

BLACK HAWK COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2008

Prepared by:
James W. Bronner, Finance Director
Board of Supervisors Office

Grant Veeder
Auditor and Staff

Barbara Freet
Treasurer and Staff

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Black Hawk County, Iowa

County Officials

Official Title	Official	Term Expiration Date of Elected Officials
Elected Officials		
Supervisor, Chairperson	John Miller	2009
Supervisor, Chair Pro Tempore	Frank Magsamen	2011
Supervisor	Scott Jordan	2009
Supervisor	Tom Little	2009
Supervisor	Craig White	2011
County Attorney	Thomas Ferguson	2011
County Auditor	Grant Veeder	2009
County Recorder	Judy McCarthy	2011
County Sheriff	Michael Kubik	2009
County Treasurer	Barbara A. Freet	2011

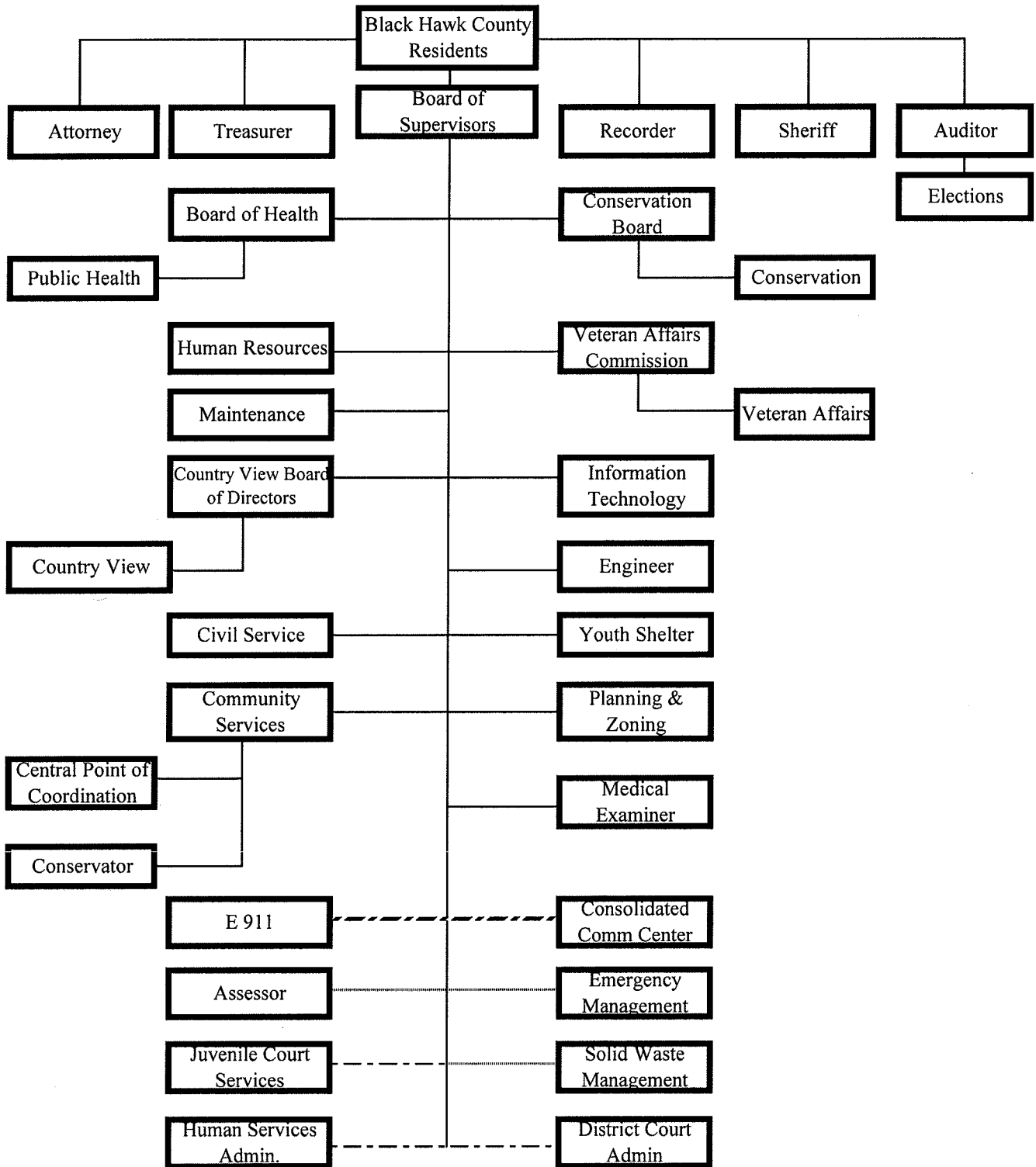
Associate Officials

County Assessor	Vicki S. Atkins	2010
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Department Heads and Administration

Community Services Director/ Central Point of Coordination Administrator	Robert Lincoln
Conservation Executive Director	Vern Fish
Country View Administrator	Jack Musker
County Buildings Superintendent	Louis Cutwright
County Engineer	Catherine Nicholas
County Finance Director/Country View Comptroller	James W. Bronner
County Planning & Zoning	Aric Schroeder
Human Resources Director	June Watkins
Information Technology Director	Kim Veeder
Public Health Director	Thomas O'Rourke
Veteran Affairs Director	Bennie Spain
Youth Shelter Director	Amy Landers

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Black Hawk County
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

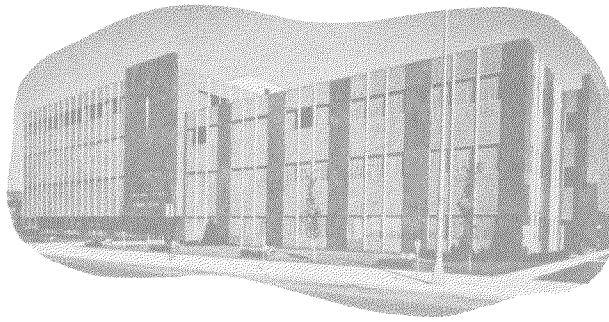
Jeffrey R. Emer

Executive Director

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BOARD OF SUPERVISORS

SCOTT JORDAN 833-3076
TOM LITTLE 833-3075
FRANK MAGSAMEN 833-3077
JOHN MILLER 833-3074
CRAIG WHITE 833-3078



OFFICE SUITES

Courthouse, Room 203
JAMES W. BRONNER
Finance Director

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BLACK HAWK COUNTY 316 EAST FIFTH ST WATERLOO, IOWA 50703

Telephone (319) 833-3003 – FAX (319) 833-3070
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December 19, 2008

Board of Supervisors and Citizens
Black Hawk County, Iowa

The Comprehensive Annual Financial Report (CAFR) for Black Hawk County, Iowa for the fiscal year ended June 30, 2008 is hereby submitted.

Each year the County publishes a complete set of audited financial statements as part of an annual single audit to conform to the provisions of OMB Circular A-133, “Audits of States, Local Governments, and Nonprofit Organizations”. The County assumes full responsibility for the completeness and reliability of the information contained in this report. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the Black Hawk County financial statements for the year ended June 30, 2008. This 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Black Hawk County

The first government of Black Hawk County, Iowa was organized August 17, 1853. It is located in the northeast part of the state. The county currently occupies 576 square miles and is the 4th most populous county in the state. The 2000 census population of 128,012 is up 3.4% from the 1990 census figure of 123,798. Recent population estimates for Black Hawk County, IA are closer to 127,000. Black Hawk County is empowered to levy a property tax on both real and personal property located within its boundaries.

Black Hawk County currently operates under a five-member Board of Supervisors. Each member is elected at large to a four-year term. The Board of Supervisors is the legislative authority over Black Hawk County. Annually, the Board adopts a budget and establishes tax rates to support County programs. Also elected to four-year terms at large are the following officials: Attorney, Auditor, Recorder, Sheriff, and Treasurer. These officials, along with department heads appointed by the Board, are responsible to administer the programs and policies adopted by the Board of Supervisors as well as the budget amount allocated to their department by the Board.

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

Black Hawk County is required by the State of Iowa to adopt an annual budget for the total operating expenditures of the County by function area. This is the foundation of financial planning and control for the County. The budget is prepared by fund (e.g., general, special revenue, debt), function (e.g. public safety), and department (e.g. Sheriff, Conservation). Departments can transfer resources within a department as they see fit. Transfers between departments, however, need special approval for the Board of Supervisors in the form of an amendment to the budget.

Local Economy

Black Hawk County is the fourth largest county in population in the State of Iowa. The cities of Cedar Falls and Waterloo make up just over 80% of the population with the remainder living in smaller towns, each are under 2,500 in population, and on farms.

Population since the 2000 Census figure of 128,012 has been declining slightly with the 2007-2008 estimate being closer to 127,000. The unemployment rate had recently climbed from 2.9% in 2000 to a rate of 5.0% in 2004-2005. That rate has since lowered to 4.4% for 2007-2008.

The major industries located within the County's boundaries and the primary employers from each are as follows: Farm tractor and component manufacturing – John Deere, Health care – Covenant Medical Center and Allen Memorial Hospital, Pork processing – Tyson Foods, Bath and kitchen cabinet manufacturing – Omega Cabinets Limited and Bertch Cabinets, and various retail and financial service providers – Hy-Vee, Target distribution, Wal-Mart and GMAC mortgage.

Recently, several businesses have announced plans for expansion, record earnings, or the construction of new business in the County. This should help overall employment increase and provide additional capital investment into the County.

Deere and Company, the largest employer in the county, recently announced record earnings for the fifth consecutive year. They achieved the first \$2 billion year in the 171 year history of the company. A net income increase of 12.6% resulted in the \$2.05 billion record earnings. They have also committed to an additional \$90 million in investments to expand manufacturing capacity over the next two years. The additional dollars come after recent multi-year investments of over \$140 million to upgrade and renovate their numerous Waterloo facilities. Additionally, over 1,000 people have been hired during the redevelopment.

Construction of the Mauer Eye Clinic and Spa is nearing completion. The \$6 million development near the interchange for U.S. Highways 20 and 63 will be accompanied by the new Gold's Gym building, an additional \$4 million development. These are the first two buildings in the 120 acre development site.

Construction has been completed on the Grout Museum's 30,000 square foot Sullivan Brothers Veterans Museum and Research Center addition. The Grand Opening ceremony was on November 15. The total cost of the project is estimated at \$11 million.

W.W. Grainger, Inc. is continuing the construction of a 42,000 square-foot office building to relocate the industrial supply company from their current location in the Tower Park office complex. The new location lies within the newly developed Country Club Business Center at the southeast corner of Ansborough Avenue and San Marnan Drive. The current plan also allows for a potential 20,000 square-foot addition. The firm employs 226 people currently with an additional 64 to 90 more over the next three years.

Fahr Beverage has completed their \$2 million freezer and expansion project. The company was at 77,000 square-feet prior to the expansion with 79 full-time employees. The expansion included 6,400 square-feet of additional cooler space and more than 10,500 square-feet of office space.

Construction is underway for the Target Corporation's new perishable foods distribution center. The 450,000 square foot facility will have an estimated building valuation of approximately \$32,000,000 once completed. The total project cost including machinery and equipment will be approximately \$80,000,000 to \$90,000,000. The facility is scheduled to be operational by late summer of 2009. The project is estimated to add 100-150 new jobs.

Target Corporation has also started construction of a new retail store in the East Viking Plaza development area of Cedar Falls. The total square-footage of the development will be 260,000 upon completion with the \$5 million store accounting for approximately 127,000 of those square-feet. The store has a goal of being operational by the end of August, 2009.

Construction is completed on Iowa Laser Technology's 81,000 square foot expansion to their existing facility in the Cedar Falls Industrial Park. The expansion more than doubled the current structures size. The building valuation is estimated at \$3,000,000 with a total project cost (including new lasers) of \$11,200,000. Of that cost, \$2.6 million was for construction with the remaining amount for machinery and equipment over four years. Approximately 30 new jobs are expected to be added.

Wayne Engineering, manufacturer of garbage trucks, has finished constructing their 38,000 square-foot expansion. The project added 29,000 additional square-feet to the existing production facility along with 9,000 square-feet of additional storage space. The expansion, valued at \$1.35 million, is expected to create 39 new jobs total, 25 of which have already been added.

Martin Brothers has finished construction on their latest expansion. It is the sixth expansion in the last ten years. The 50,000 square-foot expansion added to the frozen and refrigerated warehouse. The total completed size of the warehouse is 220,000 square-feet. The estimated cost of the expansion was \$6.2 million.

Peregrine Financial Group, one of the 30 largest non-banking financial firms in the world, based on volume, are in the process of relocating their company headquarters from Chicago to an estimated \$13 million building in the rural northwest portion of Black Hawk County, currently under construction. The 49,500 square-foot project will consolidate 35 local jobs with approximately 70 positions coming from Chicago. The economic impact to the area is estimated at increase of over \$120 million according to a University of Northern Iowa study. The completion date for the building is slated for sometime in 2009.

During the past ten years, the County's expenses including debt and capital projects have increased 28.7% overall. The largest percentage increase at 48.07% was in the County Environment & Education category due primarily to salary and health insurance increases. The Roads and Transportation, Public Safety and Legal Services, and Mental Health categories also saw significant percentage increases at 38.74%, 32.46% and 42.45% respectively. The largest dollar increase was in the Mental Health services area. It increased just over \$6.45 million dollars over the ten year period. The Mental Health increase is primarily due to the rising costs of providing these services to the public along with an overall increased public demand for the services. The increases for the other areas are primarily driven by wage and health insurance increases.

For the same ten year period, the County's total revenue has increased by 27.87%. Some areas have had very significant percentage increases such as the Licenses and Permits and the Interest and Penalty on Property Tax areas at just under 80% and just over 60% respectively. While that percentage change is very significant, the dollar totals of those increases were \$223,000 and \$188,000. The majority of the actual dollar increase, which accounts for over 87% of the almost \$14.7 million increase, comes from tax increases at \$8.4 million and intergovernmental revenues such as federal and state grants at \$4.4 million.

Long-Term Financial Planning

The unreserved, undesignated, general fund balance for Black Hawk County is at 20.6 percent of total general fund expenditures. The FY2008 percentage figure is at the upper end of the 15 – 20 percent range, which is the preferred range for Black Hawk County. The total combined general fund balance (unreserved, reserved, designated, etc...) is at 32.1 percent of total general fund expenditures. This is above the 25 percent threshold, which is the overall goal for the County. Black Hawk County will continue to diligently manage both of these balances so as to remain at or within the thresholds that are preferable for the County.

The County's secondary road system is also being continually reviewed. The County Engineer recently identified a downward trend in the overall quality of numerous County roads and bridges. An aggressive plan to address these issues and eventually reverse this trend on the aging road system was developed and implemented in early FY09. Prior to the implementation of the plan, a special election for the rural residents of the County was held by the Board of Supervisors to change the Local Option Sales Tax (LOST) usage to help fund the road plan. The vote passed and changed the usage of the Local Option Sales Tax funds from 100% of the funds going for property tax relief to reallocating half of the amount towards road construction and the other half remaining for property tax relief.

Black Hawk County recently finished developing a twenty-year plan with the assistance of the Institute for Decision Making at the University of Northern Iowa. Many months of preparation followed by numerous work sessions with County officials, officials from other municipalities within the County, business leaders, and members of the general public went into developing the plan. The first step to implementing the plan will occur with the fiscal year 2010 County budget being developed in the next few months. The numerous departments within Black Hawk County will work to build their budgets to allow them to accomplish their specific goals according to the outline of the overall plan.

Relevant Financial Policies

Black Hawk County has designated a portion of its fund balance for tax stabilization and to offset termination of benefit payments. Part of this balance is to offset increases in the debt service tax rate if it hits the pre-determined threshold, with the remaining designated balance used to offset unanticipated, unbudgeted retirement payouts that may occur throughout the year and can not be offset through the normal budget amendment process. The estimated total liability for the retirement payouts is \$1.3 million. Of that amount less than 10% has been currently allocated to cover the liability. However, the sale of County farm land has generated enough funds to completely offset the \$1.3 million liability going forward.

Major Initiatives

There are four large bridges throughout Black Hawk County that span the Cedar River. Each has been in need of various levels of repair or replacement in recent years. One of the four bridges was replaced a few years ago, while the replacement of a second bridge was completed a few months ago. The third bridge replacement is scheduled to occur in fiscal year 2011 with an estimated price of \$4 to 4.5 million. The final of these four bridges will most likely be replaced in the next five to ten years.

Additionally, there are two bridges that are part of the Cedar Valley Nature Trail within Black Hawk County that also span the Cedar River. These bridges likewise were in need of significant repair or replacement. The recent flooding that occurred in the County toward the end of FY08 closed and possibly damaged both of these bridges beyond repair. Engineering studies have been completed outlining the costs of replacement or potential repair of each bridge. The Board will have to determine in the near future which will be the best approach to take. Other damages that the County incurred were

primarily to secondary roads and numerous Conservation buildings. The majority of the roads and structures that sustained flood damage have already been repaired or replaced, or are in the process of being repaired or replaced. The Conservation Headquarters remains the largest structure still needing to be addressed. Plans to do so are currently in process.

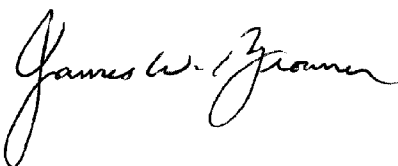
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Black Hawk County, IA for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally 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 comprehensive annual financial report 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.

I would like to thank all of the County employees and other individuals that assisted in the preparation of the Comprehensive Annual Financial Report. Most notably, I would like to thank the entire staffs of both the Auditor's Office and Treasurer's Office. The completion of this report could not have been accomplished without their efficient and dedicated service. The excellent service provided by the County's independent auditors, McGladrey & Pullen LLP is also greatly appreciated. Finally, I would like to thank the Board of Supervisors for their leadership and support without which preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, reading "James W. Bronner". The signature is fluid and cursive, with the first name "James" and last name "Bronner" clearly legible.

James W. Bronner
Finance Director

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Supervisors
Black Hawk County, Iowa
Waterloo, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Black Hawk County, Iowa as of and for the year ended June 30, 2008, which collectively comprise Black Hawk County, Iowa's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Black Hawk County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, each major fund, and the aggregate remaining fund information of Black Hawk County, Iowa as of June 30, 2008, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, on our consideration of Black Hawk County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 and budgetary comparison information on pages 48 and 49 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Black Hawk County, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other statements listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 15, 2008

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

As management of Black Hawk County, Iowa, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Black Hawk County, Iowa (the "County") for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is located in the Introductory Section at the front of this report.

Financial Highlights

- The assets of the County exceeded liabilities at the close of the fiscal year ended June 30, 2008 by \$66,800,523 (net assets). Of this amount, \$11,132,640 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2007, assets exceeded liabilities by \$59,666,125. Of this amount, \$5,382,829 was unrestricted.
- The County's total net assets increased by \$7,134,398 during the fiscal year ended June 30, 2008. Governmental activities increased \$7,274,558 and business-type activities decreased by \$140,160. For fiscal year ended June 30, 2007, total net assets increased \$3,102,988. Governmental activities increased \$3,172,384 and business-type activities decreased \$69,396.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$29,590,837, an increase of \$15,317,103 in comparison with the prior year. Approximately 37 percent of this is unreserved and undesignated fund balance which is available for spending at the County's discretion. As of the close of fiscal year June 30, 2007, governmental funds reported combined ending fund balances of \$14,273,734, of which 52 percent was unreserved and undesignated.
- At the end of the current fiscal year, the County's unreserved, undesignated fund balance for the General Fund was \$7,058,087 or 21 percent of the total General Fund expenditures. These funds will be needed to meet expenditures until the next semi-annual property tax revenue is received. The unreserved, undesignated fund balance for the General Fund as of June 30, 2007 was \$3,482,798 or 10.7 percent of total General Fund expenditures.
- The County's total debt increased by \$9,753,561 (56 percent) during the current fiscal year. Total debt for the fiscal year June 30, 2007, decreased by \$25,476 (.2 percent).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Black Hawk County, Iowa's basic financial statements. The County's basic financial statements are comprised of 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's finances in a manner similar to private-sector business.

