

# **Black Hawk County, Iowa**



**Comprehensive Annual Financial Report**

**Year Ended June 30, 2005**

# **BLACK HAWK COUNTY, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2005**

Prepared by:

James Bronner, Finance Director  
Board of Supervisors Office

Grant Veeder  
Auditor and Staff

Barbara Freet  
Treasurer and Staff

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## Black Hawk County, Iowa

### County Officials

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Official Title	Official	Term Expiration Date of Elected Officials
<b>Elected Officials</b>		
Supervisor, Chairperson	Leon V. Mosley	2007
Supervisor	Scott Jordan	2009
Supervisor	Tom Little	2009
Supervisor	John Miller	2009
Supervisor	Robert L. Smith, Jr.	2007
Assessor	Vicki S. Atkins	2010
Attorney	Thomas Ferguson	2007
Auditor	Grant Veeder	2009
Recorder	Patricia S. Sass	2007
Sheriff	Michael Kubik	2009
Treasurer	Barbara Freet	2007

### Administration

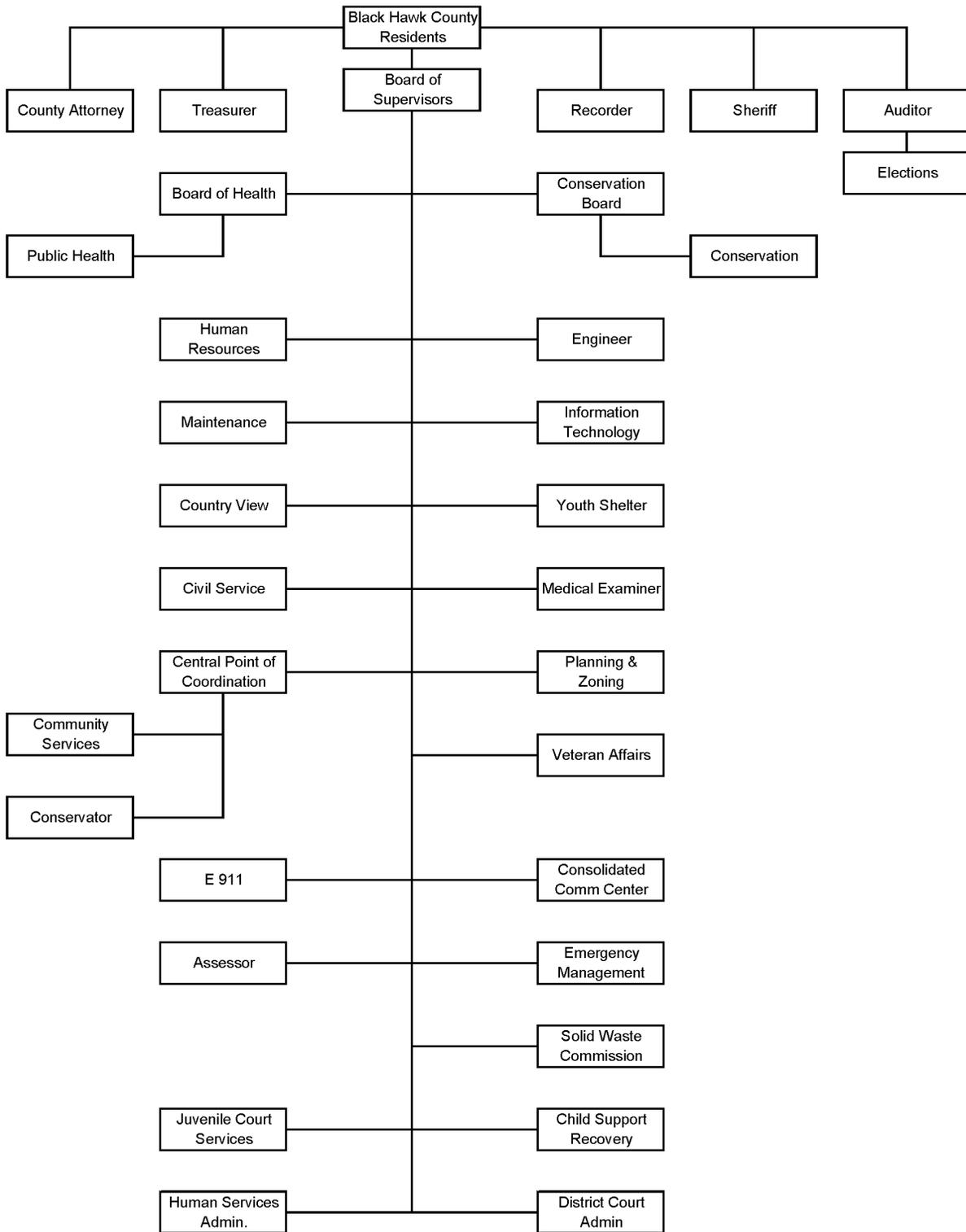
Finance Director James W. Bronner

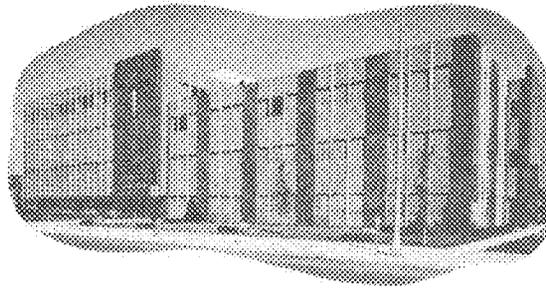
### Department Heads

Public Health Director Tom O'Rourke  
Youth Shelter Director Tim Staley  
Veteran Affairs Director Bennie Spain  
Country View Administrator Sherri Niles\*  
County Engineer Richard King  
Human Resources Director June Watkins  
Interim Information Technology Director Kim Veeder  
Conservation Executive Director Steve Finegan  
Central Point of Coordination Administrator/  
Community Services Director Robert Lincoln  
Building Superintendent Louis Cutwright

\* Contracted - Not Black Hawk County employee

# Black Hawk County, Iowa Organizational Chart





**BLACK HAWK COUNTY**  
318 EAST FIFTH STREET  
WATERLOO, IOWA 50703  
Web site: [www.co.black-hawk.iowa.us](http://www.co.black-hawk.iowa.us)  
Telephone (319) 338-3111 FAX (319) 333-3379

December 8, 2005

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, 2005, is hereby submitted.

Chapter 11 of the *Code of Iowa* requires that Black Hawk County, Iowa publish within nine months of the close of each fiscal year a complete set of audited financial statements. This CAFR is published to fulfill that requirement for the fiscal year ended June 30, 2005.

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

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, 2005. 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. 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 fourth most populous county in the state. The 2000 census population of 128,012 is up 3.4 percent from the 1990 census figure of 123,798. 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 percent of the population with the remainder living in smaller towns, each are under 2,500 in population, and on farms.

Population since the 2000 Census figure of 128,012 has been declining slightly with the 2004-2005 estimate being closer to 126,000. The unemployment rate has recently climbed to a rate of 5.0 percent compared to a rate of 2.9 percent in 2000.

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

During the last six months, several businesses have announced plans for expansion, have announced record earnings or have announced the construction of new business in the County. This should help decrease unemployment rates and increase capital investment into the County. The new growth includes:

- In May 2005, The Isle of Capri Casino announced that it will build a \$100 million casino, hotel and restaurant complex in Black Hawk County. It is scheduled to be completed in the spring of 2007. The complex will employ approximately 800 people.
- The completion of the \$22 million Ferguson Enterprises, Inc. plumbing distribution warehouse was a positive addition to the City of Waterloo's northeast industrial area.
- Hy-Vee recently announced a \$14 million dollar expansion of their Cedar Falls store, which follows the recently relocated \$1.8 million dollar Logan Avenue store.
- The medical supply company, Van G. Miller and Associates recently broke ground on a \$7 million expansion of their current facilities. The 51,000 sq. ft. expansion will generate 140 new jobs initially, with a possible capacity of 300-350 jobs. The new jobs will pay \$14.58 per hour with competitive benefits. The expansion is scheduled for completion in the fall of 2006.
- The accounts receivable management company, the CBE group, recently completed a 20,000 sq. ft. \$2.3 million expansion near Tower Park. The company expects employment to continue to grow. It has expanded from 200 employees five year ago to 800 employees today.

- Deere & Company, the world's premier producer of agricultural equipment, and top employer in Black Hawk County, recently posted a record \$1.447 billion in earnings, for the second year in a row. The FY05 earnings increased \$.31 per share over the FY04 earnings per share. The leading drivers in the record earnings were the agricultural equipment which posted a 9 percent increase in sales and the construction and forestry equipment division, which posted a 24 percent increase in sales on the year. The company looks to continue the positive trend and notes that this years' success keeps their longer range financial goals on track.

During the past ten years, the County's expenses including debt and capital projects have increased 13 percent overall. Other than debt, the largest increase was in the public safety and legal services area as well as the County environment and education service area. These service areas increased 57.9 percent and 68 percent, respectively, over the ten year period. Each area also makes up a majority of the overall dollar increase for the ten year period. Combined, they account for over 60 percent of the increase. For both areas, the majority of the increases are attributed to the year after year increases in salary and health insurance costs.

For the same ten year period, the County's total revenue has increased by 18.7 percent. Some areas have had significant increases as a percentage overall, such as the charges for service at 52.8 percent, and licenses and permits at 73.9 percent. Even with these significant increases, the overall total dollar increase for the ten-year period is only 17 percent from these two areas. The majority of the actual dollar increase, over 80 percent, comes from tax increases and intergovernmental revenues.

### **Long-Term Financial Planning**

The unreserved, undesignated, combined General Fund balance for Black Hawk County is at 13.69 percent of total General Fund expenditures, which is the highest it has been since FY2000. While the FY2005 figure is still not within the County's target range of 15 – 20 percent of General Fund expenditures, considerable progress has been made from 9.38 percent in FY2003. Black Hawk County will continue to work towards the combined General Fund balance of 15 – 20 percent of General Fund expenditures and once obtained will work diligently to maintain that level.

Health care costs continue to rise for the County. The County actively looks at various plans in an effort to provide the scope of services that employees have received in the past, but for less of a cost to the County. Request for Proposals for different health care plans were sent out in FY2005 and reviewed. A Request for Proposal for the County's health plan consultant will be developed and sent out in FY2006 as well.

The County's secondary road system is currently being reviewed. The County Engineer has identified a downward trend of acceptable quality in the County's roads and bridges. He has proposed numerous solutions as to how much additional funding will be required to reduce the decline and eventually reverse this trend on the aging road system over a five-year period. The Board will be contemplating these proposals and any necessary funding options in the near future.

### **Relevant Financial Policies**

Black Hawk County has designated a portion of its fund balance for tax stabilization and to offset termination of benefit payments. The County has chosen to use part of this balance to offset increases in the debt service tax rate if it hits a pre-determined threshold. The balance is also used to offset any unanticipated, unbudgeted retirement payouts that occur throughout the year that can not be offset through the normal budget amendment process.

## **Major Initiatives**

There are four large bridges throughout Black Hawk County. One of these bridges was recently replaced. The other three need to be replaced in the next few years as they are becoming structurally beyond repair. One of the bridges is slated for replacement in FY2007, with the other needing to be replaced shortly thereafter. The last bridge will need to be replaced in the next five years, but is not as urgent as the other two. All three of the remaining bridges have multi-million dollar estimates for replacement.

There are two bridges that are part of the Cedar Valley Nature Trail that will eventually need to be replaced. It is expected that these bridges will be more costly than the three previously mentioned.

The challenge for the County will be the funding of these projects as well as to complete these projects with the least amount of interruption for traffic in the surrounding areas.

## **Awards and Acknowledgements**

This is Black Hawk County's first attempt at being awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). The County believes it has published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

Black Hawk County also believes that the FY2005 CAFR meets the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for a 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 staff of both the Auditor's Office and the Treasurer's Office. Additionally, I would like to thank Helen Steffen and Julie Protsman of the Auditor'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,

James W. Bronner  
Finance Director

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Black Hawk County, Iowa as of and for the year ended June 30, 2005, 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, 2005, 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 November 23, 2005, 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 Audit Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 and budgetary comparison information on pages 47 through 48 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

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 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  
November 23, 2005

## Black Hawk County, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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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, 2005. 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, 2005 by \$51,796,466 (net assets). Of this amount, \$9,782,476 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2004, assets exceeded liabilities by \$47,703,989. Of this amount, \$279,367 was unrestricted. The decrease in net asset restriction was the result of showing special revenue fund net assets as restricted in prior years.
- The County's total net assets increased by \$4,092,477 during the fiscal year ended June 30, 2005. Governmental activities increased \$4,182,339 and business-type activities decreased by \$89,862. For fiscal year ended June 30, 2004, total net assets increased \$700,087. Governmental activities increased \$712,737 and business-type activities decreased \$12,650.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,870,116, an increase of \$362,968 in comparison with the prior year. Approximately 72 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, 2004, governmental funds reported combined ending fund balances of \$12,507,148, of which 75 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 \$2,609,144 or 8.4 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, 2004 was \$1,834,385 or 5.9 percent of total General Fund expenditures.
- The County's total debt decreased by \$2,098,655 (11.7 percent) during the current fiscal year. Total debt for the fiscal year June 30, 2004, increased by \$89,520 (1 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, 2005

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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 three blended component units: Drainage Districts, Consolidated Public Safety Commission Center and the Friends of Hartman Reserve, Inc.

The government-wide financial statements can be found on pages 12 through 15 of this report.

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

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

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

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

## Black Hawk County, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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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 16 through 21 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. A fourth internal service fund, Central Purchasing, was closed during fiscal year 2005. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the rural sewer major fund and the nonmajor fund – rural water operations. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund's financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund's financial statements can be found on pages 22 through 24 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 25 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 26 through 46 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 2005. Required supplementary information can be found on pages 47 through 48 of this report.

The combining statements referred to earlier in connection with nonmajor special revenue funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 49 through 58 of this report.

## Black Hawk County, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

#### 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 \$51,796,466 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (77.7 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 is 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 that 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	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 45,880,758	\$ 45,157,108	\$ 421,257	\$ 454,292	\$ 46,302,015	\$ 45,611,400
Capital assets	49,011,275	45,348,458	4,184,512	4,379,980	53,195,787	49,728,438
<b>Total assets</b>	<b>94,892,033</b>	<b>90,505,566</b>	<b>4,605,769</b>	<b>4,834,272</b>	<b>99,497,802</b>	<b>95,339,838</b>
Long-term liabilities	10,687,245	16,110,980	1,527,238	1,796,094	12,214,483	17,907,074
Other liabilities	35,344,090	29,716,227	142,763	12,548	35,486,853	29,728,775
<b>Total liabilities</b>	<b>46,031,335</b>	<b>45,827,207</b>	<b>1,670,001</b>	<b>1,808,642</b>	<b>47,701,336</b>	<b>47,635,849</b>
Net assets:						
Invested in capital assets, net of related debt	37,693,275	35,228,458	2,522,274	2,583,887	40,215,549	37,812,345
Restricted	1,798,441	9,612,277	-	-	1,798,441	9,612,277
Unrestricted	9,368,982	(162,376)	413,494	441,743	9,782,476	279,367
<b>Total net assets</b>	<b>\$ 48,860,698</b>	<b>\$ 44,678,359</b>	<b>\$ 2,935,768</b>	<b>\$ 3,025,630</b>	<b>\$ 51,796,466</b>	<b>\$ 47,703,989</b>

An additional portion of the County's net assets (3.5 percent or \$1,798,441) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (18.8 percent or \$9,782,476) may be used to meet the County's ongoing obligations to citizens and creditors.

The increase in unrestricted net assets County-wide (\$9,503,109) and the decrease in restricted assets reported in governmental activities (\$7,813,836) is largely the result of the reclassification of net assets previously shown as restricted to unrestricted and the County's continued investment in net assets.

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, both the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental activities:** Governmental activities increased the County's net assets by \$4,182,339, as shown on the chart that follows. The 9.4 percent increase in net assets of governmental activities is primarily a result of the County's investment in capital assets, repayment of debt and spending less than budgeted expenditures.

**Black Hawk County, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

Revenue from charges for services decreased as a result of a reclassification of revenue from intergovernmental revenues to charges for service revenues.

Revenue from total taxes increased \$1,086,708 due to a planned increase in the overall tax rate. This was necessary given budgeted expenditures.

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. The increase in miscellaneous is the result of a reclassification of items previously shown as investment earnings.

County environment and education functional expenses decreased by \$997,370 due to budgeted expenditures coming in lower than anticipated combined with the timing of projects that were to have been finished in the current fiscal year, that were shifted into the next fiscal year.

Roads and transportation functional expenses decreased by \$940,522; this decrease is primarily due to contracted services being less than budgeted, resulting from the shifting of projects that were not finished by the end of the fiscal year into the next fiscal year. It is anticipated these expenditures will be paid during 2006.

**Changes in Net Assets of Governmental and Business-Type Activities**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 6,233,145	\$ 14,440,083	\$ 229,898	\$ 260,362	\$ 6,463,043	\$ 14,700,445
Operating grants, contributions and restricted interest	22,089,424	15,022,972	-	-	22,089,424	15,022,972
Capital grants, contributions and restricted interest	1,914,812	1,889,661	-	-	1,914,812	1,889,661
General revenues:						
Taxes:						
Property	24,159,740	24,184,410	-	-	24,159,740	24,184,410
Penalty and interest	-	352,613	-	-	-	352,613
State tax credits	1,151,699	1,212,641	-	-	1,151,699	1,212,641
Local option sales	2,411,109	2,333,081	-	-	2,411,109	2,333,081
Other taxes	1,033,350	-	-	-	1,033,350	-
Grants and contributions not restricted to specific purposes	-	38,850	-	95,000	-	133,850
Investment earnings	681,081	467,567	2,129	5,840	683,210	473,407
Miscellaneous	1,443,425	55,379	-	-	1,443,425	55,379
<b>Total revenues</b>	<b>61,117,785</b>	<b>59,997,257</b>	<b>232,027</b>	<b>361,202</b>	<b>61,349,812</b>	<b>60,358,459</b>

## Black Hawk County, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

#### Changes in Net Assets of Governmental and Business-Type Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Expenses:</b>						
Public safety and legal services	14,902,387	15,086,366	-	-	14,902,387	15,086,366
Physical health and social services	9,340,367	9,612,529	-	-	9,340,367	9,612,529
Mental health	19,594,365	19,056,283	-	-	19,594,365	19,056,283
County environment and education	2,253,945	3,236,159	-	-	2,253,945	3,236,159
Roads and transportation	4,172,656	5,006,474	-	-	4,172,656	5,006,474
Government services to residents	1,459,390	1,402,273	-	-	1,459,390	1,402,273
Administration	4,764,053	5,033,561	-	-	4,764,053	5,033,561
Nonprogram	-	343,994	-	-	-	343,994
Interest on long-term debt	448,283	506,881	-	-	448,283	506,881
Washburn water and sewer	-	-	321,889	373,852	321,889	373,852
<b>Total expenses</b>	<b>56,935,446</b>	<b>59,284,520</b>	<b>321,889</b>	<b>373,852</b>	<b>57,257,335</b>	<b>59,658,372</b>
<b>Increase in net assets</b>	<b>4,182,339</b>	<b>712,737</b>	<b>(89,862)</b>	<b>(12,650)</b>	<b>4,092,477</b>	<b>700,087</b>
Net assets, beginning	44,678,359	43,965,622	3,025,630	3,038,280	47,703,989	47,003,902
Net assets, ending	<b>\$ 48,860,698</b>	<b>\$ 44,678,359</b>	<b>\$ 2,935,768</b>	<b>\$ 3,025,630</b>	<b>\$ 51,796,466</b>	<b>\$ 47,703,989</b>

**Business-type activities:** Business-type activities decreased the County's net assets by \$89,862.

#### 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 \$12,870,116 as of June 30, 2005. This was an increase of \$362,968, or 2.9 percent, over the prior year. Of this total amount, \$9,228,061 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.

