 2013
(Unaudited)

	2004	2005	2006	2007
Debt limit	\$ 392,500,605	\$ 428,112,694	\$ 451,734,795	\$ 479,594,782
Total net debt applicable to limit	9,245,000	8,635,000	35,765,000	36,425,000
Legal debt margin	\$ 383,255,605	\$ 419,477,694	\$ 415,969,795	\$ 443,169,782
Total net debt applicable to the limit as a percentage of debt limit	2.41%	2.06%	8.60%	8.22%

Source: County records.

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value, net of military exemption	<u>\$ 12,214,855,249</u>
Debt limit (5% of assessed value)	<u>\$ 610,742,762</u>
Debt applicable to limit:	
General obligation bonds	12,455,000
Revenue Bonds	<u>37,640,000</u>
Total net applicable to limit	<u>50,095,000</u>
Legal debt margin	<u>\$ 560,647,762</u>

	2008	2009	2010	2011	2012	2013
\$	497,083,535	\$ 558,544,692	\$ 571,861,865	\$ 584,366,273	\$ 595,431,703	\$ 610,742,762
	34,500,000	32,435,000	40,750,000	38,070,000	35,290,000	50,095,000
\$	462,583,535	\$ 526,109,692	\$ 531,111,865	\$ 546,296,273	\$ 560,141,703	\$ 560,647,762
	7.46%	6.17%	7.67%	6.97%	6.30%	8.94%

County of Scott, Iowa

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

Year	Population ¹	Personal Income (000's) ²	Per Capita Personal Income ²	Farm Proprietors ³	School Enrollment ⁴	Unemployment Rate ⁵
2004	158,145	\$ 5,463,012	\$ 34,544	740	26,597	5.0
2005	158,543	5,675,918	35,800	730	26,735	4.5
2006	159,597	6,062,478	37,986	730	26,818	3.8
2007	160,077	6,472,814	40,436	860	27,316	3.8
2008	161,824	6,953,445	42,969	850	27,813	4.1
2009	163,582	6,832,527	41,768	850	28,016	6.9
2010	165,841	7,272,593	43,874	850	28,460	7.1
2011	166,659	7,748,606	46,372	N/A	28,538	6.8
2012	167,545	N/A	N/A	N/A	28,538	6.4
2013	168,225	N/A	N/A	N/A	N/A	6.2

Sources:

¹Woods & Poole Economics, Inc. 2013

Note: Woods & Poole data are projections

²U.S. Department of Commerce, Bureau of Economic Analysis

³USDA, National Agricultural Statistics Services

⁴Iowa Department of Education

Total Enrollment includes Bettendorf CSD, Davenport CSD, North Scott CSD, and Pleasant Valley CSD

School enrollments are for the fall of year posted and spring of following year (i.e. 2011-12 would be listed under 2011)

⁵Iowa Workforce Development

2013 totals are the average from January - July 2013

Date accessed: 9/3/13

County of Scott, Iowa

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

Employer	2004		
	Employees	Rank	Percentage of Total County Employment
Genesis Medical Center	3,000	1	3.7%
ALCOA	2,513	2	3.1%
Kraft Foods (Oscar Mayer)	1,200	3	1.5%
MidAmerican Energy Company	1,200	4	1.5%
APAC Customer Service	800	5	1.0%
Von Maur	650	6	0.8%
UPS Distribution	500	7	0.6%
Von Hoffman Graphics	445	8	0.5%
Nestle Purina Pet Care Co.	380	9	0.5%
Eagle Foods Distribution	379	10	0.5%

Employer	2013		
	Employees	Rank	Percentage of Total County Employment
Genesis Medical Center	4,730	1	5.8%
Alcoa Inc	2,200	2	2.7%
Kraft Foods North America	1,500	3	1.8%
MidAmerician Energy Company	1,230	4	1.5%
APAC customer Svc Inc.	950	5	1.2%
UPS Distribution	590	6	0.7%
Von Maur	570	7	0.7%
Swiss Valley Farms	550	8	0.7%
Lee Enterprises News / Publishing	490	9	0.6%
Great Dane Trailers	450	10	0.5%