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

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (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, road and transportation, governmental services to residents, administration and interest on long-term debt. The business-type activities of the County include the Washburn rural sewer and Washburn rural water operations.

The government-wide financial statements include Black Hawk County, Iowa (known as the primary government) and two blended component units: Drainage Districts and the Friends of Hartman Reserve, Inc.

The government-wide financial statements can be found on pages 13 through 16 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. Black Hawk County, Iowa, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary 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, government 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 financing requirements and is typically the basis used in developing the next annual budget.

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 County's near term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

Black Hawk County, Iowa, maintains fourteen 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 Fund, Rural Services Fund, Secondary Roads Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. The County has elected to treat the Rural Services Fund, Secondary Roads Fund, Debt Service Fund and Capital Projects Fund as major for public interest purposes. Data from the other eight governmental funds are combined into a single, aggregated presentation under the column heading "Nonmajor Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

The County presents budgetary information as allowed by GASB Statement No. 41. The County adopts an annual appropriated budget for all governmental funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions, not by fund or fund type.

The basic governmental fund financial statements can be found on pages 17 through 22 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Washburn rural sewer system and the Washburn rural water system. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Black Hawk County, Iowa utilizes three internal service funds to account for its health insurance, self-insurance and office equipment programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 rural sewer major fund and the nonmajor fund – rural water operations. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund's financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund's financial statements can be found on pages 23 through 25 of this report.

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 statements because the resources of those funds are not available to support Black Hawk County, Iowa's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund's financial statements can be found on page 26 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. The notes to basic financial statements can be found on pages 27 through 47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information concerning Black Hawk County, Iowa's budgeted amounts for fiscal year 2008. Required supplementary information can be found on pages 48 and 49 of this report.

The combining statements referred to earlier in connection with nonmajor special revenue funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 50 through 62 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of Black Hawk County, Iowa, assets exceeded liabilities by \$66,800,523 at the close of the most recent fiscal year.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

By far the largest portion of the County's net assets (72 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements other than buildings and infrastructure); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated to cover the liabilities.

Net Assets of Governmental and Business-Type Activities						
	Governmental Activities		Business-Type Activities		Total County	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 69,059,539	\$ 51,134,821	\$ 1,227,188	\$ 1,405,066	\$ 70,286,727	\$ 52,539,887
Capital assets	55,604,843	53,832,479	3,598,108	3,793,576	59,202,951	57,626,055
Total assets	124,664,382	104,967,300	4,825,296	5,198,642	129,489,678	110,165,942
Long-term liabilities	20,605,936	10,347,546	1,930,000	2,150,000	22,535,936	12,497,546
Other liabilities	39,918,290	37,754,156	234,929	248,115	40,153,219	38,002,271
Total liabilities	60,524,226	48,101,702	2,164,929	2,398,115	62,689,155	50,499,817
Net assets:						
Invested in capital assets, net of related debt	46,981,577	44,413,745	1,461,863	2,413,878	48,443,440	46,827,623
Restricted	6,350,678	6,502,517	873,765	953,156	7,224,443	7,455,673
Unrestricted	10,807,901	5,949,336	324,739	(566,507)	11,132,640	5,382,829
Total net assets	\$ 64,140,156	\$ 56,865,598	\$ 2,660,367	\$ 2,800,527	\$ 66,800,523	\$ 59,666,125

An additional portion of the County's net assets (11 percent or \$7,224,443) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (17 percent or \$11,132,640) may be used to meet the County's ongoing obligations to citizens and creditors.

Net assets restricted through enabling legislation consists of \$593,519 for debt service, \$1,331,725 for mental health, \$1,461,146 for secondary roads and \$2,964,288 for supplemental levy purposes as of June 30, 2008.

At the end of the current fiscal year, Black Hawk County, Iowa is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental activities.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Governmental activities: Governmental activities increased the County's net assets by \$7,274,558 as shown on the chart as follows. The 13 percent increase in net assets of the governmental activities is primarily the result of capital contributions of approximately \$2,300,000, the sale of land of approximately \$1,500,000, insurance proceeds of approximately \$350,000, increases in intergovernmental revenues and not spending approximately \$5,500,000 in budgeted expenditures.

Changes in Net Assets of Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 7,059,381	\$ 6,888,403	\$ 228,994	\$ 277,614	\$ 7,288,375	\$ 7,166,017
Operating grants, contributions and restricted interest	26,083,543	24,172,120	2,761	20,704	26,086,304	24,192,824
Capital grants, contributions and restricted interest	2,444,339	1,419,484	-	-	2,444,339	1,419,484
General revenues:						
Taxes:						
Property	25,466,189	25,127,976	-	-	25,466,189	25,127,976
Penalty and interest	501,651	359,860	-	-	501,651	359,860
State tax credits	1,102,343	1,145,229	-	-	1,102,343	1,145,229
Local option sales	2,787,561	2,496,495	-	-	2,787,561	2,496,495
Other taxes	1,351,877	985,889	-	-	1,351,877	985,889
Investment earnings	1,372,116	1,605,979	35,044	5,796	1,407,160	1,611,775
Miscellaneous	3,271,327	1,322,137	-	5,273	3,271,327	1,327,410
Total revenues	71,440,327	65,523,572	266,799	309,387	71,707,126	65,832,959
Expenses:						
Public safety and legal services	15,213,200	14,899,182	-	-	15,213,200	14,899,182
Physical health and social services	10,942,877	10,640,808	-	-	10,942,877	10,640,808
Mental health	21,301,854	21,030,553	-	-	21,301,854	21,030,553
County environment and education	2,404,401	2,908,155	-	-	2,404,401	2,908,155
Roads and transportation	6,738,742	5,895,167	-	-	6,738,742	5,895,167
Government services to residents	1,836,987	1,534,397	-	-	1,836,987	1,534,397
Administration	5,274,253	5,020,133	-	-	5,274,253	5,020,133
Interest on long-term debt	453,455	422,793	-	-	453,455	422,793
Washburn water and sewer	-	-	406,959	378,783	406,959	378,783
Total expenses	64,165,769	62,351,188	406,959	378,783	64,572,728	62,729,971
Increase in net assets	7,274,558	3,172,384	(140,160)	(69,396)	7,134,398	3,102,988
Net assets, beginning	56,865,598	53,693,214	2,800,527	2,869,923	59,666,125	56,563,137
Net assets, ending	\$64,140,156	\$56,865,598	\$ 2,660,367	\$ 2,800,527	\$66,800,523	\$59,666,125

The County enjoyed increases in various revenue sources: property tax revenue increased approximately \$338,200 due primarily to an increase in taxable assessed valuation partially offset with a decrease in property tax rates; operating grants and supplies increased approximately \$1,911,400 due primarily to additional funding; and the County's cash and investment balances increased by approximately \$4,600,000 due to unspent bond proceeds related to debt issues during 2008.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Miscellaneous revenues represent items that are not large enough to have an individual classification such as donations, various property rentals and other miscellaneous revenue items. This amount will fluctuate year to year given the nature of the revenues.

Public safety and legal services increased approximately \$314,000. This is primarily from salary and benefits increases in various departments such as the Sheriff's Office, Attorney's Office and Consolidated Communications.

Physical health and social services increased approximately \$302,000 or 3 percent due to a number of factors. The largest factor contributing to the increase was the Health Department taking over as the distributor of the Region 6 Public Health and Preparedness grant. The increased expenditures were offset by increased grant revenues overall.

County environment and education decreased approximately \$504,000 or 17 percent from the 2007 expenditure figures. The decrease is largely the result of a one-time land purchase from the Conservation Department REAP Fund in the amount of \$450,000 occurring in 2007, but not being duplicated in fiscal year 2008.

Roads and transportation functional expenses increased by approximately \$844,000 or 13 percent. The majority of the increase was due to higher than expected costs for snow removal. The increased cost of fuel along with increased usage contributed \$300,000 to the expenditure increase. Overtime resulting from the snow removal added an additional \$250,000. The balance of the increase was for additional rock and repair of the roads damaged during the winter storms.

Business-type activities: Business-type activities decreased the County's net assets by \$140,160.

Financial Analysis of the Government's Fund Financial Statements

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

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

The County's governmental funds reported combined fund balances of \$29,590,837 as of June 30, 2008. This was an increase of \$15,317,103, or 107 percent, over the prior year. This is primarily a result of increases in the General Fund and Capital Projects Fund. Of this total amount, \$12,260,366 constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for purposes of the supplemental tax levy, 2) to fund various debt service payments and 3) for assets that will not be liquidated in the near term.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,058,087, while total fund balance reached \$11,007,968. As a measure of the General Fund's liquidity, it is generally useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21 percent of total General Fund expenditures, while total fund balance represents 33 percent of that same amount. These funds will be needed as working capital during the initial months of the new fiscal year as property tax revenue is only collected semiannually, in September and March.

The fund balance for Black Hawk County, Iowa's General Fund increased by \$3,575,289 during the current fiscal year. The single largest factor in the increase in fund balance was the sale of County owned farm land for approximately \$1.5 million, which was placed into the General Fund reserves. Other contributing factors include additional revenue from fine collections in the Attorney's Office of \$225,000 along with less than anticipated costs for juvenile detention of \$400,000. The Sheriff's Office contributed \$600,000 from a combination of additional jail room and board revenue along with less than anticipated overtime and other personnel costs. Finally, Country View generated more revenue than anticipated as occupancy in the facility was up along with less payroll and benefits expenditures due to unfilled positions throughout the year resulting in \$450,000 going into the General Fund reserves.

The Mental Health Fund had a fund balance of \$1,331,725, all of which is to be used for mental health functional expenditures. The fund balance increased by \$149,226 as revenue increases in state grants and entitlements outpaced the overall expenditure increases of approximately \$500,000 for mental health services.

The Rural Services Fund had a fund balance of \$1,030,495, which increased \$289,142 from the prior year. The fund increase is due to higher than expected Local Option Sales Tax revenue for fiscal year 2008.

The Secondary Roads Fund had a fund balance of \$1,461,146, which decreased \$343,166 from the prior year. The primary reason for the decline in fund balance is the fluctuation that occurs due to the timing of planned maintenance and capital projects.

The Debt Service Fund had a fund balance of \$593,519 all of which is reserved for the payment of debt service (i.e. payment of general obligation principal and interest).

The Capital Projects Fund had a total fund balance of \$13,384,126. This fund balance increased \$11,370,658 due to the issuance of general obligation bonds.

Proprietary Funds. The Black Hawk County, Iowa's proprietary funds provide the same type of information found in the government-wide financial statements, except in more detail.

Total net assets of the Rural Sewer Fund at the end of the year amounted to \$1,696,452. This is comprised of: \$792,621 invested in capital assets, net of related debt, \$873,765 restricted for debt service and \$30,066 in unrestricted net assets.

Total net assets of the Rural Water Fund at the end of the year amounted to \$963,915. This is comprised of: \$669,242 invested in capital assets, net of related debt and \$294,673 in unrestricted net assets.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Budgetary Highlights

The County presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type.

Over the course of the year, Black Hawk County, Iowa amended its budget two times. The budgetary comparison schedules on pages 48 and 49 provide more information.

Key changes in the budget amendments are as follows:

Expenditures increased \$4,123,599, which included:

- Approximately \$1.1 million for County road and capital projects in progress from fiscal year 2007 that were finished in fiscal year 2008.
- Approximately \$586,000 for the purchase of election equipment largely offset by HAVA revenue, along with \$726,000 for the increased expenditures to implement the Region 6 Public Health and Preparedness grant through the Health department offset by grant funds.
- Approximately \$1,200,000 increase in the County Community Services office for additional mental health costs needed throughout the County.
- Approximately \$158,000 in additional costs associated with snow removal at various County buildings.

Revenues increased \$3,015,328 which included:

- Approximately \$1,249,000 in the Community Services office in additional MH-DD growth dollars from the state into the Mental Health Fund to offset the increased expenditures.
- Approximately \$485,000 in HAVA funds for the purchase of election equipment along with \$788,000 in revenue for the Health Department primarily to offset the Region 6 Public Health Preparedness expenditures.
- Approximately \$232,000 in additional funds from other municipalities within the County to fund joint secondary road projects.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounts to \$59,202,951 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, vehicles and equipment, construction-in-progress and infrastructure. The total increase in Black Hawk County, Iowa's capital assets for the current fiscal year was 3 percent.

Capital Assets, Net of Applicable Depreciation (in thousands of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 3,844,281	\$ 3,824,357	\$ -	\$ -	\$ 3,844,281	\$ 3,824,357
Construction-in-progress	2,747,373	2,300,228	-	-	2,747,373	2,300,228
Buildings	26,945,356	26,144,311	-	-	26,945,356	26,144,311
Improvements other than buildings	1,410,771	1,239,776	-	-	1,410,771	1,239,776
Equipment and vehicles	10,259,384	9,828,208	-	-	10,259,384	9,828,208
Infrastructure	43,482,897	41,213,122	5,420,639	5,420,639	48,903,536	46,633,761
Accumulated depreciation	(33,085,219)	(30,717,523)	(1,822,531)	(1,627,063)	(34,907,750)	(32,344,586)
Total capital assets	\$ 55,604,843	\$ 53,832,479	\$ 3,598,108	\$ 3,793,576	\$ 59,202,951	\$ 57,626,055

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Major capital asset events during the current fiscal year included the following:

- Multiple secondary road projects including the replacement of bridges on Cedar Wapsi Road, Indian Creek Road, Winslow Road and the start of construction on the roundabout at the intersection of Raymond Road and Independence Avenue.
- Partial construction of the Maintenance Shop for the Engineer's Office.
- Re-roofing the jail and replacing the cooling tower at the Pinecrest building.

Additional information concerning the County's capital assets can be found in Note 5 of the Notes to Basic Financial Statements on pages 40 and 41.

Long-term debt. At the close of the fiscal year ended June 30, 2008, the County had total long-term debt outstanding of \$27,025,287. Of this amount, \$24,475,000 comprises debt backed by the full faith and credit of the government and the remaining \$2,550,287 represents accrued compensated absences for the County's employees.

Table of Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 21,260,000	\$ 10,155,000	\$ 1,290,000	\$ 1,450,000	\$ 22,550,000	\$ 11,605,000
General obligation capital notes	1,065,000	1,125,000	860,000	920,000	1,925,000	2,045,000
Capital leases	-	107,725	-	-	-	107,725
Compensated absences	2,550,287	2,658,525	-	-	2,550,287	2,658,525
Total	\$ 24,875,287	\$ 14,046,250	\$ 2,150,000	\$ 2,370,000	\$ 27,025,287	\$ 16,416,250

Additional information concerning the County's long-term debt can be found in Note 6 of the Notes to Basic Financial Statements on pages 41 through 43.

Economic Factors and Next Year's Budget and Rates

Black Hawk County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget and the tax rates charged for various County activities. County officials are sensitive to economic factors such as the unemployment rate. The rate recently decreased from 4.6 percent in January 2006 to 4.3 percent in January of 2007, and maintained the 4.3 percent rate in January 2008. These rates are a little higher than the statewide rates of 4.0 percent, 3.7 percent and 3.6 percent over the same three-year period. Current reports show the unemployment rate increasing slightly to 4.4 percent at the end of fiscal year 2008, compared to the state average of 4.0 percent at the same point in time.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2008

In an ongoing effort to maintain County services with minimal increases in tax levies, the Black Hawk County Board of Supervisors has sought efficiencies, including the outsourcing of duties and reduced fund balances. From 1997 through 2002, the year-end Combined General Fund balance (General Basic and General Supplemental) fell from \$10,028,578 or 40 percent of expenditures, to \$4,262,756 or just over 13 percent of expenditures. Since then, while maintaining minimal increases in tax levies, the Combined General Fund balance has increased to a fiscal year 2008 figure of \$11,007,968 or 32.1 percent of expenditures which is above the preferred range of 25 percent for Black Hawk County.

For fiscal year 2009, amounts available for appropriation are \$87 million. Budgeted expenditures are expected to rise by approximately \$18.6 million, while budgeted revenues are expected to increase \$3.7 million. Of the expenditure increase, \$16.8 million is for road and bridge projects along with additional building improvements and the purchase of E911 radios for the police departments, including the Sheriff's Office, as well as the fire departments across the County. Increased wages due to cost-of-living adjustments and rising health insurance costs make up the balance of the expenditure increases. If these estimates are realized, the County's budgetary operating balance is expected to slightly decrease by the close of 2009.

In comparing 2008 data for all counties, it is seen that Black Hawk County's levy rates are somewhat high falling into the top quarter of all counties. However, this is partly a result of a relatively low valuation. While Black Hawk County is fourth in the state in population and fifth in overall taxable valuation, it is 85th in per capita valuation. The County's economy in spending is demonstrated by the fact that it is 98th among the 99 counties in per capita tax askings and 9th among the ten most populous counties.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Black Hawk County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Black Hawk County Finance Director, James W. Bronner, by mail at 316 E. 5th Street, Waterloo, Iowa 50703, by telephone at 319.833.3003, fax 319.833.3070 or by e-mail at jbronner@co.black-hawk.ia.us.