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 \$2,609,114, while total fund balance reached \$5,348,280. 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 8.4 percent of total General Fund expenditures, while total fund balance represents 17.2 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 semi-annually, in September and March.

## **Black Hawk County, Iowa**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005**

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The fund balance for Black Hawk County, Iowa's General Fund increased by \$1,085,524 during the current fiscal year. The key factor in this increase was the County did not expend as much as anticipated for projects during the year. The County also experienced unexpected revenue growth.

The Mental Health Fund had a fund balance of \$2,007,485, all of which is to be used for mental health functional expenditures. The fund balance decreased by \$310,541 as planned in order to allow the County to arrive at a fund balance percentage that would maximize the full potential funding available from the state.

The Rural Services Fund had a fund balance of \$270,571, which increased \$178,728 from the prior year.

The Secondary Roads Fund had a fund balance of \$3,742,257, which increased \$202,817 from the prior year.

The Debt Service Fund had a fund balance of \$469,637 all of which is reserved for the payment of debt service (i.e. payment of general obligation principal and interest).

The Capital Projects Fund had a total fund balance of \$236,745. This fund balance decreased \$726,540 as a result of projects being completed along with a conscious decision by the Board of Supervisors to use fund balance to finance the projects due to financial constraints.

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

Total net assets of the Rural Sewer Fund at the end of the year amounted to \$1,942,069. This is comprised of: \$1,916,791 invested in capital assets, net of related debt and \$25,278 in unrestricted net assets.

### **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 three times. The budgetary comparison schedules on pages 47 and 48 provide more information.

Key changes in the budget amendments are as follows:

Expenditures increased \$5,724,232, which included:

- Approximately \$3,150,000 in capital improvement projects and flood repairs for secondary roads.
- Approximately \$680,000 for various County projects in progress to be finished in fiscal year 2005.
- Approximately \$630,000 in public safety and legal services, including \$315,700 for a lease purchase agreement to replace 11 patrol cars along with \$83,500 for unanticipated retirement payouts.
- Approximately \$670,000 in mental health, with \$500,000 in additional funding for services to mental health clients along with the continued remodeling of Pinecrest at a cost of \$170,000.

**Black Hawk County, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2005**

Revenues increased \$1,747,399 which included:

- Approximately \$500,000 in allowable growth distribution from the mental health fund.
- Approximately \$470,000 in public safety and legal services, including \$315,700 in proceeds from a lease purchase agreement for 11 patrol cars as well as \$50,000 in additional commissary revenue.
- Approximately \$330,000 in flood repair reimbursements.
- Approximately \$170,000 in additional state revenue for the mental health fund.
- Approximately \$135,000 in road use tax and BROS reimbursements.

**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, 2005 amounts to \$53,195,787 (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	
	2005	2004	2005	2004	2005	2004
Land	\$ 3,234,567	\$ 3,132,378	\$ -	\$ -	\$ 3,234,567	\$ 3,132,378
Construction-in-progress	2,351,942	1,473,939	-	-	2,351,942	1,473,939
Buildings	25,443,404	24,385,379	-	-	25,443,404	24,385,379
Improvements other than buildings	1,124,335	963,333	-	-	1,124,335	963,333
Equipment and vehicles	10,302,554	9,552,466	-	-	10,302,554	9,552,466
Infrastructure	34,272,689	31,665,529	5,420,639	5,420,639	39,693,328	37,086,168
Accumulated depreciation	(27,718,216)	(25,824,566)	(1,236,127)	(1,040,659)	(28,954,343)	(26,865,225)
<b>Total capital assets</b>	<b>\$ 49,011,275</b>	<b>\$ 45,348,458</b>	<b>\$ 4,184,512</b>	<b>\$ 4,379,980</b>	<b>\$ 53,195,787</b>	<b>\$ 49,728,438</b>

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

- Multiple secondary road projects including the replacement of the Dysart Road, Fox Road, Gilbertville Road, Spring Creek Road and Miller Creek Road bridges along with the resurfacing of a portion of Dunkerton Road.
- The remodeling of the Pinecrest building.
- The construction of the Black Hawk Park shower building along with the maintenance shop addition for the Engineer's office.

Additional information concerning the County's capital assets can be found in Note 5 of the *Notes To Basic Financial Statements* on pages 39 and 40.

## Black Hawk County, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

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**Long-term debt.** At the close of the fiscal year ended June 30, 2005, the County had total long-term debt outstanding of \$15,808,419. Of this amount, \$12,647,238 comprises debt backed by the full faith and credit of the government and the remaining \$3,161,181 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	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 9,725,000	\$ 11,505,000	\$ 647,542	\$ 732,191	\$ 10,372,542	\$ 12,237,191
General obligation capital notes	1,260,000	1,850,000	1,014,696	1,063,903	2,274,696	2,913,903
Capital leases	333,000	-	-	-	333,000	-
Compensated absences	2,828,181	2,755,980	-	-	2,828,181	2,755,980
Total	<u>\$ 14,146,181</u>	<u>\$ 16,110,980</u>	<u>\$ 1,662,238</u>	<u>\$ 1,796,094</u>	<u>\$ 15,808,419</u>	<u>\$ 17,907,074</u>

### 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 2006 budget and the tax rates charged for various County activities. County officials are sensitive to economic factors such as the unemployment rate, which grew from 4.8 percent in January 2004 to 5.4 percent in January 2005. This compares with the statewide rates of 4.6 percent in January 2004 and 5.1 percent in January 2005.

In an ongoing effort to maintain County services with minimal increases in tax levies, the Black Hawk County Board of Supervisors has sought efficiencies, including the outsourcing of duties, and reduced fund balances. From 1997 through 2003, the year-end Combined Unreserved General Fund balance fell from \$10,028,578 or 40 percent of expenditures, to \$2,990,472 or 9.38 percent of expenditures. Since then, the Combined Unreserved General Fund balance has increased to a fiscal year 2005 figure of \$5,348,280 or 17.2 percent of expenditures. For fiscal year 2006, amounts available for appropriation in the operating budget are \$64.6 million. Budgeted expenditures are expected to rise by approximately \$3.5 million. Increased wages due to cost-of-living adjustments, rising health insurance costs, capital investment and debt issuance represent a significant portion of the increase. The County has added no major new programs or initiatives to the 2006 budget. If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2006.

In comparing 2006 data for all counties, it is seen that Black Hawk County's levy rates are relatively high. 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 90<sup>th</sup> in per capita valuation. The County's economy in spending is demonstrated by the fact it is 91<sup>st</sup> among the 99 counties in per capita tax askings, 8<sup>th</sup> among the ten most populous counties.

### Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Black Hawk County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Black Hawk County Finance Director, James W. Bronner, by mail at 316 E. 5<sup>th</sup> 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](mailto:jbronner@co.black-hawk.ia.us).

**Black Hawk County, Iowa**

**Statement of Net Assets  
June 30, 2005**

Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Cash and investments	\$ 15,165,335	\$ 385,232	\$ 15,550,567
Receivables:			
Property tax:			
Delinquent	185,552	-	185,552
Succeeding year	25,873,934	-	25,873,934
Interest and penalty on property tax	882,333	-	882,333
Accounts	351,871	35,786	387,657
Accrued interest	81,383	239	81,622
Note	60,094	-	60,094
Lease	300,000	-	300,000
Due from other governments	1,977,959	-	1,977,959
Inventories	285,950	-	285,950
Prepaid insurance	119,507	-	119,507
<b>Total current assets</b>	<b>45,283,918</b>	<b>421,257</b>	<b>45,705,175</b>
Noncurrent assets:			
Receivables:			
Note	277,935	-	277,935
Lease	318,905	-	318,905
Capital assets:			
Not depreciated:			
Land	3,234,567	-	3,234,567
Construction-in-progress	2,351,942	-	2,351,942
Depreciated:			
Buildings	25,443,404	-	25,443,404
Improvements other than buildings	1,124,335	-	1,124,335
Infrastructure	34,272,689	5,420,639	39,693,328
Equipment and vehicles	10,302,554	-	10,302,554
Less accumulated depreciation	(27,718,216)	(1,236,127)	(28,954,343)
<b>Total capital assets</b>	<b>49,011,275</b>	<b>4,184,512</b>	<b>53,195,787</b>
<b>Total noncurrent assets</b>	<b>49,608,115</b>	<b>4,184,512</b>	<b>53,792,627</b>
<b>Total assets</b>	<b>\$ 94,892,033</b>	<b>\$ 4,605,769</b>	<b>\$ 99,497,802</b>

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities:			
Accounts payable	\$ 1,294,885	\$ 1,531	\$ 1,296,416
Claims payable	748,018	-	748,018
Accrued interest payable	56,290	6,232	62,522
Accrued salaries and benefits	918,896	-	918,896
Due to other governments	1,926,862	-	1,926,862
Unearned revenue	26,940,203	-	26,940,203
Current portion of general obligation bonds	1,865,000	85,000	1,950,000
Current portion of general obligation capital loan notes	205,000	50,000	255,000
Current portion of capital leases	122,182	-	122,182
Compensated absences	1,266,754	-	1,266,754
<b>Total current liabilities</b>	<b>35,344,090</b>	<b>142,763</b>	<b>35,486,853</b>
Noncurrent liabilities:			
General obligation bonds	7,860,000	562,542	8,422,542
General obligation capital loan notes	1,055,000	964,696	2,019,696
Capital leases	210,818	-	210,818
Compensated absences	1,561,427	-	1,561,427
<b>Total noncurrent liabilities</b>	<b>10,687,245</b>	<b>1,527,238</b>	<b>12,214,483</b>
<b>Total liabilities</b>	<b>46,031,335</b>	<b>1,670,001</b>	<b>47,701,336</b>
Net Assets			
Invested in capital assets, net of related debt	37,693,275	2,522,274	40,215,549
Restricted for supplemental levy purposes	1,798,441	-	1,798,441
Unrestricted	9,368,982	413,494	9,782,476
<b>Total net assets</b>	<b>48,860,698</b>	<b>2,935,768</b>	<b>51,796,466</b>
<b>Total liabilities and net assets</b>	<b>\$ 94,892,033</b>	<b>\$ 4,605,769</b>	<b>\$ 99,497,802</b>

**Black Hawk County, Iowa**

**Statement of Activities  
Year Ended June 30, 2005**

Functions/Programs	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Public safety and legal services	\$ 14,902,387	\$ 713,135	\$ 2,502,796	\$ -
Physical health and social services	9,340,367	1,178,374	3,801,653	-
Mental health	19,594,365	1,404,823	11,799,896	-
County environment and education	2,253,945	424,511	301,406	-
Roads and transportation	4,172,656	4,096	3,144,618	1,914,812
Governmental services to residents	1,459,390	1,786,679	42,416	-
Administration	4,764,053	721,527	496,639	-
Interest on long-term debt	448,283	-	-	-
<b>Total governmental activities</b>	<b>56,935,446</b>	<b>6,233,145</b>	<b>22,089,424</b>	<b>1,914,812</b>
<b>Business-Type Activities:</b>				
Rural sewer	237,628	141,156	-	-
Rural water	84,261	88,742	-	-
<b>Total business-type activities</b>	<b>321,889</b>	<b>229,898</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 57,257,335</b>	<b>\$ 6,463,043</b>	<b>\$ 22,089,424</b>	<b>\$ 1,914,812</b>

**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
\$ (11,686,456)	\$ -	\$ (11,686,456)
(4,360,340)	-	(4,360,340)
(6,389,646)	-	(6,389,646)
(1,528,028)	-	(1,528,028)
890,870	-	890,870
369,705	-	369,705
(3,545,887)	-	(3,545,887)
(448,283)	-	(448,283)
(26,698,065)	-	(26,698,065)
-	(96,472)	(96,472)
-	4,481	4,481
-	(91,991)	(91,991)
(26,698,065)	(91,991)	(26,790,056)
24,159,740	-	24,159,740
2,411,109	-	2,411,109
1,033,350	-	1,033,350
1,151,699	-	1,151,699
681,081	2,129	683,210
1,443,425	-	1,443,425
30,880,404	2,129	30,882,533
4,182,339	(89,862)	4,092,477
44,678,359	3,025,630	47,703,989
\$ 48,860,698	\$ 2,935,768	\$ 51,796,466

**Black Hawk County, Iowa**

**Balance Sheet  
Governmental Funds  
June 30, 2005**

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and investments:	\$ 6,077,612	\$ 3,770,191	\$ 975,368	\$ 1,850,891
Receivables:				
Property tax:				
Delinquent	136,509	36,905	1,629	-
Succeeding year	18,155,142	5,560,077	159,520	-
Interest and penalty on property tax	882,333	-	-	-
Accounts	286,923	-	8,168	3,545
Accrued interest	79,086	-	-	-
Note	-	-	-	-
Lease	618,905	-	-	-
Due from other funds	155,137	309	-	1,624,082
Due from other governments	686,426	655,128	370,198	263,315
Inventories	-	-	-	285,950
Prepaid insurance	5,132	114,375	-	-
<b>Total assets</b>	<b>\$ 27,083,205</b>	<b>\$ 10,136,985</b>	<b>\$ 1,514,883</b>	<b>\$ 4,027,783</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 467,888	\$ 484,182	\$ 26	\$ 210,111
Accrued salaries and benefits	598,654	217,066	36,148	67,028
Due to other funds	586,691	148,157	1,038,859	3,313
Due to other governments	243,083	1,667,974	8,136	5,074
Deferred revenue:				
Succeeding year property tax	18,155,142	5,560,077	159,520	-
Other	1,683,467	52,044	1,623	-
<b>Total liabilities</b>	<b>21,734,925</b>	<b>8,129,500</b>	<b>1,244,312</b>	<b>285,526</b>
Fund Balances:				
Reserved for:				
Supplemental levy purposes	1,798,441	-	-	-
Debt service	-	-	-	-
Prepays and inventories	5,132	114,375	-	285,950
Unreserved:				
Designated for tax stabilization and termination benefit payments	935,593	-	-	-
Undesignated, reported in:				
General Fund	2,609,114	-	-	-
Special revenue funds	-	1,893,110	270,571	3,456,307
Capital Projects Fund	-	-	-	-
<b>Total fund balances</b>	<b>5,348,280</b>	<b>2,007,485</b>	<b>270,571</b>	<b>3,742,257</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,083,205</b>	<b>\$ 10,136,985</b>	<b>\$ 1,514,883</b>	<b>\$ 4,027,783</b>

See Notes to Basic Financial Statements.

Debt Service		Capital Projects		Nonmajor Governmental Funds		Total
\$	470,475	\$	306,752	\$	784,328	\$ 14,235,617
	10,509		-		-	185,552
	1,999,195		-		-	25,873,934
	-		-		-	882,333
	-		-		11,721	310,357
	1,604		-		81	80,771
	338,029		-		-	338,029
	-		-		-	618,905
	-		-		5,675	1,785,203
	-		-		2,892	1,977,959
	-		-		-	285,950
	-		-		-	119,507
<u>\$</u>	<u>2,819,812</u>	<u>\$</u>	<u>306,752</u>	<u>\$</u>	<u>804,697</u>	<u>\$ 46,694,117</u>
\$	-	\$	69,059	\$	2,234	\$ 1,233,500
	-		-		-	918,896
	2,508		-		5,675	1,785,203
	-		948		1,647	1,926,862
	1,999,195		-		-	25,873,934
	348,472		-		-	2,085,606
	<u>2,350,175</u>		<u>70,007</u>		<u>9,556</u>	<u>33,824,001</u>
	-		-		-	1,798,441
	469,637		-		-	469,637
	-		-		-	405,457
	-		-		-	935,593
	-		-		-	2,609,114
	-		-		795,141	6,415,129
	-		236,745		-	236,745
	<u>469,637</u>		<u>236,745</u>		<u>795,141</u>	<u>12,870,116</u>
<u>\$</u>	<u>2,819,812</u>	<u>\$</u>	<u>306,752</u>	<u>\$</u>	<u>804,697</u>	<u>\$ 46,694,117</u>

**Black Hawk County, Iowa**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2005**

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Total governmental fund balances		\$	12,870,116
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			49,011,275
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.			1,019,337
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.			162,441
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:			
General obligation bonds	\$	(9,725,000)	
General obligation capital notes		(1,260,000)	
Capital leases		(333,000)	
Compensated absences		(2,828,181)	
Accrued interest		(56,290)	(14,202,471)
<b>Net assets of governmental activities</b>			<u>\$ 48,860,698</u>

See Notes to Basic Financial Statements.

