

BLACK HAWK COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2010

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

Grant Veeder
Auditor and Staff

Barbara Freet
Treasurer and Staff

Contents

Introductory Section	
Table of contents	i - ii
County officials	iii
Organizational chart	iv
GFOA Certificate of Achievement	v
Transmittal letter	vi - xi
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Financial Section	
Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 12
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	13 – 14
Statement of activities	15 – 16
Fund financial statements:	
Balance sheet – governmental funds	17 – 18
Reconciliation of total governmental fund balances to net assets of governmental activities	19
Statement of revenues, expenditures and changes in fund balances	20 – 21
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	22
Statement of net assets – proprietary funds	23
Statement of revenues, expenses and changes in net assets – proprietary funds	24
Statement of cash flows – proprietary funds	25
Statement of assets and liabilities – agency funds	26
Notes to basic financial statements	27 – 49
Required supplementary information:	
Other Postemployment Benefit Plan	50
Budgetary comparison schedule – all governmental funds	51
Note to required supplementary information	52
Supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	53 – 54
Combining statement of revenues, expenditures and changes in fund balances	55 – 56
Enterprise funds:	
Combining statement of net assets	57
Combining statement of revenues, expenses and changes in net assets	58
Combining statement of cash flows	59
Internal service funds:	
Combining statement of net assets	60
Combining statement of revenues, expenses and changes in net assets	61
Combining statement of cash flows	62
Agency funds, combining statement of changes in assets and liabilities, all agency funds	63 – 65

Contents

Statistical Section

Statistical section contents	66
Net assets by component	67 – 68
Changes in net assets	69 – 72
Fund balances, governmental funds	73 – 74
Changes in fund balances, governmental funds	75 – 76
Program revenues by function/program	77 – 78
Tax revenues by source, governmental funds	79
Assessed value and actual value of taxable property	80
Principal property taxpayers	81
Property tax levies and collections	82
Direct and overlapping property tax rates	83 – 86
Ratios of outstanding debt by type	87
Ratios of general bonded debt outstanding	88
Direct and overlapping governmental activities debt	89
Legal debt margin information	90 – 91
Demographic and economic statistics	92
Principal employers	93
Full-time equivalent county government employees by function/program	94 – 95
Operating indicators by function/program	96 – 97
Capital asset statistics by function/program	98 – 99

Compliance Section

Schedule of expenditures of federal awards	100 – 102
Notes to schedule of expenditures of federal awards	103
Summary schedule of prior audit findings	104
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	105 – 106
Independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133	107 – 108
Schedule of findings and questioned costs	109 – 112
Corrective action plan	113

Black Hawk County, Iowa

County Officials

Official Title	Official	Term Expiration Date of Elected Officials
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Elected Officials

Supervisor, Chairperson	Craig White	2011
Supervisor, Chair Pro Tempore	Scott Jordan	2013
Supervisor	Tom Little	2013
Supervisor	Frank Magsamen	2011
Supervisor	John Miller	2013

County Attorney	Thomas Ferguson	2011
County Auditor	Grant Veeder	2013
County Recorder	Judy McCarthy	2011
County Sheriff	Tony Thompson	2013
County Treasurer	Barbara A. Freet	2011

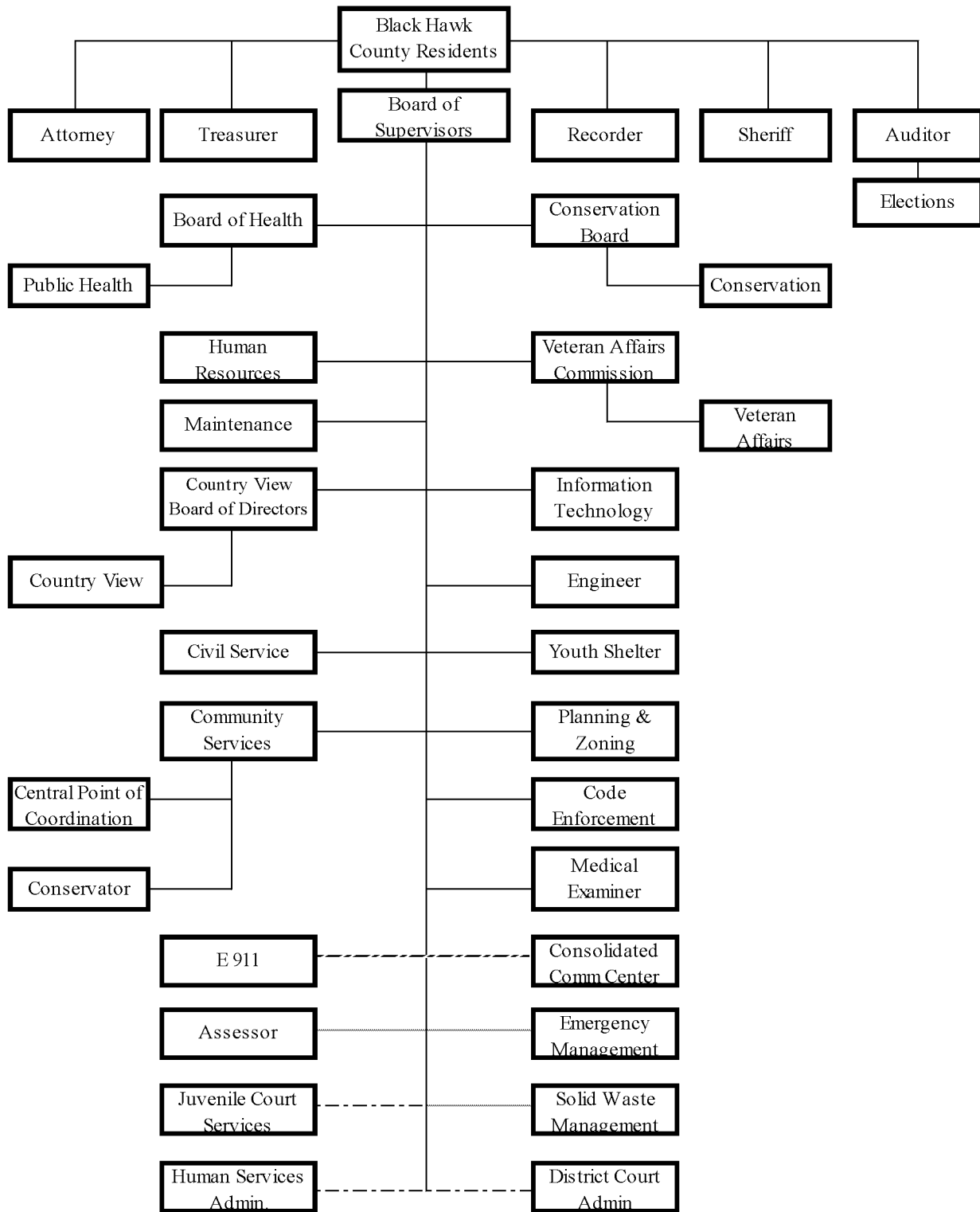
Associate Officials

County Assessor	Tami McFarland	2015
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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	Rory Geving
County Engineer	Catherine Nicholas
County Finance Director/Country View Comptroller	James W. Bronner
County Planning & Zoning	Shane Graham
Human Resources Director	June Watkins
Information Technology Director	Kim Veeder
Public Health Director	Bruce Meisinger
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, 2009

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, reading "Jeffrey R. Enser".

Executive Director

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Board of Supervisors

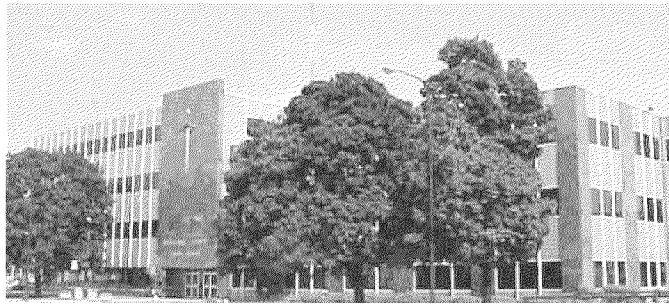
Scott Jordan
833-3076

Tom Little
833-3075

Frank Magsamen
833-3077

John Miller
833-3074

Craig White
833-3078



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December 13, 2010

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, 2010 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, 2010. 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 129,000. 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 had been declining slightly. Recent estimates have shown a slight increase the past few years with the 2010 population estimated to be approximately 129,000. The unemployment rate was at 5% in 2004-2005. Over the next few years the rate averaged between 4% and 4.5% until October of 2009 as the economy worsened and the unemployment rate reached a high of 7.9%. Since that time, the rate has been gradually falling to 6.1% for September 2010. Forecasts show the rate dropping slightly more by the end of the calendar year.

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, Retail and financial service providers – Hy-Vee, Target distribution, Wal-Mart and GMAC mortgage, and Entertainment – Isle of Capri Casino.

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

Deere and Company, the largest employer in the county, recently reported record earnings for the third-quarter. Net income for the company increased 7% or \$41.8 million over the previous record set in 2008. Sales for the company also increased 16% to \$6.84 billion for the quarter. Deere's Waterloo operations have been cited as a major contributor to the success of the third-quarter as large equipment sales remain strong in that division increasing 12% for the quarter. Deere and Company also recently announced that they are committing an additional \$90 million in investments to make improvements to the Waterloo foundry to eventually reduce costs and improve the overall cost-structure.

Hawkeye Community College is developing a regional truck training center. The total project will be built in phases with the overall finished cost estimate totaling approximately \$4 million. The center will provide hands-on training for driving large trucks, buses, motorcycles, police vehicles and numerous other vehicles. The first phase, consisting of 600 ft. by 300 ft. concrete slab, storm water detention basin, and connecting roads will be completed in the next few months. Other phases consisting of two 26 ft. wide perimeter roads, student parking, a classroom building and semi-tractor parking will be completed this winter or in the spring of 2011.

Plans to build the Cedar Valley SportsPlex were also recently announced. The \$26 million facility will include a gymnasium with basketball courts, walking / running track, two pools, weight-lifting and cardio areas, and indoor soccer fields, along with other amenities. Private funds are being utilized for the majority of the funding to date. The project is anticipated to be completed in November 2012.

Construction has begun on a new human services campus just south of downtown Waterloo. The plan involves relocating three organizations into new facilities, Operation Threshold, the Northeast Iowa Food Bank and a facility for the Iowa Department of Corrections. The Operation Threshold building will be two stories with approximately 27,600 square-feet as they relocate from their current location flooded in June of 2008. The new facility hopes to increase their current employment levels by 25 positions and should be completed in January 2011. The \$6 million Department of Corrections building will be a 26,000 square-foot woman's facility that will generate 19 additional jobs. The completion date was not available. The 45,000 square foot food distribution center for the Food Bank has a cost estimate of approximately \$7 million dollars. The distribution center currently serves 16 counties and has struggled to keep up with demand in past years due to space limitations. The Food Bank hopes to break ground July of 2011 with completion in July of 2012.

Another expansion has been announced for the Target Corporation's perishable foods distribution center. The \$7.5 million dollar expansion will also generate another 100 jobs in the distribution complex. Anticipated completion is early 2011. The current perishable foods distribution center is approximately 400,000 square-feet and opened one year ago. The center services 100 stores in nine states. The three facilities in the Target Corporation complex, not including the recently announced expansion have a footprint of over 2.1 million square-feet. The total investment in Cedar Falls is approximately \$200 million, not including payroll, for Target Corporation. Close to 800 full-time and part-time people are employed by the distribution center, as well.

Plans for the Riverview Gardens in downtown Cedar Falls are moving ahead after three years of planning and development. The property will house three total buildings: two condominium buildings and one smaller commercial building. A restaurant is anticipated to be housed in one of the condominiums. A total of 67 condo units and 20,000 square-feet of commercial space will exist when completed. The project will be built in phases with the final estimated value at approximately \$17 million.

The Big Woods Campground opened earlier this month. The multi-year project has been a joint effort between the City of Cedar Falls and Black Hawk County Conservation to develop a campground completely out of the flood plain. The Big Woods Campground is the only park in the County system with wireless Internet capability. The \$1 million campground has 56 full-service sites, each with water, electricity, and sewer hook-ups, and also features an all-season cabin available to rent just off of Big Woods Lake.

During the past ten years, the County's expenses including debt and capital projects have increased 43.4% overall. The largest percentage increase at 377.8% was in the Capital Projects area due to bonds being issued for road and bridge projects. County Environment and Education saw the second largest increase in expenditures over the past ten years at 165.9% due to the replacement of a nature trail bridge along with other flood related recovery projects. The largest dollar increase was also in the Capital Projects category at \$5.48 million over the ten year period.

For the same ten year period, the County's total revenue has increased by 30.18%. Some areas have had very significant percentage increases such as the Miscellaneous Revenue category due to increased fine collections along with the Charges for Service area at just under 121% and 64% respectively. The majority of the \$16.2 million revenue increase comes from two categories which account for over 78% of the total. Approximately \$9.4 million comes from increases in property tax and other taxes while intergovernmental revenues such as federal and state grants account for another \$3.27 million.

Long-Term Financial Planning

The unreserved, undesignated, general fund balance for Black Hawk County is at 15.5 percent of the total general fund expenditures. The fiscal year 2010 percentage figure is at the lower 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 26.1 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. An aggressive multi-year plan to address deteriorating roads and bridges across the County was developed and implemented in early fiscal year 2009 and will continue for the next few years. 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 continues to follow the twenty-year plan that was created with the assistance of the Institute for Decision Making at the University of Northern Iowa. Fiscal year 2010 was the first year the plan could begin to be implemented through the budgeting process. As the three to five year plans for each department are reviewed, they will continue to be implemented into the budget for each fiscal year going forward. The overall twenty-year plan will be reviewed and adjusted as additional information and trends emerge.

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 just under one million dollars. A recent sale of County owned farm land provided enough funding to offset this liability.

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. Two of those bridges have been replaced. The third bridge replacement project which involves a pair of bridges is scheduled to begin construction in March 2011 with an estimated price of \$8.0 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. Flooding that occurred in the County during the summer of 2008 closed and damaged both of these bridges beyond repair. Engineering studies were completed outlining the costs of replacement or potential repair of each bridge. One of the bridges qualified for FEMA funding to be completely replaced. Construction started in the spring of 2010 and will finish in the summer of 2011. Funding for the second and larger of the two bridges was recently received from the State. The design of the bridge is almost complete with anticipated construction set to begin in spring or summer of 2011.