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Black Hawk County, Iowa

Statement of Net Assets
June 30, 2008

Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Cash and investments	\$ 22,575,878	\$ 284,098	\$ 22,859,976
Restricted cash and investments	13,610,914	873,765	14,484,679
Receivables:			
Property tax:			
Delinquent	166,265	-	166,265
Succeeding year	28,605,474	-	28,605,474
Interest and penalty on property tax, net	232,488	-	232,488
Accounts	711,582	40,908	752,490
Accrued interest	163,275	182	163,457
Note	-	-	-
Lease	-	-	-
Due from other governments	2,248,337	-	2,248,337
Inventories	351,327	-	351,327
Prepaid expenses	38,400	-	38,400
Total current assets	68,703,940	1,198,953	69,902,893
Noncurrent assets:			
Receivables, note	146,479	-	146,479
Discounts on long-term debt	90,820	13,755	104,575
Debt issuance costs	118,300	14,480	132,780
Capital assets:			
Not depreciated:			
Land	3,844,281	-	3,844,281
Construction-in-progress	2,747,373	-	2,747,373
Depreciated:			
Buildings	26,945,356	-	26,945,356
Improvements other than buildings	1,410,771	-	1,410,771
Infrastructure	43,482,897	5,420,639	48,903,536
Equipment and vehicles	10,259,384	-	10,259,384
Less accumulated depreciation	(33,085,219)	(1,822,531)	(34,907,750)
Total capital assets	55,604,843	3,598,108	59,202,951
Total noncurrent assets	55,960,442	3,626,343	59,586,785
Total assets	\$ 124,664,382	\$ 4,825,296	\$ 129,489,678

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities:			
Accounts payable	\$ 1,827,216	\$ 6,866	\$ 1,834,082
Contracts payable	318,600		318,600
Claims payable	795,044	-	795,044
Accrued interest payable	83,311	7,869	91,180
Accrued salaries and benefits	1,138,839	-	1,138,839
Due to other governments	2,791,958	194	2,792,152
Unearned revenue	28,693,971	-	28,693,971
Current portion of general obligation bonds	2,700,000	160,000	2,860,000
Current portion of general obligation capital loan notes	275,000	60,000	335,000
Compensated absences	1,294,351	-	1,294,351
Total current liabilities	39,918,290	234,929	40,153,219
Noncurrent liabilities:			
General obligation bonds	18,560,000	1,130,000	19,690,000
General obligation capital loan notes	790,000	800,000	1,590,000
Compensated absences	1,255,936	-	1,255,936
Total noncurrent liabilities	20,605,936	1,930,000	22,535,936
Total liabilities	60,524,226	2,164,929	62,689,155
Net assets:			
Invested in capital assets, net of related debt	46,981,577	1,461,863	48,443,440
Restricted for:			
Supplemental levy purposes	2,964,288	-	2,964,288
Debt service	593,519	873,765	1,467,284
Mental health	1,331,725	-	1,331,725
Secondary roads	1,461,146	-	1,461,146
Unrestricted	10,807,901	324,739	11,132,640
Total net assets	64,140,156	2,660,367	66,800,523
Total liabilities and net assets	\$ 124,664,382	\$ 4,825,296	\$ 129,489,678

Black Hawk County, Iowa

**Statement of Activities
Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety and legal services	\$ 15,213,200	\$ 901,593	\$ 1,915,773	\$ -
Physical health and social services	10,942,877	1,401,837	5,176,832	-
Mental health	21,301,854	1,686,870	14,702,873	-
County environment and education	2,404,401	525,109	238,083	98,350
Roads and transportation	6,738,742	6,167	3,426,240	2,345,989
Governmental services to residents	1,836,987	1,672,055	99,433	-
Administration	5,274,253	865,750	524,309	-
Interest on long-term debt	453,455	-	-	-
Total governmental activities	64,165,769	7,059,381	26,083,543	2,444,339
Business-type activities:				
Rural sewer	324,573	165,970	2,761	-
Rural water	82,386	63,024	-	-
Total business-type activities	406,959	228,994	2,761	-
Total	\$ 64,572,728	\$ 7,288,375	\$ 26,086,304	\$ 2,444,339

General Revenues

Taxes:

Property taxes, penalties and interest

Local option sales tax

Other taxes

State tax replacement credits

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning of year

Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities		Total
\$ (12,395,834)	\$ -	\$	(12,395,834)
(4,364,208)	-		(4,364,208)
(4,912,111)	-		(4,912,111)
(1,542,859)	-		(1,542,859)
(960,346)	-		(960,346)
(65,499)	-		(65,499)
(3,884,194)	-		(3,884,194)
(453,455)	-		(453,455)
(28,578,506)	-		(28,578,506)
-	(155,842)		(155,842)
-	(19,362)		(19,362)
-	(175,204)		(175,204)
(28,578,506)	(175,204)		(28,753,710)
25,967,840	-		25,967,840
2,787,561	-		2,787,561
1,351,877	-		1,351,877
1,102,343	-		1,102,343
1,372,116	35,044		1,407,160
3,271,327	-		3,271,327
35,853,064	35,044		35,888,108
7,274,558	(140,160)		7,134,398
56,865,598	2,800,527		59,666,125
\$ 64,140,156	\$ 2,660,367	\$	66,800,523

Black Hawk County, Iowa

**Balance Sheet
Governmental Funds
June 30, 2008**

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and investments	\$ 11,129,199	\$ 3,988,891	\$ 585,730	\$ 1,187,975
Restricted cash and investments	-	-	-	-
Receivables:				
Property tax:				
Delinquent	113,142	33,033	6,172	-
Succeeding year	19,053,872	5,562,972	1,544,920	-
Interest and penalty on property tax, net	232,488	-	-	-
Accounts	487,185	208,124	90,090	93,579
Accrued interest	134,979	-	-	-
Note	-	-	-	-
Due from other funds	135,152	3,733	-	-
Due from other governments	879,276	659,316	423,975	285,771
Inventories	-	-	-	351,327
Prepays	-	-	-	-
Total assets	\$ 32,165,293	\$ 10,456,069	\$ 2,650,887	\$ 1,918,652
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 597,473	\$ 539,926	\$ 642	\$ 254,038
Contracts payable	-	-	-	-
Accrued salaries and benefits	736,383	262,170	49,189	91,097
Due to other funds	16,510	118,523	753	3,099
Due to other governments	319,187	2,444,559	10,152	18,060
Deferred revenue:				
Succeeding year property tax	19,053,872	5,562,972	1,544,920	-
Other	433,900	196,194	14,736	91,212
Total liabilities	21,157,325	9,124,344	1,620,392	457,506
Fund balances:				
Reserved for:				
Supplemental levy purposes	2,964,288	-	-	-
Debt service	-	-	-	-
Advance to other government	50,000	-	-	-
Prepays and inventories	-	-	-	351,327
Capital projects	-	-	-	-
Unreserved:				
Designated for tax stabilization and termination benefit payments	935,593	-	-	-
Undesignated, reported in:				
General Fund	7,058,087	-	-	-
Special revenue funds	-	1,331,725	1,030,495	1,109,819
Capital Projects Fund	-	-	-	-
Total fund balances	11,007,968	1,331,725	1,030,495	1,461,146
Total liabilities and fund balances	\$ 32,165,293	\$ 10,456,069	\$ 2,650,887	\$ 1,918,652

See Notes to Basic Financial Statements.

Debt Service		Capital Projects		Nonmaior Governmental Funds		Total	
\$	567,973	\$	88,789	\$	1,183,768	\$	18,732,325
	-		13,610,914				13,610,914
	13,918		-		-		166,265
	2,443,710		-		-		28,605,474
	-		-		-		232,488
	-		-		7,104		886,082
	25,543		-		208		160,730
	146,479		-		-		146,479
	-		-		-		138,885
	-		-		-		2,248,338
	-		-		-		351,327
	-		38,400		-		38,400
\$	3,197,623	\$	13,738,103	\$	1,191,080	\$	65,317,707
\$	199	\$	277,977	\$	90,622	\$	1,760,877
	-		-		318,600		318,600
	-		-		-		1,138,839
	-		-		-		138,885
	-		-		-		2,791,958
	2,443,710		-		-		28,605,474
	160,195		76,000		-		972,237
	2,604,104		353,977		409,222		35,726,870
	-		-		-		2,964,288
	593,519		-		-		593,519
	-		-		-		50,000
	-		38,400		-		389,727
	-		13,332,937		-		13,332,937
	-		-		-		935,593
	-		-		-		7,058,087
	-		-		781,858		4,253,897
	-		12,789		-		12,789
	593,519		13,384,126		781,858		29,590,837
\$	3,197,623	\$	13,738,103	\$	1,191,080	\$	65,317,707

Black Hawk County, Iowa

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities June 30, 2008

Total governmental fund balances		\$	29,590,837
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Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	\$	3,844,281	
Construction-in-progress		2,747,373	
Buildings		26,945,356	
Improvements other than buildings		1,410,771	
Equipment and vehicles		10,259,384	
Infrastructure		43,482,897	
Accumulated depreciation		<u>(33,085,219)</u>	55,604,843

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

Deferred revenues			687,359
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable	(83,311)		
Discounts on long-term debt	90,820		
Debt issuance costs	118,300		
General obligation bonds payable	(21,260,000)		
General obligation capital notes	(1,065,000)		
Compensated absences	<u>(2,550,287)</u>		(24,749,478)

The internal service funds are used by management to charge the costs of partial self-funding of the County's health insurance benefit plan and other goods and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

			3,006,595
Net assets of governmental activities		\$	<u>64,140,156</u>

See Notes to Basic Financial Statements.

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Black Hawk County, Iowa

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008**

	General	Mental Health	Special Revenue	
			Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 19,372,024	\$ 5,574,336	\$ 2,918,600	\$ -
Interest and penalty on property tax	501,651	-	-	-
Intergovernmental	8,999,928	14,511,253	31,366	3,428,400
Licenses and permits	356,688	-	140,905	5,835
Charges for service	4,198,395	1,686,870	7,721	332
Use of money and property	1,113,247	-	-	-
Miscellaneous	1,256,896	76,124	2,504	27,011
Total revenues	35,798,829	21,848,583	3,101,096	3,461,578
Expenditures:				
Current:				
Public safety and legal services	13,658,912	-	1,401,275	-
Physical health and social services	11,133,191	-	-	-
Mental health	-	21,699,357	-	-
County environment and education	2,002,338	-	178,295	-
Roads and transportation	-	-	-	5,199,582
Governmental services to residents	1,500,253	-	439	-
Administration	5,134,223	-	-	-
Debt service:				
Principal	182,725	-	-	-
Bond issuance costs	-	-	-	-
Interest	33,002	-	-	-
Capital outlay	-	-	-	465,717
Total expenditures	33,644,644	21,699,357	1,580,009	5,665,299
Excess (deficiency) of revenues over expenditures	2,154,185	149,226	1,521,087	(2,203,721)
Other financing sources (uses):				
Issuance of long-term debt	205,000	-	-	-
Discounts on issuance of long-term debt	-	-	-	-
Insurance proceeds	338,485	-	-	-
Proceeds from the sale of land and capital assets	1,506,229	-	-	-
Transfers in	-	-	-	1,860,555
Transfers out	(628,610)	-	(1,231,945)	-
Total other financing sources (uses)	1,421,104	-	(1,231,945)	1,860,555
Net change in fund balances	3,575,289	149,226	289,142	(343,166)
Fund balances, beginning of year	7,432,679	1,182,499	741,353	1,804,312
Fund balances, end of year	\$ 11,007,968	\$ 1,331,725	\$ 1,030,495	\$ 1,461,146

See Notes to Basic Financial Statements.

Debt Service		Capital Projects	Nonmajor Governmental Funds	Total
\$	2,263,466	\$ -	\$ -	\$ 30,128,426
	-	-	-	501,651
	159,763	-	206,440	27,337,150
	-	-	-	503,428
	-	-	72,783	5,966,101
	142,637	9,412	82,033	1,347,329
	-	-	163,943	1,526,478
	2,565,866	9,412	525,199	67,310,563
	270	-	87,325	15,147,782
	-	-	-	11,133,191
	-	-	-	21,699,357
	400	-	185,262	2,366,295
	-	-	-	5,199,582
	-	-	18,759	1,519,451
	-	-	-	5,134,223
	2,140,000	-	-	2,322,725
	-	69,904	-	69,904
	382,695	-	-	415,697
	400	1,549,535	-	2,015,652
	2,523,765	1,619,439	291,346	67,023,859
	42,101	(1,610,027)	233,853	286,704
	-	13,055,000	-	13,260,000
	-	(74,315)	-	(74,315)
	-	-	-	338,485
	-	-	-	1,506,229
	-	-	-	1,860,555
	-	-	-	(1,860,555)
	-	12,980,685	-	15,030,399
	42,101	11,370,658	233,853	15,317,103
	551,418	2,013,468	548,005	14,273,734
\$	593,519	\$ 13,384,126	\$ 781,858	\$ 29,590,837

Black Hawk County, Iowa

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2008

Net change in fund balances - governmental funds	\$	15,317,103
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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	\$ 2,217,545	
Depreciation expense	<u>(2,720,177)</u>	(502,632)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase (decrease) net assets:

Capital contributions	2,345,989	
Proceeds from the sale of capital assets	(1,515)	
Loss on the sale of capital assets	<u>(69,478)</u>	2,274,996

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	(215,978)
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The issuance of long-term debt (e.g., bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of debt principal	2,322,725
Interest	(33,605)
Bond issuance costs	69,904
Proceeds from the issuance of long-term debt	(13,260,000)
Discount on issuance of long-term debt	74,315
Amortization of discounts on long-term debt	(4,153)
Amortization of debt issuance costs on long-term debt	(12,409)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences	108,238
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The internal service funds are used by management to charge the costs of partial self-funding of the County's health insurance benefit plan and other goods and services to individual funds. The change in net assets of the internal service funds is reported with governmental activities.

Change in net assets of governmental activities	<u>1,136,054</u>
	<u><u>\$ 7,274,558</u></u>

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

**Statement of Net Assets
Proprietary Funds
June 30, 2008**

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Assets		
Current assets:		
Cash and investments	\$ 284,098	\$ 3,843,553
Restricted cash and investments	873,765	-
Receivables:		
Accounts	40,908	21,879
Accrued interest	182	2,545
Total current assets	<u>1,198,953</u>	<u>3,867,977</u>
Noncurrent assets:		
Discounts on long-term debt	13,755	-
Debt issuance costs	14,480	-
Capital assets; infrastructure (net of accumulated depreciation)	3,598,108	-
Total noncurrent assets	<u>3,626,343</u>	<u>-</u>
Total assets	<u>\$ 4,825,296</u>	<u>\$ 3,867,977</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 6,866	\$ 66,338
Claims payable	-	795,044
Accrued interest payable	7,869	-
Due to other governments	194	-
Current portion of general obligation bonds	160,000	-
Current portion of general obligation capital loan notes	60,000	-
Total current liabilities	<u>234,929</u>	<u>861,382</u>
Long-term liabilities:		
General obligation bonds	1,130,000	-
General obligation capital loan notes	800,000	-
Total noncurrent liabilities	<u>1,930,000</u>	<u>-</u>
Total liabilities	<u>2,164,929</u>	<u>861,382</u>
Net assets:		
Invested in capital assets, net of related debt	1,461,863	-
Restricted for debt service	873,765	-
Unrestricted	324,739	3,006,595
Total net assets	<u>2,660,367</u>	<u>3,006,595</u>
Total liabilities and net assets	<u>\$ 4,825,296</u>	<u>\$ 3,867,977</u>

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2008**

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues, charges for services	\$ 228,994	\$ 6,604,033
Operating expenses:		
Costs of sales and services	108,194	5,492,766
Depreciation	195,468	-
Total operating expenses	303,662	5,492,766
Operating income (loss)	(74,668)	1,111,267
Nonoperating revenues (expenses):		
Interest income	35,044	24,787
Interest expense	(103,297)	-
Intergovernmental	2,761	-
Total nonoperating revenues (expenses)	(65,492)	24,787
Change in net assets	(140,160)	1,136,054
Net assets, beginning of year	2,800,527	1,870,541
Net assets, end of year	<u>\$ 2,660,367</u>	<u>\$ 3,006,595</u>

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2008**

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from customers and users	\$ 231,498	\$ 6,585,283
Cash paid to suppliers for services	(117,954)	(13,977)
Cash paid for claims and to administrative provider	-	(5,517,298)
Net cash provided by operating activities	113,544	1,054,008
Cash flows from noncapital financing activities, payments to interfund accounts	(16)	-
Cash flows from capital and related financing activities:		
Intergovernmental revenue	20,704	-
Payments on capital loan notes and bonds	(220,000)	-
Interest paid on capital loan bonds and notes	(102,415)	-
Net cash (used in) capital and related financing activities	(301,711)	-
Cash flows from investing activities, interest on investments	35,081	23,903
Net increase (decrease) in cash and cash equivalents	(153,102)	1,077,911
Cash and cash equivalents, beginning	1,310,965	2,765,642
Cash and cash equivalents, ending	<u>\$ 1,157,863</u>	<u>\$ 3,843,553</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (74,668)	\$ 1,111,267
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	195,468	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,504	(18,750)
Increase in due to other governments	194	-
(Decrease) in accounts and claims payable	(9,954)	(38,509)
Net cash provided by operating activities	\$ 113,544	\$ 1,054,008

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2008

Assets

Cash and investments	\$	6,471,048
Receivables, property taxes and other		131,661,877
Total assets	\$	138,132,925

Liabilities

Accounts payable and accrued liabilities	\$	109,380
Due to other governmental agencies		137,033,320
Trusts payable		990,225
Total liabilities	\$	138,132,925

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

Nature of operations:

Black Hawk County, Iowa (the "County") is a political subdivision of the state of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

Reporting entity:

In accordance with the Codification of Government 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 Government Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's government body, and (1) the ability of the County to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the County. Based on these criteria, the County is presented as a primary government and includes the component units listed below because of their operational significance and relationship with the County. All of the component units have a June 30 year-end and are considered blended component units. Blended component units are legally separate from the County but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Blended component units: *Drainage Districts:* Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by Black Hawk County, Iowa's Board of Supervisors. The drainage districts are reported as a special revenue fund. Financial information of the individual drainage districts can be obtained from the Black Hawk County, Iowa Auditor's Office at 316 East 5th Street, Waterloo, Iowa 50703.

The Friends of Hartman Reserve, Inc.: The Friends of Hartman Reserve, Inc. has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of providing volunteer resources, including personnel and financial resources, for the Hartman Reserve Nature Center and its governing organization, the Black Hawk County, Iowa Conservation Board. The Center is reported as a special revenue fund. Financial information can be obtained from the Black Hawk County, Iowa's Auditor's Office at 316 East 5th Street, Waterloo, Iowa 50703.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

In addition, the GASB issued Statement No. 39, in May 2002, which sets forth additional criteria to determine whether certain organizations for which the County is not financially accountable should be reported as component units based on the nature and significance of their relationship with the County. These criteria include (1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the County, its component units, or its constituents, (2) the County being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the County and (3) the economic resources received or held by an individual organization, that the County is entitled to, or has the ability to otherwise access, are significant to the County. Based on these additional criteria, there are no other organizations which should be included in these financial statements.

Jointly governed organizations: The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The Black Hawk County, Iowa's Board of Supervisors are members of or appoint representatives to the following boards and commissions: Black Hawk County, Iowa's Assessor's Conference Board, County Emergency Management Commission and Black Hawk County, Iowa's Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Black Hawk County Criminal Justice Information System, Black Hawk County Solid Waste Management Commission, Multi-County Drug Prosecution Unit, Tri-County Drug Task Force, Northeast Iowa Response Group, Iowa Northland Regional Housing Council, Iowa County Engineers Association Service Bureau, Consolidated Public Safety Communication Center and North Iowa Juvenile Detention Services Commission.

Basis of presentation:

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

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

Notes to Basic Financial Statements

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the 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 and fund balance/net assets, revenues and expenditures or expenses, as appropriate. The County has the following fund types:

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

General Fund: The General Fund is the primary operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Special Revenue Funds:

Mental Health Fund: To account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

Debt Service Fund: To account for the payment of interest and principal on the County's general long-term debt.

Capital Projects Fund: To account for all resources used in the acquisition and construction of capital facilities.

The other governmental funds of the County are considered nonmajor and are as follow:

Special Revenue Funds:

Resource Enhancement and Protection Fund: To account for state revenues received for enhancement and protection.

County Recorder's Records Management Fund: To account for the fee collected for each recorded transaction to be used for the purpose of preserving and maintaining public records.

County Recorder's Electronic Transaction Fee Fund: To account for the fee collected for each electronic transaction to be used for the purpose of maintaining the system.

Sheriff's Federal Forfeiture Fund: To account for forfeiture funds.

Sheriff's Commissary Fund: To account for monies to be used for the commissary.

Drainage Districts Fund: The Drainage Districts Fund is a blended component unit of the County and used to account for that organization's activities.

Conservation Land Acquisition Fund: The Conservation Land Acquisition Fund is used to account for conservation activities.

Friends of Hartman Reserve Fund: The Friends of Hartman Reserve Fund is a blended component unit of the County and used to account for that organization's activities.

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

Enterprise Funds: To account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. In accordance with Governmental Accounting Standard's Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncement, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

The following are the County's nonmajor enterprise funds:

Rural Sewer Fund: To account for the operations of the rural sewer system.

Rural Water Fund: To account for the operations of the rural water system.

Additionally, the County reports the following funds:

Internal Service Funds: Internal service funds are proprietary funds that are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis. The County reports the following internal service funds:

Health Insurance Fund: This fund is used to account for the County's self-insured health plan.

Self-Insurance Fund: This fund is used to account for the County's partially self-insured property and liability insurance.

Office Equipment: This fund is used to account for the costs associated with maintaining various pieces of office equipment.

Fiduciary Funds: 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 used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency funds do not involve measurement of results of operations. The County reports the following agency funds:

County Offices Fund: This fund is used to account for the cash held by various officers of the County.

Agricultural Extension Education Fund: To account for the property taxes collected and owed to other governments for agricultural extension education.

County Assessor Fund: This fund is used to account for the activities of the County Assessor's Office.

Schools Taxing District Fund: To account for the property taxes collected and owed to school districts located within Black Hawk County, Iowa.

Community College Taxing District Fund: To account for the property taxes collected and owed to community colleges located within Black Hawk County, Iowa.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

Corporations Taxing District Fund: To account for the property taxes collected and owed to city and other corporate taxing districts located within Black Hawk County, Iowa.

City Special Assessments Fund: To account for monies collected on behalf of other taxing districts for special assessments.

Auto License and Use Tax Fund: To account for monies collected for auto licenses and use tax funds that are due to other governments.

Payroll Clearing Fund: To account for monies that flow through the payroll process.

Other Funds: To account for various other agency activities of the County.