**Black Hawk County, Iowa**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2005**

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other County tax	\$ 17,453,468	\$ 5,519,113	\$ 2,581,083	\$ -
Interest and penalty on property tax	322,842	-	-	-
Intergovernmental	8,826,146	12,435,437	15,900	3,847,179
Licenses and permits	285,988	-	76,639	3,750
Charges for service	3,933,289	1,404,643	10,079	346
Use of money and property	705,998	-	-	-
Miscellaneous	908,790	50,311	99	39,127
<b>Total revenues</b>	<b>32,436,521</b>	<b>19,409,504</b>	<b>2,683,800</b>	<b>3,890,402</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety and legal services	13,525,172	-	1,291,085	-
Physical health and social services	9,325,786	-	-	-
Mental health	-	19,720,045	-	-
County environment and education	1,959,203	-	174,841	-
Roads and transportation	-	-	-	4,387,687
Governmental services to residents	1,385,943	-	1,446	-
Administration	4,541,497	-	-	-
<b>Debt service:</b>				
Principal	335,000	-	-	-
Interest	22,440	-	-	-
Capital outlay	-	-	-	941,280
<b>Total expenditures</b>	<b>31,095,041</b>	<b>19,720,045</b>	<b>1,467,372</b>	<b>5,328,967</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,341,480</b>	<b>(310,541)</b>	<b>1,216,428</b>	<b>(1,438,565)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from the sale of capital assets	3,818	-	-	-
Transfers in	11,015	-	-	1,624,082
Transfers out	(586,489)	-	(1,037,700)	-
Capital leases	315,700	-	-	17,300
<b>Total other financing sources (uses)</b>	<b>(255,956)</b>	<b>-</b>	<b>(1,037,700)</b>	<b>1,641,382</b>
<b>Net change in fund balances</b>	<b>1,085,524</b>	<b>(310,541)</b>	<b>178,728</b>	<b>202,817</b>
Fund balances, beginning of year	4,262,756	2,318,026	91,843	3,539,440
Fund balances, end of year	\$ 5,348,280	\$ 2,007,485	\$ 270,571	\$ 3,742,257

See Notes to Basic Financial Statements.

		Nonmajor Governmental			
Debt Service	Capital Projects	Funds	Total		
\$ 2,050,535	\$ -	\$ -	\$ 27,604,199		
-	-	-	322,842		
164,828	-	165,641	25,455,131		
-	-	-	366,377		
-	-	81,882	5,430,239		
31,756	-	155,195	892,949		
-	-	228,602	1,226,929		
2,247,119	-	631,320	61,298,666		
-	-	99,480	14,915,737		
-	-	-	9,325,786		
-	-	-	19,720,045		
-	-	247,428	2,381,472		
-	-	-	4,387,687		
-	-	125,164	1,512,553		
-	-	-	4,541,497		
2,035,000	-	-	2,370,000		
427,479	-	-	449,919		
-	726,540	-	1,667,820		
2,462,479	726,540	472,072	61,272,516		
(215,360)	(726,540)	159,248	26,150		
-	-	-	3,818		
107	-	-	1,635,204		
-	-	(11,015)	(1,635,204)		
-	-	-	333,000		
107	-	(11,015)	336,818		
(215,253)	(726,540)	148,233	362,968		
684,890	963,285	646,908	12,507,148		
\$ 469,637	\$ 236,745	\$ 795,141	\$ 12,870,116		

**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, 2005**

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Net change in fund balances - governmental funds \$ 362,968

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	\$ 4,480,287	
Depreciation expense	(2,205,026)	2,275,261

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	1,394,947	
Proceeds from the sale of capital assets	(3,818)	
Loss on the sale of capital assets	(3,573)	1,387,556

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. (1,694,143)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,370,000

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (333,000)

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, as follows:

Compensated absences	(72,201)	
Interest on long-term debt	1,636	(70,565)

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.

<b>Change in net assets of governmental activities</b>		(115,738)
		\$ 4,182,339

Black Hawk County, Iowa

Statement of Net Assets  
Proprietary Funds  
June 30, 2005

	Business-Type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Rural Sewer	Nonmajor		
		Rural Water	Total	
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 7,217	\$ 378,015	\$ 385,232	\$ 929,718
Receivables:				
Accounts	24,323	11,463	35,786	41,514
Accrued interest	4	235	239	612
<b>Total current assets</b>	<b>31,544</b>	<b>389,713</b>	<b>421,257</b>	<b>971,844</b>
Noncurrent assets:				
Capital assets infrastructure (net of accumulated depreciation)	2,931,487	1,253,025	4,184,512	-
<b>Total assets</b>	<b>\$ 2,963,031</b>	<b>\$ 1,642,738</b>	<b>\$ 4,605,769</b>	<b>\$ 971,844</b>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 1,521	\$ 10	\$ 1,531	\$ 61,385
Claims payable	-	-	-	748,018
Accrued interest payable	4,745	1,487	6,232	-
Current portion of general obligation bonds	-	85,000	85,000	-
Current portion of general obligation capital loan notes	50,000	-	50,000	-
<b>Total current liabilities</b>	<b>56,266</b>	<b>86,497</b>	<b>142,763</b>	<b>809,403</b>
Long-term liabilities:				
General obligation bonds	-	562,542	562,542	-
General obligation capital loan notes	964,696	-	964,696	-
<b>Total noncurrent liabilities</b>	<b>964,696</b>	<b>562,542</b>	<b>1,527,238</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,020,962</b>	<b>649,039</b>	<b>1,670,001</b>	<b>809,403</b>
Net Assets:				
Invested in capital assets, net of related debt	1,916,791	605,483	2,522,274	-
Unrestricted	25,278	388,216	413,494	162,441
<b>Total net assets</b>	<b>1,942,069</b>	<b>993,699</b>	<b>2,935,768</b>	<b>162,441</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,963,031</b>	<b>\$ 1,642,738</b>	<b>\$ 4,605,769</b>	<b>\$ 971,844</b>

Black Hawk County, Iowa

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Funds  
 Year Ended June 30, 2005

	Business-Type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Rural Sewer	Nonmajor Rural Water	Total	
Operating revenues, charges for services	\$ 141,156	\$ 88,742	\$ 229,898	\$ 5,138,798
Operating expenses:				
Costs of sales and services	45,369	1,322	46,691	5,259,165
Depreciation	128,739	66,729	195,468	-
<b>Total operating expenses</b>	<b>174,108</b>	<b>68,051</b>	<b>242,159</b>	<b>5,259,165</b>
<b>Operating income (loss)</b>	<b>(32,952)</b>	<b>20,691</b>	<b>(12,261)</b>	<b>(120,367)</b>
Nonoperating revenues (expenses):				
Interest income	212	1,917	2,129	4,629
Interest expense	(63,520)	(16,210)	(79,730)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(63,308)</b>	<b>(14,293)</b>	<b>(77,601)</b>	<b>4,629</b>
<b>Change in net assets</b>	<b>(96,260)</b>	<b>6,398</b>	<b>(89,862)</b>	<b>(115,738)</b>
Net assets, beginning of year	2,038,329	987,301	3,025,630	278,179
Net assets, end of year	\$ 1,942,069	\$ 993,699	\$ 2,935,768	\$ 162,441

See Notes to Basic Financial Statements.

**Black Hawk County, Iowa**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2005**

	Business-Type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Rural Sewer	Nonmajor Rural Water	Total	
Cash Flows From Operating Activities:				
Cash received from customers and users	\$ 143,390	\$ 91,937	\$ 235,327	\$ 5,226,486
Cash paid to suppliers for services	(47,600)	(3,531)	(51,131)	(66,312)
Cash paid for claims and to administrative provider	-	-	-	(5,081,752)
<b>Net cash provided by     operating activities</b>	<b>95,790</b>	<b>88,406</b>	<b>184,196</b>	<b>78,422</b>
Cash Flows From Capital and Related Financing Activities:				
Payments on capital loan notes and bonds	(50,000)	(85,000)	(135,000)	-
Interest paid on capital loan bonds and notes	(59,593)	(19,339)	(78,932)	-
<b>Net cash (used in) capital     and related financing activities</b>	<b>(109,593)</b>	<b>(104,339)</b>	<b>(213,932)</b>	<b>-</b>
Cash Flows From Investing Activities, interest on investments	234	1,796	2,030	4,236
<b>Net increase (decrease) in cash     and cash equivalents</b>	<b>(13,569)</b>	<b>(14,137)</b>	<b>(27,706)</b>	<b>82,658</b>
Cash and Cash Equivalents, beginning	20,786	392,152	412,938	847,060
Cash and Cash Equivalents, ending	<u>\$ 7,217</u>	<u>\$ 378,015</u>	<u>\$ 385,232</u>	<u>\$ 929,718</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (32,952)	\$ 20,691	\$ (12,261)	\$ (120,367)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	128,739	66,729	195,468	-
Changes in assets and liabilities:				
Decrease in accounts receivable	2,234	3,195	5,429	87,688
Increase (decrease) in accounts payable	(2,231)	(2,209)	(4,440)	111,101
<b>Net cash provided by     operating activities</b>	<b>\$ 95,790</b>	<b>\$ 88,406</b>	<b>\$ 184,196</b>	<b>\$ 78,422</b>

See Notes to Basic Financial Statements.

**Black Hawk County, Iowa**

**Statement of Assets and Liabilities**

**Agency Funds**

**June 30, 2005**

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**Assets**

Cash and investments	\$	6,354,856
Receivables, property taxes and other		110,985,877
<b>Total assets</b>	<b>\$</b>	<b>117,340,733</b>

**Liabilities**

Accounts payable and accrued liabilities	\$	131,991
Due to other governmental agencies		116,225,299
Trusts payable		983,443
<b>Total liabilities</b>	<b>\$</b>	<b>117,340,733</b>

See Notes to Basic Financial Statements.

## Black Hawk County

### Notes to Basic Financial Statements

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#### **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 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 the 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 5<sup>th</sup> Street, Waterloo, Iowa 50703.

Consolidated Public Safety Commission Center (the "Center"): The Center was created to provide dispatch and communications services to all participating governmental agencies in Black Hawk County, Iowa. The Center is a separate part of the budget of the Black Hawk County, Iowa's Sheriff's Office and is reported as part of the General Fund. All personnel and equipment are provided by and all operating costs are advanced by the County, with the participants reimbursing the County. The manager and persons assigned to the Center are employees of the County. Financial information can be obtained from the Black Hawk County, Iowa's Auditor's Office at 316 East 5<sup>th</sup> Street, Waterloo, Iowa 50703.

## Black Hawk County

### Notes to Basic Financial Statements

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

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 5<sup>th</sup> Street, Waterloo, Iowa 50703.

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 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.

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

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.

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 following are the County's major governmental funds. The County has elected to report Rural Services, Secondary Roads, Debt Service and Capital Projects as major funds for public interest purposes.

**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.

## Black Hawk County

### Notes to Basic Financial Statements

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

##### 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.

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

##### Special Revenue Funds:

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

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

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

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

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

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

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

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

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

**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 the 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 following is the County's major enterprise fund:

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

The other enterprise fund of the County is considered nonmajor and is as follows:

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

Additionally, the County reports the following funds:

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

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

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

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

Central Purchasing: This fund was closed during the year. Previously it had been used to account for the costs associated with a centralized purchasing function.

**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.

## Black Hawk County

### Notes to Basic Financial Statements

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

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.

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

#### Measurement Focus and Basis of Accounting:

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

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

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

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified in March 2004, based on the 2003 assessed valuations. These taxes are due in two installments, on September 30 and March 31, with a 1.5% per month penalty for delinquent payment.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Summary of Significant Accounting Policies**

The County adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures* and GASB Statement No. 44, *Economic Condition Reporting: the Statistical Section* in 2005. GASB Statement No. 40 modifies the disclosure requirements for deposits and investments to address common deposit and investment risks related to credit risk, concentration risk, interest rate risk and foreign currency risk. Accordingly, certain note disclosures have been revised to conform to the provisions of this standard. GASB Statement No. 44 improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements. Accordingly, the statistical section information has been provided in the new format.

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.

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

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.

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

## Black Hawk County

### Notes to Basic Financial Statements

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

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 represents 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, 2005, but which were levied to finance fiscal year 2006 operations have been recorded as deferred/unearned revenue.

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

Compensated absences: County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. The governmental fund types report the amount of accumulated unpaid vacation and sick leave, when due, as a result of employee retirements and resignations. The amount of liability not considered due is not reported in the fund financial statements. However, the entire compensated absence liability is reported in the government-wide financial statements.

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

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Discounts/premiums on long-term debt: Discounts and premiums on long-term debt are amortized over the life of the debt by a method which approximates the effective interest method.

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

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

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 is provided as well as year-to-date figures for the current fiscal year. Any goals or direction from the Board of Supervisors are also provided. The completed requests are due in early December and include proposed expenditures, projected program revenues and an updated capital improvement project (CIP) list. Once the information is received and entered into the financial system, all of the budget requests are then compiled. Copies of all salary projections, a budget summary and a capital request summary for each department are prepared and assembled for the Board. A tax asking form with a comparison to the current fiscal year's budget by fund is prepared by the end of December. The budget documents are then reviewed by the Board of Supervisors with additional input from various departments as requested by the Board during the months of January and February.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to March 15, the budget is legally adopted by resolution of the County Board.
- The budget may be amended by majority approval of the County Board prior to May 31 after public notice has been published.
- Encumbrances are not recognized in the budget and appropriations lapse at year-end.

The legal level of control is at the program expenditure level. 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 three budget amendments adopted in October 2004, April 2005 and May 2005.

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

## Black Hawk County

### Notes to Basic Financial Statements

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#### Note 2. Cash and Investments

As of June 30, 2005, the City's cash and investments were as follows:

Cash statement of net assets	\$ 15,308,802
Cash fiduciary funds	6,354,856
Investments	241,765
	<u>\$ 21,905,423</u>

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

Authorized investments: The County is authorized by statute and policy to invest public funds in interest-bearing savings accounts, money market accounts and checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the County and State of Iowa Statute, Chapter 12C; 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. Non-operating 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
Agency security - Federal Farm Credit Bank	04/20/2009	\$ 15,069
Mutual funds - equity income	N/A	225,203
Money market mutual fund	N/A	1,493

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.

## Black Hawk County

### Notes to Basic Financial Statements

#### Note 2. Cash and Investments (Continued)

As of June 30, 2005, the County's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's
Agency security - Federal Farm Credit Bank	AAA	Not rated
Mutual funds - equity income	Not rated	Not rated
Money market mutual fund	Not rated	Not rated

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. Investments in any one issuer that represent 5% or more of total County investments are as follows:

Issuer	Investment Type	Reported Amount
Davis New York Venture Fund Inc. CL A	Mutual fund - equity income	\$ 46,319
Dodge & Cox Stock Fund	Mutual fund - equity income	25,417
Growth Fund Amer Inc. CL F	Mutual fund - equity income	55,599
Income FD Of Amer Inc. CL F	Mutual fund - equity income	17,468
Lord Abbett Mid Cap Value FD CL A	Mutual fund - equity income	12,841
Oppenheimer Global FD CL A	Mutual fund - equity income	19,328
Row T Price Growth Stk	Mutual fund - equity income	19,745
Federal Farm Credit Bank-Bond B/E	Agency security	15,069

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, 2005, the County's investments 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, 2005, the County's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

## Black Hawk County

### Notes to Basic Financial Statements

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#### Note 3. Interfund Receivables and Payables

The detail of due to/due from other funds as of June 30, 2005 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 155,137	\$ 586,691
Special revenue funds:		
Mental health	309	148,157
Rural services	-	1,038,859
Secondary roads	1,624,082	3,313
Debt Service Fund	-	2,508
Nonmajor special revenue funds:		
County recorder's record management	5,675	-
County recorder's electronic transaction fees	-	5,675
<b>Total</b>	<b>\$ 1,785,203</b>	<b>\$ 1,785,203</b>

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

#### Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

	Transfers In	Transfers Out
General Fund	\$ 11,015	\$ 586,489
Special revenue funds:		
Rural services	-	1,037,700
Secondary roads	1,624,082	-
Debt Service Fund	107	-
Nonmajor special revenue funds,		
Friends of Hartman reserve	-	11,015
<b>Total</b>	<b>\$ 1,635,204</b>	<b>\$ 1,635,204</b>

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

**Black Hawk County**

**Notes to Basic Financial Statements**

**Note 5. Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2005:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,132,378	\$ 102,189	\$ -	\$ 3,234,567
Construction-in-progress	1,473,939	2,164,770	(1,286,767)	2,351,942
<b>Total capital assets not being depreciated</b>	<b>4,606,317</b>	<b>2,266,959</b>	<b>(1,286,767)</b>	<b>5,586,509</b>
Capital assets being depreciated:				
Buildings	24,385,379	1,058,025	-	25,443,404
Improvements other than buildings	963,333	161,002	-	1,124,335
Equipment and vehicles	9,552,466	1,068,855	(318,767)	10,302,554
Infrastructure	31,665,529	2,607,160	-	34,272,689
<b>Total capital assets being depreciated</b>	<b>66,566,707</b>	<b>4,895,042</b>	<b>(318,767)</b>	<b>71,142,982</b>
Less accumulated depreciation for:				
Buildings	8,032,406	501,317	-	8,533,723
Improvements other than buildings	665,417	38,245	-	703,662
Equipment and vehicles	7,269,717	555,179	(311,376)	7,513,520
Infrastructure	9,857,026	1,110,285	-	10,967,311
<b>Total accumulated depreciation</b>	<b>25,824,566</b>	<b>2,205,026</b>	<b>(311,376)</b>	<b>27,718,216</b>
<b>Total capital assets being depreciated, net</b>	<b>40,742,141</b>	<b>2,690,016</b>	<b>(7,391)</b>	<b>43,424,766</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 45,348,458</b>	<b>\$ 4,956,975</b>	<b>\$ (1,294,158)</b>	<b>\$ 49,011,275</b>
<b>Business-type activities:</b>				
Capital assets being depreciated, infrastructure	\$ 5,420,639	\$ -	\$ -	\$ 5,420,639
Less accumulated depreciation for infrastructure	1,040,659	195,468	-	1,236,127
<b>Business-type activities capital assets, net</b>	<b>\$ 4,379,980</b>	<b>\$ (195,468)</b>	<b>\$ -</b>	<b>\$ 4,184,512</b>

**Black Hawk County**

**Notes to Basic Financial Statements**

**Note 5. Capital Assets (Continued)**

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

Governmental activities:

Public safety and legal services	\$ 427,151
Physical health and social services	31,588
Mental health	88,795
County environment and education	113,738
Roads and transportation	1,363,506
Governmental services to residents	5,992
Administration	174,256
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 2,205,026</u></b>

Business-type activities:

Rural sewer	\$ 128,739
Rural water	66,729
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 195,468</u></b>

**Note 6. Long-Term Liabilities**

The following is a summary of changes in long-term debt for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Retirements/ Deletions	Balance June 30, 2005	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 11,505,000	\$ -	\$ 1,780,000	\$ 9,725,000	\$ 1,865,000
General obligation capital notes	1,850,000	-	590,000	1,260,000	205,000
Capital leases	-	333,000	-	333,000	122,182
Compensated absences	2,755,980	1,904,088	1,831,887	2,828,181	1,266,754
	<b><u>\$ 16,110,980</u></b>	<b><u>\$ 2,237,088</u></b>	<b><u>\$ 4,201,887</u></b>	<b><u>\$ 14,146,181</u></b>	<b><u>\$ 3,458,936</u></b>

	Balance July 1, 2004	Additions	Retirements/ Deletions	Balance June 30, 2005	Due Within One Year
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 735,000	\$ -	\$ 85,000	\$ 650,000	\$ 85,000
General obligation capital notes	1,075,000	-	50,000	1,025,000	50,000
Unamortized discounts	(13,906)	-	(1,144)	(12,762)	-
	<b><u>\$ 1,796,094</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 133,856</u></b>	<b><u>\$ 1,662,238</u></b>	<b><u>\$ 135,000</u></b>

## Black Hawk County

### Notes to Basic Financial Statements

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#### Note 6. 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 \$9,725,000 as of June 30, 2005. These bonds bear interest with rates ranging from 1.25% to 4.00% and mature in varying annual amounts ranging from \$35,000 to \$1,250,000 through June 1, 2016.