Sources:

Iowa Workforce Development

InfoGroup, Reference USA (2013); and Individual Employers

Data from the 2004 QC Fact Sheet, compiled by Quad City Development Group

Note: Only selected employers were included in list

County of Scott, Iowa

Full-Time Equivalent County Government Employees by Function/Program

Last Ten Fiscal Years

(Unaudited)

Function / Program	2004	2005	2006	2007
Public safety and legal services:				
Attorney	30.63	30.63	30.75	30.75
Health	4.90	4.90	7.30	8.30
Juvenile Court Services	15.20	14.20	14.20	14.20
Sheriff	154.15	159.65	166.10	164.10
Physical health and social services:				
Community Services	9.20	8.70	8.70	8.70
Health	31.25	32.25	31.85	29.85
Mental Health, Mental Retardation & Developmental Disabilities:				
Community Services	3.80	3.80	3.80	3.80
County Environment and Education				
Conservation	50.60	52.40	47.53	48.08
Golf Course	19.35	19.35	19.35	19.35
Planning & Development	4.08	4.08	4.08	4.08
Roads and Transportation				
Secondary Roads	35.15	35.15	35.15	35.15
Governmental services to residents:				
Auditor	6.00	6.00	6.00	6.00
Recorder	13.00	12.00	12.00	11.50
Treasurer	14.20	14.20	14.20	14.20
Administration:				
Administration	3.70	3.10	3.10	3.10
Auditor	9.40	9.40	9.40	9.90
Facility & Support Services	23.74	24.19	24.19	28.69
Human Resources	7.50	4.50	4.50	4.50
Information Technology	10.00	10.00	11.00	11.00
Non-Departmental	-	-	-	-
Supervisors, Board of	5.00	5.00	5.00	5.00
Treasurer	14.40	14.40	14.40	14.40
Total	465.25	467.90	472.60	474.65

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
31.00	30.00	31.00	31.00	31.00	31.00
8.30	11.15	11.15	11.15	11.15	11.80
14.20	14.20	14.20	14.20	14.20	15.00
166.10	166.35	167.35	167.35	154.35	161.75
8.70	8.70	7.70	7.70	7.00	7.00
30.85	31.85	31.85	31.85	32.10	32.10
3.80	3.80	3.80	3.80	3.00	3.00
48.71	49.71	49.85	51.87	48.62	51.45
19.35	19.35	19.35	19.35	19.35	19.35
4.08	4.08	4.08	4.08	4.08	4.08
35.15	35.15	35.15	35.15	35.40	34.40
6.00	6.00	5.00	5.00	5.00	5.00
11.50	11.50	11.50	11.50	11.00	11.00
14.20	12.20	12.20	12.20	12.40	12.40
3.10	3.50	3.50	3.50	3.50	3.50
9.90	9.40	9.40	9.40	9.05	9.05
28.69	29.04	30.04	31.04	30.55	30.55
4.50	4.50	4.50	4.50	4.50	4.50
11.00	12.00	12.00	15.00	15.40	15.40
-	-	-	-	-	-
5.00	5.00	5.00	5.00	5.00	5.00
14.40	15.40	15.40	15.40	15.60	15.60
478.53	482.88	484.02	490.04	472.25	482.93