Measurement focus and basis of accounting:

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not 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 as receivable was certified in March 2008, based on the 2007 assessed valuations. These taxes are due in two installments, on September 30, 2008 and March 31, 2009 with a 1.5 percent per month penalty for delinquent payment. Since the 2008 tax levy is budgeted and levied for the fiscal year 2009, the revenue from this tax levy has been deferred. Revenue has been recognized for those taxes receivable which represent the prior year's delinquent taxes and which are expected to be collected within 60 days after year-end.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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 for sales and services. Operating expenses for enterprise funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Summary of significant accounting policies:

The significant accounting policies followed by the County include the following:

Cash, cash equivalents and certificates of deposit: Separate bank accounts are not maintained for all County funds, as certain funds maintain their deposits in a pooled account. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund. Interest earned on these accounts is recorded in the General Fund, unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Investments: Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Interest and penalty on property tax receivable: Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Interfund transactions: Transactions from County funds that would be treated as revenues and expenditures or expenses if they involved organizations external to the County government are accounted for as revenues and 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 expected, are separately reported in the respective funds' operating statements.

Notes to Basic Financial Statements

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

Activity between funds that are representative of the lending/borrowing arrangement 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."

Due from other governments: Due from other governments represents amounts due from the state of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories: Inventories are valued at cost using the first-in, first-out method. Inventories in the special revenue funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the Government-wide and fund financial statements on the consumption method.

Capital assets: Capital assets, including land, construction-in-progress, buildings, improvements other than buildings, equipment and vehicles and infrastructure (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

All reported capital assets except land and construction-in-progress are depreciated. Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for capital assets are as follows:

Buildings	10 to 50 years
Improvements other than buildings	10 to 25 years
Equipment and vehicles	5 to 20 years
Infrastructure	15 to 65 years

Due to other governments: Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Notes to Basic Financial Statements

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

Trusts payable: Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred/unearned revenue: Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations have been recorded as deferred/unearned revenue.

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

Compensated absences: County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. 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, when due, as a result of employee retirements and resignations. The amount of liability not considered due is not reported in the fund financial statements. However, the entire compensated absence liability is reported in the government-wide financial statements.

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

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds for the Capital Projects Fund was \$13,610,914. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$593,519 for debt service, \$1,331,725 for mental health, \$1,461,146 for secondary roads and \$2,964,288 for supplemental levy purposes.

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

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

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

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

Budgets and budgetary accounting: Budgets are prepared using the same accounting basis and practices as are used to account for and prepare financial reports for the funds; thus the budgetary comparison schedule presented in this report for comparison to actual amounts is presented in accordance with accounting principles generally accepted in the United States of America.

The County uses the following procedures when establishing their operational budget:

- On or before November 1, a budget request for the next fiscal year is sent to all elected officials and department heads. Three years of history are provided as well as year-to-date figures for the current fiscal year. Any goals or direction from the Board of Supervisors are also provided. The completed requests are due in early December and include proposed expenditures, projected program revenues and an updated capital improvement project (CIP) list. Once the information is received and entered into the financial system, all of the budget requests are then compiled. Copies of all salary projections, a budget summary and a capital request summary for each department are prepared and assembled for the Board. A tax asking form with a comparison to the current fiscal year's budget by fund is prepared by the end of December. The budget documents are then reviewed by the Board of Supervisors with additional input from various departments as requested by the Board during the months of January and February.
- 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 not fund level. These nine 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, administration, debt service and capital projects.

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 department level by major class of expenditures, rather than by line item expenditure. County management can approve budget shifts within the major classes but not between major classes. During the year, there were two budget amendments adopted in December 2007 and May 2008.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Cash and Investments

As of June 30, 2008, the County's cash and investments were as follows:

Cash statement of net assets	\$ 20,191,662
Cash fiduciary funds	6,471,048
Investments	17,152,993
	<u>\$ 43,815,703</u>

The County maintains cash and investment pools for certain funds where the resources have been pooled in order to maximize investment opportunities. Income from investments is recorded in the General Fund unless otherwise provided by law.

Authorized investments: The County is authorized by statute and policy to invest public funds in interest-bearing savings accounts, money market accounts and checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the County and State of Iowa Statute, Chapter 12C; and perfected repurchase agreements, pooled funds including but not limited to mutual funds, trusts and third party management arrangement or improvement certificates of a drainage district. However, the County's investment policy additionally limits investments stating that any bank must be on the most recent State of Iowa Approved Bank List. Additionally, investments in (1) reverse repurchase agreements and (2) securities derived from interest-only cash flows from an underlying collateral debt instrument where there is risk of loss due to early redemption of the collateral are prohibited.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates 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, the County minimizes the market value risk of investments in the portfolio by separating operating funds from other funds available for investment. Operating funds may not be invested in investments with maturity dates in excess of 397 days. Nonoperating funds may be invested in investments with maturities no greater than 30 months. This ensures that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

Investment Type	Maturities	Fair Value
IPAIT Diversified, Money Market Mutual Fund	90 days	\$ 15,954,006
Mutual fund, fixed income	N/A	14,813
Mutual funds, equities	N/A	267,016
Mutual funds, alternative strategies and other	N/A	43,393
United States Treasury, SLUG	12/01/2008	6,883
United States Treasury, SLUG	06/01/2009	866,882
		<u>\$ 17,152,993</u>

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2008, the County's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's
IPAIT Diversified, Money Market Mutual Fund	*	*
Mutual fund, fixed income	Not rated	Not rated
Mutual funds, equities	Not rated	Not rated
Mutual fund, alternative strategies and other	Not rated	Not rated

* As of June 30, 2008, the Diversified Portfolio security ratings were 33 percent AAA and 77 percent not applicable.

Concentration of credit risk: The County's investment policy is to apply the prudent-person rule: Investments shall be made utilizing the judgment and care, under the circumstances then present, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investments, considering probable safety of their capital as well as the probable income to be derived. The County did not have any investments in any one issuer that represent 5 percent or more of total County investments: mutual funds are excluded from this consideration given the County does not "hold" the underlying investments. U.S. Treasuries are excluded given the direct guarantee of the government.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2008, the County's investments were insured and not subject to custodial credit risk. Time deposits in excess of FDIC insurable limits are secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all County funds to be deposited into an approved depository and be either insured or collateralized. As of June 30, 2008, the County's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 3. Interfund Receivables and Payables

The detail of due to/due from other funds as of June 30, 2008 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental activities, major funds:		
General Fund	\$ 135,152	\$ 16,510
Special revenue funds:		
Mental health	3,733	118,523
Rural services	-	753
Secondary roads	-	3,099
Total	\$ 138,885	\$ 138,885

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 628,610
Special revenue funds:		
Rural services	-	1,231,945
Secondary roads	1,860,555	-
Total	\$ 1,860,555	\$ 1,860,555

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 5. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,824,357	\$ 19,924	\$ -	\$ 3,844,281
Construction-in-progress	2,300,228	2,629,301	(2,182,156)	2,747,373
Total capital assets not being depreciated	6,124,585	2,649,225	(2,182,156)	6,591,654
Capital assets being depreciated:				
Buildings	26,144,311	801,045	-	26,945,356
Improvements other than buildings	1,239,776	170,995	-	1,410,771
Equipment and vehicles	9,828,208	854,650	(423,474)	10,259,384
Infrastructure	41,213,122	2,269,775	-	43,482,897
Total capital assets being depreciated	78,425,417	4,096,465	(423,474)	82,098,408
Less accumulated depreciation for:				
Buildings	9,507,952	547,679	-	10,055,631
Improvements other than buildings	761,660	39,792	-	801,452
Equipment and vehicles	6,961,816	710,610	(352,481)	7,319,945
Infrastructure	13,486,095	1,422,096	-	14,908,191
Total accumulated depreciation	30,717,523	2,720,177	(352,481)	33,085,219
Total capital assets being depreciated, net	47,707,894	1,376,288	(70,993)	49,013,189
Governmental activities capital assets, net	\$ 53,832,479	\$ 4,025,513	\$ (2,253,149)	\$ 55,604,843
Business-type activities:				
Capital assets being depreciated, infrastructure	\$ 5,420,639	\$ -	\$ -	\$ 5,420,639
Less accumulated depreciation for infrastructure	1,627,063	195,468	-	1,822,531
Business-type activities capital assets, net	\$ 3,793,576	\$ (195,468)	\$ -	\$ 3,598,108

Black Hawk County, Iowa**Notes to Basic Financial Statements****Note 5. Capital Assets (Continued)**

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

Governmental activities:

Public safety and legal services	\$ 552,100
Physical health and social services	29,873
Mental health	83,701
County environment and education	137,549
Roads and transportation	1,724,638
Governmental services to residents	5,524
Administration	186,792
Total depreciation expense - governmental activities	\$ 2,720,177

Business-type activities:

Rural Sewer	\$ 128,739
Rural Water	66,729
Total depreciation expense - business-type activities	\$ 195,468

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Retirements/ Deletions	Balance June 30, 2008	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,155,000	\$ 13,055,000	\$ 1,950,000	\$ 21,260,000	\$ 2,700,000
General obligation capital notes	1,125,000	205,000	265,000	1,065,000	275,000
Capital leases	107,725	-	107,725	-	-
Compensated absences	2,658,525	1,792,723	1,900,961	2,550,287	1,294,351
	\$ 14,046,250	\$ 15,052,723	\$ 4,223,686	\$ 24,875,287	\$ 4,269,351
Business-type activities:					
General obligation bonds	\$ 1,450,000	\$ -	\$ 160,000	\$ 1,290,000	\$ 160,000
General obligation capital notes	920,000	-	60,000	860,000	60,000
	\$ 2,370,000	\$ -	\$ 220,000	\$ 2,150,000	\$ 220,000

New debt issues: On April 15, 2008, Black Hawk County issued \$13,055,000 in General Obligation Bonds, Series 2008A with interest rates ranging from 3.25 percent to 4.125 percent. Of the total bond amount, \$11,000,000 is to be used for the repair and maintenance of County roads and culverts, \$1,200,000 is to be used for improving and equipping various County buildings and grounds, and \$300,000 is to be used for improving and equipping County buildings including the Pinecrest building.

On July 9, 2007, Black Hawk County issued \$205,000 in General Obligation Capital Loan Notes, Series 2007B with interest rates of 4.71 percent throughout the term of the note to finance the costs of certain capital improvements in the County. A payment toward the principal of the note in the amount of \$15,000 was made during the year, leaving a balance of \$190,000 as of June 30, 2008.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Crossover Refunding: On June 27, 2007, Black Hawk County issued \$2,985,000 in General Obligation Bonds, Series 2007A with interest rates ranging from 3.65 percent to 4.00 percent to finance the costs of certain capital improvements in the County, to complete current refunding of \$500,000 of outstanding General Obligation Bonds, Series 2000 with interest rates from 5.15 percent to 5.30 percent and to crossover refund \$920,000 of Capital Loan Notes, Series 1999 with interest rates from 5.3 percent to 5.75 percent; \$502,176 was used to refund the Series 2000 bonds. As a result, the 2000 Series were considered to be defeased as of June 30, 2007 and the liability for those bonds was removed from the government-wide statement of net assets. The net proceeds related to the crossover refunding of \$953,156 (after payment of \$14,480 in underwriting fees, insurance and other costs) were used to purchase U.S. government securities (SLGS) in an irrevocable trust with an escrow agent. These proceeds are to provide for the future debt service payments on the Series 1999A capital loan notes until the crossover date of June 1, 2009. The transactions, balances and liabilities of the escrow account are recorded by the County since the refunded debt Series 1999 is not considered extinguished as of June 30, 2008.

General obligation bonds: General obligation bonds have been issued for both governmental and business-type activities. The portion of unmatured general obligation bonds reported in the governmental activities column in the statement of net assets to be paid from the Debt Service Fund totaled \$21,260,000 as of June 30, 2008. These bonds bear interest with rates ranging from 2.40 percent to 4.125 percent and mature in varying annual amounts ranging from \$40,000 to \$1,250,000 through June 1, 2023.

The portion of unmatured general obligation bonds reported in the business-type activities column in the statement of net assets to be paid from proprietary revenues totaled \$1,290,000 as of June 30, 2008. These bonds bear interest with rates ranging from 2.75 percent to 4.00 percent and mature in varying annual amounts ranging from \$70,000 to \$105,000 through June 1, 2019.

General obligation capital loan notes: General obligation capital loan notes have been issued for both governmental and business-type activities. The portion of unmatured general obligation capital loan notes reported in the governmental activities column in the statement of net assets and to be paid from the Debt Service Fund totaled \$1,065,000 as of June 30, 2008. These notes bear interest with rates ranging from 2.65 percent to 4.71 percent and mature in varying annual amounts ranging from \$30,000 to \$200,000 through June 1, 2017.

The portion of unmatured general obligation capital loan notes reported in the business-type activities column in the statement of net assets to be paid from proprietary revenues totaled \$860,000 as of June 30, 2008. These notes bear interest with rates ranging from 5.30 percent to 5.75 percent and mature in varying annual amounts ranging from \$60,000 to \$100,000 through June 1, 2019.

Compensated absences: Compensated absences attributable to governmental activities are generally liquidated by the General Fund.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2008 are as follows:

Governmental Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2009	\$ 2,700,000	\$ 823,923	\$ 275,000	\$ 37,672
2010	2,875,000	688,818	285,000	29,522
2011	1,665,000	585,090	85,000	16,973
2012	1,615,000	529,293	90,000	17,243
2013	1,570,000	474,665	90,000	13,746
2014 - 2018	5,835,000	1,636,537	240,000	19,964
2019 - 2023	5,000,000	625,656	-	-
Total	\$ 21,260,000	\$ 5,363,982	\$ 1,065,000	\$ 135,120

Business-Type Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2009	\$ 160,000	\$ 51,039	\$ 60,000	\$ 48,198
2010	170,000	46,234	65,000	45,018
2011	170,000	41,204	65,000	41,508
2012	180,000	35,601	70,000	37,965
2013	80,000	29,786	75,000	34,115
2014 - 2018	435,000	70,999	425,000	104,538
2019	95,000	3,800	100,000	5,750
Total	\$ 1,290,000	\$ 278,663	\$ 860,000	\$ 317,092

The computation of the County's legal margin as of June 30, 2008 is as follows:

January 2006 assessed valuation	\$ 4,025,527,295
Less military exemption	15,561,565
Total assessed value	\$ 4,009,965,730
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 200,498,287
Total amount of debt applicable to debt margin	24,475,000
Legal debt margin	\$ 176,023,287

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 7. Note Receivable

On August 1, 1995, the County issued \$2,130,000 of general obligation capital loan notes, a portion of which was to partially fund juvenile detention center renovations. On August 24, 1995, the County entered into an agreement to loan \$800,000 of the capital loan note proceeds to the North Iowa Juvenile Detention Service Commission. The North Iowa Juvenile Detention Service Commission issued a note to the County that requires annual principal payments ranging from \$37,559 to \$75,117 and semiannual interest payments at rates ranging from 5.10 percent to 5.20 percent per annum, with the final payment due June 1, 2010. During the year ended June 30, 2008, the County received \$67,606 of principal and \$11,028 of interest from the North Iowa Juvenile Detention Service Commission. The balance owed to the County on the note as of June 30, 2008 was \$146,479. In the Governmental Funds, this amount has been deferred under the modified accrual basis of accounting as the amount does not represent current financial resources. The County considers the note fully collectible as of June 30, 2008 and, therefore, an allowance for uncollectible amounts is not considered necessary.

Note 8. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to any employee who, with the consent of Black Hawk County, elects to reduce a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, inservice distribution or unforeseeable emergency. The Plan was amended to comply with IRC Section 457(b) which allowed for the Plan to hold its assets in trust. Under these new requirements, the assets of the Plan are no longer subject to the general creditors of the County. The assets are maintained in trust by the employer in connection with the Plan. The Plan is maintained for the exclusive benefit of the employee or his/her beneficiary and, therefore, the liability and corresponding investment are not reflected in the financial statements.

Note 9. Pension and Retirement Benefits

The County contributes 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 the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90 percent of their annual covered salary and the County is required to contribute 6.05 percent of annual covered payroll. In the case of law enforcement employees, the percentage for the year ended June 30, 2008 was 7.70 percent for the employees and the County. The contribution percentage for conservation employees was 5.34 percent for the employees and 8.47 percent for the County. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$1,573,882, \$1,509,552 and \$1,494,167, respectively, equal to the required contributions for each year.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 10. Employee Health Insurance Plan

The County is self-insured for its employee medical coverage. The internal service, Health Insurance Fund, was established to account for revenues and expenses of the County's health insurance benefit plan. The benefit plan is funded by both employee and County contributions and is administered by a third party administrator, First Administrators, Inc., a stop-loss insurance policy, has been obtained for the health plan to limit the amount of payments by the County on an individual basis to \$100,000 per year. The annual maximum coverage limit for the employee medical plan is \$1,000,000. In addition to the individual stop loss coverage, the County has purchased aggregate excess loss coverage of 125 percent of expected claims during the plan year, approximately \$5,401,536.

Monthly payments of service fees and plan contributions to the internal service, Health Insurance Fund, are recorded as expenditures from the operating funds.

Amounts payable from the internal service, Health Insurance Fund, as of June 30, 2008 totaled \$737,544 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses.

Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the claims payable in fiscal years 2008 and 2007 are as follows:

	2008	2007
Claims payable, beginning of year	\$ 746,083	\$ 669,637
Claims recognized	4,908,423	5,050,331
Claim payments	(4,916,962)	(4,973,885)
Claims payable, end of year	<u>\$ 737,544</u>	<u>\$ 746,083</u>

Note 11. Risk Management

Black Hawk County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to protect against errors and omissions and injuries to employees. The County is a member of the Iowa Communities Assurance Pool (ICAP). The membership in the ICAP protects against loss related to torts; theft, damage to and destruction of assets; and natural disasters. ICAP is a risk sharing pool where the liability of each member is limited to their financial contribution; no member is responsible for the liabilities of any other member. The County's 2008 contribution was \$125,000. The County is responsible for the first \$50,000 of settlements. Prior to joining ICAP, the County self-insured for various risks of loss; \$57,500 has been reserved for these run-off claims and for the deductibles of outstanding claims under the pooled plan.

Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12. Health Care Facility and Industrial Development Revenue Bonds

The County has issued a total of \$20,541,320 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$12,697,804 is outstanding as of June 30, 2008. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 13. 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 14. Commitments and Contingency

The County has entered into financial commitments totaling approximately \$6,855,700 which relate to various road and bridge construction, engineering and maintenance projects. As of June 30, 2008, the County had approximately \$3,892,500 remaining on the contracts.

Note 15. Subsequent Event

On July 22, 2008, the County issued \$3,800,000 of General Obligation Bonds, Series 2008B for the purpose of paying the acquisition costs of communication equipment to be used by officers and emergency services communication equipment and systems. Interest on the Series 2008B bonds ranges from 4.0 percent to 4.6 percent and is payable June 1 and December 1. Principal is payable through June 1, 2018.

Note 16. Governmental Accounting Standards Board (GASB) Statements

The County adopted the following GASB statements during the year ended June 30, 2008:

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. This Statement had no effect on the County in the current year.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues. This Statement had no effect on the County in the current year.

GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This Statement had no effect on the County in the current year.