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 \$647,542 as of June 30, 2005. These bonds bear interest with rates ranging from 1.4% to 3.3% and mature in varying annual amounts ranging from \$85,000 to \$105,000 through June 1, 2012.

General obligation capital loan notes: General obligation capital loan notes have been issued for both governmental and business-type activities. The portion of unmatured general obligation capital loan notes reported in the governmental activities column in the statement of net assets and to be paid from the Debt Service Fund totaled \$1,260,000 as of June 30, 2005. These notes bear interest with rates ranging from 1.8 % to 4.2% and mature in varying annual amounts ranging from \$25,000 to \$230,000 through June 1, 2015.

The portion of unmatured general obligation capital loan notes reported in the business-type activities column in the statement of net assets to be paid from proprietary revenues totaled \$1,014,696 as of June 30, 2005. These notes bear interest with rates ranging from 5.30% to 5.75% and mature in varying annual amounts ranging from \$50,000 to \$100,000 through June 1, 2019.

Capital lease obligations: The County has entered into lease purchase agreements for eleven patrol cars for the Sheriff's Department and a wet blade mower. The agreements require annual payments ranging from \$17,300 to \$107,725, including interest ranging from 4.43% to 5.09% through June 1, 2008. The balance due as of June 30, 2005 was \$333,000. The net book of these assets was \$336,763 as of June 30, 2005.

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

**Black Hawk County**

**Notes to Basic Financial Statements**

**Note 6. Long-Term Liabilities (Continued)**

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2005 are as follows:

Governmental Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2006	\$ 1,865,000	\$ 342,203	\$ 205,000	\$ 33,710
2007	1,495,000	286,142	210,000	29,783
2008	1,545,000	236,365	220,000	25,198
2009	1,605,000	181,455	225,000	19,738
2010	1,670,000	121,840	230,000	13,580
2011 - 2015	1,490,000	139,353	170,000	21,045
2016	55,000	2,365	-	-
<b>Total</b>	<b>\$ 9,725,000</b>	<b>\$ 1,309,723</b>	<b>\$ 1,260,000</b>	<b>\$ 143,054</b>
<u>Capital Lease Payable</u>				
<u>Principal                      Interest</u>				
<u>Year ending June 30,</u>				
2006	\$ 122,182	\$ 8,590		
2007	103,093	9,472		
2008	107,725	4,840		
<b>Total</b>	<b>\$ 333,000</b>	<b>\$ 22,902</b>		
Business-Type Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2006	\$ 85,000	\$ 17,850	\$ 50,000	\$ 56,942
2007	90,000	16,150	55,000	54,292
2008	90,000	14,080	60,000	51,377
2009	90,000	11,830	60,000	48,198
2010	95,000	9,355	65,000	45,018
2011 - 2015	200,000	9,970	365,000	169,293
2015 - 2019	-	-	370,000	54,583
<b>Total</b>	<b>650,000</b>	<b>\$ 79,235</b>	<b>1,025,000</b>	<b>\$ 479,703</b>
Unamortized discount	(2,458)		(10,304)	
Net bonds payable	<b>\$ 647,542</b>		<b>\$ 1,014,696</b>	

## Black Hawk County

### Notes to Basic Financial Statements

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#### Note 6. Long-Term Liabilities (Continued)

The computation of the County's legal margin as of June 30, 2005 is as follows:

January 2003 assessed valuation	\$ 3,692,333,222
Less military exemption	15,259,429
<b>Total assessed value</b>	<u>\$ 3,677,073,793</u>
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 183,853,690
Total amount of debt applicable to debt margin	12,993,000
<b>Legal debt margin</b>	<u>\$ 170,860,690</u>

#### Note 7. Note Receivable

On August 1, 1995, the County issued \$2,130,000 of general obligation capital loan notes, a portion of which was to partially fund juvenile detention center renovations. On August 24, 1995, the County entered into an agreement to loan \$800,000 of the capital loan note proceeds to the North Iowa Juvenile Detention Service Commission. The North Iowa Juvenile Detention Service Commission issued a note to the County that requires annual principal payments ranging from \$37,559 to \$75,117 and semiannual interest payments at rates ranging from 5.10% to 5.20% per annum, with the final payment due June 1, 2010. During the year ended June 30, 2005, the County received \$54,460 of principal and \$23,059 of interest from the North Iowa Juvenile Detention Service Commission. The balance owed to the County on the note as of June 30, 2005 was \$338,029. This amount has been deferred as the amount does not represent current financial resources. The County considers the note fully collectible as of June 30, 2005 and, therefore, an allowance for uncollectible amounts is not considered necessary.

#### Note 8. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, 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(g) 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

### Notes to Basic Financial Statements

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#### Note 9. Pension and Retirement Benefits (Continued)

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll. In the case of law enforcement employees, the percentage for the year ended June 30, 2005 was 8.535% for the employees and the County. The contribution percentage for conservation employees was 6.16% for the employees and the County. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$1,497,180, \$1,425,126 and \$1,470,308, respectively, equal to the required contributions for each year.

#### Note 10. Employee Health Insurance Plan

The County is self-insured for its employee medical coverage. The internal service, Health Insurance Fund was established to account for revenues and expenses of the County's health insurance benefit plan. The benefit plan is funded by both employee and County contributions and is administered by a third party administrator, First Administrators, Inc. A stop-loss insurance policy has been obtained for the health plan to limit the amount of payments by the County on an individual basis to \$100,000 per year. The annual maximum coverage limit for the employee medical plan is \$1,000,000. In addition to the individual stop loss coverage, the County has purchased aggregate excess loss coverage of 125% of expected claims during the plan year, approximately \$5,623,316.

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, 2005 totaled \$550,353, 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 2005 and 2004 are as follows:

	2005	2004
Claims payable, beginning of year	\$ 663,673	\$ 605,411
Claims recognized	4,624,847	4,840,521
Claim payments	(4,738,167)	(4,782,259)
Claims payable, end of year	<u>\$ 550,353</u>	<u>\$ 663,673</u>

#### Note 11. Risk Management

Black Hawk County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County provides self-funding for certain types of property and liability insurance for coverage up to \$50,000 (deductibles) through the internal service, Self-Insurance Fund. The risks above these deductibles are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations.

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

## Black Hawk County

### Notes to Basic Financial Statements

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#### Note 12. Health Care Facility and Industrial Development Revenue Bonds

The County has issued a total of \$9,691,320 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$8,186,350 is outstanding as of June 30, 2005. 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 13. Lease Receivable

The County entered into a lease agreement with the E911 Service Board. Under the agreement, the E911 Service Board is to make monthly payments of \$25,000 to the County. The payments from the E911 Service Board are credited to the General Fund. The following is a schedule of the future minimum lease payments to be received by the County, including interest at rates ranging from 1.55% to 1.90% per annum, and the present value of net minimum lease payments under the agreement in effect as of June 30, 2005.

Year Ending June 30:

2006	\$	300,000
2007		300,000
2008		32,209
<b>Total minimum lease payments</b>		<u>632,209</u>
Less amount representing interest		(13,304)
<b>Present value of net minimum lease payments</b>	<b>\$</b>	<u><u>618,905</u></u>

#### Note 14. Litigation

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

#### Note 15. Commitments and Contingency

The County has entered into financial commitments totaling approximately \$5,635,000 which relate to various construction and maintenance projects. As of June 30, 2005, the County had approximately \$2,744,000 remaining on the contracts.

#### Note 16. Subsequent Events

On July 12, 2005, the Board of Supervisors approved a resolution directing the sale of \$1,325,000 general obligation bonds of which \$950,000 will be use to aid in the planning, undertaking, and carrying out of an urban renewal project in the Downtown Waterloo Riverfront Urban Renewal and Redevelopment Area, including making a grant to the City of Waterloo for the Cedar River Dam portion of its Vision Iowa Project and \$470,000 of which will be used to provide funds to pay costs of erection, equipment, remodeling, reconstruction, addition, extensions and improvements to County buildings, with related site work, and equipment for voting machines and electronic voting systems.

## Black Hawk County

### Notes to Basic Financial Statements

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#### **Note 16. Subsequent Events (Continued)**

On July 12, 2005 the Board of Supervisors also approved \$335,000 general obligation capital loan notes.

#### **Note 17. New Pronouncements**

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

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the County beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

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

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the County beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34, issued December 2004, will be effective for the County beginning with its year ending June 30, 2006. The purpose of Statement No. 46 is to help the governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in the financial statements when there are changes in the circumstances surrounding such legislation.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, will be effective for the County beginning with its year ending June 30, 2006. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.

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

Black Hawk County, Iowa

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds  
 Year Ended June 30, 2005

	Budgeted Amounts		Governmental Fund Types Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Property and other County tax	\$ 27,450,798	\$ 27,494,398	\$ 27,604,199	\$ 109,801
Interest and penalty on property tax	338,500	338,500	322,842	(15,658)
Intergovernmental	24,008,975	25,207,462	25,455,131	247,669
Licenses and permits	356,572	356,572	366,377	9,805
Charges for services	4,577,346	4,669,984	5,430,239	760,255
Use of money and property	934,499	1,006,499	892,949	(113,550)
Miscellaneous	982,081	1,007,055	1,226,929	219,874
<b>Total revenues</b>	<b>58,648,771</b>	<b>60,080,470</b>	<b>61,298,666</b>	<b>1,218,196</b>
<b>Expenditures:</b>				
Public safety and legal services	14,775,624	15,393,936	14,915,737	478,199
Physical health and social services	9,748,801	9,853,726	9,325,786	527,940
Mental health	17,972,710	18,642,710	19,720,045	(1,077,335)
County environment and education	2,429,617	2,587,093	2,381,472	205,621
Roads and transportation	4,284,928	4,866,707	4,387,687	479,020
Governmental services to residents	1,453,652	1,614,552	1,512,553	101,999
Administration	5,134,416	5,237,112	4,541,497	695,615
Debt service	2,836,697	2,837,097	2,819,919	17,178
Capital projects	857,537	4,185,281	1,667,820	2,517,461
<b>Total expenditures</b>	<b>59,493,982</b>	<b>65,218,214</b>	<b>61,272,516</b>	<b>3,945,698</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(845,211)</b>	<b>(5,137,744)</b>	<b>26,150</b>	<b>5,163,894</b>
Other financing sources, net	-	315,700	336,818	21,118
<b>Net change in fund balances</b>	<b>\$ (845,211)</b>	<b>\$ (4,822,044)</b>	<b>\$ 362,968</b>	<b>\$ 5,185,012</b>

See Note to Required Supplementary Information.

## **Black Hawk County**

### **Note to Required Supplementary Information**

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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 \$5,724,232. The amendments were primarily due to changes in capital projects.

During the year ended June 30, 2005, expenditures exceeded the amount budgeted in the mental health function.

Black Hawk County, Iowa

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2005

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
<b>Assets</b>			
Cash and investments	\$ 122,048	\$ 12,482	\$ 34,729
Receivables:			
Accounts	-	10	-
Accrued interest	54	5	22
Due from other funds	-	5,675	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 122,102</b>	<b>\$ 18,172</b>	<b>\$ 34,751</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,652	\$ 454	\$ -
Due to other funds	-	-	5,675
Due to other governments	-	-	-
<b>Total liabilities</b>	<b>1,652</b>	<b>454</b>	<b>5,675</b>
<b>Fund Balances</b> , unreserved, undesignated, special revenue funds	120,450	17,718	29,076
<b>Total liabilities and fund equity</b>	<b>\$ 122,102</b>	<b>\$ 18,172</b>	<b>\$ 34,751</b>

Special Revenue

Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
\$ 2,582	\$ 71,834	\$ 26,727	\$ 10,715	\$ 503,211	\$ 784,328
-	11,711	-	-	-	11,721
-	-	-	-	-	81
-	-	-	-	-	5,675
-	-	-	-	2,892	2,892
<u>\$ 2,582</u>	<u>\$ 83,545</u>	<u>\$ 26,727</u>	<u>\$ 10,715</u>	<u>\$ 506,103</u>	<u>\$ 804,697</u>
\$ -	\$ 128	\$ -	\$ -	\$ -	\$ 2,234
-	-	-	-	-	5,675
-	1,647	-	-	-	1,647
-	1,775	-	-	-	9,556
2,582	81,770	26,727	10,715	506,103	795,141
<u>\$ 2,582</u>	<u>\$ 83,545</u>	<u>\$ 26,727</u>	<u>\$ 10,715</u>	<u>\$ 506,103</u>	<u>\$ 804,697</u>

Black Hawk County, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2005

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Intergovernmental	\$ 97,050	\$ -	\$ -
Charges for service	-	30,380	14,196
Use of money and property	487	102	153
Miscellaneous, primarily contributions	-	-	-
<b>Total revenues</b>	<b>97,537</b>	<b>30,482</b>	<b>14,349</b>
Expenditures:			
Current:			
Public safety and legal services	-	-	-
County environment and education	112,385	-	-
Governmental services to residents	-	117,170	7,994
<b>Total expenditures</b>	<b>112,385</b>	<b>117,170</b>	<b>7,994</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(14,848)</b>	<b>(86,688)</b>	<b>6,355</b>
Other financing (uses), transfers out	-	-	-
<b>Net change in fund balances</b>	<b>(14,848)</b>	<b>(86,688)</b>	<b>6,355</b>
Fund balances, beginning of year	135,298	104,406	22,721
Fund balances, end of year	\$ 120,450	\$ 17,718	\$ 29,076

Special Revenue

Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
\$ -	\$ -	\$ -	\$ -	\$ 68,591	\$ 165,641
-	-	-	-	37,306	81,882
-	134,473	-	-	19,980	155,195
-	-	-	-	228,602	228,602
-	134,473	-	-	354,479	631,320
-	99,480	-	-	-	99,480
-	-	207	60	134,776	247,428
-	-	-	-	-	125,164
-	99,480	207	60	134,776	472,072
-	34,993	(207)	(60)	219,703	159,248
-	-	-	-	(11,015)	(11,015)
-	34,993	(207)	(60)	208,688	148,233
2,582	46,777	26,934	10,775	297,415	646,908
\$ 2,582	\$ 81,770	\$ 26,727	\$ 10,715	\$ 506,103	\$ 795,141

Black Hawk County, Iowa

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2005

	Health Insurance	Self-Insurance	Office Equipment	Total
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 723,874	\$ 171,208	\$ 34,636	\$ 929,718
Receivables:				
Accounts	41,514	-	-	41,514
Accrued interest	482	107	23	612
<b>Total assets</b>	<b>\$ 765,870</b>	<b>\$ 171,315</b>	<b>\$ 34,659</b>	<b>\$ 971,844</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 53,381	\$ 7,135	\$ 869	\$ 61,385
Claims payable	550,353	197,665	-	748,018
<b>Total liabilities</b>	<b>603,734</b>	<b>204,800</b>	<b>869</b>	<b>809,403</b>
<b>Net Assets, unrestricted</b>	<b>162,136</b>	<b>(33,485)</b>	<b>33,790</b>	<b>162,441</b>
<b>Total liabilities and net assets</b>	<b>\$ 765,870</b>	<b>\$ 171,315</b>	<b>\$ 34,659</b>	<b>\$ 971,844</b>

Black Hawk County, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets  
 Internal Service Funds  
 Year Ended June 30, 2005

	Health Insurance	Self-Insurance	Office Equipment	Central Purchasing	Total
Operating revenues, charges for services	\$ 5,038,788	\$ 17,610	\$ 50,000	\$ 32,400	\$ 5,138,798
Operating expenses, costs of sales and services	4,924,318	301,355	33,492	-	5,259,165
<b>Operating income (loss)</b>	114,470	(283,745)	16,508	32,400	(120,367)
Nonoperating revenues, interest income	3,722	824	83	-	4,629
<b>Change in net assets</b>	118,192	(282,921)	16,591	32,400	(115,738)
Net assets, beginning of year	43,944	249,436	17,199	(32,400)	278,179
Net assets, end of year	\$ 162,136	\$ (33,485)	\$ 33,790	\$ -	\$ 162,441

Black Hawk County, Iowa

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2005

	Health Insurance	Self-Insurance	Office Equipment	Central Purchasing	Total
Cash Flows From Operating Activities:					
Cash received from customers and users	\$ 5,001,476	\$ 142,610	\$ 50,000	\$ 32,400	\$ 5,226,486
Cash paid for claims and administrative provider	(4,984,257)	(97,495)	-	-	(5,081,752)
Cash paid to suppliers for services	-	-	(33,912)	(32,400)	(66,312)
<b>Net cash provided by operating activities</b>	<b>17,219</b>	<b>45,115</b>	<b>16,088</b>	<b>-</b>	<b>78,422</b>
Cash Flows From Investing Activities, interest on investments					
	3,423	748	65	-	4,236
<b>Net increase in cash and cash equivalents</b>	<b>20,642</b>	<b>45,863</b>	<b>16,153</b>	<b>-</b>	<b>82,658</b>
Cash and Cash Equivalents, beginning of year	703,232	125,345	18,483	-	847,060
Cash and Cash Equivalents, end of year	<u>\$ 723,874</u>	<u>\$ 171,208</u>	<u>\$ 34,636</u>	<u>\$ -</u>	<u>\$ 929,718</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 114,470	\$ (283,745)	\$ 16,508	\$ 32,400	\$ (120,367)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(37,312)	125,000	-	-	87,688
Increase (decrease) in accounts payable	(59,939)	203,860	(420)	(32,400)	111,101
<b>Net cash provided by operating activities</b>	<b>\$ 17,219</b>	<b>\$ 45,115</b>	<b>\$ 16,088</b>	<b>\$ -</b>	<b>\$ 78,422</b>