County of Scott, Iowa

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

<u>Function / Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public Safety and Legal Services				
Attorney:				
# of felonies/aggravated field cases filed	4,641	4,832	5,077	4,845
# of new felony cases	N/A	N/A	N/A	N/A
Sheriff:				
# of civil papers received	15,069	15,620	14,764	14,479
# of jail bookings	9,343	9,876	10,859	11,658
Inmate instances of programming attendance	N/A	N/A	N/A	N/A
# of traffic citations written	4,003	3,114	3,502	2,068
# of traffic contacts	N/A	N/A	N/A	N/A
# of 9-1-1 calls	12,088	11,767	11,088	11,580
Physical Health and Social Services				
Community Services:				
# of applications for general assistance	7,822	6,575	6,446	6,524
# of applications approved for general assist	4,133	3,490	3,354	3,569
# of requests for veteran services	1,026	1,055	1,613	814
# of invol commit filed for substance abuse	213	241	289	340
Health Department:				
# of health related inmate contacts within jail	2,520	4,509	3,795	3,979
# of comm disease requiring investigation	234	122	302	369
# of environmental health inspections conducted	3,124	3,955	3,987	4,363
# of public health nuisance complaints received	N/A	N/A	N/A	N/A
Mental Health, HR & DD				
Community Services:				
# of invol commit filed for mental health	218	322	304	338
# of persons with MH/CMI served	3,777	4,115	4,015	4,136
# of juvenile MH commitments	N/A	N/A	N/A	N/A
# of persons with MR/DD served	529	518	560	572
# of adult MH commitments	N/A	N/A	N/A	N/A
# of protective payee cases	430	434	398	401
County Environment and Education				
Conservation:				
# of camp sites available	788	788	788	788
# of acres managed	N/A	N/A	N/A	N/A
# of rounds of golf course	33,012	30,803	30,898	27,196
Planning & Development:				
# of building permits issued	653	613	691	622

(Continued)

Source: County records - Year-end Indicator Report

Fiscal Year					
2008	2009	2010	2011	2012	2013
4,814	4,752	4,782	4,664	N/A	N/A
N/A	N/A	N/A	N/A	1,040	1,044
14,879	14,002	13,491	11,284	10,674	11,755
9,747	9,011	8,245	8,283	N/A	N/A
N/A	N/A	N/A	N/A	22,231	26,686
2,233	2,802	2,678	4,028	N/A	N/A
N/A	N/A	N/A	N/A	2,195	2,481
13,002	12,442	10,672	N/A	N/A	N/A
7,544	8,105	8,907	7,294	1,428	1,076
3,797	3,829	4,660	4,065	756	479
982	880	1,204	1,134	1,160	1,164
260	210	214	246	N/A	N/A
5,434	10,617	10,817	12,618	13,888	12,466
285	360	338	442	276	317
4,464	4,198	4,389	4,141	N/A	N/A
N/A	N/A	N/A	N/A	167	174
335	361	312	450	405	340
4,078	1,537	1,505	1,516	N/A	N/A
N/A	N/A	N/A	N/A	91	88
570	384	380	409	N/A	N/A
N/A	N/A	N/A	N/A	246	340
390	367	339	384	313	304
788	788	788	788	N/A	N/A
N/A	N/A	N/A	N/A	2,496	2,496
27,765	28,549	29,258	28,553	30,476	26,175
N/A	N/A	N/A	N/A	N/A	N/A
603	643	583	728	735	933

County of Scott, Iowa

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

Function / Program	2004	2005	2006	2007
Roads and Transportation:				
Secondary Roads:				
# of miles of road paved	175	176	176	176
# of bridges/culverts repaired/replaced	98	102	104	140
Governmental Services to Residents				
Auditor:				
# of elections	24	6	26	11
# of registered voters	104,462	111,806	114,507	115,457
Recorder:				
# of real estate transactions recorded	59,384	49,447	48,297	43,976
# of vital statistics registered/issued	21,770	20,315	20,207	21,830
# of passport applications accepted	641	531	788	1,564
# of conservation privileges issued	1,282	1,235	808	797
# of conservation licenses - ATV/Snow boat reg, titles and liens and privileges issued	5,587	13,642	6,098	13,498
Treasurer:				
# of title and security interest trans processed	72,522	75,405	76,517	64,468
Administration				
Auditor:				
# of real estate transactions processed	9,357	8,829	8,859	8,414
# invoices processed	N/A	N/A	N/A	N/A
Facility & Support Service:				
# of service calls	5,010	5,810	4,608	4,586
# hours spent in safety training				
# of purchase requisitions received	739	733	849	864
# of pieces of outgoing mail	524,775	550,631	524,752	547,591
# of square feet of hard surface floors maintained	N/A	N/A	N/A	N/A
# of files imaged	109,450	273,526	327,979	887,629
# of hours spend on imaging	N/A	N/A	N/A	N/A
Information Technology:				
# of network users	566	652	686	805
# of network connections supported	N/A	N/A	N/A	N/A
# of 3rd party applications maintained	108	47	52	54
# of users supported	N/A	N/A	N/A	N/A
Treasurer:				
# of prop tax/spec assessment statutes issued	183,741	184,685	180,196	186,423
# of tax certifications issued	23	3,284	1,834	1,974