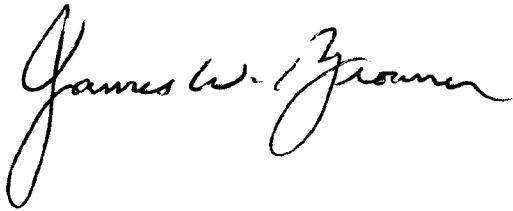
Awards and Acknowledgements

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, 2009. This was the fifth 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



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, 2010, 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, 2010, 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 13, 2010, 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 51 and 52 and the other postemployment benefit plan schedule of funding progress on page 50 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 13, 2010

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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, 2010. 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, 2010 by \$77,186,281 (net assets). Of this amount, \$12,523,078 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2009, assets exceeded liabilities by \$75,897,741. Of this amount, \$13,321,842 was unrestricted.
- The County's total net assets increased by \$1,288,540 during the fiscal year ended June 30, 2010. Governmental activities increased \$1,356,489 and business-type activities decreased by \$67,949. For fiscal year ended June 30, 2009, total net assets increased \$9,097,218. Governmental activities increased \$9,154,306 and business-type activities decreased \$57,088.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$23,675,664, a decrease of \$1,468,443 in comparison with the prior year. Approximately 40 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, 2009, governmental funds reported combined ending fund balances of \$25,144,107, of which 49 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 \$6,073,637 or 15 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, 2009 was \$6,088,004 or 15 percent of total General Fund expenditures.
- The County's total debt increased by \$4,054,067 (15 percent) during the current fiscal year. Total debt for the fiscal year June 30, 2009, decreased by \$450,243 (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, 2010

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 thirteen 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 and Secondary Roads Fund as major for public interest purposes. Data from the other seven 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, 2010

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 23 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 information for all the enterprise funds as a single aggregated presentation as they are all considered nonmajor. Additionally, all internal service funds are combined into a single, aggregated presentation in the proprietary fund's financial statements. Individual fund data for the enterprise funds and 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 24 through 26 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 27 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 28 through 49 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 2010. Required supplementary information can be found on pages 50 through 52 of this report.

The combining statements referred to earlier in connection with nonmajor special revenue funds, enterprise funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 53 through 65 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 \$77,283,781 at the close of the most recent fiscal year.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

By far the largest portion of the County's net assets (75 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 68,952,078	\$ 68,320,238	\$ 289,068	\$ 331,792	\$ 69,241,146	\$ 68,652,030
Capital assets	71,373,048	66,534,280	3,207,172	3,402,640	74,580,220	69,936,920
Total assets	140,325,126	134,854,518	3,496,240	3,734,432	143,821,366	138,588,950
Long-term liabilities	26,337,554	20,981,409	785,678	954,925	27,123,232	21,936,334
Other liabilities	39,336,621	40,578,647	175,232	176,228	39,511,853	40,754,875
Total liabilities	65,674,175	61,560,056	960,910	1,131,153	66,635,085	62,691,209
Net assets:						
Invested in capital assets, net of related debt	55,621,608	49,946,957	2,251,494	2,277,715	57,873,102	52,224,672
Restricted	6,790,101	10,351,227	-	-	6,790,101	10,351,227
Unrestricted	12,239,242	12,996,278	283,836	325,564	12,523,078	13,321,842
Total net assets	\$ 74,650,951	\$ 73,294,462	\$ 2,535,330	\$ 2,603,279	\$ 77,186,281	\$ 75,897,741

An additional portion of the County's net assets (9 percent or \$6,790,101) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (16 percent or \$12,523,078) may be used to meet the County's ongoing obligations to citizens and creditors.

Net assets restricted through enabling legislation consists of \$1,471,780 for debt service, \$1,010,518 for mental health, \$1,127,514 for secondary roads and \$3,180,289 for supplemental levy purposes as of June 30, 2010.

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, 2010

Governmental activities: Governmental activities increased the County's net assets by \$1,453,989 as shown on the chart as follows. The 2 percent increase in net assets of the governmental activities is primarily the result of \$360,000 in increased charges for service along with a decrease in expenditures of approximately \$600,000 across the various expenditure categories. Capital contributions of almost \$500,000 make up the remaining balance.

Changes in Net Assets of Governmental and Business-Type Activities						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 7,424,223	\$ 7,064,157	\$ 257,946	\$ 265,092	\$ 7,682,169	\$ 7,329,249
Operating grants, contributions and restricted interest	25,737,204	32,506,243	-	-	25,737,204	32,506,243
Capital grants, contributions and restricted interest	1,481,509	3,616,441	-	-	1,481,509	3,616,441
General revenues:						
Taxes:						
Property	28,083,985	27,593,677	-	-	28,083,985	27,593,677
State tax credits	1,122,280	1,082,828	-	-	1,122,280	1,082,828
Local option sales	2,903,302	2,896,574	-	-	2,903,302	2,896,574
Other taxes	1,448,800	1,461,942	-	-	1,448,800	1,461,942
Investment earnings	914,311	1,198,968	422	36,266	914,733	1,235,234
Miscellaneous	1,780,435	1,888,363	-	-	1,780,435	1,888,363
Total revenues	70,896,049	79,309,193	258,368	301,358	71,154,417	79,610,551
Expenses:						
Public safety and legal services	16,737,313	15,871,852	-	-	16,737,313	15,871,852
Physical health and social services	11,695,480	12,192,983	-	-	11,695,480	12,192,983
Mental health	20,535,742	19,914,329	-	-	20,535,742	19,914,329
County environment and education	4,460,783	5,871,685	-	-	4,460,783	5,871,685
Roads and transportation	6,983,934	7,305,032	-	-	6,983,934	7,305,032
Government services to residents	2,131,600	2,515,000	-	-	2,131,600	2,515,000
Administration	5,767,744	5,463,590	-	-	5,767,744	5,463,590
Interest on long-term debt	1,226,964	1,020,416	-	-	1,226,964	1,020,416
Washburn water and sewer	-	-	326,317	358,446	326,317	358,446
Total expenses	69,539,560	70,154,887	326,317	358,446	69,865,877	70,513,333
Increase (decrease) in net assets	1,356,489	9,154,306	(67,949)	(57,088)	1,288,540	9,097,218
Net assets, beginning	73,294,462	64,140,156	2,603,279	2,660,367	75,897,741	66,800,523
Net assets, ending	\$ 74,650,951	\$ 73,294,462	\$ 2,535,330	\$ 2,603,279	\$ 77,186,281	\$ 75,897,741

The County enjoyed increases in various revenue sources: property tax revenue increased approximately \$490,000 due primarily to an increase in taxable assessed valuation partially offset with a decrease in property tax rates; and increases for charges for services of approximately \$360,000 due primarily to higher jail room and board charges of \$75,000 in the Sheriff's Office and increased auto registration fees of \$70,000 in the Treasurer's Office.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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 \$865,000. This is primarily from salary and benefits increases in various departments such as the Sheriff's Office, Attorney's Office and Consolidated Communications along with retirement payouts for numerous individuals in the Sheriff's Office.

Physical health and social services decreased approximately \$497,000 or 4 percent due primarily to a reduction of expenditures in the Health Department. The expenditures for the Region 6 Public Health and Preparedness grant were greatly reduced by almost \$500,000 as the State took over administering the grant during the middle of the fiscal year.

County environment and education decreased approximately \$1,400,000 or 24 percent from the 2009 expenditure figures. The majority of the decrease is the result of one time expenditures that occurred in 2009 but did not occur in 2010. Almost \$1 million of these expenditures from 2009 are related to flood repairs and the mitigation of future damage including \$600,000 for the Conservation Department to relocate their headquarters out of the flood plain.

Mental health functional expenses increased by approximately \$620,000 or 3 percent. The majority of the increase was due to increases in salaries and benefits for the Country View facility.

Business-type activities: Business-type activities decreased the County's net assets by \$67,949.

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 \$23,675,664 as of June 30, 2010. This was a decrease of \$1,468,443, or 6 percent, over the prior year. This is primarily a result of decreases in the General Fund and Mental Health Fund offset by increases in the Capital Projects Fund. Of this total amount, \$9,447,917 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, 2010

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 \$7,009,230, while total fund balance reached \$10,239,519. 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 18 percent of total General Fund expenditures, while total fund balance represents 26 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 decreased by \$633,619 during the current fiscal year. The single largest factor in the decrease in fund balance was a reduction in interest revenue received of \$570,000 compared to the anticipated amount budgeted. The worsening of the economy beyond what was anticipated was the underlying cause of this revenue shortfall in the General Fund.

The Mental Health Fund had a fund balance of \$1,010,518, all of which is to be used for mental health functional expenditures. The fund balance decreased by \$2,873,671 during fiscal year 2010. This decrease was anticipated, as Black Hawk County placed the Country View care facility into an enterprise fund for fiscal year 2011 to better track the expenditures and revenues being utilized by the facility.

The Rural Services Fund had a fund balance of \$1,360,915, which increased \$145,448 from the prior year. The fund increase is due to higher than expected Local Option Sales Tax revenue for fiscal year 2009.

The Secondary Roads Fund had a fund balance of \$1,127,514, which decreased \$77,831 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 \$1,471,780 all of which is reserved for the payment of debt service (i.e. payment of general obligation principal and interest). The increase in fund balance of \$9,628 was not significant.

The Capital Projects Fund had a total fund balance of \$7,715,401. This fund balance increased \$1,815,491 due to the timing of the bond proceeds and the related project expenditures. The bond proceeds for fiscal year 2011 projects were received in fiscal year 2010, but the project expenditures will not occur until fiscal year 2011, resulting in an increase in fund balance for fiscal year 2010.

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. There are no major enterprise funds.

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 schedule on page 51 provides more information.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

Key changes in the budget amendments are as follows:

Expenditures increased \$10,680,103, which included:

- Approximately \$6,084,000 for projects that began in fiscal year 2009, but finished in fiscal year 2010. The majority of these projects, \$4.125 million, were road and bridge projects along with purchasing \$1.5 million in E911 equipment.
- Approximately \$2,524,000 in flood related expenses such as \$250,000 in nature trail repairs, \$1.12 million in replacing a nature trail bridge, \$500,000 in flood mitigation funds to purchase damaged properties, \$276,000 in grant funds for water and land recreational trails, \$188,000 in I-JOBS funding to construct a Conservation shop, along with \$190,000 for numerous smaller projects.
- Approximately \$656,000 in principal and interest payments for the Build America Bonds used to fund bridge and road projects.
- Approximately \$429,000 for larger than anticipated snow removal expenses, along with bridge and equipment repair.
- Approximately \$300,000 for larger than anticipated shelter costs in the Community Services department along with funding a generator project for the County View facility.

Revenues increased \$2,480,291, which included:

- Approximately \$1,370,000 in FEMA funds to make repairs to the nature trail and to replace a nature trail bridge.
- Approximately \$500,000 in flood mitigation funds to purchase flood damaged properties.
- Approximately \$276,000 in grant funding for water and land recreational trails.
- Approximately \$188,000 in I-JOBS funding to construct a Conservation shop.

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, 2010 amounts to \$74,580,220 (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 7 percent.

Capital Assets, Net of Applicable Depreciation
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 4,809,671	\$ 4,128,955	\$ -	\$ -	\$ 4,809,671	\$ 4,128,955
Construction-in-progress	5,147,304	7,673,413	-	-	5,147,304	7,673,413
Buildings	30,859,015	28,981,690	-	-	30,859,015	28,981,690
Improvements other than buildings	1,465,573	1,465,573	-	-	1,465,573	1,465,573
Equipment and vehicles	11,057,401	11,378,803	-	-	11,057,401	11,378,803
Infrastructure	56,295,291	48,549,889	5,420,639	5,420,639	61,715,930	53,970,528
Accumulated depreciation	(38,261,207)	(35,644,043)	(2,213,467)	(2,017,999)	(40,474,674)	(37,662,042)
Total capital assets	\$ 71,373,048	\$ 66,534,280	\$ 3,207,172	\$ 3,402,640	\$ 74,580,220	\$ 69,936,920

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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

- Multiple secondary road projects including the complete replacement of bridges on Brandon Road and Hess Road along with numerous deck and structure repairs of other bridges were made. Additionally, reconstruction and resurfacing of approximately 25 miles of road was completed during fiscal year 2010.
- A new energy efficient boiler system was installed in the Country View care facility, and new dryers were installed in the jail.
- A maintenance shop was constructed for the Conservation Department at their headquarters.
- The Secondary Roads shop roof was reconstructed along with the walls of the building.

Additional information concerning the County's capital assets can be found in Note 6 of the Notes to Basic Financial Statements on pages 41 and 42.

Long-term debt. At the close of the fiscal year ended June 30, 2010, the County had total long-term debt outstanding of \$30,629,111. Of this amount, \$28,120,000 comprises debt backed by the full faith and credit of the government and the remaining \$2,509,111 represents capital lease obligations and accrued compensated absences for the County's employees.

Table of Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 26,655,000	\$ 22,040,000	\$ 960,000	\$ 1,130,000	\$ 27,615,000	\$ 23,170,000
General obligation capital notes	505,000	790,000	-	-	505,000	790,000
Capital leases	52,698	58,474	-	-	52,698	58,474
Compensated absences	2,456,413	2,556,570	-	-	2,456,413	2,556,570
Total	\$ 29,669,111	\$ 25,445,044	\$ 960,000	\$ 1,130,000	\$ 30,629,111	\$ 26,575,044

Additional information concerning the County's long-term debt can be found in Note 7 of the Notes to Basic Financial Statements on pages 42 through 44.

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 2011 budget and the tax rates charged for various County activities. County officials are sensitive to economic factors such as the unemployment rate. The rate had decreased from 4.6 percent in January 2006 to 4.5 percent in January of 2007, and then decreased further to 4.4 percent in January 2008. January of 2009 saw a significant increase in the unemployment rate to 5.1 percent, reflecting the overall state of the economy. As the economy worsened, the unemployment rate peaked at 7.9 percent in October of 2009, but has gradually decreased since that time to 6.1 percent in September 2010. Current reports show the unemployment rate continuing to slightly decrease by the end of 2010.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2010

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 as well as eliminating positions. In 2002, the year-end Combined General Fund balance (General Basic and General Supplemental) had fallen 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, and decreased slightly to a fiscal year 2009 figure of \$10,873,138. At the end of fiscal year 2010, the fund balance further decreased to \$10,239,519 due to the economy and revenues being less than anticipated. This amount is 26.1 percent of expenditures which is still within the preferred range of 25 to 30 percent for Black Hawk County.

For fiscal year 2011, amounts available for appropriation are \$68.25 million. Budgeted expenditures are expected to decrease approximately \$18.9 million, while budgeted revenues are expected to decrease \$13.8 million. Of the expenditure decrease, the Mental Health, MR & DD category decreased approximately \$7.8 million due to the Country View care facility being placed into an enterprise fund to track the expenditures and revenues that are being utilized by the facility. Similarly, revenues decreased \$7.8 million in the same category. Other decreases in expenditures and revenues are attributed to a reduction of \$3.3 million in the Health & Social Services category due to the Country View care facility being placed into an enterprise fund along with \$1.2 million in reduction in the Health Department as the State began administering the Region 6 Public Health and Preparedness grant. Additionally, the County will spend approximately \$2.3 million less in flood mitigation dollars in fiscal year 2011 compared to what was received and spent in fiscal year 2010. If these estimates are realized, the County's budgetary operating balance is expected to slightly decrease by the close of 2011.

In comparing 2010 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 87th in per capita valuation. The County's economy in spending is demonstrated by the fact that it is 90th among the 99 counties in per capita spending and 97th in per capita taxes.