Black Hawk County, Iowa

**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**Year Ended June 30, 2005**

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
<b>County Offices Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 513,277	\$ 718,135	\$ 513,277	\$ 718,135
Receivables, property taxes and other	770	125	770	125
<b>Total assets</b>	<b>\$ 514,047</b>	<b>\$ 718,260</b>	<b>\$ 514,047</b>	<b>\$ 718,260</b>
<b>Liabilities</b>				
Trust payable	\$ 433,882	\$ 594,174	\$ 433,882	\$ 594,174
Due to other governmental agencies	80,165	124,086	80,165	124,086
<b>Total liabilities</b>	<b>\$ 514,047</b>	<b>\$ 718,260</b>	<b>\$ 514,047</b>	<b>\$ 718,260</b>
<b>Agricultural Extension Education Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 1,647	\$ 149,782	\$ 149,637	\$ 1,792
Receivables, property taxes and other	143,996	145,245	143,996	145,245
<b>Total assets</b>	<b>\$ 145,643</b>	<b>\$ 295,027</b>	<b>\$ 293,633</b>	<b>\$ 147,037</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 145,643</b>	<b>\$ 151,031</b>	<b>\$ 149,637</b>	<b>\$ 147,037</b>
<b>County Assessor Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 885,246	\$ 1,142,691	\$ 1,024,176	\$ 1,003,761
Receivables, property taxes and other	1,085,841	1,044,208	1,085,841	1,044,208
<b>Total assets</b>	<b>\$ 1,971,087</b>	<b>\$ 2,186,899</b>	<b>\$ 2,110,017</b>	<b>\$ 2,047,969</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 62,720	\$ 60,625	\$ 62,720	\$ 60,625
Due to other government agencies	1,908,367	1,987,344	1,908,367	1,987,344
<b>Total liabilities</b>	<b>\$ 1,971,087</b>	<b>\$ 2,047,969</b>	<b>\$ 1,971,087</b>	<b>\$ 2,047,969</b>
<b>Schools Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 534,405	\$ 50,623,040	\$ 50,540,233	\$ 617,212
Receivables, property taxes and other	48,670,106	50,181,167	48,670,106	50,181,167
<b>Total assets</b>	<b>\$ 49,204,511</b>	<b>\$ 100,804,207</b>	<b>\$ 99,210,339</b>	<b>\$ 50,798,379</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 49,204,511</b>	<b>\$ 52,134,101</b>	<b>\$ 50,540,233</b>	<b>\$ 50,798,379</b>

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2005

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
<b>Community College Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 26,678	\$ 3,526,211	\$ 3,510,545	\$ 42,344
Receivables, property taxes	3,386,683	3,683,446	3,386,683	3,683,446
<b>Total assets</b>	<b>\$ 3,413,361</b>	<b>\$ 7,209,657</b>	<b>\$ 6,897,228</b>	<b>\$ 3,725,790</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 3,413,361</b>	<b>\$ 3,822,974</b>	<b>\$ 3,510,545</b>	<b>\$ 3,725,790</b>
<b>Corporations Taxing District Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 536,390	\$ 55,289,288	\$ 55,146,877	\$ 678,801
Receivables, property taxes and other	53,372,567	55,262,988	53,372,567	55,262,988
<b>Total assets</b>	<b>\$ 53,908,957</b>	<b>\$ 110,552,276</b>	<b>\$ 108,519,444</b>	<b>\$ 55,941,789</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 53,908,957</b>	<b>\$ 57,179,709</b>	<b>\$ 55,146,877</b>	<b>\$ 55,941,789</b>
<b>City Special Assessments Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 23,759	\$ 12,975	\$ 23,759	\$ 12,975
Receivables, property taxes and other	307,186	389,269	307,186	389,269
<b>Total assets</b>	<b>\$ 330,945</b>	<b>\$ 402,244</b>	<b>\$ 330,945</b>	<b>\$ 402,244</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 330,945</b>	<b>\$ 402,244</b>	<b>\$ 330,945</b>	<b>\$ 402,244</b>
<b>Auto License and Use Tax Fund</b>				
<b>Assets</b>				
Cash and investments	\$ 2,032,703	\$ 24,530,432	\$ 24,528,860	\$ 2,034,275
Receivables, property taxes and other	-	116,089	-	116,089
<b>Total assets</b>	<b>\$ 2,032,703</b>	<b>\$ 24,646,521</b>	<b>\$ 24,528,860</b>	<b>\$ 2,150,364</b>
<b>Liabilities, due to other governmental agencies</b>	<b>\$ 2,032,703</b>	<b>\$ 24,646,521</b>	<b>\$ 24,528,860</b>	<b>\$ 2,150,364</b>

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2005

Other Funds	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
<b>Assets</b>				
Cash and investments	\$ 955,400	\$ 1,245,561	\$ 955,400	\$ 1,245,561
Receivables, property taxes and other	449,086	163,340	449,086	163,340
<b>Total assets</b>	<b>\$ 1,404,486</b>	<b>\$ 1,408,901</b>	<b>\$ 1,404,486</b>	<b>\$ 1,408,901</b>
<b>Liabilities</b>				
Trust payable	\$ 311,928	\$ 389,269	\$ 311,928	\$ 389,269
Accounts payable and accrued liabilities	65,864	71,366	65,864	71,366
Due to other governmental agencies	1,026,694	948,266	1,026,694	948,266
<b>Total liabilities</b>	<b>\$ 1,404,486</b>	<b>\$ 1,408,901</b>	<b>\$ 1,404,486</b>	<b>\$ 1,408,901</b>
<b>Total</b>				
<b>Assets</b>				
Cash and investments	\$ 5,509,505	\$ 137,238,115	\$ 136,392,764	\$ 6,354,856
Receivables, property taxes and other	107,416,235	110,985,877	107,416,235	110,985,877
<b>Total assets</b>	<b>\$ 112,925,740</b>	<b>\$ 248,223,992</b>	<b>\$ 243,808,999</b>	<b>\$ 117,340,733</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 128,584	\$ 131,991	\$ 128,584	\$ 131,991
Due to other governmental agencies	112,051,346	141,396,276	137,222,323	116,225,299
Trusts payable	745,810	983,443	745,810	983,443
<b>Total liabilities</b>	<b>\$ 112,925,740</b>	<b>\$ 142,511,710</b>	<b>\$ 138,096,717</b>	<b>\$ 117,340,733</b>

Black Hawk County, Iowa

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

	Fiscal Year		
	2003	2004	2005
Governmental activities:			
Invested in capital assets, net of related debt	\$ 32,483,621	\$ 35,228,458	\$ 37,693,275
Restricted	12,221,319	9,612,277	1,798,441
Unrestricted	(739,318)	(162,376)	9,368,982
<b>Total governmental activities net assets</b>	<b>\$ 43,965,622</b>	<b>\$ 44,678,359</b>	<b>\$ 48,860,698</b>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 2,714,369	\$ 2,583,887	\$ 2,522,274
Restricted	-	-	-
Unrestricted	323,911	441,743	413,494
<b>Total business-type activities net assets</b>	<b>\$ 3,038,280</b>	<b>\$ 3,025,630</b>	<b>\$ 2,935,768</b>
Primary government:			
Invested in capital assets, net of related debt	\$ 35,197,990	\$ 37,812,345	\$ 40,215,549
Restricted	12,221,319	9,612,277	1,798,441
Unrestricted	(415,407)	279,367	9,782,476
<b>Total primary government net assets</b>	<b>\$ 47,003,902</b>	<b>\$ 47,703,989</b>	<b>\$ 51,796,466</b>

\* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records.

Black Hawk County, Iowa

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

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental activities:			
Public safety and legal services	\$ 14,701,804	\$ 15,086,366	\$ 14,902,387
Physical health and social services	9,815,672	9,612,529	9,340,367
Mental health	18,136,480	19,056,283	19,594,365
County environment and education	2,113,189	3,236,159	2,253,945
Roads and transportation	4,838,006	5,006,474	4,172,656
Governmental services to residents	1,487,293	1,402,273	1,459,390
Administration	5,210,707	5,033,561	4,764,053
Nonprogram	285,192	343,994	-
Interest on long-term debt	608,305	506,881	448,283
<b>Total governmental activities expenses</b>	<b>57,196,648</b>	<b>59,284,520</b>	<b>56,935,446</b>
Business-type activities:			
Rural sewer	223,164	229,922	237,628
Rural water	109,192	143,930	84,261
<b>Total business-type activities expenses</b>	<b>332,356</b>	<b>373,852</b>	<b>321,889</b>
<b>Total government expenses</b>	<b>\$ 57,529,004</b>	<b>\$ 59,658,372</b>	<b>\$ 57,257,335</b>
Program Revenues:			
Governmental activities:			
Charges for services:			
Public safety and legal services	\$ 1,007,559	\$ 1,280,802	\$ 713,135
Physical health and social services	2,196,194	3,420,811	1,178,374
Mental health	7,597,191	6,324,842	1,404,823
County environment and education	425,747	550,967	424,511
Roads and transportation	48,954	201,955	4,096
Governmental services to residents	1,917,368	1,915,475	1,786,679
Administration	1,334,891	756,928	721,527
Nonprogram	323,150	340,916	-
Interest on long-term debt	-	-	-
Operating grants and contributions	13,781,743	15,022,972	22,089,424
Capital grants and contributions	3,363,223	1,889,661	1,914,812
<b>Total governmental activities program revenues</b>	<b>31,996,020</b>	<b>31,705,329</b>	<b>30,237,381</b>
Business-Type Activities:			
Charges for services:			
Rural sewer	160,827	161,924	141,156
Rural water	116,586	98,438	88,742
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
<b>Total business-type activities program revenues</b>	<b>277,413</b>	<b>260,362</b>	<b>229,898</b>
<b>Total government program revenues</b>	<b>\$ 32,273,433</b>	<b>\$ 31,965,691</b>	<b>\$ 30,467,279</b>

(Continued)

Black Hawk County, Iowa

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

	Fiscal Year		
	2003	2004	2005
Net (Expense)/Revenue:			
Governmental activities	\$ (25,626,983)	\$ (27,931,804)	\$ (26,698,065)
Business-type activities	(54,943)	(113,490)	(91,991)
<b>Total government net expense</b>	<b>\$ (25,681,926)</b>	<b>\$ (28,045,294)</b>	<b>\$ (26,790,056)</b>
General Revenues and Other Changes in Net Assets:			
Governmental activities:			
Taxes:			
General purposes	\$ 23,363,148	\$ 24,184,410	\$ 24,159,740
Local option sales tax	2,177,355	2,333,081	2,411,109
Other taxes	-	-	1,033,350
State tax replacement credits	1,755,456	1,212,641	1,151,699
Unrestricted grants and contributions	-	38,850	-
Investment earnings	714,133	467,567	681,081
Gain on disposal of capital assets	2,867	16,443	-
Miscellaneous	80,467	38,936	1,443,425
<b>Total governmental activities</b>	<b>28,093,426</b>	<b>28,291,928</b>	<b>30,880,404</b>
Business-Type Activities:			
Unrestricted grants and contributions	-	95,000	-
Investment earnings	3,872	5,840	2,129
Gain on disposal of capital assets	-	-	-
Miscellaneous	3,775	-	-
<b>Total business-type activities</b>	<b>7,647</b>	<b>100,840</b>	<b>2,129</b>
<b>Total government</b>	<b>\$ 28,101,073</b>	<b>\$ 28,392,768</b>	<b>\$ 30,882,533</b>
Change in Net Assets:			
Governmental activities	\$ 2,892,798	\$ 712,737	\$ 4,182,339
Business-type activities	(47,296)	(12,650)	(89,862)
<b>Total primary government</b>	<b>\$ 2,845,502</b>	<b>\$ 700,087</b>	<b>\$ 4,092,477</b>

\* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records.

Black Hawk County, Iowa

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

	Fiscal Year			
	1996	1997	1998	1999*
General Fund:				
Reserved:				
Supplemental levy purposes	\$ 3,921,916	\$ 3,251,077	\$ 3,231,479	\$ 3,564,528
Prepays, inventory and other	969,961	750,739	1,949,608	1,921,837
Unreserved:				
Designated	-	-	-	1,188,192
Undesignated	4,205,076	6,026,762	3,490,678	2,290,390
<b>Total general fund</b>	<b>\$ 9,096,953</b>	<b>\$ 10,028,578</b>	<b>\$ 8,671,765</b>	<b>\$ 8,964,947</b>
All Other Governmental Funds:				
Reserved for:				
Debt service	\$ 13,053,044	\$ 10,574,174	\$ 10,650,865	\$ 10,691,573
Prepays, inventory & other	1,125	11,098	11,601	295,950
Unreserved:				
Designated	-	-	-	-
Undesignated, reported in:				
Special revenue funds	1,809,848	4,436,366	5,601,027	6,836,319
Capital Projects Fund	1,319,758	692,672	2,276,237	1,299,409
<b>Total all other governmental funds</b>	<b>\$ 16,183,775</b>	<b>\$ 15,714,310</b>	<b>\$ 18,539,730</b>	<b>\$ 19,123,251</b>

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

Source: County records.

		Fiscal Year									
		2000	2001	2002	2003	2004	2005				
\$	3,167,637	\$	2,625,905	\$	2,584,873	\$	1,642,371	\$	1,475,833	\$	1,798,441
	819,306		814,508		845,630		201,391		34,481		5,132
	1,188,191		1,188,191		1,124,166		1,124,166		918,057		935,593
	1,259,049		1,359,499		232,283		1,398,102		1,834,385		2,609,114
\$	6,434,183	\$	5,988,103	\$	4,786,952	\$	4,366,030	\$	4,262,756	\$	5,348,280
\$	927,175	\$	944,865	\$	766,550	\$	787,454	\$	684,890	\$	469,637
	367,789		321,487		341,475		1,125		419		400,325
	-		-		-		-		-		-
	7,232,361		6,667,851		7,242,782		6,884,985		6,595,798		6,415,129
	1,794,914		1,090,613		587,467		1,731,486		963,285		236,745
\$	10,322,239	\$	9,024,816	\$	8,938,274	\$	9,405,050	\$	8,244,392	\$	7,521,836

Black Hawk County, Iowa

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1996	1997	1998	1999*
<b>Revenues:</b>				
Property and other County tax	\$ 22,241,303	\$ 22,210,688	\$ 22,046,271	\$ 21,756,943
Interest and penalty on property tax	256,493	207,044	263,204	313,191
Intergovernmental	20,710,537	22,526,153	22,488,396	22,891,001
Licenses and permits	210,704	220,186	229,036	280,200
Charges for service	3,554,455	4,110,315	4,456,497	4,403,268
Use of money and property	1,860,785	1,963,164	2,090,695	2,142,338
Fines, forfeits and defaults	-	-	-	-
Miscellaneous	2,812,858	694,379	996,709	852,294
<b>Total revenues</b>	<b>51,647,135</b>	<b>51,931,929</b>	<b>52,570,808</b>	<b>52,639,235</b>
<b>Expenditures:</b>				
Public safety and legal services	9,448,562	10,252,204	10,745,804	11,416,608
Physical health and social services	7,539,950	8,640,760	9,341,036	9,667,168
Mental health	16,370,469	14,470,655	14,916,949	15,198,656
County environment and education	1,417,874	1,293,464	1,792,342	1,571,105
Roads and transportation	3,211,376	3,165,252	3,452,522	3,697,702
Governmental services to residents	1,053,102	1,181,860	1,159,222	1,275,602
Administration	6,532,834	5,220,708	6,219,550	4,474,341
<b>Debt service:</b>				
Interest	2,024,477	2,080,894	1,835,840	1,754,826
Principal	1,072,617	3,864,144	1,426,572	1,364,690
Capital Projects	5,543,269	1,323,763	1,438,662	1,655,245
<b>Total expenditures</b>	<b>54,214,530</b>	<b>51,493,704</b>	<b>52,328,499</b>	<b>52,075,943</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(2,567,395)</b>	<b>438,225</b>	<b>242,309</b>	<b>563,292</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from the sale of capital assets	21,323	49,827	26,926	56,833
Transfers in	427,280	2,119,817	4,399,705	1,920,065
Transfers out	(427,280)	(2,119,817)	(4,399,705)	(1,920,065)
Deferred payment contract	-	-	-	-
Repayments of advances from other funds	-	-	-	-
General obligation bonds and notes issued	5,630,000	-	-	-
Discount on general obligation bonds and notes	(55,170)	-	-	-
Capital lease	-	-	-	-
Capital lease purchase refunding	2,815,000	-	-	-
<b>Total other financing sources (uses)</b>	<b>8,411,153</b>	<b>49,827</b>	<b>26,926</b>	<b>56,833</b>
<b>Net change in fund balances</b>	<b>\$ 5,843,758</b>	<b>\$ 488,052</b>	<b>\$ 269,235</b>	<b>\$ 620,125</b>
Debt service as % of noncapital expenditures	6.36%	11.85%	6.41%	6.19%

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

Source: County records.