Fiscal Year					
2008	2009	2010	2011	2012	2013
176	183	183	183	219	221
213	79	94	89	89	120
27	5	26	3	4	3
116,570	118,641	120,962	123,115	124,263	124,356
40,493	40,010	37,856	38,493	31,385	34,697
20,726	20,196	20,450	20,776	20,313	22,863
1,430	1,134	1,280	1,151	1,142	1,177
N/A	N/A	N/A	N/A	N/A	N/A
6,505	4,291	14,612	5,852	6,611	12,494
60,342	66,597	67,777	71,883	69,904	69,097
7,728	6,689	7,303	6,663	N/A	N/A
N/A	N/A	N/A	N/A	25,035	22,453
4,408	4,579	3,045	2,197	N/A	N/A
1,113	1,011	N/A	N/A	83	24
491,571	534,148	479,814	446,405	N/A	N/A
N/A	N/A	N/A	N/A	728,940	559,100
746,690	899,403	792,379	698,680	N/A	N/A
N/A	N/A	N/A	N/A	2,744	2,489
851	899	929	1,094	N/A	N/A
N/A	N/A	N/A	N/A	2,680	2,776
54	55	61	67	N/A	N/A
N/A	N/A	N/A	N/A	724	915
176,450	181,657	191,493	198,053	195,415	197,579
2,116	2,592	2,151	1,691	2,144	1,728

County of Scott, Iowa

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

<u>Function / Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public safety and legal services:			
Sheriff:			
# of patrol cars	48	62	54
Physical health and social services:			
Health Department			
# of vehicles	16	18	13
County environment and education:			
Conservation			
# of acres managed	2,795	2,795	2,795
Planning and Development			
# of vehicles	2	2	2
Roads and transportation:			
Secondary Roads			
# of vehicles	61	61	61
# of buildings	10	10	10
Administration:			
Facility and Support Services			
# of vehicles	5	4	6
# of buildings maintained	12	12	12
Non-Departmental (Risk Management)			
# of vehicles	1	1	6

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

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
54	55	42	45	46	44	53
13	13	13	13	13	13	13
2,795	2,795	2,795	2,795	2,795	2,795	2,795
2	2	2	2	2	2	2
61	61	61	61	61	60	60
10	10	10	10	10	10	10
6	5	5	5	6	6	7
12	12	12	12	11	11	11
6	1	1	1	1	1	1