Note 16. Governmental Accounting Standards Board (GASB) Statements (Continued)

The GASB has issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the County beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The estimated effect of the adoption of this Statement to the County is an actuarial accrued liability of approximately \$4,319,000 as of July 1, 2008.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the County beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the County beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the County beginning with its year ending June 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the County beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

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

Black Hawk County, Iowa

Required Supplementary Information
Budgetary Comparison Schedule
All Governmental Funds
Year Ended June 30, 2008

	Budgeted Amounts		Governmental Fund	Variance with
	Original	Final	Types Actual	Final Budget Favorable (Unfavorable)
Revenues:				
Property and other County tax	\$ 30,027,407	\$ 30,027,407	\$ 30,128,426	\$ 101,019
Interest and penalty on property tax	307,500	307,500	501,651	194,151
Intergovernmental	26,394,310	29,300,840	27,337,150	(1,963,690)
Licenses and permits	385,115	460,115	503,428	43,313
Charges for services	5,382,156	5,370,061	5,966,101	596,040
Use of money and property	1,282,359	1,282,359	1,347,329	64,970
Miscellaneous	1,356,549	1,402,442	1,526,478	124,036
Total revenues	65,135,396	68,150,724	67,310,563	(840,161)
Expenditures:				
Current:				
Public safety and legal services	15,683,002	15,723,118	15,147,782	575,336
Physical health and social services	11,522,030	12,377,415	11,133,191	1,244,224
Mental health	21,795,291	22,977,141	21,699,357	1,277,784
County environment and education	2,866,054	2,922,610	2,366,295	556,315
Roads and transportation	5,069,991	5,330,726	5,199,582	131,144
Governmental services to residents	1,754,774	1,792,937	1,519,451	273,486
Administration	5,065,274	5,276,793	5,134,223	142,570
Debt service	2,742,504	2,742,504	2,808,326	(65,822)
Capital projects	1,953,277	3,432,552	2,015,652	1,416,900
Total expenditures	68,452,197	72,575,796	67,023,859	5,551,937
Excess (deficiency) of revenues over (under) expenditures	(3,316,801)	(4,425,072)	286,704	4,711,776
Other financing sources, net	-	14,558,199	15,030,399	472,200
Net change in fund balances	\$ (3,316,801)	\$ 10,133,127	\$ 15,317,103	\$ 5,183,976

See Note to Required Supplementary Information.

Black Hawk County, Iowa

Note to Required Supplementary Information

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 statutory prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety and legal services, physical health and social services, mental health, County environment and education, roads and transportation, governmental services to residents, administration, debt service and capital projects. Function expenditures required to be budgeted include expenditures for the General Fund, the special revenue funds, the Debt Service Fund and the Capital Projects Fund. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments increased budgeted expenditures by \$4,123,599. The amendments were primarily due to changes in capital projects, physical health and social services and mental health services.

During the year ended June 30, 2008, expenditures exceeded the amount budgeted in the debt service function.

Black Hawk County, Iowa

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets			
Cash and investments	\$ 304,111	\$ 22,220	\$ 9,711
Receivables:			
Accounts	-	-	-
Accrued interest	190	12	6
Total assets	\$ 304,301	\$ 22,232	\$ 9,717
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ 1,785	\$ 937
Contracts payable	318,600	-	-
Total liabilities	318,600	1,785	937
Fund Balances (Deficits), unreserved, undesignated, special revenue funds	(14,299)	20,447	8,780
Total liabilities and fund balances	\$ 304,301	\$ 22,232	\$ 9,717

Special Revenue						
Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total	
\$ 2,582	\$ 152,531	\$ 23,292	\$ 13,382	\$ 655,939	\$	1,183,768
-	7,104	-	-	-		7,104
-	-	-	-	-		208
\$ 2,582	\$ 159,635	\$ 23,292	\$ 13,382	\$ 655,939	\$	1,191,080
\$ -	\$ 2,588	\$ 1,306	\$ -	\$ 84,006	\$	90,622
-	-	-	-	-		318,600
-	2,588	1,306	-	84,006		409,222
2,582	157,047	21,986	13,382	571,933		781,858
\$ 2,582	\$ 159,635	\$ 23,292	\$ 13,382	\$ 655,939	\$	1,191,080

Black Hawk County, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2008

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Intergovernmental	\$ 103,938	\$ -	\$ -
Charges for service	-	24,124	-
Use of money and property	1,552	75	93
Miscellaneous, primarily contributions	87,601	-	229
Total revenues	193,091	24,199	322
Expenditures:			
Current:			
Public safety and legal services	-	-	-
County environment and education	12,823	-	-
Governmental services to residents	-	13,173	5,586
Total expenditures	12,823	13,173	5,586
Net change in fund balances (deficits)	180,268	11,026	(5,264)
Fund balances, beginning of year	(194,567)	9,421	14,044
Fund balances (deficits), end of year	\$ (14,299)	\$ 20,447	\$ 8,780

Special Revenue										
Sheriff's Federal Forfeiture		Sheriff's Commissary		Drainage Districts		Conservation Land Acquisition		Friends of Hartman Reserve		Total
\$	-	\$	-	\$	-	\$	-	\$	102,502	\$ 206,440
	-		-		-		-		48,659	72,783
	-		104,099		-		-		(23,786)	82,033
	-		-		-		10,750		65,363	163,943
	-		104,099		-		10,750		192,738	525,199
	-		87,325		-		-		-	87,325
	-		-		4,560		-		167,879	185,262
	-		-		-		-		-	18,759
	-		87,325		4,560		-		167,879	291,346
	-		16,774		(4,560)		10,750		24,859	233,853
	2,582		140,273		26,546		2,632		547,074	548,005
\$	2,582	\$	157,047	\$	21,986	\$	13,382	\$	571,933	\$ 781,858

Black Hawk County, Iowa

Combining Statement of Net Assets
Enterprise Funds
Year Ended June 30, 2008

	Rural Sewer	Rural Water	Total
Assets			
Current assets:			
Cash and investments	\$ 15	\$ 284,083	\$ 284,098
Restricted cash and investments	873,765	-	873,765
Receivables:			
Accounts	29,499	11,409	40,908
Accrued interest	4	178	182
Total current assets	903,283	295,670	1,198,953
Noncurrent assets:			
Discounts on long-term debt	12,351	1,404	13,755
Debt issuance costs	14,480	-	14,480
Capital assets; infrastructure (net of accumulated depreciation)	2,545,270	1,052,838	3,598,108
Total noncurrent assets	2,572,101	1,054,242	3,626,343
Total assets	\$ 3,475,384	\$ 1,349,912	\$ 4,825,296
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 6,855	\$ 11	\$ 6,866
Accrued interest payable	6,883	986	7,869
Due to other governments	194	-	194
Current portion of general obligation bonds	70,000	90,000	160,000
Current portion of general obligation capital loan notes	60,000	-	60,000
Total current liabilities	143,932	90,997	234,929
Long-term liabilities:			
General obligation bonds	835,000	295,000	1,130,000
General obligation capital loan notes	800,000	-	800,000
Total noncurrent liabilities	1,635,000	295,000	1,930,000
Total liabilities	1,778,932	385,997	2,164,929
Net assets:			
Invested in capital assets, net of related debt	792,621	669,242	1,461,863
Restricted for debt service	873,765	-	873,765
Unrestricted	30,066	294,673	324,739
Total net assets	1,696,452	963,915	2,660,367
Total liabilities and net assets	\$ 3,475,384	\$ 1,349,912	\$ 4,825,296

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets

Enterprise Funds

Year Ended June 30, 2008

	Rural Sewer	Rural Water	Total
Operating revenues, charges for services	\$ 165,970	\$ 63,024	\$ 228,994
Operating expenses:			
Costs of sales and services	106,781	1,413	108,194
Depreciation	128,739	66,729	195,468
Total operating expenses	235,520	68,142	303,662
Operating (loss)	(69,550)	(5,118)	(74,668)
Nonoperating revenues (expenses):			
Interest income	32,489	2,555	35,044
Interest expense	(89,053)	(14,244)	(103,297)
Intergovernmental	2,761	-	2,761
Total nonoperating (expenses)	(53,803)	(11,689)	(65,492)
Change in net assets	(123,353)	(16,807)	(140,160)
Net assets, beginning of year	1,819,805	980,722	2,800,527
Net assets, end of year	\$ 1,696,452	\$ 963,915	\$ 2,660,367

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Combining Statement of Cash Flows Enterprise Funds Year Ended June 30, 2008

	Rural Sewer	Rural Water	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 168,468	\$ 63,030	\$ 231,498
Cash paid to suppliers for services	(116,542)	(1,412)	(117,954)
Net cash provided by operating activities	51,926	61,618	113,544
Cash flows from noncapital financing activities,			
payments to interfund accounts	(16)	-	(16)
Net cash (used in) noncapital financing activities	(16)	-	(16)
Cash flows from capital and related financing activities:			
Intergovernmental revenue	20,704	-	20,704
Payments on capital loan notes and bonds	(130,000)	(90,000)	(220,000)
Interest paid on capital loan bonds and notes	(88,336)	(14,079)	(102,415)
Net cash (used in) capital and related financing activities	(197,632)	(104,079)	(301,711)
Cash flows from investing activities, interest on investments	32,502	2,579	35,081
Net (decrease) in cash and cash equivalents	(113,220)	(39,882)	(153,102)
Cash and cash equivalents, beginning	987,000	323,965	1,310,965
Cash and cash equivalents, ending	<u>\$ 873,780</u>	<u>\$ 284,083</u>	<u>\$ 1,157,863</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating (loss)	\$ (69,550)	\$ (5,118)	\$ (74,668)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	128,739	66,729	195,468
Changes in assets and liabilities:			
Decrease in accounts receivable	2,498	6	2,504
Increase in due to other governments	194	-	194
Increase (decrease) in accounts payable	(9,955)	1	(9,954)
Net cash provided by operating activities	\$ 51,926	\$ 61,618	\$ 113,544

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Combining Statement of Net Assets

Internal Service Funds

June 30, 2008

	Health Insurance	Self-Insurance	Office Equipment	Total
Assets				
Current assets:				
Cash and investments	\$ 3,577,216	\$ 229,564	\$ 36,773	\$ 3,843,553
Receivables:				
Accounts	16,997	4,882	-	21,879
Accrued interest	2,295	227	23	2,545
Total assets	\$ 3,596,508	\$ 234,673	\$ 36,796	\$ 3,867,977
Liabilities				
Current liabilities:				
Accounts payable	\$ 14,692	\$ 50,387	\$ 1,259	\$ 66,338
Claims payable	737,544	57,500	-	795,044
Total liabilities	752,236	107,887	1,259	861,382
Net Assets, unrestricted	2,844,272	126,786	35,537	3,006,595
Total liabilities and net assets	\$ 3,596,508	\$ 234,673	\$ 36,796	\$ 3,867,977

Black Hawk County, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2008

	Health Insurance	Self-Insurance	Office Equipment	Total
Operating revenues, charges for services	\$ 6,449,611	\$ 154,422	\$ -	\$ 6,604,033
Operating expenses, costs of sales and services	5,350,850	128,260	13,656	5,492,766
Operating income (loss)	1,098,761	26,162	(13,656)	1,111,267
Nonoperating revenues, interest income	22,996	1,473	318	24,787
Change in net assets	1,121,757	27,635	(13,338)	1,136,054
Net assets, beginning of year	1,722,515	99,151	48,875	1,870,541
Net assets, end of year	<u>\$ 2,844,272</u>	<u>\$ 126,786</u>	<u>\$ 35,537</u>	<u>\$ 3,006,595</u>

Black Hawk County, Iowa

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2008

	Health Insurance	Self-Insurance	Office Equipment	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 6,435,743	\$ 149,540	\$ -	\$ 6,585,283
Cash paid for claims and administrative provider	(5,357,753)	(159,545)	-	(5,517,298)
Cash paid to suppliers for services	-	-	(13,977)	(13,977)
Net cash provided by (used in) operating activities	1,077,990	(10,005)	(13,977)	1,054,008
Cash flows from investing activities, interest on investments	22,229	1,347	327	23,903
Net increase (decrease) in cash and cash equivalents	1,100,219	(8,658)	(13,650)	1,077,911
Cash and cash equivalents, beginning of year	2,476,997	238,222	50,423	2,765,642
Cash and cash equivalents, end of year	<u>\$ 3,577,216</u>	<u>\$ 229,564</u>	<u>\$ 36,773</u>	<u>\$ 3,843,553</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,098,761	\$ 26,162	\$ (13,656)	\$ 1,111,267
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
(Increase) in accounts receivable	(13,868)	(4,882)	-	(18,750)
(Decrease) in accounts and claims payable	(6,903)	(31,285)	(321)	(38,509)
Net cash provided by (used in) operating activities	\$ 1,077,990	\$ (10,005)	\$ (13,977)	\$ 1,054,008

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
County Offices Fund				
Assets				
Cash and investments	\$ 536,146	\$ 537,055	\$ 536,146	\$ 537,055
Receivables, property taxes and other	565	371	565	371
Total assets	\$ 536,711	\$ 537,426	\$ 536,711	\$ 537,426
Liabilities				
Trust payable	\$ 423,358	\$ 399,906	\$ 423,358	\$ 399,906
Due to other governmental agencies	113,353	137,520	113,353	137,520
Total liabilities	\$ 536,711	\$ 537,426	\$ 536,711	\$ 537,426
Agricultural Extension Education Fund				
Assets				
Cash and investments	\$ 1,639	\$ 310,372	\$ 308,495	\$ 3,516
Receivables, property taxes and other	300,632	306,296	300,632	306,296
Total assets	\$ 302,271	\$ 616,668	\$ 609,127	\$ 309,812
Liabilities, due to other governmental agencies	\$ 302,271	\$ 316,036	\$ 308,495	\$ 309,812
County Assessor Fund				
Assets				
Cash and investments	\$ 1,164,691	\$ 1,029,749	\$ 1,156,900	\$ 1,037,540
Receivables, property taxes and other	973,396	1,103,629	973,395	1,103,630
Total assets	\$ 2,138,087	\$ 2,133,378	\$ 2,130,295	\$ 2,141,170
Liabilities				
Accounts payable	\$ 34,132	\$ 32,444	\$ 34,131	\$ 32,445
Due to other governmental agencies	2,103,955	1,136,826	1,132,056	2,108,725
Total liabilities	\$ 2,138,087	\$ 1,169,270	\$ 1,166,187	\$ 2,141,170
Schools Taxing District Fund				
Assets				
Cash and investments	\$ 617,531	\$ 57,119,857	\$ 57,072,805	\$ 664,583
Receivables, property taxes and other	55,337,391	60,408,066	55,337,391	60,408,066
Total assets	\$ 55,954,922	\$ 117,527,923	\$ 112,410,196	\$ 61,072,649
Liabilities, due to other governmental agencies	\$ 55,954,922	\$ 62,190,532	\$ 57,072,805	\$ 61,072,649

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Community College Taxing District Fund				
Assets				
Cash and investments	\$ 42,298	\$ 3,188,869	\$ 3,195,174	\$ 35,993
Receivables, property taxes	3,091,658	4,021,523	3,091,658	4,021,523
Total assets	\$ 3,133,956	\$ 7,210,392	\$ 6,286,832	\$ 4,057,516
Liabilities, due to other governmental agencies	\$ 3,133,956	\$ 4,118,735	\$ 3,195,175	\$ 4,057,516
Corporations Taxing District Fund				
Assets				
Cash and investments	\$ 629,424	\$ 61,853,004	\$ 61,772,051	\$ 710,377
Receivables, property taxes and other	60,267,696	65,126,795	60,267,696	65,126,795
Total assets	\$ 60,897,120	\$ 126,979,799	\$ 122,039,747	\$ 65,837,172
Liabilities, due to other governmental agencies	\$ 60,897,120	\$ 66,712,103	\$ 61,772,051	\$ 65,837,172
City Special Assessments Fund				
Assets				
Cash and investments	\$ 18,827	\$ 95,381	\$ 94,775	\$ 19,433
Receivables, property taxes and other	71,655	81,226	71,655	81,226
Total assets	\$ 90,482	\$ 176,607	\$ 166,430	\$ 100,659
Liabilities, due to other governmental agencies	\$ 90,482	\$ 104,952	\$ 94,775	\$ 100,659
Auto License and Use Tax Fund				
Assets				
Cash and investments	\$ 1,982,128	\$ 24,443,831	\$ 24,601,206	\$ 1,824,753
Receivables, property taxes and other	126,344	110,583	126,344	110,583
Total assets	\$ 2,108,472	\$ 24,554,414	\$ 24,727,550	\$ 1,935,336
Liabilities, due to other governmental agencies	\$ 2,108,472	\$ 24,428,070	\$ 24,601,206	\$ 1,935,336
Payroll Clearing Fund				
Assets, cash and investments	\$ -	\$ 15,527,659	\$ 15,527,659	\$ -
Liabilities, due to other governmental agencies	\$ -	\$ 15,022,077	\$ 15,022,077	\$ -

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Other Funds				
Assets				
Cash and investments	\$ 1,204,627	\$ 4,814,993	\$ 4,381,822	\$ 1,637,798
Receivables, property taxes and other	468,746	503,392	468,751	503,387
Total assets	\$ 1,673,373	\$ 5,318,385	\$ 4,850,573	\$ 2,141,185
Liabilities				
Trust payable	\$ 473,035	\$ 3,178,935	\$ 3,061,651	\$ 590,319
Accounts payable and accrued liabilities	64,675	26,935	14,675	76,935
Due to other governmental agencies	1,135,665	1,610,837	1,272,571	1,473,931
Total liabilities	\$ 1,673,375	\$ 4,816,707	\$ 4,348,897	\$ 2,141,185
Total				
Assets				
Cash and investments	\$ 6,197,311	\$ 168,920,770	\$ 168,647,033	\$ 6,471,048
Receivables, property taxes and other	120,638,083	131,661,881	120,638,087	131,661,877
Total assets	\$ 126,835,394	\$ 300,582,651	\$ 289,285,120	\$ 138,132,925
Liabilities				
Accounts payable and accrued liabilities	\$ 98,807	\$ 59,379	\$ 48,806	\$ 109,380
Due to other governmental agencies	125,840,196	175,777,688	164,584,564	137,033,320
Trusts payable	896,393	3,578,841	3,485,009	990,225
Total liabilities	\$ 126,835,396	\$ 179,415,908	\$ 168,118,379	\$ 138,132,925

Black Hawk County, 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	
These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	64
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue sources, the property tax (or sales tax).	76
Debt Capacity	
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.	84
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	89
Operating Information	
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.	91

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The County implemented GASB Statement No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

Black Hawk County, Iowa

Net Assets by Component
Last Six Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	2003	2004
Governmental activities:		
Invested in capital assets, net of related debt	\$ 32,483,621	\$ 35,228,458
Restricted	12,221,319	9,612,277
Unrestricted	(739,318)	(162,376)
Total governmental activities net assets	\$ 43,965,622	\$ 44,678,359
Business-type activities:		
Invested in capital assets, net of related debt	\$ 2,714,369	\$ 2,583,887
Restricted	-	-
Unrestricted	323,911	441,743
Total business-type activities net assets	\$ 3,038,280	\$ 3,025,630
Primary government:		
Invested in capital assets, net of related debt	\$ 35,197,990	\$ 37,812,345
Restricted	12,221,319	9,612,277
Unrestricted	(415,407)	279,367
Total primary government net assets	\$ 47,003,902	\$ 47,703,989

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

Fiscal Year			
2005	2006	2007	2008
\$ 37,693,275	\$ 41,703,511	\$ 44,413,745	\$ 46,981,577
1,798,441	7,517,884	6,502,517	6,350,678
9,368,982	4,471,819	5,949,336	10,807,901
<u>\$ 48,860,698</u>	<u>\$ 53,693,214</u>	<u>\$ 56,865,598</u>	<u>\$ 64,140,156</u>
\$ 2,522,274	\$ 2,449,044	\$ 1,438,878	\$ 1,461,863
-	-	953,156	873,765
413,494	420,879	408,493	324,739
<u>\$ 2,935,768</u>	<u>\$ 2,869,923</u>	<u>\$ 2,800,527</u>	<u>\$ 2,660,367</u>
\$ 40,215,549	\$ 44,152,555	\$ 45,852,623	\$ 48,443,440
1,798,441	7,517,884	7,455,673	7,224,443
9,782,476	4,892,698	6,357,829	11,132,640
<u>\$ 51,796,466</u>	<u>\$ 56,563,137</u>	<u>\$ 59,666,125</u>	<u>\$ 66,800,523</u>

Black Hawk County, Iowa

Changes in Net Assets

Last Six Fiscal Years*

(accrual basis of accounting)

(Unaudited)