		Fiscal Year									
		2000	2001	2002	2003	2004	2005				
\$	21,535,321	\$	22,848,198	\$	24,419,228	\$	25,555,766	\$	26,515,030	\$	27,604,199
	249,076		305,557		337,709		339,343		311,147		322,842
	24,440,095		23,710,890		24,215,608		24,073,274		23,937,462		25,455,131
	333,573		312,803		344,623		342,815		355,781		366,377
	3,623,166		3,930,837		4,288,126		4,624,478		4,843,972		5,430,239
	2,335,800		1,561,485		1,025,169		905,556		774,126		892,949
	174,722		204,715		273,914		-		-		-
	1,352,154		825,347		776,112		1,126,149		1,103,945		1,226,929
	54,043,907		53,699,832		55,680,489		56,967,381		57,841,463		61,298,666
	12,278,021		12,744,201		13,759,118		14,250,874		14,477,334		14,915,737
	10,244,458		9,175,627		9,964,422		9,742,599		9,430,765		9,325,786
	16,204,385		17,855,463		17,645,336		18,218,133		18,883,439		19,720,045
	1,875,236		1,869,824		1,932,905		1,979,881		1,890,308		2,381,472
	4,431,820		3,843,090		4,069,017		3,937,977		3,757,121		4,387,687
	1,263,535		1,313,347		1,436,204		1,493,129		1,383,953		1,512,553
	5,139,958		4,696,934		4,830,170		5,028,006		4,914,851		4,541,497
	1,675,494		939,961		873,914		615,149		493,750		449,919
	11,163,534		1,663,147		10,508,569		3,084,847		2,427,027		2,370,000
	2,257,166		1,450,891		971,109		1,308,079		4,214,097		1,667,820
	66,533,607		55,552,485		65,990,764		59,658,674		61,872,645		61,272,516
	(12,489,700)		(1,852,653)		(10,310,275)		(2,691,293)		(4,031,182)		26,150
	110,766		16,351		5,577		307		1,470		3,818
	2,511,966		1,919,943		2,110,341		1,838,002		1,807,392		1,635,204
	(2,511,966)		(1,919,943)		(2,110,341)		(1,838,002)		(1,807,392)		(1,635,204)
	-		145,000		-		-		-		-
	-		-		-		600,005		-		-
	997,000		-		8,775,068		2,665,000		3,035,000		-
	-		-		-		(13,653)		(17,810)		-
	-		-		-		-		-		333,000
	-		-		-		-		(524,853)		-
	1,107,766		161,351		8,780,645		3,251,659		2,493,807		336,818
\$	(11,381,934)	\$	(1,691,302)	\$	(1,529,630)	\$	560,366	\$	(1,537,375)	\$	362,968
	19.97%		4.81%		17.51%		6.34%		5.07%		4.73%

Black Hawk County, Iowa

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

Function / Program	Fiscal Year		
	2003	2004	2005
<b>Governmental activities:</b>			
Public safety and legal services	\$ 3,251,994	\$ 3,526,059	\$ 3,215,931
Physical health and social services	4,062,996	5,748,433	4,980,027
Mental health	13,585,874	12,686,421	13,204,719
County environment and education	731,487	826,226	725,917
Roads and transportation	6,317,988	4,838,983	5,063,526
Governmental services to residents	1,917,368	1,937,386	1,829,095
Administration	1,720,139	1,494,806	1,218,166
Nonprogram	323,150	340,916	-
Interest on long-term debt	85,024	306,099	-
<b>Total governmental activities</b>	<b>31,996,020</b>	<b>31,705,329</b>	<b>30,237,381</b>
<b>Business-type activities:</b>			
Rural sewer	160,827	161,924	141,156
Rural water	116,586	98,438	88,742
<b>Total business-type activities</b>	<b>277,413</b>	<b>260,362</b>	<b>229,898</b>
<b>Total government</b>	<b>\$ 32,273,433</b>	<b>\$ 31,965,691</b>	<b>\$ 30,467,279</b>

\* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records.

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
1996	\$ 20,518,008	\$ 1,683,591	\$ -	\$ 39,704	\$ 22,241,303
1997	19,929,100	2,250,074	-	31,514	22,210,688
1998	19,919,697	2,111,767	-	14,807	22,046,271
1999	19,542,430	2,128,049	-	86,464	21,756,943
2000	19,450,266	1,999,899	-	85,156	21,535,321
2001	19,790,822	2,098,833	870,154	88,389	22,848,198
2002	21,291,219	2,127,468	911,011	89,530	24,419,228
2003	22,393,437	2,177,356	896,232	88,741	25,555,766
2004	23,113,925	2,333,080	976,088	91,937	26,515,030
<b>2005</b>	<b>24,159,740</b>	<b>2,411,109</b>	<b>921,881</b>	<b>111,469</b>	<b>27,604,199</b>
Change 1996-2005	17.75%	43.21%	5.94%	64.38%	19.47%

Source: County records.

**Black Hawk County, Iowa**

**Assessed Value and Actual Value of Taxable Property**

**Last Ten Fiscal Years**

*(in thousands of dollars)*

**(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
1996	\$ 1,356,766	\$ 545,439	\$ 103,803	\$ 220,664	\$ 68,900	\$ 312,917	\$ 18,875	\$ 2,589,614	8.29%
1997	1,208,877	543,904	98,655	209,727	47,951	334,179	18,482	2,424,811	8.59
1998	1,231,050	593,202	121,536	210,307	32,801	325,449	17,956	2,496,389	8.23
1999	1,350,478	657,750	132,415	244,683	60,006	322,355	17,630	2,750,057	7.41
2000	1,410,306	693,755	129,556	255,289	68,475	292,956	17,272	2,833,065	7.49
2001	1,545,983	831,371	110,018	267,553	102,928	260,211	16,828	3,101,236	7.32
2002	1,608,852	838,093	116,175	277,854	116,981	241,647	16,601	3,183,001	7.69
2003	1,771,183	828,732	116,518	292,674	125,561	220,161	16,607	3,338,222	7.62
2004	1,788,705	870,636	119,968	295,557	146,650	199,469	16,054	3,404,931	7.75
<b>2005</b>	<b>1,933,806</b>	<b>1,009,717</b>	<b>117,602</b>	<b>233,745</b>	<b>202,216</b>	<b>195,247</b>	<b>15,259</b>	<b>3,677,074</b>	<b>7.84</b>

**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  
(in thousands of dollars)  
(Unaudited)**

Taxpayer	1996			1997		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
MidAmerican Energy	\$ 131,177	1	5.20%	\$ 117,246	2	4.93%
Deere and Company	128,614	2	5.10	127,606	1	5.37
Iowa Beef Pack Inc.	24,517	4	0.97	28,419	4	1.20
Northern Natural Gas Co.	12,118	7	0.48	11,633	7	0.49
Equitable Life Assurance Soc.	22,903	5	0.91	22,281	5	0.94
U. S. West, Inc.	34,056	3	1.35	30,102	3	1.27
Tristate Joint Venture	21,993	6	0.87	21,396	6	0.90
Viking Pump, Inc.	8,546	9	0.34	8,779	8	0.37
Hy-Vee Food Stores, Inc.	8,402	10	0.33	8,174	9	0.34
National Bank of Waterloo	9,019	8	0.36	7,818	10	0.33
Gerald P. Schoenfelder	-	-	-	-	-	-
Target Corporation	-	-	-	-	-	-
College Square Mall Assoc, LLC	-	-	-	-	-	-
Qwest Corporation	-	-	-	-	-	-
Coyote Crossroads Mall, LLC	-	-	-	-	-	-
Hunt Wesson, Inc.	-	-	-	-	-	-
Berth Cabinet Mfg, Inc.	-	-	-	-	-	-
R and N Investment Prop, LLC	-	-	-	-	-	-
Nordyke, David M.	-	-	-	-	-	-
LXP I L P	-	-	-	-	-	-
Albert Trostel and Sons Co.	-	-	-	-	-	-
Friends of Faith Retirement Homes, Inc.	-	-	-	-	-	-
<b>Total</b>	<u>\$ 401,345</u>		<u>15.91%</u>	<u>\$ 383,454</u>		<u>16.14%</u>

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

(Continued)

1998			1999			2000		
Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
\$ 134,944	1	5.48%	\$ 150,161	1	5.58%	\$ 127,360	1	4.61%
122,664	2	4.98	112,292	2	4.17	100,748	2	3.64
28,933	4	1.17	28,765	4	1.07	28,824	4	1.04
13,140	7	0.53	14,171	7	0.54	12,225	7	0.44
23,452	5	0.95	25,108	5	0.93	23,871	6	0.86
30,681	3	1.25	32,512	3	1.21	35,499	3	1.28
22,489	6	0.91	-	-	-	-	-	-
8,706	9	0.35	8,256	10	0.31	7,833	10	0.28
8,402	10	0.34	9,080	8	0.34	9,326	9	0.34
-	-	-	-	-	-	-	-	-
9,037	8	0.37	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	24,189	6	0.90	24,933	5	0.90
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	8,719	9	0.32	9,533	8	0.34
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 402,448</u>		<u>16.33%</u>	<u>\$ 413,253</u>		<u>15.37%</u>	<u>\$ 380,152</u>		<u>13.73%</u>

Black Hawk County, Iowa

Principal Property Tax Payers (Continued)  
 Current Year and Nine Years Ago  
 (in thousands of dollars)  
 (Unaudited)

Taxpayer	2001			2002		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
MidAmerican Energy	\$ 119,718	1	3.99%	\$ 119,498	1	3.90%
Deere and Company	77,690	2	2.59	58,626	2	1.91
Iowa Beef Pack Inc.	25,666	6	0.86	23,259	6	0.76
Northern Natural Gas Co.	18,122	7	0.60	15,674	7	0.51
Equitable Life Assurance Soc.	27,587	5	0.92	27,929	5	0.91
U. S. West, Inc.	32,717	3	1.09	32,817	3	1.07
Tristate Joint Venture	-	-	-	-	-	-
Viking Pump, Inc.	-	-	-	-	-	-
Hy-Vee Food Stores, Inc.	-	-	-	-	-	-
National Bank of Waterloo	-	-	-	-	-	-
Gerald P. Schoenfelder	-	-	-	-	-	-
Target Corporation	-	-	-	-	-	-
College Square Mall Assoc, LLC	28,727	4	-	29,610	4	0.97
Qwest Corporation	-	-	-	-	-	-
Coyote Crossroads Mall, LLC	-	-	-	-	-	-
Hunt Wesson, Inc.	16,318	8	0.54	3,603	10	0.12
Berth Cabinet Mfg, Inc.	12,060	9	0.40	12,072	8	0.39
R and N Investment Prop, LLC	-	-	-	-	-	-
Nordyke, David M.	-	-	-	-	-	-
LXP I L P	4,119	10	0.14	5,689	9	0.19
Albert Trostel and Sons Co.	-	-	-	-	-	-
Friends of Faith Retirement Homes, Inc.	-	-	-	-	-	-
<b>Total</b>	<u>\$ 362,724</u>		<u>11.13%</u>	<u>\$ 328,777</u>		<u>10.73%</u>

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

2003			2004			2005		
Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
\$ 118,642	1	3.69%	\$ 119,682	1	3.67%	\$ 117,414	1	3.38%
39,698	2	1.24	27,331	4	0.84	27,643	5	0.80
20,711	6	0.64	18,898	6	0.58	19,245	7	0.55
16,150	7	0.50	16,074	7	0.49	15,036	9	0.43
25,205	5	0.78	25,780	5	0.79	-	-	-
35,872	3	1.12	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	12,342	8	0.38	23,640	6	0.68
28,685	4	0.89	29,994	3	0.92	35,743	2	1.03
-	-	-	39,384	2	1.21	33,322	3	0.96
-	-	-	-	-	-	33,315	4	0.96
3,603	10	0.11	3,603	10	0.11	3,603	10	0.10
11,814	8	0.37	12,018	9	0.37	-	-	-
8,919	9	0.28	-	-	-	-	-	-
-	-	-	-	-	-	15,324	8	0.44
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 309,299</u>		<u>9.62%</u>	<u>\$ 305,106</u>		<u>9.36%</u>	<u>\$ 324,285</u>		<u>9.33%</u>

**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
1996	\$ 93,649,628	\$ 93,500,347	99.84%	\$ 75,641	\$ 93,575,988	99.92%
1997	87,841,124	87,476,742	99.59	42,036	87,518,778	99.63
1998	90,884,864	90,485,643	99.56	225,069	90,710,712	99.81
1999	95,306,200	94,858,680	99.53	58,863	94,917,543	99.59
2000	94,861,116	94,614,112	99.74	321,108	94,935,220	100.08
2001	102,143,060	101,421,377	99.29	41,259	101,462,636	99.33
2002	109,302,507	108,892,858	99.63	140,831	109,033,689	99.75
2003	116,820,205	116,641,520	99.85	298,647	116,940,167	100.10
2004	121,510,800	121,323,365	99.85	70,297	121,393,662	99.90
<b>2005</b>	<b>131,390,823</b>	<b>131,207,146</b>	<b>99.86</b>	<b>28,386</b>	<b>131,235,532</b>	<b>99.88</b>

Total tax collection solely for Black Hawk County, Iowa:

1996	\$ 20,449,760	2001	\$ 19,672,491
1997	19,861,346	2002	21,292,939
1998	19,854,418	2003	22,404,185
1999	19,488,829	2004	23,115,922
2000	19,501,777	<b>2005</b>	<b>23,998,146</b>

Source: Black Hawk County, Treasurer's Office

## Black Hawk County, Iowa

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

	Year Taxes are Payable			
	1996	1997	1998	1999
<b>County Direct Rates:</b>				
General Basic	3.50	3.50	3.50	3.50
General Supplemental	4.26	1.77	1.71	1.15
MH/DD Service	-	2.63	2.35	2.15
Debt Service	0.53	0.70	0.68	0.61
<b>Total Urban County Rate</b>	<b>8.29</b>	<b>8.60</b>	<b>8.24</b>	<b>7.41</b>
Rural Basic	2.51	2.68	2.60	1.94
<b>Total Rural County Rate</b>	<b>10.80</b>	<b>11.28</b>	<b>10.84</b>	<b>9.35</b>
<b>City and Town Rates:</b>				
Waterloo	18.58	18.55	18.50	16.98
Cedar Falls	13.58	14.87	14.91	14.49
Dunkerton	12.26	9.73	10.69	10.88
Elk Run Heights	8.10	8.10	8.10	7.90
Evansdale	9.89	9.33	9.32	8.58
Gilbertville	5.58	6.31	6.31	6.31
Hudson	7.60	7.53	7.63	7.63
Janesville	16.60	16.17	16.36	13.68
Jesup	-	-	-	-
LaPorte City	12.88	12.89	12.74	11.78
Raymond	8.52	8.69	8.10	7.80
<b>Township Rates:</b>				
Barclay	0.30	0.33	0.38	0.30
Bennington	0.51	0.53	0.52	0.53
Big Creek	0.50	0.55	0.55	0.54
Black Hawk	0.50	0.60	0.53	0.54
Cedar	0.41	0.43	0.40	0.34
Cedar Falls	0.64	0.65	0.64	0.56
Eagle	0.72	0.34	0.05	0.50
East Waterloo	-	0.37	0.14	0.24
Fox	0.30	0.34	0.32	0.27
Lester	0.54	0.68	0.67	0.65
Lincoln	0.58	0.64	0.57	0.57
Mt. Vernon	0.43	0.43	0.43	0.43
Osage	0.36	0.41	0.37	0.37
Poyner	0.41	0.48	0.44	0.41
Spring Creek	0.50	0.53	0.53	0.53
Union	0.59	0.64	0.63	0.64
Washington	0.49	0.53	0.53	0.47

(Continued)

Year Taxes are Payable					
2000	2001	2002	2003	2004	2005
3.50	3.50	3.50	3.50	3.50	3.50
1.31	1.35	1.82	1.71	1.88	1.75
2.09	1.93	1.89	1.80	1.77	1.66
0.59	0.54	0.48	0.61	0.59	0.58
7.49	7.32	7.69	7.62	7.74	7.49
-	-	-	-	-	0.34
7.49	7.32	7.69	7.62	7.74	7.83
16.50	16.49	17.80	18.37	18.91	18.79
14.59	14.12	14.10	13.65	14.40	13.65
10.66	11.98	11.58	11.17	11.59	11.37
7.90	7.00	7.00	6.50	6.40	6.40
8.54	7.39	7.05	7.31	7.26	7.50
6.30	8.10	8.10	8.10	8.10	9.77
7.63	7.63	7.63	7.63	7.63	9.73
14.43	13.46	13.10	12.78	12.59	13.06
13.68	13.72	12.62	12.31	12.74	12.42
11.51	11.51	11.95	11.85	12.12	12.09
7.80	6.80	6.79	6.42	6.42	6.70
0.30	0.38	0.42	0.41	0.65	0.66
0.51	0.53	0.51	0.61	0.56	0.58
0.55	0.45	0.47	0.62	0.59	0.67
0.54	0.58	0.56	0.06	0.57	0.54
0.38	0.40	0.38	0.50	0.55	0.58
0.54	0.50	0.58	0.57	0.58	0.58
0.49	0.42	0.48	0.46	0.52	0.52
0.23	-	-	-	-	-
0.59	0.59	0.47	0.42	0.41	0.60
0.65	0.61	0.66	0.65	0.64	0.69
0.58	0.54	0.57	0.55	0.54	0.56
0.43	0.43	0.42	0.39	0.42	0.41
0.40	0.33	0.38	0.36	0.39	0.39
0.49	0.47	0.51	0.55	0.61	0.63
0.41	0.55	0.56	0.60	0.64	0.71
0.64	0.64	0.26	0.89	0.67	0.64
0.45	0.40	0.38	0.40	0.42	0.41

**Black Hawk County, Iowa**

**Direct and Overlapping Property Tax Rates (Continued)**

**Last Ten Years**

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

**(Unaudited)**

	Year Taxes are Payable			
	1996	1997	1998	1999
School District Rates:				
Waterloo	15.67	15.03	15.41	15.40
Cedar Falls	14.65	14.21	14.54	14.24
Dunkerton	13.83	13.03	13.05	12.71
Elk Run Heights	15.67	15.03	15.41	15.40
Evansdale	15.67	15.03	15.41	15.40
Gilbertville	15.67	15.03	15.41	15.40
Hudson	15.43	15.91	16.43	16.52
Janesville	14.44	13.18	11.88	11.73
Jesup	-	-	-	-
LaPorte City	11.34	10.24	10.58	10.45
Raymond	15.67	15.03	15.41	15.40
Other:				
State	0.01	0.01	0.01	0.01
Hawkeye CC - Area VII	0.75	0.69	0.68	0.70
Kirkwood - Area X	0.59	0.59	0.60	0.57
Ag. Extension	0.06	0.06	0.06	0.06
Special Appraiser	-	0.21	0.30	0.24
Assessor	0.16	0.21	0.24	0.24