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, 2010

Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Cash and investments	\$ 24,416,456	\$ 225,875	\$ 24,642,331
Restricted cash and investments	8,148,190	-	8,148,190
Receivables:			
Property tax:			
Delinquent	188,424	-	188,424
Succeeding year	29,655,983	-	29,655,983
Interest and penalty on property tax, net	266,722	-	266,722
Accounts	580,556	48,692	629,248
Accrued interest	70,028	21	70,049
Capital lease	349,282	-	349,282
Due from other governments	2,724,262	-	2,724,262
Inventories	441,895	-	441,895
Total current assets	66,841,798	274,588	67,116,386
Noncurrent assets:			
Receivables, capital lease	1,873,106	-	1,873,106
Due from other governments	50,000	-	50,000
Debt issuance costs	187,174	14,480	201,654
Capital assets:			
Not depreciated:			
Land	4,809,671	-	4,809,671
Construction-in-progress	5,147,304	-	5,147,304
Depreciated:			
Buildings	30,859,015	-	30,859,015
Improvements other than buildings	1,465,573	-	1,465,573
Infrastructure	56,295,291	5,420,639	61,715,930
Equipment and vehicles	11,057,401	-	11,057,401
Less accumulated depreciation	(38,261,207)	(2,213,467)	(40,474,674)
Total capital assets	71,373,048	3,207,172	74,580,220
Total noncurrent assets	73,483,328	3,221,652	76,704,980
Total assets	\$ 140,325,126	\$ 3,496,240	\$ 143,821,366

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities:			
Accounts payable	\$ 1,743,738	\$ 2,265	\$ 1,746,003
Claims payable	809,710	-	809,710
Accrued interest payable	88,711	2,967	91,678
Accrued salaries and benefits	1,405,937	-	1,405,937
Due to other governments	1,531,145	-	1,531,145
Unearned revenue	29,795,171	-	29,795,171
Current portion of general obligation bonds	2,540,000	170,000	2,710,000
Current portion of general obligation capital loan notes	85,000	-	85,000
Current portion of capital leases	6,509	-	6,509
Compensated absences	1,330,700	-	1,330,700
Total current liabilities	39,336,621	175,232	39,511,853
Noncurrent liabilities:			
General obligation bonds	24,115,000	790,000	24,905,000
General obligation capital loan notes	420,000	-	420,000
Discounts on long-term debt	(148,068)	(4,322)	(152,390)
Capital leases	46,189	-	46,189
Other postemployment benefits obligation	778,720	-	778,720
Compensated absences	1,125,713	-	1,125,713
Total noncurrent liabilities	26,337,554	785,678	27,123,232
Total liabilities	65,674,175	960,910	66,635,085
Net assets:			
Invested in capital assets, net of related debt	55,621,608	2,251,494	57,873,102
Restricted for:			
Supplemental levy purposes	3,180,289	-	3,180,289
Debt service	1,471,780	-	1,471,780
Mental health	1,010,518	-	1,010,518
Secondary roads	1,127,514	-	1,127,514
Unrestricted	12,239,242	283,836	12,523,078
Total net assets	74,650,951	2,535,330	77,186,281
Total liabilities and net assets	\$ 140,325,126	\$ 3,496,240	\$ 143,821,366

Black Hawk County, Iowa

**Statement of Activities
Year Ended June 30, 2010**

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	\$ 16,737,313	\$ 1,037,347	\$ 1,897,982	\$ -
Physical health and social services	11,695,480	1,479,510	5,876,902	-
Mental health	20,535,742	1,760,556	10,825,948	-
County environment and education	4,460,783	491,836	1,989,710	73,945
Roads and transportation	6,983,934	5,989	3,115,997	1,407,564
Governmental services to residents	2,131,600	1,712,826	394,768	-
Administration	5,767,744	936,159	1,635,897	-
Interest on long-term debt	1,226,964	-	-	-
Total governmental activities	69,539,560	7,424,223	25,737,204	1,481,509
Business-type activities:				
Rural sewer	248,272	198,287	-	-
Rural water	78,045	59,659	-	-
Total business-type activities	326,317	257,946	-	-
Total	\$ 69,865,877	\$ 7,682,169	\$ 25,737,204	\$ 1,481,509

General Revenues

Taxes:

Property taxes
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
\$ (13,801,984)	\$ -	\$	(13,801,984)
(4,339,068)	-		(4,339,068)
(7,949,238)	-		(7,949,238)
(1,905,292)	-		(1,905,292)
(2,454,384)	-		(2,454,384)
(24,006)	-		(24,006)
(3,195,688)	-		(3,195,688)
(1,226,964)	-		(1,226,964)
(34,896,624)	-		(34,896,624)
-	(49,985)		(49,985)
-	(18,386)		(18,386)
-	(68,371)		(68,371)
(34,896,624)	(68,371)		(34,964,995)
28,083,985	-		28,083,985
2,903,302	-		2,903,302
1,448,800	-		1,448,800
1,122,280	-		1,122,280
914,311	422		914,733
1,780,435	-		1,780,435
36,253,113	422		36,253,535
1,356,489	(67,949)		1,288,540
73,294,462	2,603,279		75,897,741
\$ 74,650,951	\$ 2,535,330	\$	77,186,281

Black Hawk County, Iowa

Balance Sheet Governmental Funds June 30, 2010

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and investments	\$ 10,210,674	\$ 2,425,612	\$ 1,228,419	\$ 866,114
Restricted cash and investments	-	-	-	-
Receivables:				
Property tax:				
Delinquent	130,284	35,628	10,386	-
Succeeding year	20,326,939	5,558,676	1,750,042	-
Interest and penalty on property tax, net	266,722	-	-	-
Accounts	461,810	53,902	5,198	867
Accrued interest	68,690	-	-	-
Capital lease	-	-	-	-
Due from other funds	62,388	77,921	-	-
Due from other governments	1,417,278	651,484	257,946	190,745
Inventories	-	-	-	441,895
Total assets	\$ 32,944,785	\$ 8,803,223	\$ 3,251,991	\$ 1,499,621
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 553,624	\$ 501,744	\$ -	\$ 122,262
Accrued salaries and benefits	958,939	274,867	57,809	114,322
Due to other funds	87,828	46,798	1,237	4,446
Due to other governments	208,603	1,304,421	6,772	9,881
Deferred revenue:				
Succeeding year property tax	20,326,939	5,558,676	1,750,042	-
Other	569,333	106,199	75,216	121,196
Total liabilities	22,705,266	7,792,705	1,891,076	372,107
Fund balances:				
Reserved for:				
Supplemental levy purposes	3,180,289	-	-	-
Debt service	-	-	-	-
Advance to other government	50,000	-	-	-
Inventories	-	-	-	441,895
Capital projects	-	-	-	-
Unreserved:				
Designated for tax stabilization and termination benefit payments	935,593	-	-	-
Undesignated, reported in:				
General Fund	6,073,637	-	-	-
Special revenue funds	-	1,010,518	1,360,915	685,619
Capital Projects Fund	-	-	-	-
Total fund balances	10,239,519	1,010,518	1,360,915	1,127,514
Total liabilities and fund balances	\$ 32,944,785	\$ 8,803,223	\$ 3,251,991	\$ 1,499,621

See Notes to Basic Financial Statements.

Debt Service		Capital Projects	Nonmaior Governmental Funds	Total
\$	1,279,109	\$ 6,997	\$ 841,241	\$ 16,858,166
	-	8,148,190	-	8,148,190
	12,126	-	-	188,424
	2,020,326	-	-	29,655,983
	-	-	-	266,722
	-	-	10,205	531,982
	685	-	7	69,382
	2,222,388	-	-	2,222,388
	-	20,675	-	160,984
	256,809	-	-	2,774,262
	-	-	-	441,895
\$	5,791,443	\$ 8,175,862	\$ 851,453	\$ 61,318,378
\$	-	\$ 460,461	\$ 99,968	\$ 1,738,059
	-	-	-	1,405,937
	-	-	-	140,309
	-	-	1,468	1,531,145
	2,020,326	-	-	29,655,983
	2,299,337	-	-	3,171,281
	4,319,663	460,461	101,436	37,642,714
	-	-	-	3,180,289
	1,471,780	-	-	1,471,780
	-	-	-	50,000
	-	-	-	441,895
	-	8,148,190	-	8,148,190
	-	-	-	935,593
	-	-	-	6,073,637
	-	-	750,017	3,807,069
	-	(432,789)	-	(432,789)
	1,471,780	7,715,401	750,017	23,675,664
\$	5,791,443	\$ 8,175,862	\$ 851,453	\$ 61,318,378

Black Hawk County, Iowa

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities June 30, 2010

Total governmental fund balances		\$	23,675,664
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Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	\$	4,809,671	
Construction-in-progress		5,147,304	
Buildings		30,859,015	
Improvements other than buildings		1,465,573	
Equipment and vehicles		11,057,401	
Infrastructure		56,295,291	
Accumulated depreciation		<u>(38,261,207)</u>	71,373,048

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

Deferred revenues			3,035,951
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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	(88,711)	
Discounts on long-term debt	148,068	
Debt issuance costs	187,174	
General obligation bonds payable	(26,655,000)	
General obligation capital notes	(505,000)	
Capital leases	(52,698)	
Other postemployment benefits obligation	(778,720)	
Compensated absences	<u>(2,456,413)</u>	(30,201,300)

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.

Net assets of governmental activities

	6,767,588
\$	<u><u>74,650,951</u></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, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property tax	\$ 18,611,993	\$ 5,362,953	\$ 1,595,801	\$ -
Other County tax	1,102,883	188,483	1,464,832	-
Interest and penalty on property tax	410,634	-	-	-
Intergovernmental	12,097,603	11,006,140	99,022	3,124,174
Licenses and permits	385,614	-	94,072	5,625
Charges for service	4,622,506	1,760,556	4,735	364
Use of money and property	471,292	-	-	-
Miscellaneous	1,571,774	63,084	1,366	52,197
Total revenues	39,274,299	18,381,216	3,259,828	3,182,360
Expenditures:				
Current:				
Public safety and legal services	15,446,131	-	1,523,891	-
Physical health and social services	11,901,238	-	-	-
Mental health	-	21,254,887	-	-
County environment and education	4,563,598	-	212,296	-
Roads and transportation	-	-	-	5,099,989
Governmental services to residents	1,699,808	-	415	-
Administration	5,506,549	-	-	-
Debt service:				
Principal	90,776	-	-	-
Bond issuance costs	-	-	-	-
Interest	23,722	-	-	-
Capital outlay	-	-	-	271,673
Total expenditures	39,231,822	21,254,887	1,736,602	5,371,662
Excess (deficiency) of revenues over expenditures	42,477	(2,873,671)	1,523,226	(2,189,302)
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Discounts on issuance of long-term debt	-	-	-	-
Insurance proceeds	22,623	-	-	-
Proceeds from the sale of capital assets	7,414	-	-	27,560
Transfers in	-	-	-	2,083,911
Transfers out	(706,133)	-	(1,377,778)	-
Total other financing sources (uses)	(676,096)	-	(1,377,778)	2,111,471
Net change in fund balances	(633,619)	(2,873,671)	145,448	(77,831)
Fund balances, beginning of year	10,873,138	3,884,189	1,215,467	1,205,345
Fund balances, end of year	\$ 10,239,519	\$ 1,010,518	\$ 1,360,915	\$ 1,127,514

See Notes to Basic Financial Statements.

		Nonmajor Governmental		
Debt Service	Capital Projects	Funds	Total	
\$ 2,475,788	\$ -	\$ -	\$ 28,046,535	
1,465,981	-	-	4,222,179	
-	-	-	410,634	
246,034	272,976	137,414	26,983,363	
-	-	-	485,311	
-	-	56,605	6,444,766	
867,136	-	153,994	1,492,422	
-	960	133,275	1,822,656	
5,054,939	273,936	481,288	69,907,866	
670	-	110,047	17,080,739	
-	-	-	11,901,238	
-	-	-	21,254,887	
400	-	195,458	4,971,752	
-	-	-	5,099,989	
-	-	29,672	1,729,895	
-	-	-	5,506,549	
3,875,000	-	-	3,965,776	
-	43,145	-	43,145	
1,168,841	-	-	1,192,563	
400	6,659,655	-	6,931,728	
5,045,311	6,702,800	335,177	79,678,261	
9,628	(6,428,864)	146,111	(9,770,395)	
-	8,290,000	-	8,290,000	
-	(66,320)	-	(66,320)	
-	-	-	22,623	
-	20,675	-	55,649	
-	-	-	2,083,911	
-	-	-	(2,083,911)	
-	8,244,355	-	8,301,952	
9,628	1,815,491	146,111	(1,468,443)	
1,462,152	5,899,910	603,906	25,144,107	
\$ 1,471,780	\$ 7,715,401	\$ 750,017	\$ 23,675,664	

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, 2010

Net change in fund balances - governmental funds	\$	(1,468,443)
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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	\$	6,930,529	
Depreciation expense		<u>(3,324,699)</u>	3,605,830

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	1,407,564	
Proceeds from the sale of capital assets	<u>(55,649)</u>	
Loss on the sale of capital assets (\$15,347) and construction in progress (\$103,630)	<u>(118,977)</u>	1,232,938

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.

775,650

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	3,965,776
Interest	(12,272)
Bond issuance costs	43,145
Proceeds from the issuance of long-term debt	(8,290,000)
Discount on issuance of long-term debt	66,320
Amortization of discounts on long-term debt	(22,129)
Amortization of debt issuance costs on long-term debt	(27,014)

(Continued)

Black Hawk County, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities (Continued)
Year Ended June 30, 2010**

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	100,157
Change in other postemployment benefits obligation	(351,720)

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.

	1,738,251
Change in net assets of governmental activities	\$ 1,356,489

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

**Statement of Net Assets
Proprietary Funds
June 30, 2010**

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Assets		
Current assets:		
Cash and investments	\$ 225,875	\$ 7,558,290
Receivables:		
Accounts	48,692	48,574
Accrued interest	21	646
Total current assets	<u>274,588</u>	<u>7,607,510</u>
Noncurrent assets:		
Debt issuance costs	14,480	-
Capital assets; infrastructure (net of accumulated depreciation)	3,207,172	-
Total noncurrent assets	<u>3,221,652</u>	<u>-</u>
Total assets	<u>\$ 3,496,240</u>	<u>\$ 7,607,510</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 2,265	\$ 5,679
Claims payable	-	809,710
Accrued interest payable	2,967	-
Due to other funds	-	20,675
Unearned revenue	-	3,858
Current portion of general obligation bonds	170,000	-
Total current liabilities	<u>175,232</u>	<u>839,922</u>
Long-term liabilities:		
General obligation bonds	790,000	-
Discounts on long-term debt	(4,322)	-
Total noncurrent liabilities	<u>785,678</u>	<u>-</u>
Total liabilities	<u>960,910</u>	<u>839,922</u>
Net assets:		
Invested in capital assets, net of related debt	2,251,494	-
Unrestricted	283,836	6,767,588
Total net assets	<u>2,535,330</u>	<u>6,767,588</u>
Total liabilities and net assets	<u>\$ 3,496,240</u>	<u>\$ 7,607,510</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, 2010**

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues, charges for services	\$ 257,946	\$ 7,144,908
Operating expenses:		
Costs of sales and services	89,359	5,415,228
Depreciation	195,468	-
Total operating expenses	284,827	5,415,228
Operating income (loss)	(26,881)	1,729,680
Nonoperating revenues (expenses):		
Interest income	422	8,571
Interest expense	(41,490)	-
Total nonoperating revenues (expenses)	(41,068)	8,571
Change in net assets	(67,949)	1,738,251
Net assets, beginning of year	2,603,279	5,029,337
Net assets, end of year	<u>\$ 2,535,330</u>	<u>\$ 6,767,588</u>

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2010

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from customers and users	\$ 256,060	\$ 7,100,262
Cash paid to suppliers for services	(89,888)	(13,789)
Cash paid for claims and to administrative provider	-	(5,375,804)
Net cash provided by operating activities	166,172	1,710,669
Cash flows from noncapital financing activities, proceeds from interfund accounts	-	20,675
Cash flows from capital and related financing activities:		
Payments on capital loan notes and bonds	(170,000)	-
Interest paid on capital loan bonds and notes	(41,204)	-
Net cash (used in) capital and related financing activities	(211,204)	-
Cash flows from investing activities, interest on investments	447	8,898
Net increase (decrease) in cash and cash equivalents	(44,585)	1,740,242
Cash and cash equivalents, beginning	270,460	5,818,048
Cash and cash equivalents, ending	<u>\$ 225,875</u>	<u>\$ 7,558,290</u>
Reconciliation of operating income (loss)		
to net cash provided by operating activities:		
Operating income (loss)	\$ (26,881)	\$ 1,729,680
Adjustments to reconcile operating income (loss)		
to net cash provided by operating		
activities:		
Depreciation	195,468	-
Changes in assets and liabilities:		
(Increase) in accounts receivable	(1,886)	(48,504)
Increase (decrease) in accounts and claims payable	(529)	25,635
Increase in unearned revenue	-	3,858
Net cash provided by operating activities	\$ 166,172	\$ 1,710,669
Schedule of noncash capital and related financing activities, amortization of bond discount	\$ 753	\$ -

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2010

Assets

Cash and investments	\$ 7,468,998
Receivables, property taxes and other	142,745,129
Total assets	\$ 150,214,127

Liabilities

Accounts payable and accrued liabilities	\$ 153,098
Due to other governmental agencies	149,115,943
Trusts payable	945,086
Total liabilities	\$ 150,214,127

See Notes to Basic Financial Statements.