	2003	2004
Expenses:		
Governmental activities:		
Public safety and legal services	\$ 14,701,804	\$ 15,086,366
Physical health and social services	9,815,672	9,612,529
Mental health	18,136,480	19,056,283
County environment and education	2,113,189	3,236,159
Roads and transportation	4,838,006	5,006,474
Governmental services to residents	1,487,293	1,402,273
Administration	5,210,707	5,033,561
Nonprogram	285,192	343,994
Interest on long-term debt	608,305	506,881
Total governmental activities expenses	57,196,648	59,284,520
Business-type activities:		
Rural sewer	223,164	229,922
Rural water	109,192	143,930
Total business-type activities expenses	332,356	373,852
Total government expenses	\$ 57,529,004	\$ 59,658,372
Program revenues:		
Governmental activities:		
Charges for services:		
Public safety and legal services	\$ 1,007,559	\$ 1,280,802
Physical health and social services	2,196,194	3,420,811
Mental health	7,597,191	6,324,842
County environment and education	425,747	550,967
Roads and transportation	48,954	201,955
Governmental services to residents	1,917,368	1,915,475
Administration	1,334,891	756,928
Nonprogram	323,150	340,916
Operating grants and contributions	13,781,743	15,022,972
Capital grants and contributions	3,363,223	1,889,661
Total governmental activities program revenues	31,996,020	31,705,329
Business-type activities:		
Charges for services:		
Rural sewer	160,827	161,924
Rural water	116,586	98,438
Operating grants and contributions	-	-
Total business-type activities program revenues	277,413	260,362
Total government program revenues	\$ 32,273,433	\$ 31,965,691

(Continued)

Fiscal Year			
2005	2006	2007	2008
\$ 14,902,387	\$ 15,997,089	\$ 14,899,182	\$ 15,213,200
9,340,367	10,331,387	10,640,808	10,942,877
19,594,365	20,128,555	21,030,553	21,301,854
2,253,945	2,315,684	2,908,155	2,404,401
4,172,656	5,731,706	5,895,167	6,738,742
1,459,390	1,501,746	1,534,397	1,836,987
4,764,053	4,773,716	5,020,133	5,274,253
-	-	-	-
448,283	433,064	422,793	453,455
56,935,446	61,212,947	62,351,188	64,165,769
237,628	229,229	292,510	324,573
84,261	93,589	86,273	82,386
321,889	322,818	378,783	406,959
\$ 57,257,335	\$ 61,535,765	\$ 62,729,971	\$ 64,572,728
\$ 713,135	\$ 872,871	\$ 843,694	\$ 901,593
1,178,374	1,419,539	1,427,374	1,401,837
1,404,823	1,453,995	1,464,696	1,686,870
424,511	412,542	470,176	525,109
4,096	3,957	3,835	6,167
1,786,679	1,813,549	1,760,240	1,672,055
721,527	858,011	918,388	865,750
-	-	-	-
22,089,424	23,594,453	24,172,120	26,083,543
1,914,812	3,213,418	1,419,484	2,444,339
30,237,381	33,642,335	32,480,007	35,587,263
141,156	179,670	190,289	165,970
88,742	73,934	87,325	63,024
-	-	20,704	2,761
229,898	253,604	298,318	231,755
\$ 30,467,279	\$ 33,895,939	\$ 32,778,325	\$ 35,819,018

Black Hawk County, Iowa

Changes in Net Assets (Continued)

Last Six Fiscal Years*

(accrual basis of accounting)

(Unaudited)

	2003	2004
Net (expense)/revenue:		
Governmental activities	\$ (25,626,983)	\$ (27,931,804)
Business-type activities	(54,943)	(113,490)
Total government net expense	\$ (25,681,926)	\$ (28,045,294)
General revenues and other changes in net assets:		
Governmental activities:		
Taxes:		
Property taxes	\$ 23,363,148	\$ 24,184,410
Other taxes	2,177,355	2,333,081
State tax replacement credits	1,755,456	1,212,641
Unrestricted grants and contributions	-	38,850
Investment earnings	714,133	467,567
Gain on disposal of capital assets	2,867	16,443
Miscellaneous	80,467	38,936
Total governmental activities	28,093,426	28,291,928
Business-type activities:		
Unrestricted grants and contributions	-	95,000
Investment earnings	3,872	5,840
Miscellaneous	3,775	-
Total business-type activities	7,647	100,840
Total government	\$ 28,101,073	\$ 28,392,768
Change in net assets:		
Governmental activities	\$ 2,892,798	\$ 712,737
Business-type activities	(47,296)	(12,650)
Total primary government	\$ 2,845,502	\$ 700,087

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

Fiscal Year			
2005	2006	2007	2008
\$ (26,698,065)	\$ (27,570,612)	\$ (29,871,181)	\$ (28,578,506)
(91,991)	(69,214)	(80,465)	(175,204)
<u>\$ (26,790,056)</u>	<u>\$ (27,639,826)</u>	<u>\$ (29,951,646)</u>	<u>\$ (28,753,710)</u>

\$ 24,159,740	\$ 25,330,735	\$ 25,487,836	\$ 25,967,840
3,444,459	3,601,967	3,482,384	4,139,438
1,151,699	1,179,717	1,145,229	1,102,343
-	-	-	-
681,081	1,069,135	1,605,979	1,372,116
-	18,803	-	-
1,443,425	1,202,771	1,322,137	3,271,327
<u>30,880,404</u>	<u>32,403,128</u>	<u>33,043,565</u>	<u>35,853,064</u>

-	-	-	-
2,129	3,369	5,796	35,044
-	-	5,273	-
<u>2,129</u>	<u>3,369</u>	<u>11,069</u>	<u>35,044</u>
<u>\$ 30,882,533</u>	<u>\$ 32,406,497</u>	<u>\$ 33,054,634</u>	<u>\$ 35,888,108</u>

\$ 4,182,339	\$ 4,832,516	\$ 3,172,384	\$ 7,274,558
(89,862)	(65,845)	(69,396)	(140,160)
<u>\$ 4,092,477</u>	<u>\$ 4,766,671</u>	<u>\$ 3,102,988</u>	<u>\$ 7,134,398</u>

Black Hawk County, Iowa

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

	1999*	2000	2001	2002
General Fund:				
Reserved:				
Supplemental levy purposes	\$ 3,564,528	\$ 3,167,637	\$ 2,625,905	\$ 2,584,873
Prepays, inventory and other	1,921,837	819,306	814,508	845,630
Advance to other government	-	-	-	-
Capital projects	-	-	-	-
Unreserved:				
Designated	1,188,192	1,188,191	1,188,191	1,124,166
Undesignated	2,290,390	1,259,049	1,359,499	232,283
Total general fund	\$ 8,964,947	\$ 6,434,183	\$ 5,988,103	\$ 4,786,952
All other governmental funds:				
Reserved for:				
Debt service	\$ 10,691,573	\$ 927,175	\$ 944,865	\$ 766,550
Prepays, inventory and other	295,950	367,789	321,487	341,475
Capital projects	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	6,836,319	7,232,361	6,667,851	7,242,782
Capital Projects Fund	1,299,409	1,794,914	1,090,613	587,467
Total all other governmental funds	\$ 19,123,251	\$ 10,322,239	\$ 9,024,816	\$ 8,938,274

* Jail bonds were called 5/1/00 and \$9.72 million of these bonds were retired.

Source: County records

Fiscal Year											
2003			2004			2005			2006		
\$	1,642,371	\$	1,475,833	\$	1,798,441	\$	2,378,736	\$	2,964,288	\$	2,964,288
	201,391		34,481		5,132		4,794		-		-
	-		-		-		50,000		50,000		50,000
	-		-		-		70,468		-		-
	1,124,166		918,057		935,593		935,593		935,593		935,593
	1,398,102		1,834,385		2,609,114		2,723,894		3,482,798		7,058,087
\$	4,366,030	\$	4,262,756	\$	5,348,280	\$	6,163,485	\$	7,432,679	\$	11,007,968
\$	787,454	\$	684,890	\$	469,637	\$	490,758	\$	551,418	\$	593,519
	1,125		419		400,325		455,332		398,710		389,727
	-		-		-		1,705,772		1,939,141		13,332,937
	6,884,985		6,595,798		6,415,129		5,744,807		3,915,859		4,253,897
	1,731,486		963,285		236,745		(39,861)		35,927		12,789
\$	9,405,050	\$	8,244,392	\$	7,521,836	\$	8,356,808	\$	6,841,055	\$	18,582,869

Black Hawk County, Iowa

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	1999*	2000	2001	2002
Revenues:				
Property and other County tax	\$ 21,756,943	\$ 21,535,321	\$ 22,848,198	\$ 24,419,228
Interest and penalty on property tax	313,191	249,076	305,557	337,709
Intergovernmental	22,891,001	24,440,095	23,710,890	24,215,608
Licenses and permits	280,200	333,573	312,803	344,623
Charges for service	4,403,268	3,623,166	3,930,837	4,288,126
Use of money and property	2,142,338	2,335,800	1,561,485	1,025,169
Fines, forfeits and defaults	-	174,722	204,715	273,914
Miscellaneous	852,294	1,352,154	825,347	776,112
Total revenues	52,639,235	54,043,907	53,699,832	55,680,489
Expenditures:				
Public safety and legal services	11,416,608	12,278,021	12,744,201	13,759,118
Physical health and social services	9,667,168	10,244,458	9,175,627	9,964,422
Mental health	15,198,656	16,204,385	17,855,463	17,645,336
County environment and education	1,571,105	1,875,236	1,869,824	1,932,905
Roads and transportation	3,697,702	4,431,820	3,843,090	4,069,017
Governmental services to residents	1,275,602	1,263,535	1,313,347	1,436,204
Administration	4,474,341	5,139,958	4,696,934	4,830,170
Debt service:				
Interest	1,754,826	1,675,494	939,961	873,914
Principal	1,364,690	11,163,534	1,663,147	10,508,569
Debt issuance costs	-	-	-	-
Capital projects	1,655,245	2,257,166	1,450,891	971,109
Total expenditures	52,075,943	66,533,607	55,552,485	65,990,764
Excess of revenues over (under) expenditures	563,292	(12,489,700)	(1,852,653)	(10,310,275)
Other financing sources (uses):				
Proceeds from the sale of land and capital assets	56,833	110,766	16,351	5,577
Transfers in	1,920,065	2,511,966	1,919,943	2,110,341
Transfers out	(1,920,065)	(2,511,966)	(1,919,943)	(2,110,341)
Deferred payment contract	-	-	145,000	-
Repayments of advances from other funds	-	-	-	-
General obligation bonds and notes issued	-	997,000	-	8,775,068
Redemption of refunded bonds	-	-	-	-
Discount on general obligation bonds and notes	-	-	-	-
Insurance proceeds	-	-	-	-
Capital lease	-	-	-	-
Capital lease purchase refunding	-	-	-	-
Total other financing sources (uses)	56,833	1,107,766	161,351	8,780,645
Net change in fund balances	\$ 620,125	\$ (11,381,934)	\$ (1,691,302)	\$ (1,529,630)
Debt service as % of noncapital expenditures	6.25%	20.43%	4.80%	17.67%

* 1990-Jail bonds were called 5/1/00 and \$9.72 million of these bonds were retired.

Source: County records

Fiscal Year											
2003		2004		2005		2006		2007		2008	
\$	25,555,766	\$	26,515,030	\$	27,604,199	\$	28,548,171	\$	28,940,081	\$	30,128,426
	339,343		311,147		322,842		345,844		359,860		501,651
	24,073,274		23,937,462		25,455,131		24,895,285		25,832,554		27,337,150
	342,815		355,781		366,377		359,161		357,952		503,428
	4,624,478		4,843,972		5,430,239		5,912,720		5,916,816		5,966,101
	905,556		774,126		892,949		1,185,643		1,588,001		1,347,329
	-		-		-		-		-		-
	1,126,149		1,103,945		1,226,929		1,074,547		1,437,258		1,526,478
	56,967,381		57,841,463		61,298,666		62,321,371		64,432,522		67,310,563
	14,250,874		14,477,334		14,915,737		15,177,369		14,644,919		15,147,782
	9,742,599		9,430,765		9,325,786		10,356,702		10,700,336		11,133,191
	18,218,133		18,883,439		19,720,045		20,236,700		21,172,522		21,699,357
	1,979,881		1,890,308		2,381,472		2,242,623		2,769,241		2,366,295
	3,937,977		3,757,121		4,387,687		4,312,500		4,320,351		5,199,582
	1,493,129		1,383,953		1,512,553		1,492,111		1,525,049		1,519,451
	5,028,006		4,914,851		4,541,497		4,604,180		4,925,462		5,134,223
	615,149		493,750		449,919		430,187		429,266		415,697
	3,084,847		2,427,027		2,370,000		2,317,182		2,103,093		2,322,725
	-		-		-		51,241		23,112		69,904
	1,308,079		4,214,097		1,667,820		2,367,104		3,569,460		2,015,652
	59,658,674		61,872,645		61,272,516		63,587,899		66,182,811		67,023,859
	(2,691,293)		(4,031,182)		26,150		(1,266,528)		(1,750,289)		286,704
	307		1,470		3,818		76,751		3,530		1,506,229
	1,838,002		1,807,392		1,635,204		1,624,082		1,701,065		1,860,555
	(1,838,002)		(1,807,392)		(1,635,204)		(1,749,082)		(1,701,065)		(1,860,555)
	-		-		-		-		-		-
	600,005		-		-		-		-		-
	2,665,000		3,035,000		-		2,980,000		2,010,000		13,260,000
	-		-		-		-		(500,000)		-
	(13,653)		(17,810)		-		(15,046)		(9,800)		(74,315)
	-		-		-		-		-		338,485
	-		-		333,000		-		-		-
	-		(524,853)		-		-		-		-
	3,251,659		2,493,807		336,818		2,916,705		1,503,730		15,030,399
\$	560,366	\$	(1,537,375)	\$	362,968	\$	1,650,177	\$	(246,559)	\$	15,317,103
	6.49%		4.88%		4.90%		4.57%		4.30%		4.33%

Black Hawk County, Iowa

Program Revenues by Function/Program

Last Six Fiscal Years*

(accrual basis of accounting)

(Unaudited)

Function / Program	2003	2004
Governmental activities:		
Public safety and legal services	\$ 3,251,994	\$ 3,526,059
Physical health and social services	4,062,996	5,748,433
Mental health	13,585,874	12,686,421
County environment and education	731,487	826,226
Roads and transportation	6,317,988	4,838,983
Governmental services to residents	1,917,368	1,937,386
Administration	1,720,139	1,494,806
Nonprogram	323,150	340,916
Interest on long-term debt	85,024	306,099
Total governmental activities	31,996,020	31,705,329
Business-type activities:		
Rural sewer	160,827	161,924
Rural water	116,586	98,438
Total business-type activities	277,413	260,362
Total government	\$ 32,273,433	\$ 31,965,691

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

Fiscal Year			
2005	2006	2007	2008
\$ 3,215,931	\$ 3,595,716	\$ 2,672,347	\$ 2,817,366
4,980,027	5,580,813	5,734,785	6,578,669
13,204,719	14,093,443	15,529,395	16,389,743
725,917	626,765	783,596	861,542
5,063,526	6,344,156	4,506,350	5,778,396
1,829,095	2,057,134	1,789,887	1,771,488
1,218,166	1,344,308	1,463,647	1,390,059
-	-	-	-
-	-	-	-
30,237,381	33,642,335	32,480,007	35,587,263
141,156	179,670	210,993	168,731
88,742	73,934	87,325	63,024
229,898	253,604	298,318	231,755
\$ 30,467,279	\$ 33,895,939	\$ 32,778,325	\$ 35,819,018

Black Hawk County, Iowa

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year	Property	Local Option Sales Tax	Utility Replacement Excise Tax	Other Tax	Total
1999	\$ 19,542,430	\$ 2,128,049	\$ -	\$ 86,464	\$ 21,756,943
2000	19,450,266	1,999,899	-	85,156	21,535,321
2001	19,790,822	2,098,833	870,154	88,389	22,848,198
2002	21,291,219	2,127,468	911,011	89,530	24,419,228
2003	22,393,437	2,177,356	896,232	88,741	25,555,766
2004	23,113,925	2,333,080	976,088	91,937	26,515,030
2005	24,159,740	2,411,109	921,881	111,469	27,604,199
2006	24,942,457	2,605,674	904,326	95,714	28,548,171
2007	25,438,232	2,496,495	887,759	102,773	28,940,081
2008	25,954,609	2,787,561	869,608	516,648	30,128,426
Change 1999-2008	32.81%	30.99%	-0.06%	497.53%	38.48%

Source: County records

Black Hawk County, Iowa

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property	TIF Property	Other Property	Less: Military Tax-Exempt Property	Total Taxable Assessed Property	Total Direct Tax Rate Urban
1999	\$ 1,350,478	\$ 657,750	\$ 132,415	\$ 244,683	\$ 60,006	\$ 322,355	\$ 17,630	\$ 2,750,057	741.00%
2000	1,410,306	693,755	129,556	255,289	68,475	292,956	17,272	2,833,065	7.49
2001	1,545,983	831,371	110,018	267,553	102,928	260,211	16,828	3,101,236	7.32
2002	1,608,852	838,093	116,175	277,854	116,981	241,647	16,601	3,183,001	7.69
2003	1,771,183	828,732	116,518	292,674	125,561	220,161	16,607	3,338,222	7.62
2004	1,788,705	870,636	119,968	295,557	146,650	199,469	16,054	3,404,931	7.75
2005	1,933,806	1,009,717	117,602	233,745	202,216	195,247	15,259	3,677,074	7.49
2006	1,953,383	1,018,912	119,013	234,112	213,333	187,134	14,650	3,711,237	7.61
2007	2,076,900	1,045,299	123,095	249,026	268,567	191,819	14,577	3,940,129	7.39
2008	2,123,552	1,061,673	122,062	249,456	284,869	182,634	14,279	4,009,967	7.41

Source: Black Hawk County Information Technology Department and Black Hawk County Assessor

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

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

Black Hawk County, Iowa

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

Taxpayer	1999			2008		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
MidAmerican Energy	\$ 150,161	1	5.48%	\$ 146,663	1	3.66%
Deere and Company	112,292	2	4.98	27,454	6	0.68%
Iowa Beef Pack Inc.	28,765	4	1.17	19,952	8	0.50%
Northern Natural Gas Co.	14,171	7	0.53	-	-	-
Equitable Life Assurance Soc.	25,108	5	0.95	-	-	-
U. S. West, Inc.	32,512	3	1.25	-	-	-
Tristate Joint Venture	-	-	0.91	-	-	-
Viking Pump, Inc.	8,256	10	0.35	-	-	-
Hy-Vee Food Stores, Inc.	9,080	8	0.34	-	-	-
National Bank of Waterloo	-	-	-	-	-	-
Gerald P. Schoenfelder	-	-	0.37	-	-	-
Target Corporation	-	-	-	39,568	2	0.99%
College Square Mall Assoc, LLC	24,189	6	-	33,664	3	0.84%
Qwest Corporation	-	-	-	29,875	5	0.75%
Coyote Crossroads Mall, LLC	-	-	-	30,997	4	0.77%
Hunt Wesson, Inc.	-	-	-	5,232	10	0.13%
Berth Cabinet Mfg, Inc.	8,719	9	-	13,609	9	0.34%
R and N Investment Prop, LLC	-	-	-	-	-	-
Nordyke, David M.	-	-	-	-	-	-
LXP I L P	-	-	-	-	-	-
Albert Trostel and Sons Co.	-	-	-	-	-	-
Ferguson Enterprises, Inc.	-	-	-	22,690	7	0.57%
Friends of Faith Retirement Homes, Inc.	-	-	-	-	-	-
Total	\$ 413,253		15.37%	\$ 369,704		9.22%

Source: Black Hawk County Information Technology Department and Black Hawk County Assessor