Source: Black Hawk County, Auditor's Office

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Year Taxes are Payable

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2000	2001	2002	2003	2004	2005
14.70	14.58	15.16	15.52	15.85	15.62
13.71	12.84	13.63	13.95	13.91	13.01
11.95	11.90	11.49	12.61	12.58	12.94
14.70	14.58	15.16	15.52	15.85	15.62
14.70	14.58	15.16	15.52	15.85	15.62
14.70	14.58	15.16	15.52	15.85	15.62
16.51	13.26	13.88	15.61	14.18	15.63
11.43	10.77	10.19	11.00	11.23	11.58
11.90	11.80	11.40	10.70	10.83	11.32
10.44	10.56	10.99	11.21	11.50	11.90
14.70	14.58	15.16	15.52	15.85	15.62
0.01	0.01	0.01	0.00	0.00	0.00
0.72	0.69	0.70	0.78	0.75	1.00
0.61	0.61	0.61	0.67	0.68	0.67
0.05	0.05	0.05	0.05	0.05	0.04
0.09	0.08	0.13	0.10	0.08	0.07
0.25	0.26	0.25	0.25	0.26	0.26

**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			
1996	\$ 23,450	\$ 7,710	\$ 2,707	\$ -	\$ 1,100	\$ 34,967	1.38%	\$ 275.47
1997	22,825	4,695	2,483	-	1,088	31,091	1.18	244.06
1998	22,160	4,170	2,247	-	1,039	29,616	1.05	232.69
1999	21,450	3,765	1,997	-	984	28,196	0.96	220.73
2000	11,970	3,345	1,733	-	2,171	19,219	0.66	150.40
2001	11,030	2,900	1,455	-	2,073	17,458	0.56	136.38
2002	10,090	2,440	1,162	-	1,969	15,661	0.48	122.85
2003	10,430	1,990	852	-	1,861	15,133	0.45	119.65
2004	11,505	1,850	-	732	1,064	15,151	0.44	120.31
<b>2005</b>	<b>9,725</b>	<b>1,260</b>	<b>333</b>	<b>650</b>	<b>1,025</b>	<b>12,993</b>	<b>0.35</b>	<b>103.06</b>

\* 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		
1996	\$ 23,450	\$ 23,450	0.93%	\$ 184.74
1997	22,825	22,825	0.96	179.17
1998	22,160	22,160	0.90	174.11
1999	21,450	21,450	0.80	167.92
2000	11,970	11,970	0.43	93.67
2001	11,030	11,030	0.37	86.16
2002	10,090	10,090	0.33	79.15
2003	10,430	10,430	0.32	82.46
2004	12,237	12,237	0.38	97.17
<b>2005</b>	<b>10,375</b>	<b>10,375</b>	<b>0.30</b>	<b>82.27</b>

\* 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, 2005**

*(dollars in thousands)*

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 11,318,000	100.00%	\$ 11,318,000
City debt:			
Cedar Falls	25,500,000	96.30	24,556,500
Dunkerton	775,000	100.00	775,000
Elk Run Heights	-	100.00	-
Evansdale	4,812,000	100.00	4,812,000
Gilbertville	970,000	100.00	970,000
Hudson	1,056,297	100.00	1,056,297
Janesville	220,448	21.78	48,014
Jesup	2,170,000	3.58	77,686
LaPorte City	1,140,000	100.00	1,140,000
Raymond	20,000	100.00	20,000
Waterloo	73,320,000	100.00	73,320,000
<b>Subtotal, City debt</b>			<b>106,775,497</b>
School district debt:			
Cedar Falls	-	100.00	-
Dunkerton	426,121	99.36	423,394
Hudson	3,925,000	100.00	3,925,000
Janesville	-	51.42	-
Jesup	4,655,000	28.25	1,315,038
Union (LaPorte City/Dysart)	3,728,000	41.07	1,531,090
Waterloo	-	100.00	-
Denver	3,198,108	21.88	699,746
Dike-New Hartford	690,000	5.04	34,776
Gladbrook-Reinbeck	850,000	7.46	63,410
Vinton-Shellsburg	15,625,000	0.05	7,813
Wapsie Valley	1,100,000	5.40	59,400
Waverly-Shellrock	1,540,000	0.13	2,002
<b>Subtotal, school district debt</b>			<b>8,061,669</b>
College, Hawkeye Community College	4,375,000	100.00	4,375,000
Total direct and overlapping debt:			<b>\$ 130,530,166</b>

**Source:** Cities and school districts within Black Hawk County

Black Hawk County, Iowa

Legal Debt Margin Information

As of June 30, 2005

(dollars in thousands)

(Unaudited)

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	1996	1997	1998	1999*
Debt limit	\$ 129,481	\$ 121,241	\$ 124,819	\$ 137,503
Total net debt applicable to limit	33,867	30,003	28,023	27,212
Legal debt margin	\$ 95,614	\$ 91,238	\$ 96,796	\$ 110,291
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	35.42%	32.88%	28.95%	24.67%

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

Source: County records.

Legal Debt Margin Calculation for Fiscal Year 2005

Assessed value	\$ 3,677,073,793
Debt limit (5% of assessed value)	<u>183,853,690</u>
Debt applicable to limit:	
General obligation bonds	10,375,000
General obligation capital loan notes	2,285,000
Capital leases	<u>333,000</u>
Total net applicable to limit	<u>12,993,000</u>
Legal debt margin	<u>\$ 170,860,690</u>

2000	2001	2002	2003	2004	2005
\$ 141,653	\$ 155,062	\$ 159,150	\$ 166,911	\$ 170,247	\$ 183,854
17,048	15,385	13,692	13,272	13,355	12,993
\$ 124,605	\$ 139,677	\$ 145,458	\$ 153,639	\$ 156,892	\$ 170,861
13.68%	11.01%	9.41%	8.64%	8.51%	7.60%

## Black Hawk County, Iowa

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

Year	Population <sup>1</sup>	Personal Income (000's) <sup>1</sup>	Per Capita Personal Income <sup>1</sup>	Farm Proprietors <sup>1</sup>	School Enrollment <sup>4</sup>	Unemployment Rate <sup>2</sup>
1995	126,936	\$ 2,536,638	\$ 19,984	1,100	18,317	4.5%
1996	127,392	2,628,180	20,631	1,058	18,104	4.5
1997	127,275	2,810,897	22,085	1,034	18,112	3.8
1998	127,743	2,931,455	22,948	1,040	17,419	3.5
1999	127,786	2,929,248	22,923	1,023	17,574	3.9
2000	128,012	3,117,883	24,375	1,015	17,337	2.9
2001	127,485	3,230,348	25,339	978	17,249	3.4
2002	126,481	3,398,054	26,866	979	17,354	4.0
2003	125,936	3,467,136	27,531	973	17,404	4.6
2004 <sup>3</sup>	126,078	3,741,796	29,678	970	17,437	5.0

<sup>1</sup> Source: Bureau of Economic Statistics, U.S. Dept of Commerce

<sup>2</sup> Source: Iowa Workforce

<sup>3</sup> Per capita figure calculated from 7.8% increase statewide. Personal income figure calculated using per capita x population. Farm proprietors calculated using .3% overall decreases in state of Iowa or 2004.

<sup>4</sup> Source: School districts in Black Hawk County

**Black Hawk County, Iowa**

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

Employer	1996			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
John Deere	6,300	1	9.17%	6,150	1	8.94%
IBP Inc. (Tyson)	2,200	2	3.20	2,200	2	3.20
Covenant Medical Center	2,000	3	2.91	2,100	3	3.05
University of Northern Iowa	1,450	4	2.11	1,800	4	2.62
Waterloo Public Schools	1,041	5	1.52	1,150	5	1.67
Allen Memorial Hospital	875	6	1.27	1,000	6	1.45
Hy-Vee	600	9	0.87	910	7	1.32
GMAC Mortgage	580	10	0.84	805	9	1.17
Bertch Cabinet Manufacturing Co.	-	-	-	900	8	1.31
Omega Cabinets	-	-	-	800	10	1.16
Wal-Mart Stores	-	-	-	-	-	-
APAC Teleservices	-	-	-	-	-	-
Area Education Agency VII	800	7	1.16	-	-	-
Viking Pump	750	8	1.09	-	-	-

Sources: Greater Cedar Valley Alliance, Iowa Workforce and Public Financial Management (Evenson Dodge)

(Continued)

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1998			1999			2000		
Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
6,000	1	8.66%	6,000	1	8.90%	6,000	1	8.68%
2,200	2	3.17	2,150	3	3.19	2,100	4	3.04
2,200	2	3.17	2,200	2	3.26	2,200	2	3.18
2,106	4	3.04	2,106	4	3.12	2,106	3	3.05
1,300	5	1.88	1,300	5	1.93	1,300	5	1.88
1,120	6	1.62	1,120	6	1.66	1,120	7	1.62
1,106	7	1.60	1,106	7	1.64	1,106	8	1.60
905	8	1.31	905	9	1.34	905	10	1.31
900	9	1.30	1,050	8	1.56	1,200	6	1.74
780	10	1.13	850	10	1.26	923	9	1.34
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

**Black Hawk County, Iowa**

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

Employer	2001			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
John Deere	4,748	1	6.81%	5,072	1	7.06%
IBP Inc. (Tyson)	2,300	3	3.30	2,230	3	3.11
Covenant Medical Center	2,854	2	4.09	2,479	2	3.45
University of Northern Iowa	2,134	4	3.06	2,094	4	2.92
Waterloo Public Schools	1,300	6	1.87	1,300	6	1.81
Allen Memorial Hospital	1,322	5	1.90	1,430	5	1.99
Hy-Vee	851	9	1.22	851	10	1.19
GMAC Mortgage	-	-	-	899	9	1.25
Bertch Cabinet Manufacturing Co.	1,200	7	1.72	1,262	7	1.76
Omega Cabinets	923	8	1.32	940	8	1.31
Wal-Mart Stores	-	-	-	-	-	-
APAC Teleservices	849	10	1.22	-	-	-
Area Education Agency VII	-	-	-	-	-	-
Viking Pump	-	-	-	-	-	-

**Sources:** Greater Cedar Valley Alliance, Iowa Workforce, and Public Financial Management (Evenson Dodge)

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2003			2004			2005		
Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
4,850	1	6.83%	4,625	1	6.52%	4,600	1	6.44%
2,150	3	3.03	2,000	4	2.82	2,250	3	3.15
2,750	2	3.87	3,005	2	4.24	3,000	2	4.20
2,140	4	3.01	2,173	3	3.06	1,769	4	2.48
1,550	5	2.18	1,800	5	2.54	1,436	7	2.01
1,510	6	2.13	1,605	6	2.26	1,714	5	2.40
905	10	1.27	982	9	1.39	894	9	1.25
911	9	1.28	922	10	1.30	-	-	-
1,370	7	1.93	1,478	7	2.08	1,500	6	2.10
1,050	8	1.48	1,155	8	1.63	1,260	8	1.76
-	-	-	-	-	-	757	10	1.06
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

**Black Hawk County, Iowa**

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

Function / Program	Fiscal Year			
	1996	1997	1998	1999
Public safety and legal services:				
Sheriff	160.00	143.50	141.50	141.60
Attorney	25.90	26.00	27.00	28.00
Consolidated comm ctr	-	23.20	27.00	27.60
District court administration	1.00	1.00	1.00	1.00
Child support recovery	16.00	12.50	12.50	12.50
Physical health and social services:				
Health department	81.73	83.80	96.04	106.21
Community services	9.00	9.00	9.00	9.00
Human services admin	3.25	3.00	3.00	3.00
Youth shelter	18.75	17.75	18.00	18.00
Veteran affairs	4.02	4.02	4.02	4.02
Mental health:				
Country View	229.00	213.00	206.50	212.50
C.P.C.	-	-	-	-
County environment and education, conservation				
	33.75	27.30	27.80	29.20
Roads and transportation, engineer	44.97	43.68	46.20	45.30
Governmental services to residents:				
Treasurer	14.00	14.00	14.00	15.00
Recorder	11.00	11.00	10.00	12.00
Auditor: elections	3.60	3.60	3.60	3.60
Administration:				
Board office	7.00	7.00	7.00	7.00
Auditor	18.00	18.00	18.00	18.00
Treasurer	13.00	13.00	14.00	14.00
Human resources	4.20	4.20	4.20	4.40
Information technology	10.00	9.00	9.00	10.00
Maintenance	24.80	24.29	23.80	23.80
Civil service	1.00	1.00	1.00	1.00
<b>Total</b>	<b>733.97</b>	<b>712.84</b>	<b>724.16</b>	<b>746.73</b>

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

**Source:** Black Hawk County, Auditor's Office

Fiscal Year					
2000	2001	2002	2003	2004	2005
138.00	138.00	138.00	137.00	137.00	133.90
28.60	28.60	28.60	29.50	28.50	28.50
27.00	27.80	26.00	25.50	26.00	26.00
1.00	1.00	1.00	1.00	1.00	1.00
12.50	12.50	12.50	12.50	12.50	11.50
106.22	111.56	101.90	92.08	93.15	95.25
9.00	9.00	7.00	7.00	6.00	2.50
-	-	-	-	-	-
18.00	13.00	12.50	11.40	10.90	10.00
4.03	4.03	4.03	4.03	4.03	4.30
214.20	209.50	210.00	209.00	191.00	190.00
5.00	4.00	4.00	5.00	5.00	5.50
30.31	29.28	30.35	29.34	25.57	25.56
44.80	44.70	45.60	45.60	43.40	43.40
15.00	15.00	15.00	15.00	13.00	13.00
12.00	12.00	13.00	12.00	11.00	11.00
3.40	3.40	3.40	3.40	3.40	3.40
7.15	7.15	7.20	7.20	7.00	7.00
18.85	18.85	18.80	17.80	16.60	16.60
14.00	14.00	14.00	12.00	11.00	11.00
4.40	4.40	4.40	4.40	4.20	4.20
10.00	10.00	9.00	8.00	8.00	8.00
24.80	24.80	24.80	22.80	21.80	8.00
1.00	1.00	1.00	1.00	1.00	1.00
749.26	743.57	732.08	712.55	681.05	660.61

## Black Hawk County, Iowa

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

Function/Program	Fiscal Year			
	1996	1997	1998	1999
Public safety and legal services:				
Sheriff:				
# of civil papers served	14,128	N/A	15,513	15,821
# of arrests made	1,741	N/A	3,483	2,990
# of jail bookings	9,139	N/A	9,386	7,771
# of service calls	11,125	N/A	9,277	9,450
Attorney, # of felonies/aggravated fieldcases filed	1,381	1,563	1,836	1,687
Physical health and social services:				
Health Department:				
# of Success Street visits	2,952	4,117	4,150	4,321
# of environmental inspections	1,466	1,554	1,949	2,236
# of home care aide visits	42,554	43,892	42,877	36,890
# of home care aide clients	883	956	895	785
Community Services, number of people seen	4,037	3,901	3,786	3,524
Youth Shelter, # of kids per year	420	409	406	350
Veteran Affairs, # of new clients per year	216	221	272	249
Mental health:				
Country View, census per year	57,195	56,009	55,786	55,002
C.P.C., # of people seen	N/A	N/A	698	3,491
County environment and education conservation:				
Hartman Reserve visitors	55,000	55,000	55,000	55,000
Park visitors	N/A	25,639	26,528	21,731
Roads and transportation:				
Engineer:				
# of miles of road paved	17	2	0	8
# of bridges/culverts repaired/replaced	10	5	2	2
Governmental services to residents,				
Treasurer, titles issued	41,370	21,297	41,797	40,965
Recorder, documents recorded	24,930	24,669	27,772	30,851
Auditor: Elections:				
# of active voters	75,796	72,820	73,253	73,792
# of inactive voters	1,982	4,949	550	4,925
# of absentee ballots	7,902	701	6,563	616
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.

Fiscal Year						
2000	2001	2002	2003	2004	2005	
16,733	18,858	16,497	16,959	15,930	N/A	
3,224	2,900	2,793	2,991	2,863	N/A	
8,217	7,439	8,164	8,193	8,720	N/A	
8,740	8,548	10,655	9,957	9,829	N/A	
1,591	1,578	1,557	1,894	2,006	1,989	
4,348	5,111	3,263	3,376	2,875	3,738	
2,501	2,320	2,376	2,788	3,270	2,432	
34,106	31,784	31,510	28,042	24,363	22,544	
741	699	603	481	430	358	
3,563	3,822	4,744	4,643	3,591	1,391	
412	400	360	425	335	N/A	
237	222	216	239	244	226	
52,539	52,907	51,926	54,724	52,924	50,874	
4,203	4,352	4,044	4,309	3,615	3,852	
55,000	55,000	55,000	55,000	55,000	55,000	
28,403	24,431	28,331	29,594	28,615	30,663	
12	-	8	7	2	10	
2	3	3	10	10	11	
41,311	38,441	39,822	39,231	38,600	38,342	
27,533	28,417	34,790	39,874	37,981	30,800	
76,897	74,340	69,189	70,702	79,141	78,447	
5,285	4,865	12,570	10,394	9,750	4,274	
10,836	996	12,356	1,841	22,562	1,358	
353,980	353,980	353,980	353,980	353,980	353,980	

**Black Hawk County, Iowa**

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

Function/Program	Fiscal Year			
	1996	1997	1998	1999
Public safety and legal services:				
Sheriff				
# of patrol cars	18	18	18	18
Physical health and social services:				
Health Department				
# of vehicles	11	13	15	16
County environment and education:				
Conservation				
# of acres managed	6,444	6,444	7,191	7,366
Roads and transportation:				
Engineer:				
# of vehicles	68	69	69	69
# of buildings	12	12	12	13
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.