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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.

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.

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)

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 and Secondary Roads 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.

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.

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 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 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. The County has elected not to follow FASB guidance issued subsequent to November 30, 1989.

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.

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)

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.

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.

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)

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 2010, based on the 2009 assessed valuations. These taxes are due in two installments, on September 30, 2010 and March 31, 2011 with a 1.5 percent per month penalty for delinquent payment. Since the 2010 tax levy is budgeted and levied for the fiscal year 2011, 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.

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.

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)

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.

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.

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)

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.

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, 2010, but which were levied to finance fiscal year 2011 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.

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)

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 \$8,148,190. 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 \$1,471,780 for debt service, \$1,010,518 for mental health, \$1,127,514 for secondary roads and \$3,180,289 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.

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 as required supplementary information 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.

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)

- 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 January 2010 and May 2010.

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, 2010, the County's cash and investments were as follows:

Cash statement of net assets	\$ 17,805,463
Cash fiduciary funds	7,468,998
Investments	14,985,058
	<u>\$ 40,259,519</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.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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	45.72 days	\$ 14,648,817
Money market mutual fund	N/A	2,418
Mutual funds, equities	N/A	333,823
		<u>\$ 14,985,058</u>

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

As of June 30, 2010, the County's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's
IPAIT Diversified, Money Market Mutual Fund	Not rated	Not rated
Money market mutual fund	Not rated	Not rated
Mutual funds, equities	Not rated	Not rated

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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.

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, 2010, the County's investments were insured or were 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, 2010, 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.

Note 3. Interfund Receivables and Payables

The detail of due to/due from other funds as of June 30, 2010 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental funds, major funds:		
General Fund	\$ 62,388	\$ 87,828
Special revenue funds:		
Mental health	77,921	46,798
Rural services	-	1,237
Secondary roads	-	4,446
Capital projects fund	20,675	-
Total governmental funds	160,984	140,309
Internal service fund	-	20,675
Total	\$ 160,984	\$ 160,984

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.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

	Transfers In	Transfers Out
Governmental funds, major funds:		
General Fund	\$ -	\$ 706,133
Special revenue funds:		
Rural services	-	1,377,778
Secondary roads	2,083,911	-
Total	\$ 2,083,911	\$ 2,083,911

Transfers are used to move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Note 5. E911 Lease Receivable

On July 22, 2008, the County issued General Obligation Bonds Series 2008B in order to purchase equipment for the E911 Service Board (a jointly governed organization to the County). The total principal and interest on the bonds was \$4,759,709 payable in semiannual payments starting December 1, 2009 and ending June 1, 2018. As of June 30, 2010, the 2008B bonds had an outstanding balance of \$3,165,000. When fully drawn the E911 Service Board is paying the County monthly installments ranging from \$30,000 to \$155,000 through December 15, 2018 with interest rates ranging from 4.00 percent to 4.60 percent per annum. The payments from the E911 Service Board are credited directly to the Debt Service Fund. In the current year, the County purchased \$1,303,267 of equipment for the E911 Commission. In total as of June 30, 2010, the County has purchased approximately \$3,521,000 of equipment. As of June 30, 2010, the remaining principal balance on the lease receivable owed to the County was \$2,222,388.

Year Ending June 30,	Principal	Interest	Total
2011	\$ 349,282	\$ 135,718	\$ 485,000
2012	237,882	122,118	360,000
2013	251,882	108,118	360,000
2014	266,847	93,153	360,000
2015	282,785	77,215	360,000
2016	299,360	60,640	360,000
2017	317,180	42,820	360,000
2018	217,170	23,920	241,090
Total	\$ 2,222,388	\$ 663,702	\$ 2,886,090

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2010:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,128,955	\$ 680,716	\$ -	\$ 4,809,671
Construction-in-progress	7,673,413	4,026,971	(6,553,080)	5,147,304
Total capital assets not being depreciated	11,802,368	4,707,687	(6,553,080)	9,956,975
Capital assets being depreciated:				
Buildings	28,981,690	1,909,325	(32,000)	30,859,015
Improvements other than buildings	1,465,573	-	-	1,465,573
Equipment and vehicles	11,378,803	425,129	(746,531)	11,057,401
Infrastructure	48,549,889	7,745,402	-	56,295,291
Total capital assets being depreciated	90,375,955	10,079,856	(778,531)	99,677,280
Less accumulated depreciation for:				
Buildings	10,613,821	617,977	(22,080)	11,209,718
Improvements other than buildings	845,700	44,933	-	890,633
Equipment and vehicles	7,743,083	697,645	(685,455)	7,755,273
Infrastructure	16,441,439	1,964,144	-	18,405,583
Total accumulated depreciation	35,644,043	3,324,699	(707,535)	38,261,207
Total capital assets being depreciated, net	54,731,912	6,755,157	(70,996)	61,416,073
Governmental activities capital assets, net	\$ 66,534,280	\$ 11,462,844	\$ (6,624,076)	\$ 71,373,048
Business-type activities:				
Capital assets being depreciated, infrastructure	\$ 5,420,639	\$ -	\$ -	\$ 5,420,639
Less accumulated depreciation for infrastructure	2,017,999	195,468	-	2,213,467
Business-type activities capital assets, net	\$ 3,402,640	\$ (195,468)	\$ -	\$ 3,207,172

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

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

Governmental activities:

Public safety and legal services	\$	526,036
Physical health and social services		68,725
Mental health		79,728
County environment and education		144,319
Roads and transportation		2,237,820
Governmental services to residents		55,757
Administration		212,314
Total depreciation expense - governmental activities	\$	3,324,699

Business-type activities:

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

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	Balance June 30, 2009	Additions	Retirements/ Deletions	Balance June 30, 2010	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 22,040,000	\$ 8,290,000	\$ 3,675,000	\$ 26,655,000	\$ 2,540,000
General obligation capital notes	790,000	-	285,000	505,000	85,000
Capital leases	58,474	-	5,776	52,698	6,509
Compensated absences	2,556,570	1,917,771	2,017,928	2,456,413	1,330,700
	\$ 25,445,044	\$ 10,207,771	\$ 5,983,704	\$ 29,669,111	\$ 3,962,209
Business-type activities,					
general obligation bonds	\$ 1,130,000	\$ -	\$ 170,000	\$ 960,000	\$ 170,000

New debt issues: On July 21, 2009, Black Hawk County issued \$8,290,000 in General Obligation Bonds, Series 2009. These bonds are due in annual installments of \$485,000 to \$690,000 through 2024 at interest rates ranging from 2.375 percent to 5.625 percent. The bonds were used to finance the costs of certain capital improvements and equipment acquisitions in the County and for the cost of issuance.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

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 \$26,655,000 as of June 30, 2010. These bonds bear interest with rates ranging from 2.375 percent to 5.625 percent and mature in varying annual amounts ranging from \$45,000 to \$1,065,000 through June 1, 2024.

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 \$960,000 as of June 30, 2010. These bonds bear interest with rates ranging from 3.20 percent to 4.00 percent and mature in varying annual amounts ranging from \$75,000 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 \$505,000 as of June 30, 2010. These notes bear interest with rates ranging from 3.50 percent to 4.71 percent and mature in varying annual amounts ranging from \$20,000 to \$40,000 through June 1, 2017.

Capital leases: The County has a capital lease for food service equipment with zero interest payments ranging between \$404 to \$1,020 monthly through 2016. The net book value of the equipment is \$41,075 as of June 30, 2010.

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

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2010 are as follows:

Governmental Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2011	\$ 2,540,000	\$ 1,088,873	\$ 85,000	\$ 16,973
2012	2,510,000	1,006,771	90,000	17,243
2013	2,460,000	921,112	90,000	13,746
2014	2,340,000	834,255	95,000	10,144
2015	2,210,000	745,788	95,000	6,287
2016 - 2020	9,105,000	2,424,578	50,000	3,533
2021 - 2024	5,490,000	601,504	-	-
Total	\$ 26,655,000	\$ 7,622,881	\$ 505,000	\$ 67,926

Governmental Activities	Capital Leases	
	Principal	Interest
<u>Year ending June 30,</u>		
2011	\$ 6,509	\$ -
2012	7,334	-
2013	8,264	-
2014	9,313	-
2015	10,494	-
2016	10,784	-
Total	\$ 52,698	\$ -

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

Business-Type Activities	General Obligation Bonds	
	Principal	Interest
<u>Year ending June 30,</u>		
2011	\$ 170,000	\$ 35,601
2012	180,000	29,786
2013	80,000	23,539
2014	80,000	20,555
2015	85,000	17,539
2016 - 2019	365,000	36,706
Total	\$ 960,000	\$ 163,726

The computation of the County's legal margin as of June 30, 2010 is as follows:

January 2008 assessed valuation	\$ 4,581,782,153
Less military exemption	14,975,471
Total assessed value	\$ 4,566,806,682
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 228,340,334
Total amount of debt applicable to debt margin	28,172,698
Legal debt margin	\$ 200,167,636

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.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 9. Pension and Retirement Benefits (Continued)

Plan members are required to contribute 4.30 percent of their annual covered salary and the County is required to contribute 6.65 percent of annual covered payroll. In the case of law enforcement employees, the percentage for the year ended June 30, 2010 was 7.62 percent for the employees and the County. The contribution percentage for conservation employees was 6.14 percent for the employees and 9.20 percent for the County. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$1,826,850, \$1,689,715 and \$1,573,882, respectively, equal to the required contributions for each year.

Note 10. Other Postemployment Benefits

Plan description: The County sponsors a single-employer health care plan that provides self-insured medical, prescription drug and dental benefits to all active and retired employees and their eligible dependents. Sheriff's deputies must be a minimum of age 50 with 22 or more years of service to be eligible for retiree benefits. All other employees must be a minimum of age 55 with four or more years of service to be eligible for retiree benefits. Benefits cease upon attaining age 65. The plan does not issue a stand-alone financial report.

Funding policy: The health insurance plan contributions on behalf of employees are negotiated by management and the union and governed by the County's union contracts. Retirees pay the full premium. The current funding policy of the County is to pay health claims as they occur.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2010, the County contributed \$10,280. Retirees receiving benefits have required contributions of:

Rate Tier	PPO Plan A and PPO Plan B	Dental
Retiree only	\$ 542.00	\$ 16.00
Retiree and family	1,344.25	47.50

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

Annual required contribution	\$	359,000
Interest on net OPEB obligation		19,000
Adjustment to annual required contribution		(16,000)
Annual OPEB cost		362,000
Contributions and payments made		10,280
Increase in net OPEB obligation		351,720
Net OPEB obligation - July 2, 2008		427,000
Net OPEB obligation - July 1, 2009	\$	778,720

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2010 and the two preceding years follows. Fiscal year ended June 30, 2009 was the adoption year of GASB Statement No. 45.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	N/A	N/A	N/A
June 30, 2009	\$ 487,000	12.3%	\$ 427,000
June 30, 2010	362,000	2.8	778,720

Funded status and funding progress: As of July 1, 2009, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$3,432,000 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$3,432,000. The covered payroll (annual payroll of active employees covered by the plan) was \$23,861,244 and the ratio of the UAAL to the covered payroll was 14 percent.

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

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

In the July 1, 2009 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a discount rate of 4.5 percent, health care cost trend rates of 11 percent select and 5 percent ultimate with select trends reducing 0.5 percent each year until reaching the ultimate trend, per capita health claim cost, annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report as of June 30, 2007, mortality rates using the RP-2000 Table, and an annual salary increase of 3.5 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 11. 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 \$6,336,000.

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, 2010 totaled \$726,710 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 2010 and 2009 are as follows:

	2010	2009
Claims payable, beginning of year	\$ 675,239	\$ 737,544
Claims recognized	4,896,205	4,439,286
Claim payments and change in accrual	(4,844,734)	(4,501,591)
Claims payable, end of year	<u>\$ 726,710</u>	<u>\$ 675,239</u>

Note 12. 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 2010 contribution was \$125,000. The County is responsible for the first \$50,000 of settlements. Prior to joining ICAP, the County was self-insured for various risks of loss; \$83,000 has been accrued for these run-off claims and for the deductibles of outstanding claims under the pooled plan.

	2010	2009
Claims payable, beginning of year	\$ 110,500	\$ 57,500
Claims recognized	76,000	98,000
Claim payments and change in accrual	(103,500)	(45,000)
Claims payable, end of year	<u>\$ 83,000</u>	<u>\$ 110,500</u>

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 13. Health Care Facility and Industrial Development Revenue Bonds

The County has issued a total of \$12,660,000 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$5,238,397 is outstanding as of June 30, 2010. 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.

Note 14. Litigation

The County is a defendant in several claims and lawsuits. In the opinion of the County Attorney and management, the resolution of these matters will not have a material adverse effect on the future financial statements of the County.

Note 15. Commitments and Contingency

The County has entered into financial commitments totaling approximately \$8,978,000 which relate to various road and bridge construction, engineering and maintenance projects. As of June 30, 2010, the County had approximately \$1,165,000 remaining on the contracts.

Note 16. Subsequent Event

On July 1, 2010, the County issued \$4,075,000 of General Obligation Bonds, Series 2010A for the purpose to finance the costs of certain capital improvements and equipment acquisitions in the County. Interest on the Series 2010 bonds ranges from 1.0 percent to 3.1 percent and is payable June 1 and December 1. Principal is payable through June 1, 2020.