Black Hawk County, 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
1999	\$ 95,306,200	\$ 94,858,680	9953.04%	\$ 58,863	\$ 94,917,543	9959.22%
2000	94,861,116	94,614,112	99.74	321,108	94,935,220	100.08
2001	102,143,060	101,421,377	99.29	41,259	101,462,636	99.33
2002	109,302,507	108,892,858	99.63	140,831	109,033,689	99.75
2003	116,820,205	116,641,520	99.85	298,647	116,940,167	100.10
2004	121,510,800	121,323,365	99.85	70,297	121,393,662	99.90
2005	131,390,823	131,207,146	99.86	28,386	131,235,532	99.88
2006	135,805,464	135,584,839	99.84	34,737	135,619,576	99.86
2007	143,359,171	143,096,906	99.82	69,698	143,166,604	99.87
2008	146,299,165	145,909,251	99.73	137,703	146,046,954	99.83

Total tax collection solely for Black Hawk County, Iowa:

1999	\$ 19,488,829	2004	\$ 23,115,922
2000	19,501,777	2005	23,998,146
2001	19,672,491	2006	24,790,096
2002	21,292,939	2007	25,313,302
2003	22,404,185	2008	25,954,609

Source: Black Hawk County, Treasurer's Office

Black Hawk County, Iowa

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	1999	2000	2001	2002
County Direct Rates:				
General Basic	3.50	3.50	3.50	3.50
General Supplemental	1.15	1.31	1.35	1.82
MH/DD Service	2.15	2.09	1.93	1.89
Debt Service	0.61	0.59	0.54	0.48
Total Urban County Rate	7.41	7.49	7.32	7.69
Rural Basic	1.94	-	-	-
Total Rural County Rate	9.35	7.49	7.32	7.69
City and Town Rates:				
Waterloo	16.98	16.50	16.49	17.80
Cedar Falls	14.49	14.59	14.12	14.10
Dunkerton	10.88	10.66	11.98	11.58
Elk Run Heights	7.90	7.90	7.00	7.00
Evansdale	8.58	8.54	7.39	7.05
Gilbertville	6.31	6.30	8.10	8.10
Hudson	7.63	7.63	7.63	7.63
Janesville	13.68	14.43	13.46	13.10
Jesup	-	13.68	13.72	12.62
LaPorte City	11.78	11.51	11.51	11.95
Raymond	7.80	7.80	6.80	6.79
Township Rates:				
Barclay	0.30	0.30	0.38	0.42
Bennington	0.53	0.51	0.53	0.51
Big Creek	0.54	0.55	0.45	0.47
Black Hawk	0.54	0.54	0.58	0.56
Cedar	0.34	0.38	0.40	0.38
Cedar Falls	0.56	0.54	0.50	0.58
Eagle	0.50	0.49	0.42	0.48
East Waterloo	0.24	0.23	-	-
Fox	0.27	0.59	0.59	0.47
Lester	0.65	0.65	0.61	0.66
Lincoln	0.57	0.58	0.54	0.57
Mt. Vernon	0.43	0.43	0.43	0.42
Osage	0.37	0.40	0.33	0.38
Poyner	0.41	0.49	0.47	0.51
Spring Creek	0.53	0.41	0.55	0.56
Union	0.64	0.64	0.64	0.26
Washington	0.47	0.45	0.40	0.38

(Continued)

Year Taxes are Payable					
2003	2004	2005	2006	2007	2008
3.50	3.50	3.50	3.50	3.50	3.50
1.71	1.88	1.75	1.90	1.76	1.77
1.80	1.77	1.66	1.65	1.57	1.55
0.61	0.59	0.58	0.56	0.56	0.58
7.62	7.74	7.49	7.61	7.39	7.41
-	-	0.34	0.32	0.28	0.25
7.62	7.74	7.83	7.93	7.67	7.66
18.37	18.91	18.79	19.16	18.85	18.77
13.65	14.40	13.65	14.05	13.84	13.61
11.17	11.59	11.37	11.23	11.13	8.45
6.50	6.40	6.40	6.30	6.00	6.00
7.31	7.26	7.50	7.50	6.83	6.75
8.10	8.10	9.77	11.33	11.86	12.46
7.63	7.63	9.73	9.73	9.73	9.73
12.78	12.59	13.06	13.18	12.63	12.50
12.31	12.74	12.42	14.50	13.12	12.62
11.85	12.12	12.09	12.91	15.39	14.91
6.42	6.42	6.70	6.70	6.90	6.90
0.41	0.65	0.66	0.66	0.68	0.46
0.61	0.56	0.58	0.58	0.56	0.56
0.62	0.59	0.67	0.63	0.60	0.61
0.06	0.57	0.54	0.55	0.54	0.54
0.50	0.55	0.58	0.59	0.52	0.53
0.57	0.58	0.58	0.58	0.57	0.58
0.46	0.52	0.52	0.50	0.50	0.55
-	-	-	0.15	0.17	0.17
0.42	0.41	0.60	0.31	0.38	0.39
0.65	0.64	0.69	0.70	0.70	0.70
0.55	0.54	0.56	0.55	0.58	0.59
0.39	0.42	0.41	0.41	0.41	0.41
0.36	0.39	0.39	0.40	0.27	0.28
0.55	0.61	0.63	0.67	0.67	0.67
0.60	0.64	0.71	0.72	0.75	0.76
0.89	0.67	0.64	0.61	0.64	0.63
0.40	0.42	0.41	0.41	0.39	0.35

Black Hawk County, Iowa

Direct and Overlapping Property Tax Rates (Continued)

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	1999	2000	2001	2002
School District Rates:				
Waterloo	15.40	14.70	14.58	15.16
Cedar Falls	14.24	13.71	12.84	13.63
Dunkerton	12.71	11.95	11.90	11.49
Elk Run Heights	15.40	14.70	14.58	15.16
Evansdale	15.40	14.70	14.58	15.16
Gilbertville	15.40	14.70	14.58	15.16
Hudson	16.52	16.51	13.26	13.88
Janesville	11.73	11.43	10.77	10.19
Jesup	-	11.90	11.80	11.40
LaPorte City	10.45	10.44	10.56	10.99
Raymond	15.40	14.70	14.58	15.16
Other:				
State	0.01	0.01	0.01	0.01
Hawkeye CC - Area VII	0.70	0.72	0.69	0.70
Kirkwood - Area X	0.57	0.61	0.61	0.61
Ag. Extension	0.06	0.05	0.05	0.05
Special Appraiser	0.24	0.09	0.08	0.13
Assessor	0.24	0.25	0.26	0.25

Source: Black Hawk County, Auditor's Office

Year Taxes are Payable					
2003	2004	2005	2006	2007	2008
15.52	15.85	15.62	15.99	16.33	16.75
13.95	13.91	13.01	13.03	13.02	13.13
12.61	12.58	12.94	14.44	13.73	14.02
15.52	15.85	15.62	15.99	16.33	16.75
15.52	15.85	15.62	15.99	16.33	16.75
15.52	15.85	15.62	15.99	16.33	16.75
15.61	14.18	15.63	15.11	15.53	15.96
11.00	11.23	11.58	11.84	11.94	11.83
10.70	10.83	11.32	11.37	11.46	11.62
11.21	11.50	11.90	11.94	12.29	12.50
15.52	15.85	15.62	15.99	16.33	16.75
-	-	-	-	-	0.00
0.78	0.75	1.00	1.07	1.04	0.83
0.67	0.68	0.67	0.65	0.87	0.86
0.05	0.05	0.04	0.04	0.04	0.08
0.10	0.08	0.07	0.06	0.01	0.03
0.25	0.26	0.26	0.25	0.25	0.24

Black Hawk County, 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		Total Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	General Obligation Capital Loan Notes	Capital Lease Purchase Agreement	General Obligation Bonds	General Obligation Capital Loan Notes			
1999	\$ 21,450	\$ 3,765	\$ 1,997	\$ -	\$ 984	\$ 28,196	96.19%	\$ 220.73
2000	11,970	3,345	1,733	-	2,171	19,219	0.66	150.40
2001	11,030	2,900	1,455	-	2,073	17,458	0.56	136.38
2002	10,090	2,440	1,162	-	1,969	15,661	0.48	122.85
2003	10,430	1,990	852	-	1,861	15,133	0.45	119.65
2004	11,505	1,850	-	732	1,064	15,151	0.44	120.31
2005	9,725	1,260	333	650	1,025	12,993	0.35	103.06
2006	10,405	1,365	211	565	975	13,521	0.44	107.40
2007	10,155	1,125	108	1,450	920	13,758	0.34	109.10
2008	21,260	1,065	-	1,290	860	24,475	0.57	194.08

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

Source: County records

Black Hawk County, Iowa

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

(Unaudited)

Fiscal Year	General Bonded Debt Outstanding		Percentage Actual Taxable Value of Property	Per Capita*
	General Obligation Bonds	Total		
1999	\$ 21,450	\$ 21,450	80.00%	\$ 167.92
2000	11,970	11,970	0.43	93.67
2001	11,030	11,030	0.37	86.16
2002	10,090	10,090	0.33	79.15
2003	10,430	10,430	0.32	82.46
2004	12,237	12,237	0.38	97.17
2005	10,375	10,375	0.30	82.27
2006	10,970	10,970	0.29	87.14
2007	11,605	11,605	0.29	92.03
2008	22,550	22,550	0.56	176.94

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

Source: County records

Black Hawk County, Iowa

Direct and Overlapping Governmental Activities Debt As of June 30, 2008 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 24,475	100.00%	\$ 24,475
City debt:			
Cedar Falls	26,365,000	100.00	26,365,000
Dunkerton	130,000	100.00	130,000
Elk Run Heights	543,585	100.00	543,585
Evansdale	4,534,000	100.00	4,534,000
Gilbertville	1,200,000	100.00	1,200,000
Hudson	2,500,000	100.00	2,500,000
Janesville	154,778	18.66	28,882
Jesup	1,145,000	4.13	47,289
LaPorte City	3,420,000	100.00	3,420,000
Raymond	-	100.00	-
Waterloo	80,890,000	100.00	80,890,000
Subtotal, city debt			119,658,755
School district debt:			
Cedar Falls	-	100.00	-
Denver	1,830,000	20.13	368,379
Dike-New Hartford	4,890,000	5.02	245,478
Dunkerton	-	99.29	-
Gladbrook-Reinbeck	95,000	7.51	7,135
Hudson	1,845,000	100.00	1,845,000
Janesville	-	48.90	-
Jesup	4,080,000	27.84	1,135,872
Union (LaPorte City/Dysart)	-	41.38	-
Vinton-Shellsburg	14,085,000	0.05	7,043
Wapsie Valley	670,000	5.28	35,376
Waterloo	-	100.00	-
Waverly-Shellrock	6,515,000	0.11	7,167
Subtotal, school district debt			3,651,450
College, Hawkeye Community College	10,975,000	57.87	6,351,233
Total overlapping debt			129,661,438
Total direct and overlapping debt			\$ 129,685,913

Source: Cities and school districts within Black Hawk County

* The overlapping debt percentage is arrived at by first calculating the amount of valuation that exists for each city or school district that is partially or wholly within the County. This is determined by the County Assessor's Office. That valuation figure is then divided by the total for the entire city or school district to determine the percentage that lies within the County. That percentage is then used proportionately to determine the amount of overlapping debt.

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Black Hawk County, Iowa

Legal Debt Margin Information

As of June 30, 2008

(dollars in thousands)

(Unaudited)

	1999*	2000	2001	2002
Debt limit	\$ 137,503	\$ 141,653	\$ 155,062	\$ 159,150
Total net debt applicable to limit	27,212	17,048	15,385	13,692
Legal debt margin	\$ 110,291	\$ 124,605	\$ 139,677	\$ 145,458
Total net debt applicable to the limit as a percentage of debt limit	24.67%	13.68%	11.01%	9.41%

* 1990-Jail bonds were called 5/1/00 and \$9.72 million of these bonds were retired.

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 4,009,965,730
Debt limit (5% of assessed value)	<u>200,498,287</u>
Debt applicable to limit:	
General obligation bonds	22,550,000
General obligation capital loan notes	<u>1,925,000</u>
Total net applicable to limit	<u>24,475,000</u>
Legal debt margin	<u><u>\$ 176,023,287</u></u>

2003	2004	2005	2006	2007	2008
\$ 166,911	\$ 170,247	\$ 183,854	\$ 185,562	\$ 183,249	\$ 176,023,287
13,272	13,355	12,993	13,521	13,758	24,475,000
<u>\$ 153,639</u>	<u>\$ 156,892</u>	<u>\$ 170,861</u>	<u>\$ 172,041</u>	<u>\$ 169,491</u>	<u>\$ 151,548,287</u>
8.64%	8.51%	7.60%	7.86%	8.12%	16.15%

Black Hawk County, Iowa

Demographic and Economic Statistics Last Ten Calendar Years (Unaudited)

Year	Population ⁵	Personal Income (000s) ¹	Per Capita Personal Income ¹	Farm Proprietors ³	School Enrollment ⁴	Unemployment Rate ²
1998	127,743	\$ 2,931,455	\$ 22,948	1,020	17,419	3.5
1999	127,786	2,929,248	22,923	1,000	17,574	3.9
2000	128,012	3,117,883	24,375	1,000	17,337	2.9
2001	127,485	3,230,348	25,339	960	17,249	3.4
2002	126,481	3,398,054	26,866	940	17,354	4.0
2003	125,936	3,467,136	27,531	940	17,404	4.6
2004	125,707	3,752,691	29,853	940	17,437	5.0
2005	125,891	3,878,324	30,807	930	16,920	4.7
2006	126,106	4,014,054	31,528	930	16,431	4.2
2007 *	127,446	4,279,295	33,577	930	16,334	4.4

¹ Source: Bureau of Economic Analysis, U.S. Dept of Commerce

² Source: Iowa Workforce Development website

³ Source: USDA National Agricultural Statistics Service

⁴ Source: School districts in Black Hawk County

⁵ Source: Estimate from U.S. Census Bureau website

* Personal Income and Per Capita Personal Income were calculated using the state average increase in personal income per capita of 6.5% and then multiplying by the population to arrive at total Personal Income.

Black Hawk County, Iowa

Principal Employers Current Year and Nine Years Ago (Unaudited)

Employer	1999			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
John Deere	6,000	1	8.90%	5,100	1	7.05%
IBP Inc. (Tyson)	2,150	3	3.19	2,300	3	3.18
Covenant Medical Center	2,200	2	3.26	3,027	2	4.19
University of Northern Iowa	2,106	4	3.12	1,781	5	2.46
Waterloo Public Schools	1,300	5	1.93	1,452	6	2.01
Allen Memorial Hospital	1,120	6	1.66	1,982	4	2.74
Hy-Vee	1,106	7	1.64	1,155	9	1.60
GMAC Mortgage	905	9	1.34	-	-	-
Bertch Cabinet Manufacturing Co.	1,050	8	1.56	1,260	8	1.74
Omega Cabinets	850	10	1.26	1,300	7	1.80
Hawkeye Community College	-	-	-	-	-	-
Wal-Mart Stores	-	-	-	-	-	-
APAC Teleservices	-	-	-	-	-	-
Area 267 Education Agency	-	-	-	1,150	10	1.59
Viking Pump	-	-	-	-	-	-

Sources: Greater Cedar Valley Alliance, Iowa Workforce and Speer Financial, Inc.

Black Hawk County, Iowa

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

Function / Program	1999	2000	2001	2002
Public safety and legal services:				
Sheriff	141.60	138.00	138.00	138.00
Attorney	28.00	28.60	28.60	28.60
Consolidated comm ctr	27.60	27.00	27.80	26.00
District court administration**	1.00	1.00	1.00	1.00
Child support recovery*	12.50	12.50	12.50	12.50
Physical health and social services:				
Health department	106.21	106.22	111.56	101.90
Community services**	9.00	9.00	9.00	7.00
Human services admin	3.00	-	-	-
Youth shelter	18.00	18.00	13.00	12.50
Veteran affairs	4.02	4.03	4.03	4.03
Mental health:				
Country View	212.50	214.20	209.50	210.00
C.P.C.**	-	5.00	4.00	4.00
County environment and education,				
Conservation	29.20	30.31	29.28	30.35
Roads and transportation, engineer	45.30	44.80	44.70	45.60
Governmental services to residents:				
Treasurer	15.00	15.00	15.00	15.00
Recorder	12.00	12.00	12.00	13.00
Auditor: elections	3.60	3.40	3.40	3.40
Administration:				
Board office	7.00	7.15	7.15	7.20
Auditor	18.00	18.85	18.85	18.80
Treasurer	14.00	14.00	14.00	14.00
Human resources	4.40	4.40	4.40	4.40
Information technology	10.00	10.00	10.00	9.00
Maintenance	23.80	24.80	24.80	24.80
Civil service	1.00	1.00	1.00	1.00
Total	746.73	749.26	743.57	732.08

Note: All figures are from March budget certification for each fiscal year.

Source: Black Hawk County, Auditor's Office

* Contract for Child Support recovery not renewed

** District Court Admin and C.P.C. now fall under Community Services

Fiscal Year					
2003	2004	2005	2006	2007	2008
137.00	137.00	133.90	133.00	134.00	132.00
29.50	28.50	28.50	28.90	28.10	28.90
25.50	26.00	26.00	26.00	26.00	26.00
1.00	1.00	1.00	1.00	-	-
12.50	12.50	11.50	8.50	-	-
92.08	93.15	95.25	88.23	89.93	90.43
7.00	6.00	2.50	2.50	11.00	9.00
-	-	-	-	-	-
11.40	10.90	10.00	9.80	11.50	8.80
4.03	4.03	4.03	4.03	4.03	4.03
209.00	191.00	190.00	189.50	190.50	190.50
5.00	5.00	5.50	5.50	-	-
29.34	25.57	25.56	25.54	28.14	28.84
45.60	43.40	43.40	43.40	43.40	43.40
15.00	13.00	13.00	13.00	12.50	12.50
12.00	11.00	11.00	11.00	11.00	11.00
3.40	3.40	3.40	3.40	3.40	3.40
7.20	7.00	7.00	8.00	8.00	7.50
17.80	16.60	16.60	13.00	13.00	11.00
12.00	11.00	11.00	10.10	10.60	10.60
4.40	4.20	4.20	4.00	4.00	4.00
8.00	8.00	8.00	7.00	7.00	7.00
22.80	21.80	8.00	7.00	6.00	6.00
1.00	1.00	1.00	1.00	1.00	1.00
712.55	681.05	660.34	643.67	643.10	635.90

Black Hawk County, Iowa

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

Function/Program	1999	2000	2001	2002
Public safety and legal services:				
Sheriff:				
# of civil papers served	15,821	16,733	18,858	16,497
# of arrests made	2,990	3,224	2,900	2,793
# of jail bookings	7,771	8,217	7,439	8,164
# of service calls	9,450	8,740	8,548	10,655
Attorney, # of felonies/aggravated fieldcases filed	1,687	1,591	1,578	1,557
Physical health and social services:				
Health Department:				
# of Success Street visits	4,321	4,348	5,111	3,263
# of environmental inspections	2,236	2,501	2,320	2,376
# of home care aide visits	36,890	34,106	31,784	31,510
# of home care aide clients	785	741	699	603
Community Services, # of people seen	3,524	3,563	3,822	4,744
Youth Shelter, # of kids per year	350	412	400	360
Veteran Affairs, # of new clients per year	249	237	222	216
Mental health:				
Country View, census per year	55,002	52,539	52,907	51,926
C.P.C., # of people seen	3,491	4,203	4,352	4,044
County environment and education conservation:				
Hartman Reserve visitors	55,000	55,000	55,000	55,000
Campers	21,731	28,403	24,431	28,331
Roads and transportation:				
Engineer:				
# of miles of road paved	8	12	-	8
# of bridges/culverts repaired/replaced	2	2	3	3
Governmental services to residents:				
Treasurer, titles issued	40,965	41,311	38,441	39,822
Recorder, documents recorded	30,851	27,533	28,417	34,790
Auditor: Elections:				
# of active voters	73,792	76,897	74,340	69,189
# of inactive voters	4,925	5,285	4,865	12,570
# of absentee ballots	616	10,836	996	12,356
Administration, maintenance, sq. ft maintained	353,980	353,980	353,980	353,980

Source: County records

Note: Indicators are not available for some departments due to their function.