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COMPLIANCE

County of Scott, Iowa

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
<i>(Passed through the Iowa Department of Human Services)</i>			
National School Lunch Program	10.555	N/A	\$ 19,046
<i>(Passed through Iowa Department of Education, Bureau/Division of Nutrition & Health)</i>			
Summer Food Service Program for Children	10.559	63712	<u>900</u>
Total Child Nutrition Cluster			<u>19,946</u>
<i>(Passed through Iowa Department of Human Services)</i>			
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	N/A	<u>85,346</u>
Total U.S. Department of Agriculture			<u>105,292</u>
U.S Department of Housing and Urban Development			
<i>(Passed through the City of Davenport)</i>			
Lead-Based Paint Hazard Control in Privately-Owned Housing HUD Lead Hazard Control Grant	14.900	IALHB0497-11	12,782
U.S. Department of Justice			
<i>(Passed through the Governor's Alliance on Substance Abuse)</i>			
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0714	5,354
JAG Program Cluster			
<i>(Direct Program)</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0797	127,419
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	2009-SB-B9-0549	163,931
<i>(Passed through the Governor's Office of Drug Control Policy)</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10JAG-43056	<u>85,877</u>
Total JAG Program Cluster			<u>377,227</u>
<i>(Passed through State of Iowa Department of Justice, Crime Victim Assistance Division)</i>			
ARRA-Violence Against Women Formula Grants Stop Violence Against Women	16.588	VW-13-17	<u>33,178</u>
Total U.S. Department of Justice			<u>415,759</u>

(Continued)

County of Scott, Iowa

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

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)			
State and Community Highway Safety	20.600	PAP 12-04, Task 21	\$ 18,540
State and Community Highway Safety	20.600	PAP 13-04, Task 21	38,032
			<u>56,572</u>
U.S. Department of Energy			
(Direct Program)			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	N/A	<u>20,920</u>
U.S. Department of Health and Human Services			
(Passed through the Iowa Department of Health)			
Immunization Cooperative Agreements			
Immunization Action Grant	93.268	5881I468	29,248
I-4 Project/Immunization Cooperative Agreements	93.268	5883I468	12,747
			<u>41,995</u>
Integrated HIV&Viral Help CTR	93.940	5883AP29	5,598
Maternal and Child Health Services Block Grant to the States			
Maternal and Child Health/Dental/ABCD &Hawk	93.994	5881MH21	39,474
Dental Health Grant	93.994	5881MH21	3,390
CHIPRA Teen Outreach	93.994	5881MH21	2,729
Maternal and Child Health/Dental/ABCD &Hawk	93.994	5881MH21	807
CHIPRA Teen Outreach	93.994	5881MH21	2,131
			<u>48,531</u>
Public Health Emergency Preparedness	93.069	5881BT382	122,678
Public Health Emergency Preparedness	93.069	5882BT206	379
			<u>123,057</u>
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance and Technical Assistance			
Mosquito Surveillance Project	93.283	MOU-2013-ELC09	840
Project Grants and Cooperative Agreements for Tuberculosis Control Programs			
TB Directly Observed Therapy	93.116	MOU-2014-ELC09	4,755
			<u>4,755</u>
Total passed through Iowa Department of Health			<u>224,776</u>

(Continued)

County of Scott, Iowa

**Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)			
<i>(Passed through Iowa Department of Human Services)</i>			
Refugee and Entrant Assistance	93.566	N/A	\$ 383
ARRA - Foster Care Title IV-E	93.658	N/A	29,686
ARRA - Adoption Assistance	93.659	N/A	8,285
Medical Assistance (Title XIX)	93.778	N/A	84,861
PPHF-2012: Community Transformation Grants and National Dissemination and Support for Community Transformation	93.531	5882HP20	44,195
PPHF-2012: Community Transformation Grants and National Dissemination and Support for Community Transformation	93.531	5883HP20	49,655
Total PPHF-2012: Community Transformation Grants and National Dissemination and Support for Community Transformation			<u>93,850</u>
Child Care and Development Block Grant	93.575	N/A	87,317
Refugee and Entrant Assistance / Child Care Development Fund	93.596	N/A	19,719
Total Child Care and Development Funding Cluster			<u>107,036</u>
Children's Health Insurance Program - Contingency Funds	93.767	N/A	2,437,247
Children's Health Insurance Program - Expansion Title XXI	93.767	N/A	324
Total Children's Health Insurance Program			<u>2,437,571</u>
Social Service Block Grant - Indirect	93.667	N/A	25,743
Total passed through Iowa Department of Human Services			<u>2,787,415</u>
<i>(Passed through the City of Davenport)</i>			
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance / Care for Yourself	93.283	5883NB21	64,163
Total U.S. Dept of Health and Human Services			<u>3,076,354</u>
U.S. Department of Homeland Security			
<i>(Passed through Iowa Homeland Security & Emergency Mgt Division)</i>			
Port Security Grant Program	97.056	EMW-2011-PU-00206	174,921
<i>(Passed through Iowa Homeland Security & Emergency Mgt Division)</i>			
Homeland Security Grant Programs			
FY 2010 State Homeland Security Program	97.067	2010-SS-T0-0031-17	39,392
FY 2010 State Homeland Security Program	97.067	2010-SS-T0-0031-18	72,959
FY 2010 State Homeland Security Program	97.067	2011-SS-0071-S01-24	105,664
State Homeland Security Program	97.067	SS-00071-S01-25	27,656
State Homeland Security Program	97.067	SS-00028-06	188
<i>(Passed through the Iowa Disaster Services Division)</i>			
Hazard Mitigation Grant Program	97.039	DR 1763	20,341
Total US Department of Homeland Security			<u>441,121</u>
Total expenditures of federal awards			<u>\$ 4,128,800</u>