On November 16, 2010, the County issued \$8,030,000 of General Obligation Bonds, Series 2010B for the purpose to finance the costs of construction, reconstruction, improvement, repair or equipping of capital projects which assist in the economic development which creates jobs and wealth, including bridges, roads and culverts within the County. Interest on the Series 2010A bonds ranges from 1.0 percent to 3.5 percent and is payable June 1 and December 1. Principal is payable through June 1, 2023.

Note 17. Governmental Accounting Standards Board (GASB) Statements

The County adopted the following GASB statements during the year ended June 30, 2010:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. 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. This Statement had no effect on the County in the current year.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. 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. This Statement had no effect on the County in the current year.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. This Statement had no effect on the County in the current year.

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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the County beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment of GASB Statement No. 43 and No. 45, issued January 2010, will be effective for the County beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.
- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the County beginning with its year ending June 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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 Other Postemployment Benefit Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7/1/08	\$ -	\$ 4,319,000	\$ 4,319,000	0.00%	\$ 22,723,576	19.0%
2010	7/1/09	-	3,432,000	3,432,000	0.00%	23,861,244	14.4%

Fiscal year 2009 was the adoption year of GASB Statement No. 45.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of July 1, 2009. Additional information follows:

- The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
- There are no plan assets.
- The actuarial assumptions included: 1) 4.5 percent discount rate, 2) health care cost trend rates of 11 percent select and 5 percent ultimate with select trends reducing 0.5 percent each year until reaching the ultimate trend, 3) per capita health claim cost, 4) annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report as of June 30, 2007, 5) mortality rates using the RP-2000 Table, and 6) an annual salary increase of 3.5 percent.
- The amortization method is level percentage of projected payroll on an open basis.

Black Hawk County, Iowa

**Required Supplementary Information
Budgetary Comparison Schedule
All Governmental Funds
Year Ended June 30, 2010**

	Budgeted Amounts		Governmental Fund	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Types Actual	
Revenues:				
Property	\$ 28,105,856	\$ 28,105,856	\$ 28,046,535	\$ (59,321)
Other County tax	3,954,762	3,954,762	4,222,179	267,417
Interest and penalty on property tax	386,000	386,000	410,634	24,634
Intergovernmental	38,574,194	41,068,030	26,983,363	(14,084,667)
Licenses and permits	450,711	450,711	485,311	34,600
Charges for services	5,657,972	5,551,635	6,444,766	893,131
Use of money and property	1,401,524	1,508,474	1,492,422	(16,052)
Miscellaneous	1,382,236	1,368,078	1,822,656	454,578
Total revenues	79,913,255	82,393,546	69,907,866	(12,485,680)
Expenditures:				
Current:				
Public safety and legal services	16,885,278	17,201,845	17,080,739	121,106
Physical health and social services	12,435,323	12,537,427	11,901,238	636,189
Mental health	23,511,215	23,682,700	21,254,887	2,427,813
County environment and education	7,602,549	9,668,883	4,971,752	4,697,131
Roads and transportation	5,031,050	5,460,072	5,099,989	360,083
Governmental services to residents	1,819,234	1,881,433	1,729,895	151,538
Administration	6,898,448	7,469,648	5,506,549	1,963,099
Debt service	4,543,868	5,206,218	5,201,484	4,734
Capital projects	8,444,535	14,743,377	6,931,728	7,811,649
Total expenditures	87,171,500	97,851,603	79,678,261	18,173,342
Excess (deficiency) of revenues over (under) expenditures	(7,258,245)	(15,458,057)	(9,770,395)	5,687,662
Other financing sources, net	-	23,839	8,301,952	8,278,113
Net change in fund balances	\$ (7,258,245)	\$ (15,434,218)	\$ (1,468,443)	\$ 13,965,775

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 \$10,680,103. The amendments were primarily due to changes in capital projects and county environment and education.

Black Hawk County, Iowa

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets			
Cash and investments	\$ 71,344	\$ 18,091	\$ 205
Receivables:			
Accounts	-	-	-
Accrued interest	6	1	-
Total assets	\$ 71,350	\$ 18,092	\$ 205
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,040	\$ 1,699	\$ -
Due to other governments	-	-	-
Total liabilities	2,040	1,699	-
Fund Balances , unreserved, undesignated, special revenue funds	69,310	16,393	205
Total liabilities and fund balances	\$ 71,350	\$ 18,092	\$ 205

Special Revenue					
Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total	
\$ 80,000	\$ 15,825	\$ 15,157	\$ 640,619	\$ 841,241	
9,705	-	500	-	10,205	
-	-	-	-	7	
\$ 89,705	\$ 15,825	\$ 15,657	\$ 640,619	\$ 851,453	
\$ 984	\$ 590	\$ -	\$ 94,655	\$ 99,968	
-	1,468	-	-	1,468	
984	2,058	-	94,655	101,436	
88,721	13,767	15,657	545,964	750,017	
\$ 89,705	\$ 15,825	\$ 15,657	\$ 640,619	\$ 851,453	

Black Hawk County, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
Year Ended June 30, 2010

	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Intergovernmental	\$ 58,468	\$ -	\$ -
Charges for service	-	24,617	-
Use of money and property	132	25	-
Miscellaneous, primarily contributions	73,270	-	-
Total revenues	131,870	24,642	-
Expenditures:			
Current:			
Public safety and legal services	-	-	-
County environment and education	24,636	-	-
Governmental services to residents	-	29,373	299
Total expenditures	24,636	29,373	299
Net change in fund balances (deficits)	107,234	(4,731)	(299)
Fund balances (deficits), beginning of year	(37,924)	21,124	504
Fund balances, end of year	\$ 69,310	\$ 16,393	\$ 205

Special Revenue					
Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total	
\$ -	\$ -	\$ -	\$ 78,946	\$	137,414
-	-	-	31,988		56,605
114,457	-	-	39,380		153,994
-	-	675	59,330		133,275
114,457	-	675	209,644		481,288
110,047	-	-	-		110,047
-	2,645	-	168,177		195,458
-	-	-	-		29,672
110,047	2,645	-	168,177		335,177
4,410	(2,645)	675	41,467		146,111
84,311	16,412	14,982	504,497		603,906
\$ 88,721	\$ 13,767	\$ 15,657	\$ 545,964	\$	750,017

Black Hawk County, Iowa

**Combining Statement of Net Assets
Enterprise Funds
June 30, 2010**

	Rural Sewer	Rural Water	Total
Assets			
Current assets:			
Cash and investments	\$ 25,538	\$ 200,337	\$ 225,875
Receivables:			
Accounts	38,368	10,324	48,692
Accrued interest	4	17	21
Total current assets	63,910	210,678	274,588
Noncurrent assets:			
Debt issuance costs	14,480	-	14,480
Capital assets, infrastructure (net of accumulated depreciation)	2,287,792	919,380	3,207,172
Total noncurrent assets	2,302,272	919,380	3,221,652
Total assets	\$ 2,366,182	\$ 1,130,058	\$ 3,496,240
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 2,170	\$ 95	\$ 2,265
Accrued interest payable	2,425	542	2,967
Current portion of general obligation bonds	75,000	95,000	170,000
Total current liabilities	79,595	95,637	175,232
Long-term liabilities:			
General obligation bonds	685,000	105,000	790,000
Discounts on long-term debt	(3,620)	(702)	(4,322)
Total noncurrent liabilities	681,380	104,298	785,678
Total liabilities	760,975	199,935	960,910
Net assets:			
Invested in capital assets, net of related debt	1,531,412	720,082	2,251,494
Unrestricted	73,795	210,041	283,836
Total net assets	1,605,207	930,123	2,535,330
Total liabilities and net assets	\$ 2,366,182	\$ 1,130,058	\$ 3,496,240

Black Hawk County, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets

Enterprise Funds

Year Ended June 30, 2010

	Rural Sewer	Rural Water	Total
Operating revenues, charges for services	\$ 198,287	\$ 59,659	\$ 257,946
Operating expenses:			
Costs of sales and services	87,512	1,847	89,359
Depreciation	128,739	66,729	195,468
Total operating expenses	216,251	68,576	284,827
Operating (loss)	(17,964)	(8,917)	(26,881)
Nonoperating revenues (expenses):			
Interest income	87	335	422
Interest expense	(32,021)	(9,469)	(41,490)
Total nonoperating (expenses)	(31,934)	(9,134)	(41,068)
Change in net assets	(49,898)	(18,051)	(67,949)
Net assets, beginning of year	1,655,105	948,174	2,603,279
Net assets, end of year	<u>\$ 1,605,207</u>	<u>\$ 930,123</u>	<u>\$ 2,535,330</u>

Black Hawk County, Iowa

**Combining Statement of Cash Flows
Enterprise Funds
Year Ended June 30, 2010**

	Rural Sewer	Rural Water	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 196,128	\$ 59,932	\$ 256,060
Cash paid to suppliers for services	(87,961)	(1,927)	(89,888)
Net cash provided by operating activities	108,167	58,005	166,172
Cash flows from capital and related financing activities:			
Payments on capital loan notes and bonds	(75,000)	(95,000)	(170,000)
Interest paid on capital loan bonds and notes	(31,848)	(9,356)	(41,204)
Net cash (used in) capital and related financing activities	(106,848)	(104,356)	(211,204)
Cash flows from investing activities, interest on investments	88	359	447
Net increase (decrease) in cash and cash equivalents	1,407	(45,992)	(44,585)
Cash and cash equivalents, beginning	24,131	246,329	270,460
Cash and cash equivalents, ending	<u>\$ 25,538</u>	<u>\$ 200,337</u>	<u>\$ 225,875</u>
Reconciliation of operating (loss) to net cash provided by operating activities:			
Operating (loss)	\$ (17,964)	\$ (8,917)	\$ (26,881)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	128,739	66,729	195,468
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(2,159)	273	(1,886)
(Decrease) in accounts payable	(449)	(80)	(529)
Net cash provided by operating activities	\$ 108,167	\$ 58,005	\$ 166,172
Schedule of noncash capital and related financing activities, amortization of bond discount	\$ 402	\$ 351	\$ 753

Black Hawk County, Iowa

Combining Statement of Net Assets

Internal Service Funds

June 30, 2010

	Health Insurance	Self-Insurance	Office Equipment	Total
Assets				
Current assets:				
Cash and investments	\$ 7,171,673	\$ 334,309	\$ 52,308	\$ 7,558,290
Receivables:				
Accounts	48,574	-	-	48,574
Accrued interest	616	23	7	646
Total assets	\$ 7,220,863	\$ 334,332	\$ 52,315	\$ 7,607,510
Liabilities				
Current liabilities:				
Accounts payable	\$ 5,526	\$ -	\$ 153	\$ 5,679
Claims payable	726,710	83,000	-	809,710
Due to other funds	-	20,675	-	20,675
Unearned revenue	3,858	-	-	3,858
Total liabilities	736,094	103,675	153	839,922
Net Assets, unrestricted	6,484,769	230,657	52,162	6,767,588
Total liabilities and net assets	\$ 7,220,863	\$ 334,332	\$ 52,315	\$ 7,607,510

Black Hawk County, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2010**

	Health Insurance	Self-Insurance	Office Equipment	Total
Operating revenues, charges for services	\$ 7,003,700	\$ 141,208	\$ -	\$ 7,144,908
Operating expenses, costs of sales and services	5,328,250	73,354	13,624	5,415,228
Operating income (loss)	1,675,450	67,854	(13,624)	1,729,680
Nonoperating revenues, interest income	8,156	335	80	8,571
Change in net assets	1,683,606	68,189	(13,544)	1,738,251
Net assets, beginning of year	4,801,163	162,468	65,706	5,029,337
Net assets, end of year	<u>\$ 6,484,769</u>	<u>\$ 230,657</u>	<u>\$ 52,162</u>	<u>\$ 6,767,588</u>

Black Hawk County, Iowa

Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2010

	Health Insurance	Self-Insurance	Office Equipment	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 6,958,984	\$ 141,278	\$ -	\$ 7,100,262
Cash paid for claims and administrative provider	(5,274,880)	(100,924)	-	(5,375,804)
Cash paid to suppliers for services	-	-	(13,789)	(13,789)
Net cash provided by (used in) operating activities	1,684,104	40,354	(13,789)	1,710,669
Cash flows from noncapital financing activities, proceeds from interfund accounts	-	20,675	-	20,675
Cash flows from investing activities, interest on investments	8,465	353	80	8,898
Net increase (decrease) in cash and cash equivalents	1,692,569	61,382	(13,709)	1,740,242
Cash and cash equivalents, beginning of year	5,479,104	272,927	66,017	5,818,048
Cash and cash equivalents, end of year	<u>\$ 7,171,673</u>	<u>\$ 334,309</u>	<u>\$ 52,308</u>	<u>\$ 7,558,290</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,675,450	\$ 67,854	\$ (13,624)	\$ 1,729,680
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(48,574)	70	-	(48,504)
Increase (decrease) in accounts and claims payable	53,370	(27,570)	(165)	25,635
Increase in unearned revenue	3,858	-	-	3,858
Net cash provided by (used in) operating activities	\$ 1,684,104	\$ 40,354	\$ (13,789)	\$ 1,710,669

Black Hawk County, Iowa

**Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2010**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
County Offices Fund				
Assets				
Cash and investments	\$ 587,949	\$ 551,265	\$ 587,949	\$ 551,265
Receivables, property taxes and other	747	2,247	747	2,247
Total assets	\$ 588,696	\$ 553,512	\$ 588,696	\$ 553,512
Liabilities				
Trust payable	\$ 588,023	\$ 440,636	\$ 588,024	\$ 440,635
Due to other governmental agencies	673	112,877	673	112,877
Total liabilities	\$ 588,696	\$ 553,513	\$ 588,697	\$ 553,512
Agricultural Extension Education Fund				
Assets				
Cash and investments	\$ 4,237	\$ 334,799	\$ 334,711	\$ 4,325
Receivables, property taxes and other	325,994	327,394	325,994	327,394
Total assets	\$ 330,231	\$ 662,193	\$ 660,705	\$ 331,719
Liabilities, due to other governmental agencies	\$ 330,231	\$ 336,199	\$ 334,711	\$ 331,719
County Assessor Fund				
Assets				
Cash and investments	\$ 1,181,158	\$ 1,376,087	\$ 1,355,726	\$ 1,201,519
Receivables, property taxes and other	1,313,049	1,294,846	1,313,049	1,294,846
Total assets	\$ 2,494,207	\$ 2,670,933	\$ 2,668,775	\$ 2,496,365
Liabilities				
Accounts payable	\$ 31,135	\$ 34,087	\$ 31,135	\$ 34,087
Due to other governmental agencies	2,463,072	2,462,279	2,463,073	2,462,278
Total liabilities	\$ 2,494,207	\$ 2,496,366	\$ 2,494,208	\$ 2,496,365
Schools Taxing District Fund				
Assets				
Cash and investments	\$ 850,003	\$ 64,398,766	\$ 64,407,777	\$ 840,992
Receivables, property taxes and other	62,698,794	65,353,498	62,698,794	65,353,498
Total assets	\$ 63,548,797	\$ 129,752,264	\$ 127,106,571	\$ 66,194,490
Liabilities, due to other governmental agencies	\$ 63,548,797	\$ 67,053,470	\$ 64,407,777	\$ 66,194,490