* Information not available.

Fiscal Year					
2003	2004	2005	2006	2007	2008
16,959	15,930	17,042	17,700	16,590	*
2,991	2,863	2,914	3,148	3,035	*
8,193	8,720	8,349	8,093	8,533	*
9,957	9,829	10,785	12,784	9,405	*
1,894	2,006	1,989	2,161	1,949	2,084
3,376	2,875	3,738	2,901	2,719	3,486
2,788	3,270	2,432	2,621	2,442	2,572
28,042	24,363	22,544	21,707	19,556	18,323
481	430	358	300	223	231
4,643	3,591	1,948	2,258	2,566	2,080
425	335	206	148	98	152
239	244	226	256	260	284
54,724	52,924	50,874	53,335	51,790	52,008
4,309	3,615	3,852	5,503	3,730	2,869
55,000	55,000	55,000	55,000	55,000	51,950
29,594	28,615	30,663	30,890	37,910	42,999
7	2	10	11	5	7
10	10	11	14	17	17
39,231	38,600	38,342	38,050	37,150	39,731
39,874	37,981	30,800	30,952	32,158	26,345
70,702	79,141	78,447	77,058	77,058	75,207
10,394	9,750	4,274	5,073	5,073	6,212
1,841	22,562	1,358	11,002	11,002	762
353,980	353,980	353,980	353,980	353,980	353,980

Black Hawk County, Iowa

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

Function/Program	1999	2000	2001	2002
Public safety and legal services:				
Sheriff				
# of patrol cars	18	18	18	18
Physical health and social services:				
Health Department				
# of vehicles	16	17	18	18
County environment and education:				
Conservation				
# of acres managed	7,366	7,539	7,539	8,053
Roads and transportation:				
Engineer:				
# of vehicles	69	69	69	70
# of buildings	13	13	13	14
Administration:				
Maintenance				
# of buildings maintained	4	4	4	4

Source: All statistics from various Black Hawk County, Iowa departments.

Note: Numerous departments do not have capital specific to their area and have, therefore, been eliminated from this exhibit.

Fiscal Year					
2003	2004	2005	2006	2007	2008
18	18	18	18	18	18
18	18	18	18	17	17
8,055	8,055	8,055	8,053	7,990	8,175
70	71	73	73	74	74
14	14	15	15	15	15
4	4	4	4	4	4

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Black Hawk County, Iowa

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Contract Number or Pass-Through Entity's Identifying Number	Federal Expenditures
Direct:			
U.S. Department of Justice:			
Project Safe Neighborhoods	16.609	N/A	\$ 31,801
Bulletproof Vest Partnership Program	16.607	2006-BO-BX-6133333	4,667
U.S. Department of Housing and Urban Development,			
Lead Hazard Reduction Grant	14.905	N/A	1,600
Institute of Museum and Library Sciences,			
Museum for America Grant	45.301	MA-01-04-0358-04	8,207
Total direct funding			<u>46,275</u>
Indirect:			
Election Assistance Commission,			
Iowa Secretary of State,			
Help America Vote Act Grant	90.401	06-HAVA-07-100	<u>4,450</u>
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553	67958601	5,135
National School Lunch Program	10.555	67958601	6,394
			<u>11,529</u>
Human Services Administrative Reimbursements,			
State Administrative Matching Grants for Food Stamp Program	10.561	N/A	<u>66,232</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
State Criminal Alien Assistance Program	16.606	2007-F6546-IA-AP	39,100
Federal Victims of Crime Act	16.575	VA-08-60A	24,740
Federal Violence Against Women Act	16.588	VW-08-60A	21,950
			<u>85,790</u>
Iowa Department of Justice - Passed partially through City of Waterloo,			
Governor's Office of Drug Control Policy	16.738	07JAG/C06-A19	<u>128,042</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.604	PAP 07-157 Task 14	560
State and Community Highway Safety	20.604	PAP 08-157 Task 16	3,241
State and Community Highway Safety	20.604	PAP 07-163 Task 6	3,685
			<u>7,486</u>

(Continued)

Black Hawk County, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
Highway Planning and Construction	20.205	HISP-C007 (100) --6C-07	100,423
Highway Planning and Construction	20.205	BROS-CO07(103)--5F-07	74,201
Highway Planning and Construction	20.205	BROS-CO07(102)--5F-07	234,278
Highway Planning and Construction	20.205	BROS-CO07(97)--5F-07	65,690
			<u>474,592</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	FY07 HMEP	<u>29,759</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Emergency Management Services Disaster Preparedness	93.889	5887EM106	4,242
Hospital Preparedness Program	93.889	5888BHP12	100,900
Public Health Preparedness and Response for Bioterrorism	93.889	5888BT12	29,673
Public Health Preparedness & Response for Bioterrorism Region 6	93.069	5888BT12	183,203
Hospital Preparedness Program	93.889	5888BHP06	228,387
Public Health Preparedness & Response for Bioterrorism	93.069	5888BT06	174,277
			<u>720,682</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2007-TB09	908
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2008-TB24	1,155
			<u>2,063</u>
Childhood Lead Poisoning Prevention Projects - State and Blood Levels in Children	93.197	5888LP03	<u>29,876</u>
Immunization Grants	93.268	5887I413	13,141
Immunization Grants	93.268	5888I406	14,871
			<u>28,012</u>
HIV Prevention Activities - Health Department Based	93.940	5887AP03	4,086
HIV Prevention Activities - Health Department Based	93.991	5888AP03	3,877
HIV Prevention Activities - Health Department Based	93.940	5888AP03	3,135
HIV Prevention Activities - Health Department Based	93.991	5887AP03	3,055
			<u>14,153</u>
Black Hawk Breast & Cervical Cancer Early Detection	93.283	5888NB02	44,342
Care for Yourself / WISEWOMAN Cardiovascular Study	93.283	5888WW02	13,650
			<u>57,992</u>

(Continued)

Black Hawk County, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services: (continued)			
Maternal and Child Health Services Block Grant to the States	93.994	5887MH03	60,150
Maternal and Child Health Services Block Grant to the States	93.994	5888MH03	74,069
School-based Dental Sealant	93.994	5888DH05	12,200
			<u>146,419</u>
Linn County, Iowa, Public Health, Public Health Preparedness & Response for Bioterrorism, Linn County	93.283	0707	<u>7,046</u>
Iowa Department of Elder Affairs - Lead Organization:			
Iowa Department of Elder Affairs - State Health Department:			
Linking Older Iowans to Healthier Communities (Iowa Healthy Links)	93.048	IHS-2006-AOA-BP-0611	6,014
Linking Older Iowans to Healthier Communities (Iowa Healthy Links)	93.048	IHS-2007-AOA-BP-0719	17,466
			<u>23,480</u>
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	N/A	71,976
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	17,385
Foster Care - Title IV-E	93.658	N/A	41,731
Adoption Assistance	93.659	N/A	9,936
Title XIX and De-linking Medical Assistance Program	93.778	N/A	91,484
Expansion Title XXI	93.767	N/A	598
			<u>233,110</u>
Social Services Block Grant - DHS	93.667	N/A	47,217
Social Services Block Grant - CPC	93.667	N/A	728,037
			<u>775,254</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	FY07 EMPG	3,990
Emergency Management Performance Grants	97.042	FY08 EMPG	31,102
FEMA	97.036	FEMA 1688 DR IA	178,313
			<u>213,405</u>
U.S. Environmental Protection Agency, City of Waterloo, Environmental Protection Agency Grant	66.716	X8-98784201-0	<u>19,789</u>
Total indirect			<u>3,079,161</u>
Total expenditures of federal awards			<u>\$ 3,125,436</u>

See Notes to Schedule of Expenditures of Federal Awards.

Black Hawk County, Iowa

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Black Hawk County, Iowa for the year ended June 30, 2008. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

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

Note 3. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Maternal and Child Health Services	93.994	\$ 14,716
Hospital Preparedness Program	93.889	329,029
Public Health Preparedness and Response for Bioterrorism Region 6	93.069	308,247

Black Hawk County, Iowa

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2008

Finding		Status	Corrective Action Plan or Other Explanation
Findings Related to the Financial Statements:			
Significant Deficiencies in Internal Control:			
07-II-A	Inadequate segregation of duties in cash disbursement process as it relates to purchasing, receiving and approval of invoices.	Not corrected	Significant deficiency at 08-II-A
07-II-B	Lack of segregation of duties in payroll.	Not corrected	Significant deficiency at 08-II-B
Findings Related to Federal Awards:			
Significant Deficiencies in Internal Control:			
07-III-A	Inadequate system to capture all federal grant information.	Corrected	
07-III-B	Inadequate system to identify federal expenditures related to the SSBG.	Corrected	
07-III-C	Inadequate system in place to monitor its compliance with cash management requirements.	Corrected	
07-III-D	Inadequate system in place to ensure compliance with the procurement, suspension and debarment compliance requirements.	Not corrected	Finding repeated at 08-III-A
07-III-E	Inadequate system to monitor subrecipients.	Not corrected	Finding repeated at 08-III-B
Instances of Noncompliance:			
07-III-F	Lack of compliance with cash management requirements.	Corrected	
Other Findings Related to Required Statutory Reporting:			
07-IV-A	Expenditures during the year exceeded the amount budgeted in the debt service function.	Not corrected	Finding repeated at 08-IV-A

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McGladrey & Pullen

Certified Public Accountants

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

To the Board of Supervisors
Black Hawk County, Iowa
Waterloo, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Black Hawk County, Iowa as of and for the year ended June 30, 2008, and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Black Hawk County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Black Hawk County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Black Hawk County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-II-A and 08-II-B to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that item 08-II-A of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of those statutes.

We noted certain matters that we reported to management of Black Hawk County, Iowa in a separate letter dated December 15, 2008.

Black Hawk County, Iowa's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Black Hawk County, Iowa's response and, accordingly, we express no opinion on it.

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 15, 2008

McGladrey & Pullen

Certified Public Accountants

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

To the Board of Supervisors
Black Hawk County, Iowa
Waterloo, Iowa

Compliance

We have audited the compliance of Black Hawk County, Iowa with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. Black Hawk County, Iowa's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Black Hawk County, Iowa's management. Our responsibility is to express an opinion on Black Hawk County, Iowa's compliance based on our audit.

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

In our opinion, Black Hawk County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-III-C.

Internal Control Over Compliance

The management of Black Hawk County, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Black Hawk County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-III-A and 08-III-B to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Black Hawk County, Iowa's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Black Hawk County, Iowa's response and, accordingly, we express no opinion on it.

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 15, 2008

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ Yes ☐ None Reported

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

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
93.667	Social Services Block Grant
93.889	Hospital Preparedness Program
93.069	Public Health Emergency Grant

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

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

A. Significant Deficiencies in Internal Control Over Financial Reporting

08-II-A

Finding: The County has inadequate segregation of duties in the cash disbursement process as it relates to purchasing, receiving and approval of invoices.

Condition: While the County has some purchasing policies in place they are not followed by all departments and elected offices. In addition the County has not implemented procedures that support the policies. This has resulted in segregation of duties issues within various departments as it relates to selection of a vendor, ordering, receiving and approving the payment of goods and services. In addition, the County does not maintain a master vendor listing to limit where the vendor purchases are made from, nor is anyone reviewing the vendor listing for inappropriate vendors. There is no integration between the departments and the accounts payable function to ensure proper period end cut-off. Currently, accounts payable holds the accounting system open for several months after year-end in an effort to catch invoices coming in relating to the prior period.

Context: Pervasive to the cash disbursement transactions.

Effect: Misappropriation of assets could occur and/or a material understatement of liabilities.

Recommendation: We recommend the County implement a formal purchasing system that segregates the selection of a vendor from ordering from the receiving and the approval of payment process. We also recommend the establishment of a master vendor listing, limiting the individuals who have the ability to enter new vendor and establish review process of this master vendor listing. Also, the use of prenumbered requisitions and purchase orders by the County is recommended with the monitoring of the document sequence done by one department. When completing the requisitions and purchase orders, the general ledger account number should also be noted along with the formal approval by the department head of the purchase. Lastly, we recommend the department document the receipt of the goods and forward this information with the request for payment to ensure the invoices are not paid before the goods are received.

Response and Corrective Action Plan: The County has been working towards developing formal purchasing policies, including a master vendor list. Other purchasing related policies have been adopted and will be incorporated accordingly to segregate the selection of a vendor from the ordering, receiving and approval of payment processes.

(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

08-II-B

Finding: There is a lack of segregation of duties in payroll.

Condition: Payroll clerks have the system rights to enter their own time into the system and the rights to make changes to pay rates.

Context: Pervasive to payroll disbursements.

Effect: Misappropriation of assets could occur.

Recommendation: We recommend the County segregate time entry from changing employee master files.

Response and Corrective Action Plan: The County will work on a plan to segregate the payroll duties listed and to comply with the overall recommendation.

B. Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

08-III-A

U.S. Department of Homeland Security
Iowa Department of Public Defense
Iowa Homeland Security and Emergency Management Division
Homeland Security Grant Program (CFDA 97.067 and 97.004)
Federal Award Year: 2005-2006 and 2006-2007

Finding: The County does not have a system in place to ensure they are in compliance with the Procurement, Suspension and Debarment compliance requirement.

Criteria: The U.S. Office of Management and Budget (OMB) Circular A-133 states, *Nonfederal entities are prohibited from contracting with or making subawards for goods and services that are expected to equal or exceed \$25,000 to parties that are suspended or debarred or whose principals are suspended or debarred.*

Condition: The County has contracted with providers of goods and services in excess of \$25,000, covered transactions and has made subawards of federal funding that does not have a system in place to verify the provider or subrecipient is not suspended or debarred.

(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Context: The expenditures associated with the Homeland Security Grant Program that meets the criteria of covered transactions.

Effect: Potential questioned costs

Recommendation: We recommend the County implement procedures to ensure providers are not suspended or debarred.

Response and Corrective Action Plan: The County will implement procedures to ensure providers are not suspended or debarred.

08-III-B

U.S. Department of Homeland Security
Iowa Department of Public Defense
Iowa Homeland Security and Emergency Management Division
Homeland Security Grant Program (CFDA 97.067 and 97.004)
Federal Award Year: 2005-2006 and 2006-2007

Finding: The County does not have an adequate system in place to monitor subrecipients of federal funding.

Criteria: As stated in OMB Circular No. A-133, the County, a pass-through entity, is responsible for award identification, during the award monitoring, and reviewing subrecipient audits. Award identification involves communicating to the subrecipient the federal award information (e.g., CFDA title and number, award name, name of federal agency) and applicable compliance requirements. It also includes identifying the amount of the award. The award monitoring involves monitoring the subrecipient's use of federal awards through reporting, site visits, regular contact or other means to provide reasonable assurance the subrecipient administers federal awards in compliance with laws, regulations and the provisions of contracts or grant agreements and that performance goals are achieved. The County must also ensure that (1) subrecipients expending \$500,000 or more in federal awards during the subrecipient's fiscal year meet the audit requirements of OMB Circular A-133 and the required audits are completed within nine months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report and (3) ensuring the subrecipient takes timely and appropriate corrective action on all audit findings.

Condition: The County uses the EMA Commission to administer its Homeland Security Grant. EMA's monitoring of subrecipients is limited to having the subrecipients sign an acceptance agreement when equipment/supplies are distributed and confirming that the equipment is being maintained at six, 12 and 24-month intervals. There is no other monitoring performed.

Context: The expenditures, supplies and equipment associated with the Homeland Security Grant Program.

Effect: Noncompliance with federal grant compliance requirements and potential questioned costs.

(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Recommendation: The County should develop a system to properly monitor subrecipients. The monitoring should include proper notification of the award, site visits or other regular contact and the receipt and review of single audit reports.

Response and Corrective Action Plan: The County will develop a system to properly notify and monitor subrecipients of federal funding as well as ensuring that the proper receipt and review of single audit reports also occurs.

B. Instances of Noncompliance

08-III-C

U.S. Department of Health and Human Services
Iowa Department of Public Health
Hospital Preparedness Program (CFDA 93.889)
Public Health Emergency Grant (CFDA 93.069)
Federal Award Year: 2007-2008

Finding: The County did not ensure that subrecipients expending \$500,000 or more in federal awards during the current year met the requirements of OMB Circular A-133.

Criteria: As stated in the OMB Circular A-133, the County, a pass-through entity, is responsible for reviewing subrecipient audit reports. The County did not ensure that subrecipients expending \$500,000 or more in federal awards during the current year met the requirements of OMB Circular A-133 and that the required audits are completed within nine months of the end of the subrecipient's audit period.

Condition: While the County staff monitored the subrecipients, they did not determine if the subrecipient expended an excess of \$500,000 of federal expenditures and did not request a copy of the subrecipient's single audit as required by OMB Circular A-133. Because they did not request the reports, they were unable to review for noncompliance with program requirements.

Questioned Costs: None

Prevalence: Health agencies who received the passed through funding.

Effect: Potential noncompliance with federal grant compliance requirements.

Recommendation: We recommend the County obtain the most current audit reports from all their subrecipients. In addition, the County should review if any audit finding(s) are associated with the receipt of funds and if so, ensure that the subrecipient has taken the appropriate action plan to correct the finding(s).

Response and Corrective Action Plan: The County will obtain current audit reports from all subrecipients and review the reports for audit findings related to the receipt of the funds. If such findings exist, the County will ensure the subrecipients have an action plan in place to correct the findings.

(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

IV. Other Findings Related to Required Statutory Reporting

08-IV-A Certified Budget

Finding: Expenditures during the year ended June 30, 2008 exceeded the amount budgeted in the debt service function.

Recommendation: The budget should be amended in accordance with Chapter 331.435 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response: The budget was amended for fiscal year 2008 based on the best information available. The County incurred some debt service costs that were unanticipated. The County will continue to amend the budget in accordance with Chapter 331.435 of the Code of Iowa as needed for future fiscal years.

Conclusion: Accepted.

08-IV-B Questionable Expenditures

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

08-IV-C Travel Expense

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

08-IV-D Business Transactions

Business transactions between the County and County officials or employees were noted and were done in compliance with state statutes.

08-IV-E Bond Coverage

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

08-IV-F Board Minutes

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

(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

08-IV-G Deposits and Investments

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

08-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).

08-IV-I 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.

08-IV-J-Outstanding Checks Other Than Warrants

No instances of noncompliance with outstanding check other than warrants provisions of Chapter 331.554 of the Code of Iowa.

Black Hawk County, Iowa

Corrective Action Plan Year Ended June 30, 2008

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to Financial Statements:				
Significant Deficiencies in Internal Control:				
08-II-A	Inadequate segregation of duties in cash disbursement process as it relates to purchasing, receiving and approval of invoices.	See response and corrective action plan at 08-II-A.	June 30, 2009	James W. Bronner, Finance Director
08-II-B	Lack of segregation of duties in payroll.	See response and corrective action plan at 08-II-B.	June 30, 2009	Helen Steffen, Payroll and Real Estate Tax Manager
Findings Related to Federal Awards:				
Significant Deficiencies in Internal Control:				
08-III-A	Inadequate system in place to ensure compliance with the procurement, suspension and debarment compliance requirements.	See response and corrective action plan at 08-III-A.	June 30, 2009	Barbara Berquam, Black Hawk County EMA Coordinator
08-III-B	Inadequate system to monitor subrecipients.	See response and corrective action plan at 08-III-B.	June 30, 2009	Barbara Berquam, Black Hawk County EMA Coordinator
Instances of Noncompliance:				
08-III-C	The County did not ensure that subrecipients expending \$500,000 or more in federal awards during the current year met the requirements of OMB Circular A-133.	See response and corrective action plan at 08-III-C.	June 30, 2009	Mary Rekers, Health Department Fiscal Manager
Other Findings Related to Required Statutory Reporting:				
08-IV-A	Expenditures during the year exceeded the amount budgeted in the debt service function.	See response and corrective action plan at 08-IV-A.	June 30, 2009	James W. Bronner, Finance Director