See Notes to Schedule of Expenditures of Federal Awards.

County of Scott, Iowa

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Scott, Iowa and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States and Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For government funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Pass-Through Funding

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipient
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 110,635
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	127,678
TB Directly Observed Therapy	93.116	4,755
I-4 Project	93.268	21,789
Integrated HIV & Viral Help CTR	93.940	4,298
Care for Yourself	93.283	64,163
Maternal and Child Health Grant	93.994	12,118
Community Transformation Grant	93.531	1,300
Hazard Mitigation Grant Program	97.039	20,920
Port Security Grant Program	97.056	174,921
Law Enforcement Terrorism Prevention Program	97.067	75,600
		<u>\$ 618,177</u>

County of Scott, Iowa

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2013**

Finding	Status
There were no findings relative to federal awards reported in the County of Scott's single audit report for the year ended June 30, 2012.	



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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*

Independent Auditors' Report

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

We have audited, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the County of Scott's basic financial statements, and have issued our report thereon dated December 3, 2013.

Internal Control Over Financial Reporting

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

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

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

To the Board of Supervisors
County of Scott, Iowa

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County of Scott's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County of Scott. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

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

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
December 3, 2013



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the County of Scott, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Scott's major federal programs for the year ended June 30, 2013. The County of Scott's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Scott's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Scott's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Scott's compliance.

To the Board of Supervisors
County of Scott, Iowa

Opinion on Each Major Federal Program

In our opinion, the County of Scott complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the County of Scott is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Scott's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Scott's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
December 3, 2013

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Section I: Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	<u> X </u> no
Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no

Identification of major federal programs

CFDA NUMBER(S)
16.738 / 16.804
93.767

Name of Federal Program or Cluster
Justice Assistance Grant Program Cluster
Children's Health Insurance Program

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 300,000</u>
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(Continued)

County of Scott, Iowa

Schedule of Findings and Questioned Costs(Continued)
For the Year Ended June 30, 2013

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

There were no findings in 2013.

Section III: Federal Awards Findings and Questioned Costs

There were no findings or questioned costs in 2013.

(Continued)

County of Scott, Iowa

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013**

Section IV: Other Findings Related to Required Statutory Reporting

2013-IV-A Certified Budget

Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.

2013-IV-B Questionable expenditures

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

2013-IV-C Travel Expense

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

2013-IV-D Business Transactions

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

2013-IV-E Bond Coverage

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

2013-IV-F Board Minutes

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

2013-IV-G Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and County's investment policy were noted.

2013-IV-H Resource Enhancement and Protection Certification

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

2013-IV-I Capital Lease Purchase Agreements

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

2013-IV-J County Extension Office

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

Disbursements during the year ended June 30, 2013 for the County Extension Office did not exceed the amount budgeted.