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Community College Taxing District Fund				
Assets				
Cash and investments	\$ 55,239	\$ 4,031,990	\$ 4,034,987	\$ 52,242
Receivables, property taxes	3,930,816	4,309,863	3,930,816	4,309,863
Total assets	\$ 3,986,055	\$ 8,341,853	\$ 7,965,803	\$ 4,362,105
Liabilities, due to other governmental agencies	\$ 3,986,055	\$ 4,411,037	\$ 4,034,987	\$ 4,362,105
Corporations Taxing District Fund				
Assets				
Cash and investments	\$ 891,436	\$ 69,603,620	\$ 69,552,700	\$ 942,356
Receivables, property taxes and other	68,078,505	70,650,985	68,078,505	70,650,985
Total assets	\$ 68,969,941	\$ 140,254,605	\$ 137,631,205	\$ 71,593,341
Liabilities, due to other governmental agencies	\$ 68,969,941	\$ 72,176,100	\$ 69,552,700	\$ 71,593,341
City Special Assessments Fund				
Assets				
Cash and investments	\$ 11,340	\$ 169,737	\$ 163,023	\$ 18,054
Receivables, property taxes and other	90,928	102,141	90,928	102,141
Total assets	\$ 102,268	\$ 271,878	\$ 253,951	\$ 120,195
Liabilities, due to other governmental agencies	\$ 102,268	\$ 180,950	\$ 163,023	\$ 120,195
Auto License and Use Tax Fund				
Assets				
Cash and investments	\$ 2,148,972	\$ 27,595,087	\$ 27,363,111	\$ 2,380,948
Receivables, property taxes and other	124,806	137,388	124,807	137,387
Total assets	\$ 2,273,778	\$ 27,732,475	\$ 27,487,918	\$ 2,518,335
Liabilities, due to other governmental agencies	\$ 2,273,778	\$ 27,607,668	\$ 27,363,111	\$ 2,518,335
Payroll Clearing Fund				
Assets, cash and investments	\$ -	\$ 17,071,519	\$ 17,071,519	\$ -
Liabilities, due to other governmental agencies	\$ -	\$ 17,071,519	\$ 17,071,519	\$ -

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Other Funds				
Assets				
Cash and investments	\$ 1,457,261	\$ 6,123,349	\$ 6,103,313	\$ 1,477,297
Receivables, property taxes and other	605,531	566,786	605,549	566,768
Total assets	\$ 2,062,792	\$ 6,690,135	\$ 6,708,862	\$ 2,044,065
Liabilities				
Trust payable	\$ 535,013	\$ 3,476,334	\$ 3,506,896	\$ 504,451
Accounts payable and accrued liabilities	111,319	69,010	61,318	119,011
Due to other governmental agencies	1,416,460	1,529,917	1,525,774	1,420,603
Total liabilities	\$ 2,062,792	\$ 5,075,261	\$ 5,093,988	\$ 2,044,065
Total				
Assets				
Cash and investments	\$ 7,187,595	\$ 191,256,219	\$ 190,974,816	\$ 7,468,998
Receivables, property taxes and other	137,169,170	142,745,148	137,169,189	142,745,129
Total assets	\$ 144,356,765	\$ 334,001,367	\$ 328,144,005	\$ 150,214,127
Liabilities				
Accounts payable and accrued liabilities	\$ 142,454	\$ 103,097	\$ 92,453	\$ 153,098
Due to other governmental agencies	143,091,275	192,942,016	186,917,348	149,115,943
Trusts payable	1,123,036	3,916,970	4,094,920	945,086
Total liabilities	\$ 144,356,765	\$ 196,962,083	\$ 191,104,721	\$ 150,214,127

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.	67
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).	79
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.	86
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.	91
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.	93

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 Eight Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year	
	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	2009	2010
\$ 37,693,275	\$ 41,703,511	\$ 44,413,745	\$ 46,981,577	\$ 49,946,957	\$ 55,621,608
1,798,441	7,517,884	6,502,517	6,350,678	10,351,227	6,790,101
9,368,982	4,471,819	5,949,336	10,807,901	12,996,278	12,239,242
\$ 48,860,698	\$ 53,693,214	\$ 56,865,598	\$ 64,140,156	\$ 73,294,462	\$ 74,650,951
\$ 2,522,274	\$ 2,449,044	\$ 1,438,878	\$ 1,461,863	\$ 2,277,715	\$ 2,251,494
-	-	953,156	873,765	-	-
413,494	420,879	408,493	324,739	325,564	283,836
\$ 2,935,768	\$ 2,869,923	\$ 2,800,527	\$ 2,660,367	\$ 2,603,279	\$ 2,535,330
\$ 40,215,549	\$ 44,152,555	\$ 45,852,623	\$ 48,443,440	\$ 52,224,672	\$ 57,873,102
1,798,441	7,517,884	7,455,673	7,224,443	10,351,227	6,790,101
9,782,476	4,892,698	6,357,829	11,132,640	13,321,842	12,523,078
\$ 51,796,466	\$ 56,563,137	\$ 59,666,125	\$ 66,800,523	\$ 75,897,741	\$ 77,186,281

Black Hawk County, Iowa

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

	Fiscal Year	
	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	2009	2010
\$ 14,902,387	\$ 15,997,089	\$ 14,899,182	\$ 15,213,200	\$ 15,871,852	\$ 16,737,313
9,340,367	10,331,387	10,640,808	10,942,877	12,192,983	11,695,480
19,594,365	20,128,555	21,030,553	21,301,854	19,914,329	20,535,742
2,253,945	2,315,684	2,908,155	2,404,401	5,871,685	4,460,783
4,172,656	5,731,706	5,895,167	6,738,742	7,305,032	6,983,934
1,459,390	1,501,746	1,534,397	1,836,987	2,515,000	2,131,600
4,764,053	4,773,716	5,020,133	5,274,253	5,463,590	5,767,744
-	-	-	-	-	-
448,283	433,064	422,793	453,455	1,020,416	1,226,964
56,935,446	61,212,947	62,351,188	64,165,769	70,154,887	69,539,560
237,628	229,229	292,510	324,573	276,608	248,272
84,261	93,589	86,273	82,386	81,838	78,045
321,889	322,818	378,783	406,959	358,446	326,317
\$ 57,257,335	\$ 61,535,765	\$ 62,729,971	\$ 64,572,728	\$ 70,513,333	\$ 69,865,877
\$ 713,135	\$ 872,871	\$ 843,694	\$ 901,593	\$ 933,657	\$ 1,037,347
1,178,374	1,419,539	1,427,374	1,401,837	1,418,603	1,479,510
1,404,823	1,453,995	1,464,696	1,686,870	1,818,427	1,760,556
424,511	412,542	470,176	525,109	500,511	491,836
4,096	3,957	3,835	6,167	5,922	5,989
1,786,679	1,813,549	1,760,240	1,672,055	1,636,723	1,712,826
721,527	858,011	918,388	865,750	750,314	936,159
-	-	-	-	-	-
22,089,424	23,594,453	24,172,120	26,083,543	32,506,243	25,737,204
1,914,812	3,213,418	1,419,484	2,444,339	3,616,441	1,481,509
30,237,381	33,642,335	32,480,007	35,587,263	43,186,841	34,642,936
141,156	179,670	190,289	165,970	200,579	198,287
88,742	73,934	87,325	63,024	64,513	59,659
-	-	20,704	2,761	-	-
229,898	253,604	298,318	231,755	265,092	257,946
\$ 30,467,279	\$ 33,895,939	\$ 32,778,325	\$ 35,819,018	\$ 43,451,933	\$ 34,900,882

Black Hawk County, Iowa

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

	Fiscal Year	
	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	2009	2010
\$ (26,698,065)	\$ (27,570,612)	\$ (29,871,181)	\$ (28,578,506)	\$ (26,968,046)	\$ (34,896,624)
(91,991)	(69,214)	(80,465)	(175,204)	(93,354)	(68,371)
\$ (26,790,056)	\$ (27,639,826)	\$ (29,951,646)	\$ (28,753,710)	\$ (27,061,400)	\$ (34,964,995)
\$ 24,159,740	\$ 25,330,735	\$ 25,487,836	\$ 25,967,840	\$ 27,593,677	\$ 28,083,985
3,444,459	3,601,967	3,482,384	4,139,438	4,358,516	4,352,102
1,151,699	1,179,717	1,145,229	1,102,343	1,082,828	1,122,280
-	-	-	-	-	-
681,081	1,069,135	1,605,979	1,372,116	1,198,968	914,311
-	18,803	-	-	-	-
1,443,425	1,202,771	1,322,137	3,271,327	1,888,363	1,780,435
30,880,404	32,403,128	33,043,565	35,853,064	36,122,352	36,253,113
-	-	-	-	-	-
2,129	3,369	5,796	35,044	36,266	422
-	-	5,273	-	-	-
2,129	3,369	11,069	35,044	36,266	422
\$ 30,882,533	\$ 32,406,497	\$ 33,054,634	\$ 35,888,108	\$ 36,158,618	\$ 36,253,535
\$ 4,182,339	\$ 4,832,516	\$ 3,172,384	\$ 7,274,558	\$ 9,154,306	\$ 1,356,489
(89,862)	(65,845)	(69,396)	(140,160)	(57,088)	(67,949)
\$ 4,092,477	\$ 4,766,671	\$ 3,102,988	\$ 7,134,398	\$ 9,097,218	\$ 1,288,540

Black Hawk County, Iowa

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

	Fiscal Year			
	2001	2002	2003	2004
General Fund:				
Reserved:				
Supplemental levy purposes	\$ 2,625,905	\$ 2,584,873	\$ 1,642,371	\$ 1,475,833
Prepays, inventory and other	814,508	845,630	201,391	34,481
Advance to other government	-	-	-	-
Capital projects	-	-	-	-
Unreserved:				
Designated	1,188,191	1,124,166	1,124,166	918,057
Undesignated	1,359,499	232,283	1,398,102	1,834,385
Total general fund	\$ 5,988,103	\$ 4,786,952	\$ 4,366,030	\$ 4,262,756
All other governmental funds:				
Reserved for:				
Debt service	\$ 944,865	\$ 766,550	\$ 787,454	\$ 684,890
Prepays, inventory and other	321,487	341,475	1,125	419
Capital projects	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	6,667,851	7,242,782	6,884,985	6,595,798
Capital Projects Fund	1,090,613	587,467	1,731,486	963,285
Total all other governmental funds	\$ 9,024,816	\$ 8,938,274	\$ 9,405,050	\$ 8,244,392

Source: County records

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 1,798,441	\$ 2,378,736	\$ 2,964,288	\$ 2,964,288	\$ 3,799,541	\$ 3,180,289
5,132	4,794	-	-	-	-
-	50,000	50,000	50,000	50,000	50,000
-	70,468	-	-	-	-
935,593	935,593	935,593	935,593	935,593	935,593
2,609,114	2,723,894	3,482,798	7,058,087	6,088,004	6,073,637
\$ 5,348,280	\$ 6,163,485	\$ 7,432,679	\$ 11,007,968	\$ 10,873,138	\$ 10,239,519
\$ 469,637	\$ 490,758	\$ 551,418	\$ 593,519	\$ 1,462,152	\$ 1,471,780
400,325	455,332	398,710	389,727	382,609	441,895
-	1,705,772	1,939,141	13,332,937	6,197,274	8,148,190
6,415,129	5,744,807	3,915,859	4,253,897	6,526,298	3,807,069
236,745	(39,861)	35,927	12,789	(297,364)	(432,789)
\$ 7,521,836	\$ 8,356,808	\$ 6,841,055	\$ 18,582,869	\$ 14,270,969	\$ 13,436,145

Black Hawk County, Iowa

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2001	2002	2003	2004
Revenues:				
Property and other County tax	\$ 22,848,198	\$ 24,419,228	\$ 25,555,766	\$ 26,515,030
Interest and penalty on property tax	305,557	337,709	339,343	311,147
Intergovernmental	23,710,890	24,215,608	24,073,274	23,937,462
Licenses and permits	312,803	344,623	342,815	355,781
Charges for service	3,930,837	4,288,126	4,624,478	4,843,972
Use of money and property	1,561,485	1,025,169	905,556	774,126
Fines, forfeits and defaults	204,715	273,914	-	-
Miscellaneous	825,347	776,112	1,126,149	1,103,945
Total revenues	53,699,832	55,680,489	56,967,381	57,841,463
Expenditures:				
Public safety and legal services	12,744,201	13,759,118	14,250,874	14,477,334
Physical health and social services	9,175,627	9,964,422	9,742,599	9,430,765
Mental health	17,855,463	17,645,336	18,218,133	18,883,439
County environment and education	1,869,824	1,932,905	1,979,881	1,890,308
Roads and transportation	3,843,090	4,069,017	3,937,977	3,757,121
Governmental services to residents	1,313,347	1,436,204	1,493,129	1,383,953
Administration	4,696,934	4,830,170	5,028,006	4,914,851
Debt service:				
Interest	939,961	873,914	615,149	493,750
Principal	1,663,147	10,508,569	3,084,847	2,427,027
Debt issuance costs	-	-	-	-
Capital projects	1,450,891	971,109	1,308,079	4,214,097
Total expenditures	55,552,485	65,990,764	59,658,674	61,872,645
Excess of revenues over (under) expenditures	(1,852,653)	(10,310,275)	(2,691,293)	(4,031,182)
Other financing sources (uses):				
Proceeds from the sale of land and capital assets	16,351	5,577	307	1,470
Transfers in	1,919,943	2,110,341	1,838,002	1,807,392
Transfers out	(1,919,943)	(2,110,341)	(1,838,002)	(1,807,392)
Deferred payment contract	145,000	-	-	-
Repayments of advances from other funds	-	-	600,005	-
General obligation bonds and notes issued	-	8,775,068	2,665,000	3,035,000
Redemption of refunded bonds	-	-	-	-
Discount on general obligation bonds and notes	-	-	(13,653)	(17,810)
Insurance proceeds	-	-	-	-
Payments received on capital lease receivable	-	-	-	-
Lease income	-	-	-	-
Capital lease purchase refunding	-	-	-	(524,853)
Total other financing sources (uses)	161,351	8,780,645	3,251,659	2,493,807
Net change in fund balances	\$ (1,691,302)	\$ (1,529,630)	\$ 560,366	\$ (1,537,375)
Debt service as % of noncapital expenditures	4.80%	17.67%	6.49%	4.88%