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Fiscal Year						
2000	2001	2002	2003	2004	2005	
18	18	18	18	18	18	18
17	18	18	18	18	18	18
7,539	7,539	8,053	8,055	8,055	8,055	8,055
69	69	70	70	71	71	73
13	13	14	14	14	14	15
4	4	4	4	4	4	4

**Black Hawk County, Iowa**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2005**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
<b>Direct:</b>			
U.S. Department of Justice:			
Project Safe Neighborhoods	16.609		\$ 30,079
Project Safe Neighborhoods	16.609		6,438
Community Policing Grants	16.710		50,178
			<u>86,695</u>
U.S. Environmental Protection Agency,			
Environmental Education	66.951		5,244
U.S. Institute of Museum and Library Sciences,			
Museum for America Grant	45.301		8,227
<b>Total direct funding</b>			<u>100,166</u>
<b>Indirect:</b>			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553	67958601	5,697
National School Lunch Program	10.555	67958601	6,746
			<u>12,443</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements, State Administrative Matching Grants for Food Stamp Program	10.561		55,386
National Resources Conservation Service:			
Wildlife Habitat Incentives Program	10.914	19-0546-04-0227	2,784
Wildlife Habitat Incentives Program	10.914	19-0548-04-0191	2,460
			<u>5,244</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Victims of Crime Act	16.575	VA-05-72	21,800
Governor's Office of Drug Control Policy, Byrne Formula Grant Program	16.579	04A-0226	60,843
Governor's Office of Drug Control Policy, Methamphetamine Drug Hot Spots	16.580	04-TANKLOCK-01	13,775
Violence Against Women Formula Grants	16.588	VW-05-72	25,000
Alien Assistance Program	16.606	2004-AP-BX-0100	13,792
			<u>135,210</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-S-C007(63)-5e-07	320,000
Highway Planning and Construction	20.205	STP-S-C007(74)-5e-07	400,000
Highway Planning and Construction	20.205	BROS-C007(71)-8J-07	239,482
Highway Planning and Construction	20.205	BROS-C007(17)-5F-07	124,623
Highway Planning and Construction	20.205	BROS-C007(72)-8J-07	130,259
Emergency Repair Reimbursement	20.205	IA-04-02	12,020
			<u>1,226,384</u>

(Continued)

**Black Hawk County, Iowa**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2005**

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:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 04-410 Task 05	1,983
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 04-02 Task 13	786
State and Community Highway Safety	20.600	PAP 05-03 Task 10	660
			<u>1,446</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Emergency Management Services Disaster Preparedness	93.003	5885EM127	4,458
Access to Baby & Child & Dentistry - Enhanced	93.110	5885DH08	4,500
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5884TB03	10,085
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2005-TB02	5,143
			<u>15,228</u>
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	5885LP03	40,983
Immunization Grants	93.268	5885I413	13,372
Immunization Grants	93.268	5884I413	14,312
			<u>27,684</u>
Black Hawk Breast & Cervical Cancer Early Detection	93.283	5885NB02	59,838
Care for Yourself/WISEWOMAN Cardiovascular Study	93.283	5885VW02	20,579
EH Services Capacity	93.283	5884ECH1	3,093
Public Health Preparedness & Response for Bioterrorism	93.283	5885BT19	1,373
			<u>84,883</u>
HIV Prevention Activities - Health Department Based	93.940	5884AP06	13,249
HIV Prevention Activities - Health Department Based	93.940	5885AP06	22,179
			<u>35,428</u>

(Continued)

**Black Hawk County, Iowa**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2005**

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 Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	5884CH01	21,261
Maternal and Child Health Services Block Grant to the States	93.994	5885CH01	108,200
School-based Dental Sealant	93.994	5885DH02	16,000
			<u>145,461</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	REF-03-013	<u>50,181</u>
Linn County, Iowa, Public Health:			
Public Health Preparedness & Response for Bioterrorism, Linn County	93.283	0704	16,096
Public Health Preparedness & Response for Bioterrorism, Linn County	93.283	0705	36,968
Region 6 Bioterrism, Linn County Public Health	93.283	5885BT12	28,644
			<u>81,708</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursement,			
Refugee and Entrant Assistance - State Administered Programs	93.566	REF-03-013	100
Temporary Assistance for Needy Families	93.558	N/A	73,755
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	14,317
Foster Care - Title IV-E	93.658	N/A	38,782
Adoption Assistance	93.659	N/A	9,013
Title XIX and De-linking Medical Assistance Program	93.778	N/A	79,520
			<u>215,487</u>
Social Services Block Grant - DHS	93.667	N/A	48,389
Social Services Block Grant - CPC	93.667	N/A	774,778
			<u>823,167</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004	ODP-2003-MU-TE-0056	130,000
Public Assistance Grants	97.036	FEMA-DR-1518-IA	250,694
Emergency Management Performance Grants	97.042	FY05 EMPG	16,734
Citizen Corps	97.067	2004-GE-T4-0046	38,891
			<u>436,319</u>
<b>Total indirect</b>			<u>3,403,583</u>
<b>Total expenditures of federal awards</b>			<u>\$ 3,503,749</u>

## **Black Hawk County**

### **Note to Schedule of Expenditures of Federal Awards**

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#### **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, 2005. 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.

**Black Hawk County, Iowa**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2005**

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	Finding	Status	Corrective Action Plan or Other Explanation
<b>Findings related to the Financial Statements:</b>			
II-A-04	County has not adopted a formal policy to regulate the use of credit/store cards or to establish procedures for the proper accounting of credit/store card charges.	Corrected	
II-B-04	Fuel receipts are not always obtained and reconciled to each vehicle's mileage log and the monthly billing statement.	Corrected	
II-C-04	The individual who signs checks for guardianship also records receipts, approves disbursements and prepares the checks. In addition, checks are made out to cash on an infrequent basis.	Corrected	
II-D-04	The County does not have a written disaster recovery plan.	Not corrected	Reportable condition at 05-II-G
<b>Other Findings Related to Required Statutory Reporting:</b>			
IV-B-04	Expenditures during the year ended June 30, 2004 exceeded the amount budgeted in the mental health function.	Not corrected	Finding repeated at 05-IV-B.
IV-J-04	The Special Revenue, Rural Services, E911 and Solid Waste Funds had deficit cash balances during the year ended June 30, 2004.	Corrected	

# McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the financial statements of Black Hawk County, Iowa as of and for the year ended June 30, 2005, and have issued our report thereon dated November 23, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Black Hawk County, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-II-A through 05-II-G.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05-II-B, 05-II-C and 05-II-E to be material weaknesses.

We also noted certain matters that we have reported to management of Black Hawk County, Iowa in a separate letter dated November 23, 2005.

## Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters in Section IV of the Schedule of Findings and Questioned Costs are not intended to constitute legal interpretation of those statutes.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 23, 2005

# McGladrey & Pullen

Certified Public Accountants

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

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

### **Compliance**

We have audited the compliance of Black Hawk County, Iowa with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. 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 requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 05-III-A.

## Internal Control Over Compliance

The management of Black Hawk County, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Black Hawk County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 23, 2005

**Black Hawk County, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

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**I. Summary of the Independent Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported

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

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2005

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

A. Reportable conditions in internal control over financial reporting:

**05-II-A**

Finding: The County does not have a centralized system in place to capture all federal grant information.

Condition: The U.S. Office of Management and Budget (OMB) requires recipients of federal funds to track and report financial information related to the federal funds received. There is no centralized process at the County that has access to grant activity. The Finance Director and the Auditor's office do not receive copies of grants nor are they informed of restrictions on use of funds.

Effect: The County could fail to report receivables, expenditures and deferred grant revenues in accordance with GAAP and as required by the Single Audit Act.

Recommendation: We recommend the County implement a centralized system to track federal and state grants. The system should include procedures to properly account for grant receivables, grant revenues and grant deferred revenues.

Response and Corrective Action Plan: The County is in the process of centralizing paper copies of all state and federal grants and disbursements. Computerized tracking of grant information will be explored during fiscal year 2006. If successful, full implementation will occur in fiscal year 2007. This information will then be located in a single centralized location for easier access and tracking.

**05-II-B**

Finding: The County does not have formal purchasing policies, procedures and a control system in place.

Condition: The County does not have formal policies and procedures in place for the purchasing process. This has resulted in segregation of duties issues within various departments as it relates to ordering, receiving and approving the payment of goods and services. In addition, there is no integration between the departments and the accounts payable function to ensure items have been received before payment of an invoice has been processed and proper period end cut-off.

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

Recommendation: We recommend the County implement a formal purchasing system that segregates the ordering from the receiving and the approval of payment process. In addition, we recommend the County establish a formal purchasing policy which would include quote and bid requirements and a master vendor list.

(Continued)

**Black Hawk County**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2005**

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Response and Corrective Action Plan: The County will develop formal purchasing policies, including a master vendor list, and quote and bid requirements. These policies will be delivered to the Board of Supervisors to approve accordingly.

**05-II-C**

Finding: There is a lack of segregation of duties in the County's information technology (IT) department.

Condition: The Interim Director of IT is serving as both the Director of IT and a systems analyst and has access to all areas of the information system.

Effect: Misappropriation of assets could occur.

Recommendation: We recommend the County segregate the management duties from the operational duties of the information technology department to ensure there is proper segregation.

Response and Corrective Action Plan: The County will segregate the management duties from the operational duties in the IT department.

**05-II-D**

Finding: There is a lack of segregation of duties over the receipt system during times when the volume of property tax receipts is high.

Condition: During times when the County is receiving a considerable number of property tax receipts through the mail the financial specialists assist by receipting payments. These individuals are also responsible for balancing the drawers daily, reconciling the bank account and issuing checks from the Treasurer's Office.

Effect: Misappropriation of assets could occur.

Recommendation: We recommend the County maintain the proper segregation of duties during the entire year.

Response and Corrective Action Plan: The County will work to maintain the proper segregation of duties the entire year.

**05-II-E**

Finding: There is no formal review of nonstandard journal entries.

Condition: There are times when the individual entering a journal entry into the system initiated the journal entry. When this occurs, there is no formal review of the entry before it is posted to the general ledger system.

(Continued)

**Black Hawk County**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2005**

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Effect: Misappropriation of assets could occur and or a material misstatement in the financial statements.

Recommendation: We recommend the County implement a system that would include a supervisory review of all nonstandard journal entries.

Response and Corrective Action Plan: The County will implement a system that will result in all nonstandard journal entries being reviewed, by someone other than the initiator of the journal, before it is posted to the general ledger system.

**05-II-F**

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

Condition: Payroll clerks have the system rights to enter their own time into the system and the rights to make changes to pay rates. In addition, changes made to employee master files are reviewed by the Auditor's office if made by the Human Resources Department. However, changes to employee master files made by the Auditor's office are not reviewed by appropriate supervisory personnel.

Effect: Misappropriation of assets could occur.

Recommendation: We recommend the County limit payroll clerks' rights in the system to segregate time entry from the ability to edit employee master files.

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

**05-II-G**

Finding: The County does not have a written disaster recovery plan for its information technology system.

Condition: The County does not have a written disaster recovery plan in place to protect the County from loss of data on a disruption in service.

Effect: Loss of data and/or a disruption in services and revenues that are dependent on the County's information technology system.

Recommendation: The County should develop and approve a written disaster recovery plan.

Response and Corrective Action Plan: The County is in the process of writing procedures for disaster recovery. Some of the security policies have been established in draft form. Our completion draft has been moved to March 2006.

(Continued)

**Black Hawk County**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2005**

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B. Compliance findings

None

**III. Findings and Questioned Costs For Federal Awards**

A. Reportable conditions in internal control

None

B. Instances of noncompliance

**05-III-A**

**U.S. Department of Transportation**  
**Highway Planning and Construction Grants (CFDA 20.205)**  
**Federal Award Year: 2004-2005**

Finding: The County has not required all contractors to comply with the Davis-Bacon Act on all contracts paid for with federal grant funds.

Condition: While the County is properly requiring contractors to follow the Davis-Bacon Act requirements for STP contracts, the County did not require Davis-Bacon Act Compliance on BROS contracts since the County did not realize the contracts were federally funded.

Questioned costs: None

Criteria: The Office of Management and Budget Circular A-133 states, *Nonfederal entities shall include in their construction contracts subject to Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).*

Recommendation: We recommend the County obtain and document the certified payrolls weekly from the contractors or subcontractors to comply with the Davis-Bacon Act requirements on all federally funded contracts.

Response and Corrective Action Plan: The County will comply with all aspects of the Davis-Bacon Act for its federally funded projects.

(Continued)

## Black Hawk County

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2005

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#### IV. Other Findings Related to Required Statutory Reporting

##### 05-IV-A Official Depositories

A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

##### 05-IV-B Certified Budget

Finding: Expenditures during the year ended June 30, 2005 exceeded the amount budgeted in the mental health function.

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

Response: The budget was amended for fiscal year 2005 based on the best information available. The information that had been received indicated the amount of the amendment for the mental health function was correct. The County will continue to amend the budget in accordance with Chapter 331.435 of the Code of Iowa as needed for future fiscal years.

Conclusion: Accepted.

##### 05-IV-C 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.

##### 05-IV-D Travel Expense

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

##### 05-IV-E Business Transactions

Finding: The County did not complete a bid process for a related party transaction. A sheriff deputy mows the cemetery lawns and received \$3,360 during fiscal year 2005. According to the Iowa Code, Chapter 362.5, all jobs over \$1,500 must go through the bid process for the County to be compliant.

Recommendation: The County should properly comply with the bid process for all transactions including related parties.

Response or Corrective Action Plan: The County will comply with the recommendation to bid all jobs over \$1,500 per Iowa Code Chapter 362.5. This will include transactions including related parties.

Conclusion: Accepted.

(Continued)

## Black Hawk County

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2005

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#### 05-IV-F 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.

#### 05-IV-G Board Minutes

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

#### 05-IV-H Deposits and Investments

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

#### 05-IV-I Resource Enhancement and Protection Certification

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

#### 05-IV-J Deficit Balances

Finding: The Self-Insurance Internal Service Fund had a deficit retained earnings balance as of June 30, 2005.

Recommendation: The County should consider alternatives to eliminate the deficit net assets.

Response and Corrective Action Plan: The Self-Insurance Fund is funded by charges for services from other departments of the County. The County will review its method of developing the charge to ensure the charges cover the costs of service. The deficit net assets will be covered through future charges for services.

Conclusion: Accepted.

#### 05-IV-K 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.

**Black Hawk County**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2005**

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**05-IV-L Secondary Road Fund Transfers**

Finding: The Iowa State Code limits transfers from the General Fund to the Secondary Road Fund to a tax of sixteen and seven-eighths cents per thousand dollars of assessed value on all taxable property in the County multiplied by the ratio of current taxes actually collected and apportioned for the general basic levy to the total general basic levy for the current year, and an amount equivalent to the moneys derived by the General Fund from military service tax credits under chapter 426A, manufactured or mobile home taxes under Section 435.22, and delinquent taxes for prior years collected and apportioned to the general basic fund in the current year, multiplied by the ratio of sixteen and seven-eighths cents to three dollars and fifty cents. During 2005, the County transferred an amount greater than that allowed due to the computation being based on the levy versus the actual amount collected.

Recommendation: We recommend the County compute the amount to be transferred based on actual collections to properly comply with state code.

Response and Corrective Action Plan: The County used the Local Effort Provision Worksheet to calculate the amount of transfer from the General Fund to the Secondary Fund which did not consider to ratio of taxes actually collected. Modifications to the worksheet will be made to ensure compliance with Iowa Code 331.429 and 312.2(8).

Conclusion: Accepted.

**05-IV-M Disposal of Fixed Assets**

Finding: According to the Iowa State Code, Chapter 331.361(2), all disposals must be communicated to and approved by the Board of Supervisors. During the fiscal year 2005, the Board of Supervisors did not approve and were not notified of any disposals of fixed assets.

Recommendation: We recommend the County include the disposals of fixed assets on the Board of Supervisors agenda to be approved.

Response and Corrective Action Plan: The County will notify the Board of Supervisors via e-mail concerning the disposal of fixed assets and include the disposal on the assets on the Board agenda at the request of the Board.

Conclusion: Accepted.

**05-IV-N Outstanding Checks Other Than Warrants**

Finding: According to the Iowa State Code, Chapter 331.554(6), any check other than a warrant, outstanding for more than one year shall be cancelled, removed from the list of outstanding checks, deposited to the account on which it was written and credited as unclaimed fees and trusts. During testing of cash, it was noted the following accounts had checks outstanding in excess of one year: Recorder's Refund Account, Recorder's Primary Account, Sheriff's Garnishment Account and the Sheriff's Jail Account.

Recommendation: We recommend the County follow the procedures outlined in the Iowa State Code, Chapter 331.554 for all bank accounts.

(Continued)

**Black Hawk County**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2005**

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Response and Corrective Action Plan: The Recorder's office and the Sheriff's office will comply with Iowa State Code Chapter 331.554 for all of their accounts.

Conclusion: Accepted.

**Black Hawk County, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2005**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Reportable Conditions in Internal Control:</b>				
05-II-A	Inadequate system to capture all federal grant information.	See response and corrective action plan at 05-II-A.	June 30, 2006	James W. Bronner, Finance Director
05-II-B	Inadequate purchasing system.	See response and corrective action plan at 05-II-B.	June 30, 2006	James W. Bronner, Finance Director
05-II-C	Lack of segregation of duties in the information technology department.	See response and corrective action plan at 05-II-C.	June 30, 2006	James W. Bronner, Finance Director
05-II-D	Lack of segregation of duties in the collection and recording of property tax payments.	See response and corrective action plan at 05-II-D.	June 30, 2006	Barbara Freet, County Treasurer
05-II-E	No formal review of nonstandard journal entries.	See response and corrective action plan at 05-II-E.	June 30, 2006	Grant Veeder, County Auditor
05-II-F	Lack of segregation of duties in payroll.	See response and corrective action plan at 05-II-F.	June 30, 2006	Helen Steffen, Payroll and Real Estate Tax Manager
05-II-G	Lack of written disaster recovery plan.	See response and corrective action plan at 05-II-G.	June 30, 2006	Kim Veeder, Information Technology Director
<b>Findings Related to Federal Awards</b>				
05-III-A	All contractors are not required to comply with the Davis-Bacon Act.	See response and corrective action plan at 05-III-A.	June 30, 2006	James Bronner, Finance Director

(Continued)

**Black Hawk County, Iowa**

**Corrective Action Plan (Continued)  
Year Ended June 30, 2005**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Other Findings Related to Required Statutory Reporting:</b>				
05-IV-B	Expenditures exceeded the amount budgeted in the mental health function.	See response and corrective action plan at 05-IV-B.	June 30, 2006	James W. Bronner, Finance Director
05-IV-E	The County did not complete a bid process for a related party transaction that exceeded \$1,500.	See response and corrective action plan at 05-IV-E.	June 30, 2006	Bob Lincoln, CPC/Community Services Director
05-IV-L	The County transferred an amount greater than allowed by state statute from the General Fund to the Secondary Road Fund.	See response and corrective action plan at 05-IV-L.	June 30, 2006	James W. Bronner, Finance Director
05-IV-M	The Board did not approve of all capital asset disposals.	See response and corrective action plan at 05-IV-M.	June 30, 2006	Julie Protsman, Financial System Manager
05-IV-N	The County did not follow the procedures required by state statute for checks, other than warrants, that have been outstanding for over a year.	See response and corrective action plan at 05-IV-N.	June 30, 2006	Patricia S. Sass, County Recorder and Jody Vane, Account Special, County Sheriff Department
05-IV-J	The Self-Insurance Fund had deficit net assets as of June 30, 2005.	See response and corrective action plan at 05-IV-J.	June 30, 2006	James W. Bronner, Finance Director