Source: County records

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 27,604,199	\$ 28,548,171	\$ 28,940,081	\$ 30,128,426	\$ 31,932,977	\$ 32,268,714
322,842	345,844	359,860	501,651	404,936	410,634
25,455,131	24,895,285	25,832,554	27,337,150	33,107,903	26,983,363
366,377	359,161	357,952	503,428	494,664	485,311
5,430,239	5,912,720	5,916,816	5,966,101	6,133,983	6,444,766
892,949	1,185,643	1,588,001	1,347,329	1,175,036	1,492,422
-	-	-	-	-	-
1,226,929	1,074,547	1,437,258	1,526,478	1,628,863	1,822,656
61,298,666	62,321,371	64,432,522	67,310,563	74,878,362	69,907,866
14,915,737	15,177,369	14,644,919	15,147,782	16,202,010	17,080,739
9,325,786	10,356,702	10,700,336	11,133,191	12,443,549	11,901,238
19,720,045	20,236,700	21,172,522	21,699,357	20,469,347	21,254,887
2,381,472	2,242,623	2,769,241	2,366,295	6,210,048	4,971,752
4,387,687	4,312,500	4,320,351	5,199,582	5,740,813	5,099,989
1,512,553	1,492,111	1,525,049	1,519,451	1,846,197	1,729,895
4,541,497	4,604,180	4,925,462	5,134,223	5,295,627	5,506,549
449,919	430,187	429,266	415,697	1,009,945	1,192,563
2,370,000	2,317,182	2,103,093	2,322,725	3,300,126	3,965,776
-	51,241	23,112	69,904	76,995	43,145
1,667,820	2,367,104	3,569,460	2,015,652	11,560,272	6,931,728
61,272,516	63,587,899	66,182,811	67,023,859	84,154,929	79,678,261
26,150	(1,266,528)	(1,750,289)	286,704	(9,276,567)	(9,770,395)
3,818	76,751	3,530	1,506,229	1,023	55,649
1,635,204	1,624,082	1,701,065	1,860,555	1,991,922	2,083,911
(1,635,204)	(1,749,082)	(1,701,065)	(1,860,555)	(1,991,922)	(2,083,911)
-	-	-	-	-	-
-	-	-	-	-	-
-	2,980,000	2,010,000	13,260,000	3,863,600	8,290,000
-	-	(500,000)	-	-	-
-	(15,046)	(9,800)	(74,315)	(30,400)	(66,320)
-	-	-	338,485	283,305	22,623
-	-	-	-	712,309	-
333,000	-	-	-	-	-
-	-	-	-	-	-
336,818	2,916,705	1,503,730	15,030,399	4,829,837	8,301,952
\$ 362,968	\$ 1,650,177	\$ (246,559)	\$ 15,317,103	\$ (4,446,730)	\$ (1,468,443)
4.97%	4.49%	4.04%	4.23%	5.93%	7.15%

Black Hawk County, Iowa

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

Function / Program	Fiscal Year	
	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	2009	2010
\$ 3,215,931	\$ 3,595,716	\$ 2,672,347	\$ 2,817,366	\$ 3,025,628	\$ 2,935,329
4,980,027	5,580,813	5,734,785	6,578,669	8,489,683	7,356,412
13,204,719	14,093,443	15,529,395	16,389,743	17,201,625	12,586,504
725,917	626,765	783,596	861,542	3,655,514	2,555,491
5,063,526	6,344,156	4,506,350	5,778,396	7,326,096	4,529,550
1,829,095	2,057,134	1,789,887	1,771,488	1,724,611	2,107,594
1,218,166	1,344,308	1,463,647	1,390,059	1,763,684	2,572,056
-	-	-	-	-	-
-	-	-	-	-	-
30,237,381	33,642,335	32,480,007	35,587,263	43,186,841	34,642,936
141,156	179,670	210,993	168,731	200,579	198,287
88,742	73,934	87,325	63,024	64,513	59,659
229,898	253,604	298,318	231,755	265,092	257,946
\$ 30,467,279	\$ 33,895,939	\$ 32,778,325	\$ 35,819,018	\$ 43,451,933	\$ 34,900,882

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
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
2009	27,574,461	2,896,574	964,312	497,630	31,932,977
2010	28,046,535	2,773,380	950,249	498,550	32,268,714
Change 2001-2010	41.71%	32.14%	9.20%	464.04%	41.23%

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
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
2009	2,263,853	1,180,234	117,722	259,931	347,247	198,667	15,283	4,352,371	6.94
2010	2,405,460	1,193,974	119,012	273,699	383,558	206,079	14,975	4,566,807	6.71

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	2001			2010		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
MidAmerican Energy	\$ 127,360	1	4.61%	\$ 164,703	1	3.94%
Deere and Company	100,748	2	3.64	28,029	8	0.67
U. S. West, Inc.	35,499	3	1.28	-	-	-
Iowa Beef Pack Inc.	28,824	4	1.04	-	-	-
College Square Mall Partners, LLC	24,933	5	0.90	35,725	6	0.85
Equitable Life Assurance Soc.	23,871	6	0.86	-	-	-
Northern Natural Gas Co.	12,225	7	0.44	-	-	-
Berth Cabinet Mfg, Inc.	9,533	8	0.34	-	-	-
Hy-Vee Food Stores, Inc.	9,326	9	0.34	-	-	-
Viking Pump, Inc.	7,833	10	0.28	-	-	-
Con Agra	-	-	-	18,758	10	0.45
IOC Black Hawk County, Inc.	-	-	-	73,670	2	1.76
Target Corporation	-	-	-	67,544	3	1.61
Qwest Corporation	-	-	-	30,729	7	0.73
GG and A Crossroads Mall, LLC	-	-	-	40,354	5	0.96
Ferguson Enterprises, Inc.	-	-	-	24,732	9	0.59
Cedar Falls Utilities	-	-	-	45,374	4	1.08
Total	\$ 380,152		13.73%	\$ 529,619		12.64%

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
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
2009	159,054,529	158,537,222	99.67	130,965	158,668,187	99.76
2010	164,871,504	164,582,136	99.82	81,946	164,664,082	99.87

Total tax collection solely for Black Hawk County, Iowa:

2001	19,672,491
2002	21,292,939
2003	22,404,185
2004	23,115,922
2005	23,998,146
2006	24,790,096
2007	25,313,302
2008	25,954,609
2009	27,547,914
2010	28,035,371

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)**

	Year Taxes are Payable			
	2001	2002	2003	2004
County Direct Rates:				
General Basic	3.50	3.50	3.50	3.50
General Supplemental	1.35	1.82	1.71	1.88
MH/DD Service	1.93	1.89	1.80	1.77
Debt Service	0.54	0.48	0.61	0.59
Total Urban County Rate	7.32	7.69	7.62	7.74
Rural Basic	-	-	-	-
Total Rural County Rate	7.32	7.69	7.62	7.74
City and Town Rates:				
Waterloo	16.49	17.80	18.37	18.91
Cedar Falls	14.12	14.10	13.65	14.40
Dunkerton	11.98	11.58	11.17	11.59
Elk Run Heights	7.00	7.00	6.50	6.40
Evansdale	7.39	7.05	7.31	7.26
Gilbertville	8.10	8.10	8.10	8.10
Hudson	7.63	7.63	7.63	7.63
Janesville	13.46	13.10	12.78	12.59
Jesup	13.72	12.62	12.31	12.74
LaPorte City	11.51	11.95	11.85	12.12
Raymond	6.80	6.79	6.42	6.42
Township Rates:				
Barclay	0.38	0.42	0.41	0.65
Bennington	0.53	0.51	0.61	0.56
Big Creek	0.45	0.47	0.62	0.59
Black Hawk	0.58	0.56	0.06	0.57
Cedar	0.40	0.38	0.50	0.55
Cedar Falls	0.50	0.58	0.57	0.58
Eagle	0.42	0.48	0.46	0.52
East Waterloo	-	-	-	-
Fox	0.59	0.47	0.42	0.41
Lester	0.61	0.66	0.65	0.64
Lincoln	0.54	0.57	0.55	0.54
Mt. Vernon	0.43	0.42	0.39	0.42
Orange	0.33	0.38	0.36	0.39
Poyner	0.47	0.51	0.55	0.61
Spring Creek	0.55	0.56	0.60	0.64
Union	0.64	0.26	0.89	0.67
Washington	0.40	0.38	0.40	0.42

(Continued)

Year Taxes are Payable					
2005	2006	2007	2008	2009	2010
3.50	3.50	3.50	3.50	3.50	3.50
1.75	1.90	1.76	1.77	1.42	1.26
1.66	1.65	1.57	1.55	1.44	1.37
0.58	0.56	0.56	0.58	0.58	0.58
7.49	7.61	7.39	7.41	6.94	6.71
0.34	0.32	0.28	0.25	2.79	2.86
7.83	7.93	7.67	7.66	9.72	9.57
18.79	19.16	18.85	18.77	18.37	18.31
13.65	14.05	13.84	13.61	13.26	13.02
11.37	11.23	11.13	8.45	8.10	8.10
6.40	6.30	6.00	6.00	6.00	6.00
7.50	7.50	6.83	6.75	6.74	6.75
9.77	11.33	11.86	12.46	11.54	11.25
9.73	9.73	9.73	9.73	9.73	9.73
13.06	13.18	12.63	12.50	12.40	12.26
12.42	14.50	13.12	12.62	12.55	13.00
12.09	12.91	15.39	14.91	14.91	14.55
6.70	6.70	6.90	6.90	6.90	6.90
0.66	0.66	0.68	0.46	0.44	0.36
0.58	0.58	0.56	0.56	0.56	0.55
0.67	0.63	0.60	0.61	0.58	0.55
0.54	0.55	0.54	0.54	0.53	0.57
0.58	0.59	0.52	0.53	0.57	0.56
0.58	0.58	0.57	0.58	0.58	0.56
0.52	0.50	0.50	0.55	0.54	0.52
-	0.15	0.17	0.17	0.16	0.16
0.60	0.31	0.38	0.39	0.26	0.21
0.69	0.70	0.70	0.70	0.69	0.65
0.56	0.55	0.58	0.59	0.59	0.62
0.41	0.41	0.41	0.41	0.41	0.41
0.39	0.40	0.27	0.28	0.38	0.34
0.63	0.67	0.67	0.67	0.66	0.76
0.71	0.72	0.75	0.76	0.74	0.74
0.64	0.61	0.64	0.63	0.68	0.61
0.41	0.41	0.39	0.35	0.33	0.32

Black Hawk County, Iowa

Direct and Overlapping Property Tax Rates (Continued)

Last Ten Fiscal Years

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

(Unaudited)

	Year Taxes are Payable			
	2001	2002	2003	2004
School District Rates:				
Waterloo	14.58	15.16	15.52	15.85
Cedar Falls	12.84	13.63	13.95	13.91
Dunkerton	11.90	11.49	12.61	12.58
Elk Run Heights	14.58	15.16	15.52	15.85
Evansdale	14.58	15.16	15.52	15.85
Gilbertville	14.58	15.16	15.52	15.85
Hudson	13.26	13.88	15.61	14.18
Janesville	10.77	10.19	11.00	11.23
Jesup	11.80	11.40	10.70	10.83
LaPorte City	10.56	10.99	11.21	11.50
Raymond	14.58	15.16	15.52	15.85
Other:				
State	0.01	0.01	-	-
Hawkeye CC - Area VII	0.69	0.70	0.78	0.75
Kirkwood - Area X	0.61	0.61	0.67	0.68
Ag. Extension	0.05	0.05	0.05	0.05
Special Appraiser	0.08	0.13	0.10	0.08
Assessor	0.26	0.25	0.25	0.26

Source: Black Hawk County, Auditor's Office

Year Taxes are Payable					
2005	2006	2007	2008	2009	2010
15.62	15.99	16.33	16.75	16.66	16.46
13.01	13.03	13.02	13.13	13.73	13.73
12.94	14.44	13.73	14.02	14.10	13.86
15.62	15.99	16.33	16.75	16.66	16.46
15.62	15.99	16.33	16.75	16.66	16.46
15.62	15.99	16.33	16.75	16.66	16.46
15.63	15.11	15.53	15.96	15.98	15.88
11.58	11.84	11.94	11.83	11.82	12.22
11.32	11.37	11.46	11.62	11.76	11.78
11.90	11.94	12.29	12.50	12.68	12.57
15.62	15.99	16.33	16.75	16.66	16.46
-	-	-	-	-	-
1.00	1.07	1.04	0.83	1.00	0.93
0.67	0.65	0.87	0.86	0.85	0.84
0.04	0.04	0.04	0.08	0.08	0.08
0.07	0.06	0.01	0.03	0.06	0.08
0.26	0.25	0.25	0.24	0.22	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			
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	192.04
2009	22,040	790	58	1,130	-	24,018	0.54	190.46
2010	26,655	505	53	960	-	28,173	0.63	217.93

* 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		
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
2009	23,170	23,170	0.53	180.53
2010	27,615	27,615	0.60	213.61

* 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, 2010 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 28,120,000	100.00%	\$ 28,120,000
City debt:			
Cedar Falls	25,005,000	100.00	25,005,000
Dunkerton	1,510,000	100.00	1,510,000
Elk Run Heights	270,015	100.00	270,015
Evansdale	2,400,000	100.00	2,400,000
Gilbertville	1,075,000	100.00	1,075,000
Hudson	2,300,000	100.00	2,300,000
Janesville	120,000	20.02	24,024
Jesup	1,585,000	5.61	88,919
LaPorte City	2,785,000	100.00	2,785,000
Raymond	2,240,793	100.00	2,240,793
Waterloo	83,955,000	100.00	83,955,000
Subtotal, City debt			121,653,751
School district debt:			
Cedar Falls	-	100.00	-
Denver	1,475,000	20.71	305,473
Dike-New Hartford	4,665,000	5.52	257,508
Dunkerton	-	99.33	-
Gladbrook-Reinbeck	1,275,000	7.42	94,605
Hudson	1,220,000	100.00	1,220,000
Janesville	1,185,000	49.40	585,390
Jesup	3,655,000	28.56	1,043,868
Union (LaPorte City/Dysart)	-	40.80	-
Vinton-Shellsburg	12,880,000	0.04	5,152
Wapsie Valley	7,625,000	5.50	419,375
Waterloo	-	100.00	-
Waverly-Shellrock	5,080,000	0.11	5,588
Subtotal, school district debt			3,936,959
College, Hawkeye Community College	6,325,000	58.87	3,723,528
Total overlapping debt			129,314,237
Total direct and overlapping debt			\$ 157,434,237

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, 2010

(dollars in thousands)

(Unaudited)

	2001	2002	2003	2004
Debt limit	\$ 155,062	\$ 159,150	\$ 166,911	\$ 170,247
Total net debt applicable to limit	15,385	13,692	13,272	13,355
Legal debt margin	<u>\$ 139,677</u>	<u>\$ 145,458</u>	<u>\$ 153,639</u>	<u>\$ 156,892</u>
Total net debt applicable to the limit as a percentage of debt limit	11.01%	9.41%	8.64%	8.51%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value

\$ 4,566,806,682

Debt limit (5% of assessed value)

228,340,334

Debt applicable to limit:

General obligation bonds

27,615,000

General obligation capital loan notes

505,000

Capital lease

52,698

Total net applicable to limit

28,172,698

Legal debt margin

\$ 200,167,636

2005	2006	2007	2008	2009	2010
\$ 183,854	\$ 185,562	\$ 183,249	\$ 200,498	\$ 217,618	\$ 228,340
12,993	13,521	13,758	24,475	24,018	28,173
\$ 170,861	\$ 172,041	\$ 169,491	\$ 176,023	\$ 193,600	\$ 200,168
7.60%	7.86%	8.12%	13.90%	12.41%	12.34%

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
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	4,194,885	32,915	930	16,334	4.4
2008	128,040	4,500,196	35,147	940	17,042	4.5
2009 *	129,276	4,472,328	34,595	960	17,200	5.5

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 decrease in personal income per capita of 1.57% 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	2001			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
John Deere	6,000	1	8.68%	5,600	1	8.00%
Covenant Medical Center	2,200	2	3.18	3,020	2	4.31
IBP Inc. (Tyson)	2,100	4	3.04	2,500	3	3.57
University of Northern Iowa	2,106	3	3.05	1,850	4	2.64
Allen Memorial Hospital	1,120	7	1.62	1,750	5	2.50
Waterloo Public Schools	1,300	5	1.88	1,440	6	2.06
Hy-Vee	1,106	8	1.60	1,120	7	1.60
Area 267 Education Agency		-		1,110	8	1.59
Bertch Cabinet Manufacturing Co.	1,200	6	1.74	900	9	1.29
Wal-Mart Stores		-		755	10	1.08
Omega Cabinets	923	9	1.34	-	-	-
GMAC Mortgage	905	10	1.31	-	-	-

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	Fiscal Year			
	2001	2002	2003	2004
Public safety and legal services:				
Sheriff	138.00	138.00	137.00	137.00
Attorney	28.60	28.60	29.50	28.50
Consolidated comm ctr	27.80	26.00	25.50	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	111.56	101.90	92.08	93.15
Community services**	9.00	7.00	7.00	6.00
Human services admin	-	-	-	-
Youth shelter	13.00	12.50	11.40	10.90
Veteran affairs	4.03	4.03	4.03	4.03
Mental health:				
Country View	209.50	210.00	209.00	191.00
C.P.C.**	4.00	4.00	5.00	5.00
County environment and education,				
Conservation	29.28	30.35	29.34	25.57
Roads and transportation, engineer	44.70	45.60	45.60	43.40
Governmental services to residents:				
Treasurer	15.00	15.00	15.00	13.00
Recorder	12.00	13.00	12.00	11.00
Auditor: elections	3.40	3.40	3.40	3.40
Administration:				
Board office	7.15	7.20	7.20	7.00
Auditor	18.85	18.80	17.80	16.60
Treasurer	14.00	14.00	12.00	11.00
Human resources	4.40	4.40	4.40	4.20
Information technology	10.00	9.00	8.00	8.00
Maintenance	24.80	24.80	22.80	21.80
Civil service	1.00	1.00	1.00	1.00
Total	743.57	732.08	712.55	681.05

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					
2005	2006	2007	2008	2009	2010
133.90	133.00	134.00	132.00	132.00	134.00
28.50	28.90	28.10	28.90	28.80	29.80
26.00	26.00	26.00	26.00	26.00	26.00
1.00	1.00	-	-	-	-
11.50	8.50	-	-	-	-
95.25	88.23	89.93	90.43	88.22	89.81
2.50	2.50	11.00	9.00	9.00	9.00
-	-	-	-	-	-
10.00	9.80	11.50	8.80	10.50	11.29
4.03	4.03	4.03	4.03	4.03	4.30
190.00	189.50	190.50	190.50	171.00	181.50
5.50	5.50	-	-	-	-
25.56	25.54	28.14	28.84	27.26	26.85
43.40	43.40	43.40	43.40	43.80	43.90
13.00	13.00	12.50	12.50	12.50	12.50
11.00	11.00	11.00	11.00	10.00	10.00
3.40	3.40	3.40	3.40	3.40	3.40
7.00	8.00	8.00	7.50	7.50	7.50
16.60	13.00	13.00	11.00	11.00	11.00
11.00	10.10	10.60	10.60	10.60	10.50
4.20	4.00	4.00	4.00	4.00	4.00
8.00	7.00	7.00	7.00	7.00	7.00
8.00	7.00	6.00	6.00	6.00	7.00
1.00	1.00	1.00	1.00	1.00	1.00
660.34	643.67	643.10	635.90	613.61	630.35

Black Hawk County, Iowa

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Public safety and legal services:				
Sheriff:				
# of civil papers served	18,858	16,497	16,959	15,930
# of arrests made	2,900	2,793	2,991	2,863
# of jail bookings	7,439	8,164	8,193	8,720
# of service calls	8,548	10,655	9,957	9,829
Attorney, # of felonies/aggravated fieldcases filed	1,578	1,557	1,894	2,006
Physical health and social services:				
Health Department:				
# of Success Street visits	5,111	3,263	3,376	2,875
# of environmental inspections	2,320	2,376	2,788	3,270
# of home care aide visits	31,784	31,510	28,042	24,363
# of home care aide clients	699	603	481	430
Community Services, # of people seen	3,822	4,744	4,643	3,591
Youth Shelter, # of kids per year	400	360	425	335
Veteran Affairs, # of new clients per year	222	216	239	244
Mental health:				
Country View, census per year	52,907	51,926	54,724	52,924
C.P.C., # of people seen	4,352	4,044	4,309	3,615
County environment and education conservation:				
Hartman Reserve visitors	55,000	55,000	55,000	55,000
Campers	24,431	28,331	29,594	28,615
Roads and transportation:				
Engineer:				
# of miles of road paved	-	8	7	2
# of bridges/culverts repaired/replaced	3	3	10	10
Governmental services to residents:				
Treasurer, titles issued	38,441	39,822	39,231	38,600
Recorder, documents recorded	28,417	34,790	39,874	37,981
Auditor: Elections:				
# of active voters	74,340	69,189	70,702	79,141
# of inactive voters	4,865	12,570	10,394	9,750
# of absentee ballots	996	12,356	1,841	22,562
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					
2005	2006	2007	2008	2009	2010
17,042	17,700	16,590	17,971	20,043	*
2,914	3,148	3,035	3,358	3,384	*
8,349	8,093	8,533	8,621	9,157	*
10,785	12,784	9,405	11,945	14,463	*
1,989	2,161	1,949	2,084	1,691	1,716
3,738	2,901	2,719	3,486	3,968	4,031
2,432	2,621	2,442	2,572	2,810	2,600
22,544	21,707	19,556	18,323	15,801	15,122
358	300	223	231	194	188
1,948	2,258	2,566	2,080	2,077	3,057
206	148	98	152	143	161
226	256	260	284	305	309
50,874	53,335	51,790	52,008	56,285	55,382
3,852	5,503	3,730	2,869	2,985	3,250
55,000	55,000	55,000	55,900	56,200	53,290
30,663	30,890	37,910	42,999	41,938	47,333
10	11	5	7	17	24
11	14	17	17	8	7
38,342	38,050	37,150	39,731	41,506	41,447
30,800	30,952	32,158	26,345	25,841	24,771
78,447	77,058	77,058	75,207	86,891	81,715
4,274	5,073	5,073	6,212	5,323	6,516
1,358	11,002	11,002	762	23,999	15,844
353,980	353,980	353,980	353,980	542,993	542,993

Black Hawk County, Iowa

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

Function/Program	Fiscal Year			
	2001	2002	2003	2004
Public safety and legal services:				
Sheriff				
# of patrol cars	18	18	18	18
Physical health and social services:				
Health Department				
# of vehicles	18	18	18	18
County environment and education:				
Conservation				
# of acres managed	7,539	8,053	8,055	8,055
Roads and transportation:				
Engineer:				
# of vehicles	69	70	70	71
# of buildings	13	14	14	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					
2005	2006	2007	2008	2009	2010
18	18	18	18	19	19
18	18	17	17	17	17
8,055	8,053	7,990	8,175	8,325	8,325
73 15	73 15	74 15	74 15	75 16	74 15
4	4	4	4	6	6

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Black Hawk County, Iowa

Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Direct:			
U.S. Department of Justice:			
Project Safe Neighborhoods	16.609	07PSNAG-ND11	\$ 7,770
Project Safe Neighborhoods	16.609	07-ND11	6,000
COPS - Methamphetamine Initiative	16.710	2007CKWX0254	2,207
Total direct funding			15,977
Indirect:			
Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Grant	90.401	06-HAVA-07-100	2,612
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553	67958601	5,214
National School Lunch Program	10.555	67958601	8,676
Summer School Lunch Program	10.559	67958601	500
			14,390
Iowa Department of Public Health:			
Iowa Nutrition Network BASICS	10.561	5889NU58	2,553
Iowa Nutrition Network BASICS	10.561	5880NU58	32,061
			34,614
Iowa Department of Human Services:			
Human Services Administrative Reimbursements,			
State Administrative Matching Grants for Food Stamp Program	10.561	N/A	71,552
U.S. Department of Justice:			
Iowa Department of Justice:			
State Criminal Alien Assistance Program	16.606	2009-AP-BX-0424	24,398
Federal Victims of Crime Act	16.575	VA-10-60A	25,320
Federal Violence Against Women Act	16.588	VW-10-60A	24,077
			73,795
Iowa Department of Justice - Passed partially through City of Waterloo:			
Governor's Office of Drug Control Policy	16.738	10JAG/C06-A19	112,244
ARRA - Governor's Office of Drug Control Policy	16.803	10JAG/ARRA-285	33,100
			145,344
Office of Juvenile Justice & Delinquency Prevention and			
Iowa Criminal & Juvenile Justice Planning Agency:			
Title V Delinquency Prevention Program	16.548	Casey 10 - Black Hawk	10,000
Juvenile Accountability Block Grant	16.523	Casey 10 - Black Hawk	9,991
			19,991
Iowa Criminal & Juvenile Justice Planning Agency:			
EUDL Block Grant	16.727	JJYD-F10-01	750

(Continued)

Black Hawk County, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Federal Recreation Trail Program	20.219	NRT-NT08-(001)--9G-07	11,357
Iowa Department of Public Safety:			
State and Community Highway Safety	20.604	PAP 09-410 Task 04	2,118
State and Community Highway Safety	20.604	PAP 10-410 Task 04	16,033
			18,151
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Preparedness & Response for Bioterrorism Region 6	93.069	5889BT06	160,174
Public Health Preparedness & Response for Bioterrorism Region 6	93.889	5889BT06	4,993
Public Health Preparedness & Response for Bioterrorism Region 6	93.069	5880BT07	287,478
Hospital Preparedness Program	93.889	5889BHP06	171,106
			623,751
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2009-TB05	4,825
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2010-TB05	560
			5,385
Childhood Lead Poisoning Prevention Program - State and Blood Levels in Children	93.197	5880LP01	20,772
Health Education Risk Reduction	93.240	5880AP26	16,914
Immunization Grants	93.268	5889I406	21,061
ARRA - Immunization Grants	93.268	5880I406	22,542
ARRA - Immunization Grants	93.712	5880I406	9,608
			53,211
HIV Prevention Activities - Health Department Based	93.940	5889AP03	2,241
HIV Prevention Activities - Health Department Based	93.991	5889AP03	2,126
HIV Prevention Activities - Health Department Based	93.940	5880AP03	8,815
			13,182
Black Hawk Breast & Cervical Cancer Early Detection	93.283	5880NB02	62,796
Iowa Healthy Communities	93.283	5889OB03	86,832
			149,628
Maternal and Child Health Services Block Grant to the States	93.994	5880MH03	63,482
Maternal and Child Health Services Block Grant to the States	93.994	5889MH03	26,571
			90,053

(Continued)

Black Hawk County, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2010

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)			
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	HHS-2007-AOA-BP-0719	10,106
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	N/A	35,209
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	18,780
Foster Care - Title IV-E	93.658	N/A	38,144
Adoption Assistance - Title IV-E	93.659	N/A	9,531
Title XIX and De-linking Medical Assistance Program	93.778	N/A	80,673
Expansion Title XXI	93.767	N/A	427
Refugee and Entrant Assistance	93.566	N/A	202
			182,966
Social Services Block Grant - DHS	93.667	N/A	37,478
Social Services Block Grant - CPC	93.667	N/A	10,437
			47,915
U.S. Environmental Protection Agency:			
City of Waterloo:			
Environmental Protection Agency Grant	66.716	X8-98784201-0	21,790
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program:			
Jumpstart Business Rental Assistance	14.228	08-DRB-206	361,706
Jumpstart Residential	14.228	08-DRH-001	795,459
Jumpstart Residential	14.228	08-DRH-002	24,418
Hazard Mitigation (Flood Buyout)	14.228	08-DRMH-027	122,295
			1,303,878
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	FY09 EMPG	13,443
Emergency Management Performance Grants	97.042	FY10 EMPG	28,994
Hazard Mitigation (Flood Buyout)	97.039	HM	372,013
Disaster Grants - Public Assistance	97.036	FEMA 1763 DR IA	565,300
Homeland Security Grant Program	97.067	2007-GE-T7-0032-006a	265,990
			1,245,740
Total indirect			4,177,847
Total expenditures of federal awards			\$ 4,193,824

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, 2010. 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	\$ 5,590
Hospital Preparedness Program	93.889	157,179
Public Health Preparedness Program	93.069	136,537
Jumpstart (CDBG)	14.228	1,181,583
Federal Recreation Trail Program	20.219	11,357

Black Hawk County, Iowa

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010**

Finding		Status	Corrective Action Plan or Other Explanation
Findings Related to the Financial Statements:			
Significant Deficiencies in Internal Control:			
09-II-A	Inadequate segregation of duties over payroll transactions.	Not corrected	See response at 10-II-A
Findings Related to Federal Awards:			
Significant Deficiencies in Internal Control:			
09-III-A	Inadequate system to monitor subrecipients for JumpStart program.	Corrected	
09-III-B	Inadequate system in place to ensure compliance with the procurement, suspension and debarment compliance requirements for JumpStart program.	Corrected	
09-III-C	The County does not have a system in place to capture all federal grant information specifically related to the Jumpstart and FEMA program.	Corrected	
09-III-D	The County does not have a system in place to ensure compliance with suspension and debarment compliance requirements for the FEMA program.	Corrected	
Other Findings Related to Required Statutory Reporting:			
09-IV-A	Expenditures during the year exceeded the amount budgeted in the debt service function.	Corrected	

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**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, business-type activities, each major fund and aggregate remaining fund information of Black Hawk County, Iowa as of and for the year ended June 30, 2010 which collectively comprise Black Hawk County, Iowa's basic financial statements, and have issued our report thereon dated December 13, 2010. 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 the Black Hawk County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Black Hawk County, Iowa's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 10-II-A, that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 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 test 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 13, 2010.

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, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
December 13, 2010



**Independent Auditor's Report on Compliance With Requirements
That Could Have a Direct and Material Effect on 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 Black Hawk County, Iowa's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Black Hawk County, Iowa's internal control over compliance.

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

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

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 13, 2010

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs Year Ended June 30, 2010

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?
- Significant deficiency(ies) identified?
- Noncompliance material to financial statements noted?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/States Program
97.036	Disaster Grants - Public Assistance
97.039	Hazard Mitigation (Flood Buyout)

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

Auditee qualified as low-risk auditee?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2010

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

10-II-A

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.

Cause: The Payroll Clerks have improper access rights so that they can make changes in order to finalize the payroll process.

Recommendation: We recommend the County segregate employee master file access from individuals involved in the payroll processing functions.

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

None

B. Instances of Noncompliance

None

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2010

IV. Other Findings Related to Required Statutory Reporting

10-IV-A Certified Budget

Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted.

10-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.

10-IV-C Travel Expense

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

10-IV-D Business Transactions

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

10-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.

10-IV-F Board Minutes

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

10-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.

10-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).

(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2010

10-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.

10-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, 2010**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to Financial Statements:				
Significant Deficiencies in Internal Control:				
10-II-A	Lack of segregation of duties in payroll.	See response and corrective action plan at 10-II-A.	June 30, 2011	Helen Steffen, Payroll and Real Estate Tax Manager

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